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- Exhibit 103 New Jersey Bellcore Expenses, 1992-1994
- Exhibit 104 NJ Bell's Bell Atlantic Affiliation—Operating Expenses, 1993-1994
- Exhibit 105 Audit Highlighting Bell Cross-Subsidy for (PCS) Services, 1992
- Exhibit 106 Redefinition of Basic Service from 1982-1987
- Exhibit 107 Nationwide Telephone Charge Increases 1983-1996,
- Exhibit 108 The Price of a Rotary Telephone Rental, in NYC, 1980-1997
- Exhibit 109 Average Purchase Price for phone Company Supplied Telephone
- Exhibit 110 Ohio Bell's Inside Wire Pricing, 1982-1997
- Exhibit 111 "FCC Line Charge" Descriptions by Telephone Companies, 1993
- Exhibit 112 FCC Line Charge for Specific Years, 1980-1996
- Exhibit 113 FCC Second Line Internet & Small Business Tax, 1998
- Exhibit 114 Selected Monthly Prices of Calling Features, 1996-1997
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- Exhibit 116 Estimates of Telephone Competitive Service Profit Margins, 1997
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- Exhibit 122 Taxes and Surcharges Found on Telephone Bills, 1995
- Exhibit 123 California (GTE) Surcharges, 1995\*
- Exhibit 124 Ameritech Flat-Rate and Measured Service Status by State, 1993
- Exhibit 125 Some of NARUC Findings About Flat-Rate Service, 1994

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- Exhibit 128 MCI's Findings Of Toll Calls Access Fee Overcharging, 1997
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- Exhibit 131 Are you Paying an FCC or Subscriber Line Charge?
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- 242 Please note that this exhibit combines revenue from US West Communications Group and US West's Media Group, as well as adding Pacific Telesis with its wireless spinoff, AirTouch.

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**ENDNOTES****(con't)**

243 When examining revenues, though there are some similarities in definitions for these terms in RBOC annual reports, each RBOC has a different formula for each area. For example, below are two different definitions for the term "Local Service". Ameritech's definition of local service from its 10Q, 3rd Quarter, 1996 includes not only monthly fees and usage charges, installation and connection charges, as well as Public Phone revenues, but also includes sales of Call Waiting and Caller ID.

"Local service revenues include basic monthly service fees and usage charges, fees for call management services, installation and connection charges and public phone revenues. ...Greater sales of call management services, such as Call Forwarding, Call Waiting and Caller ID, also contributed to the increases."

Meanwhile, Bell Atlantic's definition of Local service does not include most calling features, such as Caller ID, or even Touchtone Service. Bell Atlantic 10Q, 3rd Quarter, 1996

"Local service revenues are earned by our operating telephone subsidiaries from the provision of local exchange, local private line and public telephone services."

Because of this disparity in definitions, we will dedicate some time in the next sections parsing the revenues, into various categories.

**NOTE:** The purpose of this discussion is to give a broad-stroke of the RBOC's earnings and expenses, not a detailed analysis of every line item. For more information see Regional Bell Earnings, Expenditures and Profits. Also, this discussion focuses on information provided in RBOC quarterly or annual reports, filed by the companies with the Securities & Exchange Commission (SEC). Other sources of information about the Bell's revenues include FCC documents titled "ARMIS reports", which are filed quarterly by the Bells on a state-by-state basis. These reports detail many of the specific revenues and expenses by each phone company. However, non-regulated service revenues and profits do not have to be reported.

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**ENDNOTES****(con't)**

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- a) The statistics do not always match, even from the same company.
  - b) The FCC supplied information and the Bell companies do not always match.
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  - d) The Bells do not supply break-outs of various data in many categories including local service and the "other" category.
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- 253 Bell South 1993 Annual Report
- 254 Sources: US West Communication Group, US West Media Group, 1995- 1996. (The revenues presented are an average of the 1995 and 1996 results.)
- 255 Sources: Bell annual reports 1984, 1996
- 256 BellSouth 1996 Annual Report

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**ENDNOTES****(con't)**

- 257 SBC Communications, 1996 Summary — from web site
- 258 Bell Atlantic 4th Quarter, 1996 Summary— from web site
- 259 Bell Atlantic 4th Quarter 1996 Summary — from web site
- 260 Bell Atlantic 4th Quarter 1996 Summary — from web site
- 261 Ameritech 1996 Annual Report Summary— from web site
- 262 Sources: Bell Annual Reports, includes AirTouch and US West Media.
- 263 New York Times 1/14/97
- 264 From SBC Web Site, 3/12/96
- "Assumes \$100 invested on January 1, 1984 in SBC common stock, Standard & Poor's 500 Index, and a Peer Group of other large U.S. telecommunications companies (Ameritech Corporation, Bell Atlantic Corporation, BellSouth Corporation, NYNEX, Pacific Telesis Group and U.S. West, Inc.)
- Total return equals stock price appreciation plus reinvestment of dividends on a quarterly basis through December 31, 1995"
- 265 Ameritech's 1995 Annual Report
- 266 US West 4th Quarter Report 1996
- 267 The Wall Street Journal, 2/27/97
- 268 Business Week, 3/3/97
- 269 Business Week ScoreBoard 3/3/97
- 270 Ibid.
- 271 The 235, 000 figure quoted is the summary of examining all Bell annual reports 1984-1996, as well as the announced changes for some companies, that extend into 1997.
- 272 NYNEX 10Q, 3rd Quarter Report, 1996
- 273 Compiled using RBOC annual reports as well as announced lay-offs,
- 274 Compiled from press announcements, as well as numerous articles from Washington Post and the LA Times, the Wall Street Journal and the New York Times, 1995-1996
- 275 see footnote 271
- 276 Sources: Summarized from Bell annual reports

