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Subject: DRA Applauds California Senate Report Examining Dramatic Telecommunications Price Increases

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DRA Applauds California Senate Report Examining Dramatic Telecommunications Price Increases

SAN FRANCISCO, July 21, 2010 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), today applauded the California Senate Office of Oversight and Outcomes July 16, 2010, report “California Public Utilities Commission: Gaps Emerge in Telephone Consumer Protections.” This report accurately presents the burdens that consumers and the economy have faced since the CPUC virtually deregulated all telephone rates in 2006, said DRA, which had fought deregulation and believed that regulatory oversight was necessary to protect consumers, particularly low-income consumers.

The CPUC expected that competitive pressure would drive telecommunications rates down, but instead rates have dramatically increased, said DRA. For example, according to the report, since deregulation, AT&T raised the charge for a customer to have an unlisted number by 614 percent in the first year of deregulation – from 14 cents a month to \$1 a month. SureWest raised its unlisted rate 563 percent, from 30 cents monthly to \$1.99. Verizon raised its rate 25 percent, from \$1 monthly to \$1.25. And Frontier increased it 99 percent, from \$1 monthly to

\$1.99.

“Rate increases of 200 percent, or even more, are the best indicator we have of what will happen to basic rates when they are deregulated in January 2011, said DRA Director Dana Appling. “DRA urges the CPUC to re-examine its deregulatory approach to protect consumers. Increased education and outreach are also necessary so that consumers are not blindsided by escalating rate increases in this economic downturn.”

For more information on DRA, please visit www.dra.ca.gov

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