

Exhibit No:
Issue: Residential Access Lines and Related Line Services
Witness: Fite
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Southwestern Bell Telephone Company
Case No: TO-2001-467

SOUTHWESTERN BELL TELEPHONE COMPANY

CASE NO. TO-2001-467

SURREBUTTAL TESTIMONY

OF

AIMEE M. FITE

San Antonio, Texas
September, 2001

FILED
SEP 17 2001

Missouri Pub
Service Commission

NP

In the Matter of the Investigation of the State of) Case No. TO-2001-467
Competition in the Exchanges of Southwestern Bell)
Telephone Company.)

[illegible]

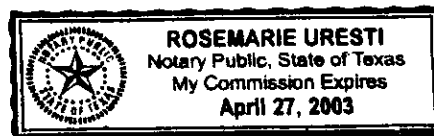
1. My name is Aimee M. Fite. I am presently Associate Director – Core Products – Consumer Marketing, a unit of SBC Management Services, Inc.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Aimee M. Fite
Aimee M. Fite

Subscribed and sworn to before this 10th day of September, 2001

Rosmarie Ursetti
Notary Public

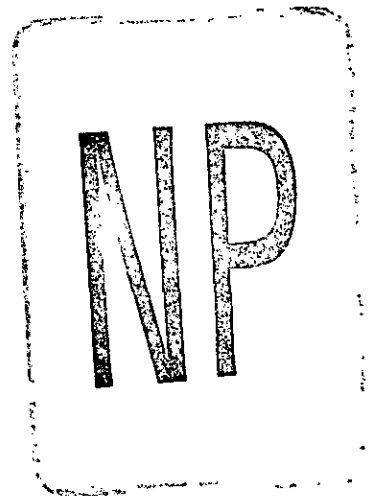
My Commission Expires: 4-27-2003



Case No. TO-2001-467

Southwestern Bell Telephone Company

SURREBUTTAL TESTIMONY OF AIMEE FITE



Q. Please state your name.

A. My name is Aimee Fite.

Q. Did you file direct testimony in this case?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. I will be responding to rebuttal comments that have been filed in this case.

Q. William L. Voight of the Missouri Public Service Commission Staff (Staff) indicates in his rebuttal testimony that a competitive classification should be granted for residential services and the associated line related services (e.g., vertical services) in the exchanges of Harvester and St. Charles (Pages 55 – 56). Do you agree that Southwestern Bell Telephone Company (SWBT) faces effective competition in these two exchanges?

A. I do agree that SWBT faces effective competition in these two exchanges. While market share numbers or specific line loss information should not be the determinate for a finding of effective competition, SWBT has lost a significant number of residential lines in these two exchanges. It is clear that alternate providers are offering service in these exchanges that are

functionally equivalent or substitutable as set out in Section
386.020(13)(a)&(b) RSMo 2000.

Q. You indicate that SWBT has lost a significant number of residential access lines in Harvester and St. Charles. Does this mean that SWBT has actually experienced a net loss of access lines in these two exchanges?

A. Overall, SWBT has been experiencing a decline in residential access line growth rates in Missouri since 1997 and has actually experienced a net loss of access lines in 2001. The following table demonstrates the slowing growth of SWBT's residential access lines prior to the actual net loss of lines SWBT has experienced in 2001.

1997 – 1998	<u> % </u> growth
1998 - 1999	<u> % </u> growth
1999 – 2000	<u> % </u> growth
2000-June 2001	<u> % </u> loss

This declining growth rate and the actual net loss for 2001 are graphed. See Fite Schedule 1HC. Between December of 2000 and June of 2001, SWBT actually experienced a loss of residential lines. More specifically, from 3rd Quarter 2000 to 2nd Quarter 2001, SWBT lost residential lines in the Harvester exchange and residential lines in the St. Charles exchange. The fact that SWBT lost this

1 many residential lines in general, and the rapid loss of lines in Harvester
2 and St. Charles demonstrates that CLECs are capable of competing in the
3 residential market and that this type of loss could occur in this timeframe
4 in other exchanges. Basically, these statistics demonstrate just how
5 competitive the residential market is.

6
7 **Q. Where did you obtain this data?**

8 A. This data was based on an internal Retail Access Line tracking database.
9

10 **Q. Do you believe that SWBT faces effective competition for residential
11 services in additional exchanges?**

12 A. Yes. While the access line losses in Harvester and St. Charles are
13 significant, there is effective competition in other exchanges. As I
14 mentioned, specific market share or line loss thresholds should not be the
15 determinate for effective competition. The statute simply requires, among
16 other items, that alternative providers are providing substitutable or
17 functionally equivalent services.