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**ENDNOTES****(con't)**

- 277 Source: AT&T 1983 and 1984 Annual Reports, compared to RBOC annual reports for 1984.
- 278 JD Powers Consumer Study, 1996 quoted in The New York Times, 11/11/96
- 279 Taken from Consumer Attitudes Toward Telephone and Cable Companies, NNI, 1993 and Telecom Turf Wars, 1995
- 280 The Los Angeles Times, 6/18/95
- 281 NYNEX 10Q, 3rd Quarter Report, 1996
- 282 The New York Post, Irwin Stelzer, columnist, 2/26/97
- 283 New Jersey Ratepayer Advocate, review of Opportunity NJ -see foot 92
- 284 Ibid.
- 285 USTA press release, 1/22/97
- 286 Ibid.
- 287 Compiled from Bell annual reports, 1984-1996
- 288 Aggregate of Ameritech, SBC Communications, Pacific Telesis and Bell Atlantic, 1984-1996
- 289 The Consumer Price Index is a standard index, which notes the changing prices for services caused primarily by inflation. The 74% quoted is taken directly from making the Consumer Price Index as published by the FCC, with actual construction expenditures.
- 290 Pacific Bell 1993 Annual Report
- 291 Compiled from Pacific Telesis annual reports
- 292 Pacific Telesis 1996 Annual Report
- 293 SBC 2nd Quarter Report, July 31, 1997
- 294 New Jersey Consumer Advocate report--- see foot 74
- 295 Ameritech 1994 Annual Report
- 296 Michigan's Audit of Michigan Bell, see footnote 388
- 297 Consumer Federation of America (CFA)1992
- 298 How to Profit from Reading Annual Reports by Richard B. Loth, Dearborn Financial Publishing, 1993
- 299 Compiled from RBOC annual reports, 1984-1996
- 300 Compiled from RBOC annual reports, 1984-1996

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**ENDNOTES****(con't)**

- 301 Ameritech Investor Alert, 11/28/94
- 302 Compiled from annual reports, 1993-1995
- 303 Ameritech Investor Alert, 11/28/94
- 304 Statistics of Communications Common Carriers, FCC 1995-1996 ed.
- 305 New Jersey Ratepayer Advocate, 3/21/97
- 306 US West 1984 Annual Report
- 307 Ameritech 1985 Annual Report
- 308 Judge Harrison, Case 28425 Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgment and the FCC's Docket 78-72 on the Provision of Toll Service in New York State, 5/15/85
- 309 Ameritech Investor Alert, 1/95
- 310 Telecommunications Act of 1996
- 311 Report Card on Telecom Act of '96, by Patricia Horn, The Sun-Sentinel, 2/9/97
- 312 Rising Phone Bills are Likely to Result from Deregulation, The New York Times, 3/30/97
- 313 Divestiture: Two Years Later Consumer Federation of America, 12/10/85
- 314 Ameritech Investor Alert, 1/95
- 315 FCC's Oversight Efforts to Control Cross-Subsidization, General Accounting Office (GAO) February, 1993
- 316 FCC, second quarter, 1997
- 317 Watch 800 Companies Stuff Themselves into One Phone Booth, The New York Times 8/4/97
- 318 These statistics are derived, not from telephone company supplied information but comparing the prices on over 150 actual telephone bills.
- 319 The AT&T "One Rate plan", as of 4/15/98
- 320 The Wall Street Journal, August 26th, 1994
- 321 NYNEX is No Monopoly, The New York Post, 3/5/97
- 322 Advertisement headline from the USTA's full page print advertisements, 1997
- 323 Telecommunications Infrastructure Act of 1993 Senators Danforth and Inouye
- 324 This story was picked up nationally for a while, however, the final outcome was never clear.

