

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the tariff filing of AT&T)	
Communications of the Southwest, Inc.)	Case No. TO-2008-0104
concerning revision in billing method)	Tariff No. TX-2008-0187, -0188, -0189
for certain types of prepaid calling cards.)	

**AT&T COMMUNICATIONS’
RESPONSE TO MOTION TO SUSPEND**

AT&T Communications,¹ pursuant to 4 CSR 240-2.080(15), respectfully requests the Missouri Public Service Commission (“Commission”) deny the Office of the Public Counsel’s (“Public Counsel’s”) Motion to Suspend tariff filings AT&T Communications made to revise the domestic in-state “decrementation” rate for certain AT&T prepaid calling cards from 1:1 to 8:1. “Decrementation” refers to the rate at which minutes, units or dollars² are deducted from a calling card’s available balance for each minute of conversation.

Executive Summary

The prepaid calling card services at issue are competitive services provided by a competitive company to consumers who have numerous choices among prepaid calling cards and calling card providers. To be clear, the cards in question are purchased by consumers, primarily through larger retailers. These cards are simply one of many choices from various providers available to consumers at a large number of retailers, be they grocery stores, drug stores, service stations, or convenience stores. The terms and conditions applicable to each AT&T card are made clear on the card packaging, thus providing consumers with the opportunity to make an informed buying decision whether to use AT&T Communications’ prepaid calling card for their

¹ AT&T Communications of the Southwest, Inc. will be referred to in this pleading as “AT&T Communications.” AT&T Communications offers prepaid calling cards under its own name and under the d/b/a’s “SmarTalk” and “ConQuest.” Collectively, these cards will be referred to in this pleading as the “AT&T Communications’ prepaid calling cards.”

² For ease of reference, this response will frame the discussion in terms of minute-based cards, but is also intended to apply to unit and dollar-based cards, as described in the proposed tariffs.

in-state calls or that of one of the many other providers from numerous retail distributors in the market.

The Commission has previously allowed the same 8:1 tariffed decrementation rate to go into effect for in-state calls made with other AT&T Communications' prepaid calling cards. With the instant tariff filings, AT&T Communications seeks to bring more uniformity to its in-state prepaid calling card rates.

AT&T Communications has informally notified Commission Staff that it inadvertently failed to update its intrastate tariff prior to beginning distribution of AT&T-branded prepaid calling cards through third party retailers with the 8:1 decrementation rate. The Commission had approved the 8:1 decrementation rate for AT&T-branded prepaid cards sold directly by AT&T Communications. The AT&T-branded prepaid cards sold through retail outlets clearly disclose the terms and rates consistent with the tariffed terms and rates for the direct-sale and alternative branded cards. The terms and conditions are also disclosed in AT&T Communications' on-line prepaid calling card service guide. AT&T Communications is in the process of determining the extent of this error. AT&T Communications commits to work with Staff and Public Counsel to resolve this matter.

This inadvertent omission, however, is a separate issue from the issues Public Counsel has raised concerning the appropriateness of the proposed tariff revision and is not a basis for suspending the proposed tariffs. As demonstrated below, AT&T Communications' proposed 8:1 decrementation rate fully complies with all Commission rules and indeed has previously been allowed to become effective with respect to other AT&T Communications' cards. With the appropriate pre-purchase disclosures in place for this competitive service, the Commission should allow the proposed tariff revisions to become effective as proposed.

Background

On June 30, 2006, the Federal Communications Commission (“FCC”) issued an Order clarifying the regulatory standing of “menu driven” prepaid calling cards (like those at issue here offered by AT&T Communications), mandating that they are to be classified as basic telecommunications services.³ As a result of the FCC’s Order, in-state calls made with AT&T prepaid calling cards became subject, on a prospective basis, to in-state access charges, which AT&T Communications must pay to other telephone companies for the origination and termination of calls on their local networks made using the prepaid cards. This change substantially increased AT&T Communications’ costs to provide Missouri in-state prepaid calls, which in turn caused AT&T Communication to implement, after notice, a corresponding increase in its in-state rates. AT&T Communications’ interstate rates did not change, and AT&T Communication’s in-state rates did not change in the states where in-state access rates equal interstate access rates.⁴

Originally, AT&T Communications viewed these cards as providing enhanced services (and not telecommunications services) because of the interaction with stored information (such as news, weather or advertisements) that could be obtained using the cards (referred to as “menu-driven prepaid calling cards”). AT&T Communications believed these cards were exempt from intrastate access charges assessed by other carriers. The FCC, however, clarified the regulations and ruled in 2006 that intrastate access charges applied to intrastate calls made with menu-driven prepaid cards on a going-forward basis. Prior to the FCC’s Order, the price for calls made using

³ In the Matter of Prepaid Calling Card Services, WC Docket No. 05-68, Declaratory Ruling and Report and Order, released June 30, 2006.