18
19 **Q. What are the other exchanges where you believe effective
20 competition exists for residential basic local telephone service?**

21 A. While I believe there are other competitive alternatives providing
22 substitutable or functionally equivalent services throughout SWBT's
23 exchanges, I believe that the Commission should, at a minimum, also find

1 effective competition exists for residential service in the Kansas City,
2 Springfield and St. Louis Metropolitan Calling Areas (MCAs).

3
4 **Q. Why should the Commission provide a competitive classification for**
5 **the exchanges in the MCAs?**

6
7 **A.** These exchanges represent the metropolitan areas where competition
8 would be expected to be most predominant. These areas would generally
9 represent a market area over which SWBT and CLECs market their
10 services. For example, when SWBT advertises on the radio or TV or in
11 major newspapers in St. Louis, the advertising targets the greater St.
12 Louis metropolitan area that would include numerous exchanges outside
13 the more limited scope of the St. Louis exchange.

14
15 **Q. What evidence can you provide that competition exists in these**
16 **additional exchanges?**

17 **A.** From the 4th Quarter 2000 to the 2nd Quarter 2001, each exchange,
18 Kansas City, Springfield and St. Louis, has experienced a loss in
19 residential access lines. See Fite Schedule 2HC. Kansas City lost
20 ** ** lines, Springfield ** ** lines and St. Louis ** ** lines
21 during this period. Even though the exchanges mentioned here aren't the
22 only ones that face competition in Missouri, they are the major exchanges
23 in the MCAs and represent more urban areas, ones that the alternative
24 providers would tend to focus upon for their sales operations and

1 marketing efforts. SWBT has also experienced residential line losses in
2 other exchanges as well. Moreover, while I do not have access to the
3 information available from our wholesale operations, I understand that Mr.
4 Hughes is providing additional information regarding CLEC activity in
5 SWBT's exchanges (e.g., resale and facilities-based competition).

6
7 **Q. Mr. Voight comments that the "vertical" services associated with**
8 **CLASS (Custom Local Area Signaling Services) and Custom Calling**
9 **Features are inseparable from dial tone. He opines that in the Staff's**
10 **view, there is little or no point in having two categories. In addition,**
11 **he alludes to the fact that Ms. Fite states the same opinion. Do you**
12 **agree with his statement (Page 56)?**

13
14 **A.** I agree that if the basic local residential line faces effective competition,
15 then so do the vertical features available through that line. SWBT
16 believes that vertical services are a complement to the access line. They
17 are optional features and not basic phone service. If you lose the access
18 line, you also lose any vertical services that were added to that line.
19 However, if the Commission does not find that residential basic service is
20 subject to effective competition, the Commission should separately
21 determine whether vertical features should have a competitive
22 classification.

1 **Q. Staff does not agree that features on Customer Provided Equipment**
2 **(CPE) are available on “most” telephones. Mr. Voight suggests that**
3 **the examples given do not rise to the level of demonstrating effective**
4 **competition for SWBT’s vertical features. (p. 57) Do you agree with**
5 **this statement?**

6 **A.** No, there are some features that are readily available to the consumer and
7 eliminate the need for a consumer to purchase the vertical feature from
8 SWBT. A feature such as Redial is quite prevalent on customer provided
9 equipment (CPE) today. The CPE is competitively priced and widely
10 available to consumers through retail outlets such as Best Buy, Wal-Mart
11 and Target. The equipment has the capability of calling back the last
12 number dialed when the customer presses the Redial button, similar to
13 SWBT’s Auto Redial feature. The customer chooses to depress the
14 button on the CPE in an attempt to call back the last dialed number, rather
15 than have the convenience of the Auto Redial feature they purchase from
16 SWBT. If they have Caller ID, they can also depress the Caller ID button
17 and then the Callback button to call back the last person that called them.