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**ENDNOTES****(con't)**

- 325 Judge Greene decision 8/11/82
- 326 NYNEX is No Monopoly, The NY Post, 3/5/97
- 327 FCC's Web Site <http://www.fcc.gov>, 7/17/97
- 328 FCC's Common Carrier's mission statement on the web site as of 7/17/97
- 329 Judge Harold Greene's "Information Services Ruling 1987", 9/10/97, as it is sometimes called, is part of the ongoing case US vs Western Electric et al, Civil Action No. 82-0192. US District Court, District of Columbia
- 330 Ibid.
- 331 Ibid.
- 332 Ibid.
- 333 NNI filed two separate complaints. The first Request of an Investigation into the Accuracy of FCC Statistics and Analysis: Complaint by New Networks Institute was filed 2/3/94 and the second, after meeting with the FCC on 4/21/94, was Petition by New Networks Insatiate for a Notice of Inquiry filed 10/7/94
- 334 Reference Book of Rates Price Indices and Household Expenditures for Telephone Service, The Industry Analysis Division, FCC, May 1993. We refer to these as "FCC Rate Reports" or "Telephone Rate Reports".
- 335 Reference Book of Rates Price Indices and Household Expenditures for Telephone Service, The Industry Analysis Division, FCC, March 1997
- 336 FCC, First half, 1995
- 337 JD Power Customer Study, quoted by The New York Times, 11/11/96
- 338 In the Matter of the Commission Investigation Into Ameritech's Ohio Compliance with Rule 4901:1:5-22(D) Ohio Administrative Code Concerning Answer Time Requirements, Case No. 94-1863-TO-COI
- 339 FCC's Oversight Efforts to Control Cross-Subsidization, General Accounting Office (GAO) February 1993
- 340 Over the last seven years there were numerous FCC sources compared. Most of the information is from the Annual Telephone Rate Reports, while the methodology used by the FCC, was ascertained from these studies as well as the NNI FCC meeting, 4/21/94. In all cases, NNI used collected telephone bills from across America.

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**ENDNOTES****(con't)**

- 341 In the exhibit, the information cross referenced was for the same time period, one from US West Investor Fact book, the other from the FCC's Statistics of Communications Common Carriers, and the Reference Book of Rates Price Indices and Household Expenditures for Telephone Service, The Industry Analysis Division.
- 342 Based on numerous separate sets of data, a cross-referencing of collected consumer data from Link Resources, Fairfield Research and NNI's consumer studies, as well as a collection of 12 different bills from different cable providers across America, (not including special, "premium" channels or pay-per-view)
- 343 Interactive Week, August 30, 1996
- 344 Speech by Richard D. McCormick, Chairman and CEO of US West Inc, presented at United States Telephone Assoc., 1996 Annual Convention
- 345 Utility Regulatory Policy in the United States and Canada and Profiles of Regulatory Agencies of the United States and Canada, are annual reports published by National Association of Regulatory Utility Commissioners NARUC. Also called "the Big Blue Books" or "NARUC Annual Survey", this information was compiled from their 1994-1995 ed.
- 346 Ibid.
- 347 Communications Week, Kathleen Killete, March 23, 1992
- 348 Ibid.
- 349 Senator Howard Metzenbaum's comments were made as Chairman of the Senate Judiciary Committee hearing titled "Telecommunications Industry Regulation", discussing the proposed bill S1822. 9/20/94 (carried by C-Span)
- 350 Southwestern Denies Oklahoma Corruption, Texas Sabotage, State Telephone Regulation Report, 10/22/92
- 351 \$2.2. Billion Bell Bonanza, Ransacking Ratepayers Oklahoma Observer 9/25/97



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**ENDNOTES****(con't)**

- 352 Sources for this chart are telephone directories and telephone bills.
- 353 The 0% is actually 3 out of 1,000 could answer correctly the price and number of free calls in their state. However, rounding to the nearest digit, 0% is the answer.
- 354 Based on our Nationwide survey, 45% thought they had allowances or the calls were free. Meanwhile our survey of telephone bills we found that at least three had been making 15+ calls thinking they were free.
- 355 NARUC Blue Books, 1994-1995
- 356 Ibid.
- 357 BellSouth 10 K, 1993
- 358 Bell Atlantic 1990 Annual Report
- 359 Joint Report with the Public Communications Associates and the Michigan State University Department of Telecommunications, 1990
- 360 NARUC Blue Books, 1995. NNI aggregated the statistics from the NARUC surveys.
- 361 NARUC Blue Books, 1995. NNI aggregated the statistics from the NARUC surveys.
- 362 New York Citizen's Utility Board, 1995
- 363 LEC Pricing for Basic Telephone Service: Why Rates are So Low, Robert T. Anderson, VP Regulatory Relations, New York Telephone Telecommunications Magazine, 10/93
- 364 MCI's PUC filing against NYNEX 1996
- 365 Bill Gates predicts what's ahead in '97 The New York Post, 1/2/97
- 366 NNI's Telephone Charges In America published by Probe Research, 1993 outlined almost all telephone charge prices from 1980 through 1992 and updated for this book as of 11/97.
- 367 A NYNEX filing, quoted by Consumer Union. 1982
- 368 NYNEX 1991 Annual Report
- 369 The New York Times 1/14/97
- 370 ACCESS CHARGES: \$14 BILLION MONOPOLY RIP-OFF, MCI press release 2/17/97

