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MADIGAN, DEVINE, DALEY, AARP: JUDGE RECOMMENDS REJECTION OF AT&T PROPOSAL

Chicago — Attorney General Lisa Madigan, Cook County State's Attorney Richard Devine, City of Chicago Mayor Richard M. Daley, and AARP today announced that a state administrative law judge recommended that the Illinois Commerce Commission reject a proposal by AT&T Illinois and the Citizens Utility Board that would have allowed local telephone rates for residential customers in the Chicago area to increase by up to \$275 million over a four year period. The proposal was opposed by the Attorney General, the Cook County State's Attorney's Office, the City of Chicago and the AARP because it would have increased prices to consumers with no offsetting benefits.

The judge's proposed order also addressed AT&T Illinois' claim that there is enough competition for local telephone services to protect consumers from unfair prices. Last November, AT&T Illinois declared all residential services in northeast Illinois “competitive” – a move that would effectively eliminate Commission oversight of residential telephone services and prices. The Commission opened an investigation to determine whether the declaration complied with the law.

Although the judge found that there is competition for some packages of telephone services, he ruled that there are no competitive alternatives for the most basic services, such as access to the telephone network, local calling, and Caller-ID and Call Waiting. He also concluded that three telephone service packages that the Illinois legislature requires AT&T to offer must remain subject to Commission oversight, as directed by the General Assembly. His proposed order would result in keeping the prices for these packages and for basic services such as caller-ID and call waiting, subject to the current price limits that apply to residential services in the rest of the State.

In rejecting the AT&T proposal, the ALJ found it significant that consumers cannot obtain information about basic services from AT&T's web site. He recommended that AT&T be required to treat basic services like it treats its other services, including information about basic services on its web site, and allowing consumers to purchase those services on the internet, without going through a customer service representative.

“This recommendation is an important step for consumers. We were gratified to see that the ALJ presented the case to the Commission so clearly. We believe

that most of his conclusions are well-grounded, and should be adopted by the Commission,” said Attorney General Lisa Madigan.

“I am pleased that the Illinois Commerce Commission Administrative Law Judge's proposed order would continue to protect basic local telephone services for residential customers by ensuring the rates charged by AT&T are reasonable. There is no meaningful competition for basic local telephone services. Removing rate protection for basic local phone services could create extra stress on consumers' already strained budgets.” said Richard A. Devine, Cook County State's Attorney.

“While the City recognizes that the full Commission must still review the proposed order, we are pleased that the administrative law judge agrees that low usage and low income customers continue to require protection against rate increases,” said City of Chicago Corporation Counsel Mara Georges.

“AARP believes the judge made the right decision in rejecting AT&T's proposal to deregulate local telephone service, and urges the Commission to adopt his decision. Continued state regulation of local telephone service and ICC oversight are essential to ensuring seniors and all consumers have access to affordable residential telephone service. Access to local phone service is a critical factor in keeping seniors independent and in their own homes,” said Donna Ginther, Manager of State Affairs, AARP Illinois.

Public Utilities Bureau Chief Janice Dale and Senior Assistant Attorney General Sue Satter are handling the case for Madigan's office.

A Commission decision is expected at the end of August.

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