18
19 **Q. Mr. Voight states in his rebuttal testimony that he fails to understand**
20 **the reference to “falling residential rates” (p. 58). Would you like to**
21 **clarify the point you made in your direct testimony?**

22 **A.** Yes. In my direct testimony I stated that “The prepaid dial tone and
23 prepaid wireless markets are expected to expand as rates keep falling”. I
24
25

1 am referring to the falling rates for prepaid dial tone and prepaid wireless
2
3 services since these products entered the market.
4
5
6

7 **Q. Why should non-regulated services like those provided by wireless**
8 **providers be considered substitutable services?**
9

10 A. Early in its market, prepaid wireless providers targeted a niche –
11 customers who had been disconnected from their local telephone
12 company. The market has matured and prepaid service has become
13 attractive to other market segments including customers who choose not
14 to comply with the credit requirements associated with traditional local
15 exchange service, and young customers without established credit.
16 Young people, and those without established credit like the option of
17 prepaid service over paying deposits that may required for traditional
18 telephone service providers. According to Sprint PCS spokesperson
19 Mark Mchale, young customers have been one of the big growth areas for
20 Sprint PCS in the last two years. Teen-agers spend \$35 to \$45 on
21 wireless services per month, and the wide calling scope and free long-
22 distance included with many wireless plans make them ideal for
23 communicating with college students. See Fite Schedule 3.
24

1 **Q. How do you respond to Mr. Voight's suggestion that SWBT's failure**
2 **to increase local calling scopes is SWBT's own internal business**
3 **decision and not a regulatory impediment?**

4
5 **A. SWBT is not contending that it is prohibited from increasing local calling**
6 **scopes. That is not the point. Instead, the point is that other companies**
7 **can offer services that compete with SWBT's basic residential service**
8 **offerings and these competing offers can include larger calling scopes.**
9 **The beauty of competition is that it provides customers with a choice,**
10 **however, this instance clearly demonstrates a regulatory impediment for**
11 **SWBT under current price cap regulations.**

12
13 **Q. According to Mr. Voight's comments (p.60) concerning non-**
14 **regulated services addressed earlier, ancillary products and nascent**
15 **technologies do not fulfill the statutory definition of effective**
16 **competition. How do you respond?**

17 **A. SWBT disagrees with Staff's assessment that non-regulated services,**
18 **ancillary products and nascent technologies are not effective forms of**
19 **competition for its residential services. Customers do not particularly care**
20 **what the underlying technology is. They just care that the service**
21 **provides the functionality that they seek. We have offered into direct**
22 **testimony, newspaper articles, and direct mail pieces that clearly illustrate**
23 **that non-regulated providers like wireless, and fixed wireless are actively**

1 pursuing customers for telephony. According to AT&T Fixed Wireless
2 President and CEO Michael Keith, AT&T Fixed Wireless hopes to
3 increase its customer base tenfold in 2001. They will be rolling out
4 services to places including Kansas City and St Louis. Keith says fixed
5 wireless offers a compelling broadband solution for residential customers.
6 Their residential market will represent 90 percent of the carrier's customer
7 base for fixed wireless services. It is very inexpensive to get into a market
8 and therefore pricing is very competitive. Keith also asserts that owning
9 the last mile make AT&T Fixed Wireless independent of the local
10 exchange company and gives them the ability to capture the interest of the
11 consumer and offer a cheaper alternative. See Fite Schedule 4.
12 Fite Schedule 5 provides examples of AT&T direct mail advertising which
13 show that AT&T Fixed Wireless introduced free unlimited statewide calling
14 to Kansas City residents. AT&T offered one digital home phone line,
15 unlimited statewide calling in either Kansas or Missouri depending on
16 where the consumer resided. The offer included a three feature bundle,
17 and state-to-state calling for \$.07 per minute for \$25.00 per month.
18 Although, fixed wireless is treated like a wireless loop via radio signal, this
19 service is providing local access and thus fulfills the statutory
20 requirements of effective competition.

21
22 **Q. Does this conclude your surrebuttal testimony?**

23 **A.** Yes, it does.

Schedule 1

This schedule is HC in its entirety.

Schedule 2

This schedule is HC in its entirety.

Wireless companies target talkative teen-agers

This story was published in Business on Tuesday, September 4, 2001.

By Jerri Stroud

Of The Post-Dispatch

Kate Nonn's dad doesn't have to call around Granite City anymore to find his daughter: He just calls her mobile phone.

"She's extremely busy," playing soccer and participating in school activities, said her father. Steve Nonn, the Madison County coroner. He got Kate, 16, the phone last Christmas and registered for a plan that includes free calls to the wireless phones of family members.

Eric Pastrovich, a University of Missouri freshman from Mount Olive, Ill., got a phone with free long distance that included lots of night and weekend minutes so he could keep up with friends at the University of Illinois.

Pastrovich, 19, takes calls as he walks between classes. But usually, he waits to call friends until after 8 p.m. so he can use his night/weekend minutes first.