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**ENDNOTES****(con't)**

- 371 Telephone Rate Surveys Ohio Consumer Counsel, (1976-1993) These surveys gives the prices for services in various cities, as well as compares them to a series of states--- the comparison vary based on year. All information quoted is from a specific survey year.
- 372 Advantage Ohio, P.U.C.O. Case No.93-487-TP-ALT
- 373 Robert Harris Berkeley testimony, Opportunity Indiana Part of In the Matter of Petition Indiana Bell, etc.... Petition's Submission of Direct Prefiled Testimony and Exhibits, Indiana Regulatory Commission: Case No. 39705, 6/21/93
- 374 Southwestern Bell 1986 Annual Report
- 375 Southwestern Bell 1988 Annual Report
- 376 FCC's Statistics of Communications Common Carriers, 1995-1996,
- 377 Southwestern Bell Telephone Company 10-K, year ending 12/31/91
- 378 Ibid.
- 379 Ibid.
- 380 Ibid.
- 381 Ohio Bell submitted as part of P.U.C.O. Case No.93-487-TP-ALT
- 382 Testimony of Norman L. Cubellis, Vice president-Regulatory and External Affairs, Indiana Bell Telephone Company, In the Matter of Petition Indiana Bell, etc.... Petition's Submission of Direct Prefiled Testimony and Exhibits, Indiana Regulatory Commission: Case No. 39705, 6/21/93
- 383 Ibid.
- 384 Ibid.
- 385 Ibid.
- 386 Ameritech 1993 Investor Handbook
- 387 Ibid.
- 388 Michigan PSC Assessment of Alternate Regulation, 12/94
- 389 Ibid.
- 390 Ibid.
- 391 Ibid.
- 392 Ibid.
- 393 Ibid.

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**ENDNOTES****(con't)**

- 394 Ibid.
- 395 Audit of the Affiliate Interests of the Pacific Telesis Group, 1994
- 396 Ibid.
- 397 NARUC Staff Audit Oversight Committee Meeting, presented, July 1992
- 398 Audit of the Affiliate Interests of the Pacific Telesis Group, 1994
- 399 Ibid.
- 400 Ibid.
- 401 Ameritech Audit Conclusions Could Turn Tide of Opinion in Congress,  
Washington Telecom Week, 4/14/95
- 402 Review of Affiliate Transactions at Ameritech Services Inc., May 95
- 403 Ibid.
- 404 Ibid.
- 405 Ibid.
- 406 Our estimates are based on information supplied within the audit.
- 407 Review of Affiliate Transactions at Ameritech Services Inc., 5/95
- 408 Sources are quotes directly from the Ameritech and Pac Bell Audit
- 409 Competition is Reemerging in the US Telephone Market, Donaldson, Lufkin &  
Jenrette 6/7/91
- 410 National Communications Competition and Information Infrastructure Act  
of 1993, HR.3636
- 411 The Communications Act of 1994 was the last Democratic version of the future  
1996 law.
- 412 Telecommunications and Deregulation Act of 1995 is closer to the version finally  
passed in 96 and was based on Republican drivers.
- 413 The Telecommunications Act of 1996 was a Republican based bill.
- 414 The "Competitive Checklist" was around, in parts, during the last five years of  
bills. However, it was severely watered down in the Republican versions.
- 415 There were a series of releases pertaining to this trilogy, The place to start,  
including the press releases is Report No. CC 97-23, COMMON CARRIER  
ACTION, May 7, 1997 COMMISSION REFORMS INTERSTATE ACCESS  
CHARGE SYSTEM (CC DOCKET NOS. 96-262; 94-1; 91-213; 95-72)

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**ENDNOTES****(con't)**

- 416 Senator John Mc Cain, luncheon speech, March 26th, 1997, (broadcast on C-Span)
- 417 Local & Long Distance Telephone Companies Give Record Soft Money During Final Months Of Telecommunications Overhaul, Common Cause, 2/9/96
- 418 Ibid.
- 419 FCC News Report No. DC 96-75 ACTION IN DOCUMENT CASE 8/1/96
- 420 Ibid.
- 421 Kansas City Business Journal, 2/16/97
- 422 Interactive Week, August 30, 1996
- 423 Ameritech press release, October 21, 1996
- 424 From a Single Line to the SuperHighway: Rethinking Universal Service Policy for the 21st Century Consumer, MCI 1994
- 425 Ibid.
- 426 Net Trans Account System proposed by Eli Noam, Professor of Finance & Economics and Director of Columbia Institute of Tele-information, presented by MFS Communications, now part of Worldcom, 1994
- 427 Sources include MCI and Washington Telecom Week, 1995
- 428 See footnote 363
- 429 Larry Irving, was then heading up the NTIA. He spoke at Senator Howard Metzenbaum's Senate Judiciary Committee hearing titled "Telecommunications Industry Regulation", discussing the proposed bill S1822. 9/20/94 (carried by C-Span)
- 430 Documented by actual telephone bills
- 431 The Wall Street Journal, October 24, 1995
- 432 ATSI also published Incidents of Telco Abuse, 6/1/92
- 433 The Big Boys Come Calling---Rochester is Courted by AT&T and Time Warner, Mark Landler, The New York Times, October 23, 1995
- 434 Washington Telecom Week, 10/23/95
- 435 See footnote 433
- 436 Ibid.

