



## Bell South Drops New DSL Fee

By John Eggerton -- Broadcasting & Cable, 8/25/2006 3:57:00 PM

After the FCC prepared letters of inquiry pertaining to a new usage charge that Verizon and Bell South were levying on DSL bills, Bell South has decided to scrap the plan.

The Verizon letters have already gone out. The Bell South letters did not, which suggests the FCC had an inkling of the announcement.

According to the Bell South statement, released late Friday: "Today, BellSouth announced that it is immediately eliminating a fee assessed on its DSL Internet services.

"As clearly described on BellSouth's website, the broadband fee is designed to recover a number of costs remaining from previous regulatory obligations and other network expenses that increase the cost of the Internet services we provide to consumers.

"Since the FCC eliminated the continuing applicability of many of these regulations, BellSouth has been able to provide a greater variety of Internet services to consumers, to which consumers have responded enthusiastically, and has signed over 300 contracts to provide independent Internet service providers with wholesale DSL services.

The vast majority of BellSouth's DSL Internet service customers will see this change on their bills within a week, although it will take up to six weeks to implement this change for all of BellSouth's DSL Internet service customers. Any payments attributable to this fee will be credited back to August 16, 2006.

The telephone companies no longer have to pay into the fund on their broadband revenues after the FCC reclassified broadband service earlier this year. The fund is used to underwrite the provision of telecommunications service in rural and other difficult-to-reach, or uneconomical-to-reach areas.

According to a source, FCC officials were surprised to learn about the new charges and wanted to make sure they complied with FCC rules about truth in billing. The FCC wants to make sure customers get accurate and clear information on services and costs.

Verizon, for one, says its new charge, which is virtually identical to the USF charge, is to pay for some of the new costs associated with DSL as a stand-alone without voice, i.e. circuits and line maintenance, according to Verizon spokeswoman Bobbi Henson.

Henson said that Verizon Online is an arms-length ISP that has been paying more to the Verizon telephone companies for a while, but has been simply absorbing the cost. Now, the cost will be passed along to the customer.

But why now and at about the same rate, when it would obviously appear to be a replacement or the USF fee? "It seemed like the best time to start charging the new fee, because it would basically have no impact on the bill," rather than last year, when it would have caused the bills to jump.

Some activists opposed to what they see as Ma Bell's reconsolidation and who were looking for the savings from the dropped USF charge to be passed along to consumers, were not happy with telcos' move: "After convincing the FCC that elimination of USF fees would lead to lower broadband prices," said Media Access Project President Andrew Schwartzman, "the Bells simply replaced the government fees with their own sneaky surcharges."

The FCC was expecting that consumer savings as well.

Following is a copy of the e-mail Verizon sent to subs about the new fee, which will not be assessed on customers with annual contracts--which is most of them, said Verizon--until those contracts expire:

*Dear Valued Verizon Online Customer,*

*Effective August 14, 2006, Verizon Online will stop charging the FUSF (Federal Universal Service Fund) recovery fee. We will stop being assessed the fee by our DSL network suppliers. Therefore, we will no longer be recovering this fee from our customers. The impact of the FUSF fee is as follows: for customers of Verizon Online with service up to 768Kbps, the fee eliminated is \$1.25 a month; for customers of Verizon Online with service up to 1.5 Mbps or 3Mbps, the fee eliminated is \$2.83 a month (based on current FUSF surcharge amounts). On your bill that includes charges for August 14, 2006 you will see either a partial FUSF Recovery Fee or no FUSF line item at all, depending on your bill cycle.*

*Starting August 26, 2006, Verizon Online will begin charging a Supplier Surcharge for all new DSL customers, existing customers with a DSL monthly or bundle package, and existing DSL annual plan customers at the time their current annual plan expires. This surcharge is not a government imposed fee or a tax; however, it is intended to help offset costs we incur from our network supplier in providing Verizon Online DSL service. The Supplier Surcharge will initially be set at \$1.20 a month for Verizon Online DSL customers with service up to 768Kbps and \$2.70 per month for customers with DSL service at higher speeds.*

*On balance your total bill will remain about the same as it has been or slightly lower.*

*For more information, see the Announcement in the Help section of Verizon Central, located at <http://central.verizon.net>*

*We regret the need to add this Supplier Surcharge, but we thank you for choosing high speed Verizon Online DSL. We appreciate and value your business.*

*Sincerely,*

*Verizon Online  
Broadband Customer Care Team*

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