Teen-agers are a relatively new target for wireless companies. For the most part, parents pay for phones used by younger teens. Students who reach 18 can sign up for themselves.

Nationwide, about 31 percent of the 34 million teens and young adults have mobile phones, Forrester Research says, and 21 percent plan to buy them, another study shows.

Teen-agers spend \$35 to \$45 on wireless services per month, a recent Verizon study finds. They are much more likely than adults to use their phones for e-mail, Internet access and playing games.

Young customers have been one of the big growth areas for Sprint PCS in the last two years, spokesman Mark McHale said.

"Wireless phones are just a pretty natural extension of their exposure to technology."

Nationwide, wireless companies are offering back-to-school deals, prepaid calling plans and family packages to attract teens, college students and other young adults. They're also getting as close to teens as they can:

* Cingular is setting up 200 kiosks in Barnes & Noble's college bookstores, including those at St. Louis University and Washington University Medical School. At the

University of Illinois at Urbana-Champaign, students moving into dorm rooms found Cingular cups filled with candy on their desks.

* AT&T Wireless has been sponsoring youth-oriented concerts at Riverport this summer. More than 20,000 concert-goers signed up for chances to win music, T-shirts, phones or an expenses-paid trip to see Madonna perform at the United Center in Chicago. Customers also can win tickets to an Incubus concert by signing up for service through AT&T's Web site.

* Verizon just introduced a prepaid plan called Free-up that has no monthly bill, no service contract and no credit check. The plan, which costs \$124.99, includes a phone, \$50 of air time, domestic long-distance, two-way text messaging and voice mail. Users can replenish air time with a credit card or by purchasing a prepaid wireless calling card.

* Sprint PCS will blanket the nation's college newspapers this fall with ads touting a plan that includes 2,500 to 3,000 minutes and free long-distance for \$29.99 a month. Sprint PCS also is knocking \$100 off the price of its most popular phone.

Wireless companies want to get young people hooked on communications, said Michael Antecol, an analyst who follows youth trends for Forrester Research. But they're searching for ways to morph them into loyal customers.

"The thing with kids under 18 is that many of them buy prepaid phones," Antecol said. "They don't really care if they smash 'em or break 'em. The phone companies are losing a ton of money on this."

By offering ways to personalize the phones - with colorful faceplates or ring tones based on popular music, for example - the companies hope teens will become long-term customers, he said.

Some St. Louis area families say that the wide calling scope and free long-distance included with many wireless plans make them ideal for communicating with college students. Wireless long-distance can be cheaper than wired calls within a state.

Jill Joerling, 17, a senior at Webster Groves High School, says she plans to take her phone to college next year - just as her brother took his to Miami University in Ohio. "It's cheaper to call home if you have free long-distance."

For now, she uses her phone for emergencies and for calling home when she's out with friends.

"It's a tracking device" for her parents, but she admits that she feels safer having the phone.

Reporter Jerri Stroud:

E-mail: jerristroud@post-dispatch.com

Phone: 314-340-8384

Published in the Business section of the St. Louis Post-Dispatch on Tuesday, September 4, 2001.
Copyright (C)2001, St. Louis Post-Dispatch

AT&T Fixed Wireless: A Perfect Ten

04/11/2001

Wireless Data News

(c) 2001 Phillips Business Information, Inc.

President And CEO Michael Keith Fleshes Out Aggressive Plan By Mark Holmes

AT&T Fixed Wireless [T] hopes to increase its customer base tenfold in 2001. To this end, the carrier began rolling out its 'Digital Broadband' service in January with a launch in Anchorage, followed by a February launch in Houston.

"We started 2001 with 10,000 customers and want to end this year with 100,000 customers," AT&T Fixed Wireless President And CEO Michael Keith tells Broadband Networking News. "I think homes passed were about 400,000 at the beginning of this year. By the end of the year, we want to be able to sell to 3.8 million homes. Revenues are the same multiples. We will be spending in capital about \$450 million this year."

The operator will be rolling out services to places like Las Vegas, Oklahoma City, Tulsa, Kansas City and St. Louis. Keith says fixed wireless offers a compelling broadband solution for residential customers, and that the residential market will represent 90 percent of the carrier's customer base for fixed wireless services.

"I think the top competitive advantage of using spectrum for the last mile is that we have extremely competitive pricing because our cost structure is so much lower," Keith says. "The technology in the past has been to run a coaxial cable from a central office, or a twisted pair from a central office. You can imagine how expensive that is. I can put up a tower and about \$70 [thousand] to 80,000 worth of electronics, and I have lit an area up for a kilometer and a half around a tower. It is very inexpensive to get into a market, so therefore our pricing is very competitive.