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**ENDNOTES****(con't)**

- 437 This section is based on collections of telephone bills from California customers, telephone bills stuffers and directories, and Pacific Telesis and GTE annual reports.
- 438 Numerous states have done the same trade.
- 439 GTE California residential customer telephone bill, 1/95
- 440 MCI Press Release, 2/6/97
- 441 Ibid.
- 442 Kansas City Business Journal, February 10, 1997
- 443 Ibid.
- 444 Kansas City Business Journal, February 17, 1997
- 445 Advertisement, USTA, 2/97
- 446 Kansas City Business Journal, 2/17/97
- 447 The New York Times, 2/28/97
- 448 U S WEST Communications Asks For Changes to Encourage Competition, Align Prices With Costs, US West press release
- 449 Ibid.
- 450 Interactive Week, November 22, 1996
- 451 Washington Telecom Week, 9/13/96
- 452 Pacific Telesis, 3rd Q Report 1996
- 453 Ibid.
- 454 US West press release
- 455 Telecom Turf Wars, New Networks, released 1995, based on 1,000 randomly selected consumer interviews.
- 456 Ibid.
- 457 Ibid.
- 458 The Wall Street Journal, January 27, 1997
- 459 Ibid.
- 460 FCC Docket 95-116
- 461 MCI poll conducted by Gallup
- 462 MCI press release February 24, 1997

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**ENDNOTES****(con't)**

- 463 Incidents of Telco Abuse, the ATSI, Association of TeleMessaging Services International, June, 1992
- 464 Ibid.
- 465 Ibid.
- 466 Bell may toll for Internet competitors Pittsburgh Business Times 3/17/97
- 467 Telecommunications Act of 1934 is a law established by Congress.
- 468 Ibid.
- 469 Telecommunications Act of 1996
- 470 Decision and Order, Docket No:TO9203058, In the Matter of the Application of New Jersey Bell, Telephone Company for Approval of its plan for an Alternative Form of Regulation, amended 5/3/93
- 471 Ameritech Investor Alert 1/95
- 472 Consumer Federation of America
- 473 Milking the Monopoly: Excess Earnings and Diversification of the Baby Bell Since Divestiture Consumer Federation of America, February 1994
- 474 Excess Profits and the Impact of Competition on the Baby Bells Consumer Federation of America, September 1996
- 475 Consumer Federation of America, 1992
- 476 Consumer Federation of America, 1994
- 477 Milking the Monopoly: Excess Earnings and Diversification of the Baby Bell Since Divestiture Consumer Federation of America, February 1994
- 478 Judge Green's 1987 Opinion
- 479 Ibid.
- 480 Ibid.
- 481 Ibid.
- 482 Access Charges: \$14 Billion Monopoly Rip-off, MCI press release, 2/97
- 483 Probe Research, press release, December 1995
- 485 The Rape of Ma Bell
- 486 Ibid.
- 487 Ibid.
- 488 Ibid.

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**ENDNOTES****(con't)**

- 489 Anticompetitive and Anticonsumer Practices of the Regional Bell Operating Companies Since the Break-Up of the Bell System. Unity Coalition, 1992
- 490 The exhibit is a composite of overcharging claims by numerous organizations mentioned in previous chapters.
- 491 This exhibit is based on a composite of all Bell Return-on-Equity from 1980 through 1996. The data cross-referenced RBOC annual reports, 10Ks and 10Qs, with the Business Week Scoreboards, 1980-1996
- 492 This chart is a composite of AT&T local service revenues post break-up, using AT&T annual reports, as well as printed summaries by NARUC for 1980-1984. RBOC annual reports were used from 1983-1986
- 493 Business Week Corporate ScoreBoard, 1984, 1985 --- Info for the Bells were compiled by NNI. "All Utilities" and "All Industries" were summaries provided by Business Week.
- 494 Consumer Federation of America press release, 12/10/85
- 495 Summarized from NARUC annual reports, which supplies the information by state.
- 496 Southwestern Bell 1986 Annual Report
- 497 Bell Atlantic 1986 Annual Report
- 498 US West 1992 Annual Report
- 499 Pacific Telesis, 3rd report 10Q, 1993
- 500 This estimation is based on summing up annual reports and is updated from our findings in Regional Bell Earnings, Expenditures and Profits, published by New Networks and available through Philips Business Information.
- 501 US West 1986 Annual Report
- 502 Decision and Order, Docket No:TO9203058, In the Matter of the Application of New Jersey Bell, Telephone Company for Approval of its plan for an Alternative Form of Regulation, amended 5/3/93
- 503 Ibid.
- 504 Ibid.
- 505 Business Week ScoreBoard, 3/3/97 for the year 1996

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**ENDNOTES****(con't)**

506 Bell Annual Reports summarized. The 1984 through 1991 is an average for all bell companies. 1992 through 1996 are totals for the Bells. Also this is net profits --- after taxes, and all other charges.

507 In two separate reports, Telephone Charges in America, 1982-1992, and Regional Bell Earnings, Expenditures and Profits, we presented, for some 500 pages, a detailed map of the excess profits. Our model was based on two separate methodologies, one, which is the top-down approach to financial analysis, the other which is a "bottom up" analysis,

**A Top-Down analysis** is relatively simple. The monopoly is supposed to have a steady rate of return, meaning profits, and when this rate of return is exceeded, the companies can be accused of overcharging customers. There is also an analysis of what revenues and expenses constitutes the rate-of-return — were charges foisted on ratepayers that should have been paid for by shareholders?

