



For Immediate Release
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ATTORNEY GENERAL MADIGAN ENFORCES AT&T RATE REDUCTIONS

Investigation Results in \$1.5 million Refund, \$5.5 million in Future Rate Concessions

Chicago – Attorney General Lisa Madigan has reached a settlement agreement with AT&T Illinois, providing telephone customers with \$1.5 million in refunds and \$5.5 million in future rate concessions through November 2011. The agreement, signed today, follows an Attorney General investigation that discovered that AT&T Illinois had failed to make mandated rate reductions on certain rate packages as required by the Illinois Commerce Commission (ICC).

“This agreement is a definite win for AT&T Illinois customers who should have been paying lower rates on specific services,” said Attorney General Madigan. “AT&T has made refunds and reduced the rates as originally agreed and has further agreed to defer future increases that the Illinois Commerce Commission had authorized. At this time of rising electric, natural gas, and water bills, I am pleased to be able to protect consumers from further telephone price increases.”

As a result of an investigation by the Attorney General's Office that detected the company's billing errors, AT&T corrected the errors in October and November 2007 both by adjusting the rates for Consumers Choice Basic and Consumers Choice Extra going forward and by refunding the overcharges plus interest at five percent, totaling \$1,591,880.

The settlement also includes \$5.5 million in future rate concessions that will be realized in two ways. First, AT&T will forgo the last of three ICC-authorized per call rate increases, which was scheduled to take effect on Jan. 1, 2009. AT&T will freeze the current 4 cents per local call rate for 18 months, saving customers who pay basic per call rates approximately \$4 million in increased charges through July 1, 2010.

Secondly, AT&T will cap the Consumers Choice packages' price for another year. These packages were approved by the ICC to provide Illinois consumers low-priced services to protect them from expected price increases resulting from deregulation. The ICC had authorized the company to increase rates for those packages or to discontinue them altogether after November 2010. Under

the agreement, AT&T will retain these low-priced packages through November 2011, saving consumers another \$1 million.

“AT&T Illinois over-billed consumers who believed they were obtaining rate reductions. Based on our investigation, AT&T promptly repaid consumers for the overcharges with interest and, now as part of the settlement, the company has agreed to maintain lower per call rates and a lower package rate for an extended period of time,” Attorney General Madigan said.

The settlement also includes certain modifications to the AT&T Web site to make it easier for consumers to find and order low-priced services online. The ICC ordered AT&T to allow consumers to subscribe to low-priced services online, without going through a customer service representative who might try to convince them to buy more expensive services. However, the Web site did not allow consumers to decrease the number of services on their account. Now, consumers can use the Web site to decrease their bills, once they register on the site.

“Our research shows that many customers are paying more than they need to pay for their local telephone service,” Madigan said. “For example, AT&T customers in northeast Illinois who do not use features such as Voice Mail or Caller-ID, make less than 150 local calls per month and pay the current 4 cents per call rate will save money by paying the per call rate compared to the cheapest unlimited local calling package offered by AT&T Illinois. More than 75 percent of northeastern Illinois customers who pay per call fall into this group.”

For tips on how to lower local telephone charges in light of customers’ specific calling habits and needs, Madigan urges consumers to contact her office’s Consumer Fraud hotline at 1-800-386-5438 (TTY: 1-800-964-3013) and ask for the [“Understanding Your Telephone Service”](#) brochure. The Spanish language hotline number is 1-800-310-8398.

Senior Assistant Attorney General Susan L. Satter identified the over-billing and handled the matter for the Public Utilities Bureau of the Attorney General’s Office.

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