We are talking about a 30 percent discount to what DSL is in the U.S., in the markets we are in," he continues, adding that the fixed wireless bundle will include data and voice services. "I think what we have learned from the DSL companies and the problems they have had is that they have missed the killer app and the killer app is voice."

The massive ramp-up in terms of customer expectations indicates AT&T's seriousness about taking those last mile customers back from the baby Bells. Keith asserts that the low cost dynamics of fixed wireless enables AT&T to offer a cheaper alternative.

"Make no mistake about it, my number one enemy is the local exchange company and their monopolistic behaviors," Keith adds. "They have been quite successful in the last few years of crushing competition. So, me owning my last mile makes me somewhat independent of them. I have to be able to capture the interest of the consumer, and price is one of the ways you do that."

David Chamberlain, research director of wireless Internet services at Probe Research, is convinced AT&T's fixed wireless play is really about returning to its own monopolistic roots.

"I would say that AT&T's corporate DNA is to become what AT&T was 20 years ago," Chamberlain says. "In a competitive environment, they really own the entire telco end-to-end, from telephone to telephone in the U.S. When they lost the baby Bells, they lost the local connection. In order to get back to that position, they are absolutely are going to have own the so-called last mile. They do with a lot of the cable properties. While it does include a big part of the U.S., it certainly does not cover it all."

The operator may look to aggressively increase its coverage by acquiring 700 MHz licenses, which could offer AT&T a solution to cover more of the United States. The licenses are due to be auctioned off by the FCC later this year.

"The 700 MHz licenses have the nice propagation characteristics. So, that is of interest," Keith comments. "We use a frequency band just a little bit higher than PCS, called WCS. I have about a third of the U.S. covered with licenses. So the 700 MHz licenses are of interest, but you have a lot of liabilities with people that are already in that band."

According to Chamberlain, AT&T would be foolish not to pluck up 700 MHz spectrum.

"These 700 MHz licenses are going to be the single most important thing that they could buy," Chamberlain says. "I think it would be a breathtaking development for AT&T in terms of their last mile strategy using fixed wireless access."

AT&T Wireless is being spun off from parent AT&T later this year, and this should allow AT&T Fixed Wireless greater flexibility in terms of its fixed wireless strategy.

"If I were still part of AT&T, and I am talking about as if it is August 2000, I would be pushing my product to cover the marketplace as fast as possible," Keith says. "I would cover 15 million homes. Why? To protect the long-distance business. Now that burden has been removed from me, I am now looking to where I can make the most profit just from fixed wireless, independent of the long-distance revenues. That would cause me to work on something I call profitable growth, which is really what the market is demanding right now. I think the days of covering every possible market is what got the DSL guys in trouble. They spent too much money, borrowed too much money and used too many forms of distribution of which they did not get money back."

If AT&T hits its forecasts and has over 100,000 customers by the end of the year, it will truly be a major force in the area of the fixed wireless.

"With 100,000 customers at the end of the year, we would be by far the largest fixed wireless provider in the U.S.," Keith says.

Chamberlain agrees: "My theory is that AT&T plans to dominate once again the last mile in the U.S. and I think most of those arrows are within their quiver and, at this point, they just have to make sure they can shoot straight."

(David Hale, AT&T Wireless, 314/214-3082; David Chamberlain, Probe Research, 616/552-9411.) 700 MHz Band Economic Coverage

Economic Areas Population

1. Northeast 41,567,654
2. Mid-Atlantic 42,547,218
3. Southeast 44,516,919
4. Great Lakes 41,560,906
5. Central/Mountain 40,926,284
6. Pacific 41,427,686

Source: FCC, Probe Research

Craig Zabochnik
Associate Director-Competitive Intelligence
Phone: 210-524-2279

AT&T Digital Broadband

AT&T Digital Broadband is your one solution for all your communication needs: local, long distance, and high-speed Internet — delivered by a powerful wireless connection to your home.

You, the Web, and the Speed You Want. Now you can download videos, music, and photos, and visit Web pages faster than ever. With an instant high-speed Internet connection, there's no waiting, no more monthly time limits, no busy signals, and no need to ever dial up again.

Talk, Surf, and Save at the Same Time. AT&T Digital Broadband lets you not only download files faster, but also talk and surf the Internet at the same time — with a single phone line. And you'll enjoy unlimited local calling plus one low rate for all your state-to-state calls from home anytime.