**The Bottom-Up method** takes a different look at the problem, examining the minutia and then adding it up. In Telephone Charges in America we created an extensive database of all major charges that appear on a telephone bill, from directory assistance to installation fees. This tedious, but necessary collection was done for every state and therefore, for every RBOC. The data collection spanned 14 years, from 1980 through 1992, (updated for this book through 1997), and was taken from reliable sources, from the telephone directories and actual telephone bills, which was cross referenced with government information, from the FCC to NARUC.

Using this database, we were able to map the increases in prices for telephone services, such as directory assistance or Toll calls. So, we were able to say that the price of a directory assistance call increased an whopping 1326% across America, when an accounting of both price as well as free calls was measured.

508 This exhibit was created by taking the information from the Business Week Scorecard and an average for the Bells by year.



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**ENDNOTES****(con't)**

- 509 This model is based on using a 13 year average of the Business Week 1000 and the Utilities for "Dividends", "Return on Equity", "Profit Margins", as well as the Depreciation schedules that Consumer Federation and Probe had applied.
- 510 This summary applies the 13 year model described above.
- 511 New Jersey Bell 1994 Annual Report
- 512 Marcopoulos vs the Ameritech et al, Civil Action 96-805 US District Court of New Jersey. Also, Bellcore has an annual report which highlights its revenues and spending.
- 513 CASE 97-C-1297 -Petition of New York Telephone Company for a Declaratory Ruling that the Commission Lacks Jurisdiction over the Sale by its Subsidiary, Telesector Resources Group, Inc. of its interest in Bell Communications Research, Inc., or, in the Alternative, for approval of the Transaction. ORDER DIRECTING DISPOSITION OF PROCEEDS AND APPROVING TRANSFER, November 7, 1997--- NY PSC website
- 514 Audit of Ameritech by NARUC--- Review of Affiliate Transactions at Ameritech Services Inc May 95
- 515 New Jersey Bell 1994 Annual Report
- 516 Ibid.
- 517 see footnote 489
- 518 Sources: Ameritech Audit and the Pacific Telesis Audit
- 519 From Ohio Consumer Counsel Testimony ---FCC "Time Report" letter about Michigan and Ohio Bell, 11/9/92, P.U.C.O Case No. 93-487-TP- ALT.
- 520 FCC letter dated 5/2/90 about Wisconsin Bell
- 521 Ameritech Investor Alert 1/95
- 522 This calculation was summarized in Telephone Charges in America and required a 50 state analysis of toll calls by price and distance as well as revenues. It was based on cross-referencing Bellcore information with a database of prices supplied by NARUC. Unfortunately, the Bellcore information is no longer supplied.
- 523 This information was cross-referenced with other phonebills from across America as well as government supplied information.

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**ENDNOTES****(con't)**

- 524 Some of the definitions of "Basic Service" varied by state.
- 525 This information was summarized in Telephone Charges in America and compared databases of information for all states, taken from phone bills as well as telephone directories. The information supplied in this book has been updated as of 11/97.
- 526 AARP's 1985 study on phone use by Seniors.
- 527 New York City phonebill, February, 1988
- 528 This exhibit was created directly from telephone bills.
- 529 Consumer Attitudes, 1993
- 530 AT&T supplied product literature, 1982
- 531 These statistics were detailed in Telephone Charges In America. It uses a model that takes the total number phone rentals by year, multiplied by the price charged, then calculates a 100% increase in the price since 1980. The difference between these two figures is the overcharging... i.e. the excess over an increase of 100%.
- 532 Office of Ohio Consumer Counsel publishes annual "Rate Surveys" giving the prices for phone, electric and gas in a number of areas of Ohio, as well as compared to numerous cities or states in the US. Which information was collected and how it was presented, changed over time.
- 533 Reference Book of Rates Price Indices and Household Expenditures for Telephone Service, The Industry Analysis Division, FCC, March 1997
- 534 NYNEX 1991 Annual Report
- 535 NYNEX Telephone Directory, 1996-1997
- 536 Consumer Union is the source, though the author has not found any corroborating printed material to substantiate the interview.
- 537 This statistic is based on a series of data. First, there is the Consumer Attitudes study by NNI 1993, where we specifically asked about Wire maintenance charges. We found that is few, if anyone, knew if they were paying it. However, when cross referencing actual phone bills and interviews, 70% of the customers were paying the charges, though half didn't know it or stated they never ordered it.
- 538 Linksy vs NYNEX, Supreme Court of the State of N Y County, 8/16/96