Service Satisfaction. You aren't locked into any long-term contracts, and it gets better — AT&T's customer service is available 7 days a week.

Start with AT&T Digital Broadband Phone Service and choose one of the following

State-Wide Local Phone Service for just \$25 a month* and receive:

- Free unlimited calling across the entire state
- 7¢-a-minute state-to-state long distance calls from home
- Call Waiting, Caller ID, 3-Way Calling

OR

Standard Local Phone Service for \$14.00 and receive:

- Unlimited local calling
- 7¢-a-minute state-to-state long distance calling from home, anytime

Add up to three additional phone lines for just \$7 per line per month

Add high-speed Internet for only \$40 more a month:

- Includes ISP — AT&T WorldNet® Service
- Up to five users can be online at the same time with one account

*In addition to the monthly fee, a monthly line charge of \$3.95 applies to the first line, and \$3.95 for each additional line. State-Wide Calling Plan requires 100¢. After that the in-state rate is 10¢ per minute.

AT&T Digital Broadband—Provided Equipment



KANSAS CITY, MO Frequently Asked Questions

- Q:** As an AOL® subscriber, can I use AT&T Digital Broadband?
- A:** Yes. You can now access and enhance your AOL experience at high speeds with AT&T Digital Broadband. Since your connection is instant, you won't have to dial up to AOL any more.
- Q:** Can I keep my existing phone number?
- A:** Yes. You can choose to keep your existing number or get a new AT&T Digital Broadband phone number.
- Q:** Can I add additional phone lines and features in the future?
- A:** Yes. AT&T Digital Broadband is future friendly. Add phone lines whenever you like — up to a total of four. And take your choice of many popular calling features.
- Q:** Is there a charge for the equipment installed on my home?
- A:** AT&T will install two pieces of equipment at no charge to you. Outside, a flat antenna, referenced as 1 on the house image, will be mounted on the exterior of your home. Inside, a unit, referenced as 2 on the house image, will be connected to the existing wiring in your home. Additional charges may apply for the installation of high-speed Internet access.

For more information, call
1 877-ATT-DGTL
(288-3485), ext. 07711.
or visit us at
www.attdigitalhome.com

Local Long Distance High-Speed Internet | AT&T digital broadband
File Schedule S-1

Installation Date: _____
Time: _____

Installation checklist

We will be installing two pieces of equipment at your home. The installer will determine the optimal mounting location:

1. Outside, a flat antenna, referenced as 1 on the house image, will be mounted on the exterior of your home.
(Dimensions: 11" x 12" x 4")
2. Inside, a unit, referenced as 2 on the house image, will be connected to the existing wiring in your home.
(Dimensions: 17" x 14" x 4")

Please set aside three to four hours for a complete installation. Times vary by home type.

Please have an adult, at least 18 years of age, at home during the installation to approve the location of the equipment.

You will receive a welcome kit, including a service agreement that must be signed and given to the installer.

If you're renting the home, please obtain verbal approval from the landlord.

High-speed Internet customers should back up all data, defrag the hard drives, and have the Windows 95, 98, or ME System disks available.

KANSAS CITY, MO

For more information
call 1 877 ATT-DGTL
(1 877 288-3485), ext. 07711.

www.attdigitalhome.com

AT&T Digital Broadband



Home Phone and High Speed Internet Service

* In addition to monthly fee, a monthly line charge of \$3.95 applies to the service. The first month's charge is \$3.95 for each additional line. Certain equipment is required. The wireless service is not available in all areas and all orders are subject to approval by AT&T based on signal strength and other factors. Hardware will need to be installed at your premises, and additional phone jacks may be required. Certain features you currently have may not be available for purchase. Certain electronic and telephone equipment may not be supported, including certain fax machines, modems, medical monitors, and security systems. Surcharges, taxes, and other fees are additional. Long distance rates do not apply to international operation. Activated or calling card calls. Minutes are rounded up to the full minute. High speed Internet access is not compatible with some corporate intranet connections. Customer's PC must meet minimum requirements, and additional customer purchased software and/or hardware is required to connect multiple home computers. Customer must provide Cable ID equipment. Offer is subject to change. If you are not the owner of the property where service will be installed, you must obtain the consent of the owner prior to installation. Full terms and conditions are contained in the User's Guide and the AT&T Digital Broadband Service Agreement. The purchase of high-speed Internet access must be combined with Digital Phone Service. AOL® is a registered trademark of America Online, Inc.

File Schedule S-2