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**ENDNOTES****(con't)**

- 539 The New York Times 11/13/97
- 540 The FCC's statistics for 1995 was \$7.8 billion, NNI estimates that 1996 revenues was \$8.04 billion, based on increases in Bell Access (phone) lines.
- 541 The Tax Bracket, Martin L. Gross, Ballantine Books, 1995
- 542 Ibid.
- 543 Ibid.
- 544 FCC Rate Report, May 1993
- 545 This exhibit is taken from phone bills and was used in Telephone Charges In America.
- 546 The source for this exhibit is phone bills from across America.
- 547 FCC's Statistics of Communications Common Carrier, 1995-96
- 548 Report No. CC 97-23 Common Carrier Action, May 7, 1997 Commission Reforms Interstate Access Charge System, CC DOCKET NOS. 96-262; 94-1; 91-213; 95-72
- 549 Ibid.
- 550 Ibid.
- 551 The Rape of Ma Bell
- 552 Ameritech 1994 Annual Report
- 553 Telephone directories, 1996-1997 editions
- 554 Please note that many directories do not have prices for some services and the variations on which service prices are not listed is virtually endless.
- 555 "Initiating Service" fees average \$10-\$15 dollars per item in 1996-97
- 556 Telephone Directories, 1996-1997 editions
- 557 NYNEX Telephone Directory, Brooklyn, NY, 1996-97 edition
- 558 FCC Rate Report, 1997
- 559 Secondly, the FCC states that the price for touchtone is 48¢. "The average monthly charge has fallen from \$1.52 to \$0.48 over the same period." We believe this is not correct because no charge for touchtone from our survey was below \$1 in 1996. We believe that the number is simply a division of the 95 surveyed cities. Also, many phone companies have just included Touchtone within their local service rates. The FCC

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**ENDNOTES****(con't)**

- does not track this detail. For example, a phonebill from Bell Atlantic, Lords Valley PA states that "Basic Service includes Touchtone Services, (where applicable)". However, the subscriber's service was not applicable and they were required to pay an additional \$1.33 for touchtone, not to mention an initiating service fee.
- 560 BellSouth's annual reports and 10Ks also supply the number of phonelines.
- 561 Ibid.
- 562 Consumer Attitudes, 1993
- 563 Bell Atlantic 1996 Annual Report
- 564 This exhibit is a guesstimate of the costs without advertising. However, many of these products, from Inside Wire, Touchtone, and Unlisted Numbers have virtually no advertising required to sell the product. And in the case of inside wiring, many people are paying for the service and they didn't even order it.
- 565 The New York Times, 1/14/97
- 566 This information is detailed and originally appeared in Telephone Charges In America. It is based on an data base of the price of all installation fees for all 50 states, business and residential. The sources for this information is NARUC published documents, compiled by Bellcore. The other source used are telephone directories. Unfortunately, both sources do not match, and both were incomplete. The FCC's information also doesn't match and its information is also incomplete.
- 567 This exhibit averages all 50 states' info and uses the national averages for the time required to complete an installation--- the price per hour.
- 568 Phone interview with NYNEX, January 1992
- 569 Ameritech Ohio Bell Telephone Directory, 1992
- 570 The FCC comment is from NNI's FCC meeting, 4/21/94
- 571 Census Information, 1995
- 572 Link Resources Annual Consumer Survey 1995
- 573 The information presented is based on NNI's Telephone Charges Database, 1980-1992, which contains directory charges for every state,

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**ENDNOTES****(con't)**

- including the number of allowances. The source of this material was the NARUC Annual Surveys. The database was updated for this book, the primary source was 1996-1997 telephone directories, and telephone bills. However, these various sources do not always match, even for the same year.
- 574 Telephone directories and NYNEX telephone bills, 1996-97
- 575 Telephone directories from 1996-1997 editions and NARUC's published annual "Blue Books".
- 576 An average based on 50 states. The primary source: NARUC Blue Books
- 577 Telephone Directories for 1996-1997, NARUC Blue Books for 1983 information, based on 50 state averages.
- 578 First, the "extra cost" is based on 10 calls, and does not include second requests. Secondly, the "increase" is based on 12 calls, including requests. If we used 7 calls, (the national average in 1993) it would be division-by-0, which would not give a usable number, while 10 calls came to 3345% increase, because of the 9 free in 1983.
- 579 To create this information we cross-referenced the Telephone Charges Database which has the price and allowance for all 50 states, with the NNI Consumer Database of consumer responses, 1993. This allowed us to compare the customers' responses to the actual price and allowance for each state and phone company.
- 580 This exhibit is a collection of charges on residential customer telephone bills, 1995
- 581 FCC Rate Report, 1997
- 582 Ibid.
- 583 Actual residential GTE phonebill charges, Los Angeles, Ca. 4/95, 5/95
- 584 Bill Stuffer, NY Telephone, June 1991
- 585 Ibid.
- 586 Bell Atlantic 1991 Annual Report
- 587 Michigan PUC study, see footnote 388
- 588 Pacific Telesis, 3rd Quarter Report 1996
- 589 MCI press release, 3/14/97

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**ENDNOTES****(con't)**

- 590 Probe Research Press Release, 12/95
- 591 Confidential AT&T memo sent surreptitiously to the author.
- 592 Ibid.
- 593 Ameritech Investor News, November 1993
- 594 Ameritech Investors Handbook, 1992
- 595 NARUC's Blue Books, 1993-1994
- 596 Ibid.
- 597 Consumer Attitudes, 1993
- 598 Ibid.
- 599 This information first appeared in Telephone Charges in America and it is based on an extensive database of prices for all Bell Toll Calls, in all 50 states.
- 600 Conversation occurred in January, 1992
- 601 Based on a summary from Bell annual reports, 1996
- 602 New Jersey-Bell Atlantic 1996-1997 Telephone Directory
- 603, MCI press releases, September 16th -18th, 1997
- 604 Ibid.
- 605 Ibid.
- 606 Ibid.
- 607 Ibid.
- 608 Ibid.
- 610 GTE telephone bill, Los Angeles, CA, 1/95
- 611 Numerous articles have commented on this problem and while the amount varies per month, many places simply do not have a local number for access.
- 612 This rounding up problem is inherent in the local phone company's switches. For example, Pac Bell in a recent ruling by the California PSC over Universal Service and school funds, 4/98, stated that they can not bill in increments smaller than one minute, both local and toll calls.
- 613 In Telephone Charges in America we keyed into data bases telephone bills and noticed in our sample, the average was 50% of calls being one minute -- or less. Obviously this varied by person, company, whether they had voice mail, answering machines, etc. However, the overall sum

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**ENDNOTES****(con't)**

- of calls less than one minute was approx. 50%. This percentage was also found in the average length of Toll Calls based on BellCore information supplied for specific states in 1993.
- 614 1057 Calls: A Telephone Bill Is on Hold, The New York Times, 10/19/97
- 615 The worth of Air Touch is from Pacific Telesis and Air Touch Annual Reports while the settlement number is from the Pacific Telesis Annual Report.
- 616 Audit of Pacific Telesis by NARUC, see foot 395
- 617 Audit of Ameritech's ASI by NARUC, see foot 402
- 618 Bell Atlantic Mobile advertisement in The New York Post, 11/11/97
- 619 Jerry Michalski's Cellular telephone bills from NYC, 8/97 to 10/97
- 620 Ibid.
- 621 Air Touch 1996 Annual Report
- 622 Joint Report issued by Public Communications Associates and the Michigan State University Department of Telecommunications, 1990
- 623 Pacific Telesis Audit
- 624 A quote from Josie Liebenthal, who works at Movies, Movies, Brooklyn, NY 3/24/97
- 625 The New York Times, April 19th, 1997
- 626 New York Telephone Bills from October 1992
- 627 Sprint Television ad featuring Candice Bergen, 2/93
- 628 NYNEX's image campaign running during 1995-96, among other years
- 629 Bell Atlantic's image campaign, 1995-1996, among other years.
- 630 Consumer Attitudes, 1993
- 631 Ibid.
- 632 Ibid.
- 633 Ibid.
- 634 Ibid.
- 635 Ibid.
- 636 Ibid.

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**ENDNOTES****(con't)**

- 637 Ibid.
- 638 Ibid.
- 639 FCC Rate Report, 1997
- 640 See footnote 349
- 641 The FCC publishes phone penetration by state. However, it is based on numerous caveats and may not in fact be done by the FCC at all but by other agencies, such as the Census group or the BLS, Bureau of Labor Statistics, all of which have their own sets of problems with data collection.
- 642 In 1996, NNI published Reality Check on Online Services, and reviewed over 20 studies. Dr. Hoffman of Vanderbilt U, published a study which discussed the AC Nielsen study that was done for Commercenet, an industry association.
- 643 Intelliquest web site, 1996
- 644 The New York Times, 4/17/97
- 645 1996 Year in Review, Bell Atlantic web site
- 646 Ibid.
- 647 Ameritech 1997 Annual Meeting, 4/16/97
- 648 Ameritech 1992 Annual Report
- 649 Ameritech Annual Meeting, 4/16/97
- 650 Ameritech 1993 Annual Report
- 651 New Jersey Advocate Report, see footnote 82
- 652 Ameritech Investor Alert 1/95
- 653 MCI press release, August 28, 1997
- 654 This plan was originally announced in April 1992 and for it we were called "A phonebill fanatic" by the Washington Times.
- 655 It's Time to Break Up the Bells, Carol Wilson, Interactive Week, 7/2/97
- 656 Probe also published a series of other reports highlighting their proposals.
- 657 From: Internet Futures, by Bob Metcalfe'68 MIT Enterprise Forum, June 26, 1997. Other Metcalfe articles on the topic can be found at [www.infoworld.com](http://www.infoworld.com).



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**ENDNOTES**

(con't)

- 658 US One went bankrupt.
- 659 LCI's proposal was announced on January 22 1998. The press release LCI Offers Solution To Current Stalemate Blocking Local Phone Competition and the proposal can be found at LCI.com
- 660 MCI's proposal was announced March 24, 1998. The press release MCI Recommends Full Divestiture of the RBOC Network Operations can be found at MCI.com
- 661 Pacific Bell Helps Bring Schools On-line. Pacific Telesis 10Q Report 3/31/94
- 662 CNN, 10/3/97
- 663 XDSL is covers the different types of Digital Subscriber Line offering increased capacity, while HDTV stands for High Definition Television and is a broadcast/cable next generation standard to deliver larger brighter pictures or more channels--- and as of this writing is still not deployed in large quantities.
- 664 Marcopoulos vs New Jersey Bell/Bell Atlantic, see footnote 512

**The end**