⁴ All of these decrement rates are subject to change, upon tariff/service guide revisions and notice to consumers. Whenever a state reduces or increases its in-state access fees (relative to interstate fees) so that AT&T’s access costs are reduced, AT&T will modify the decrement rate accordingly. For example, due to intrastate access cost reductions in New Mexico, AT&T reduced the in-state rates for New Mexico, effective April 17, 2007, from 8 decrements to 3 decrements for a minute of in-state calling.

these prepaid calling cards did not take into account high intrastate access charges and other regulatory fees and surcharges. Because the level of intrastate access charges varied widely from state-to-state, AT&T Communications developed a decrementation rate for each state, corresponding to the particular level of local telephone company access charges it would have to pay in that state. Under this decrementation plan, each state has its own ratio of minutes purchased versus usable talk time minutes. As a result of intrastate access charges in Missouri on an aggregate basis generally being higher than other states (and significantly higher than access charges for interstate calls), Missouri is one of three states with an 8:1 decrementation rate. The 8:1 decrementation rate permits AT&T Communications to recover some, but not all, of the intrastate access expense associated with prepaid card calls in Missouri.

Prior to the new decrementation plan going into effect, AT&T Communications diligently informed prospective customers of the new calling card terms prior to purchase. As explained in more detail below, both the front and back of all new AT&T prepaid calling cards specifically inform customers that in-state rates may be higher. And in accordance with Commission rules, the back outside panel of the card's packing specifically provides the 8:1 decrementation rate for intrastate calls within Missouri (as well as the rates for all other states). If a customer has an older calling card with a 1:1 decrementation rate and wants to add additional minutes (known as "recharge"), the customer is informed prior to purchasing recharge minutes (either at retail locations or over the telephone) that recharge minutes will be subject to higher in-state rates that vary by state and is urged to inquire further about specific state rates. And when

that customer uses the card, these new charges are explained before customers are permitted to make a call.⁵

The Commission has previously permitted the 8:1 decrementation rate proposed here to go into effect for other AT&T Communications prepaid calling cards. In October, 2006,⁶ the Commission allowed tariff sheets with the 8:1 decrementation rate to become effective for the prepaid calling card AT&T Communications sells directly to consumers. And in December, 2006,⁷ the Commission allowed the 8:1 decrementation rate to become effective for recharges on all AT&T branded prepaid cards.⁸

Argument

1. AT&T's Prepaid Calling Cards are Competitive Services. As Public Counsel readily acknowledges, the in-state long distance services at issue here are competitive telecommunications services offered by a competitive telecommunications service company.⁹ Under Missouri law, any rate increase or tariff change resulting in an increase in rates or charges must be approved by the Commission upon proper customer notice. Section 392.500 states:

392.500. Changes in rates, competitive telecommunications services, procedure.

-- Except as provided in subsections 2 to 5 of section 392.200, proposed changes in rates or charges, or any classification or tariff provision affecting rates or charges, for any competitive telecommunications service, shall be treated pursuant to this section as follows:

* * *

(2) Any proposed increase in rates or charges, or proposed change in any classification or tariff resulting in an increase in rates or charges, for any competitive telecommunications service shall be permitted ten days after the filing of the proposed rate, charge, classification or tariff and upon notice to all

⁵ These changes, however, do not apply to minutes purchased for AT&T prepaid calling cards under prior guidelines and the older cards in the market will have those cards' existing terms and conditions honored until the balance is used up.

⁶ JX-2007-0215 became effective October 31, 2006.

⁷ JX-2007-0312 became effective December 4, 2006

⁸ See Section 1.4.10.G, P.S.C. Mo.-No. 15, AT&T Communications of the Southwest, Inc. Message Telecommunications Service Tariff, 8th Revised Sheet 55, effective December 4, 2006.

⁹ OPC Corrected Motion to Suspend, p. 6.

potentially affected customers through a notice in each such customer's bill at least ten days prior to the date for implementation of such increase or change, or, where such customers are not billed, by an equivalent means of prior notice. (emphasis added)

Here, customers receive the required notice. As explained in detail below, AT&T Communications provides appropriate advance notice of the proposed 8:1 decrementation rate for in-state Missouri calls through disclosures at point of sale on the cards' packaging and through non-interruptible messages customers must listen to before recharging and placing in-state Missouri calls.

2. The Proposed 8:1 Decrementation Rate is Specifically Tariffed and Fully Disclosed to Customers. Public Counsel claims that AT&T Communications' 8:1 decrementation method "serves to . . . mislead and take advantage of customers;" is a "nondisclosed price increase and a nondisclosed revision" to the typical method of billing; and violates Commission rules because "clear, full and meaningful disclosure of . . . charges" has not been "provided prior to an agreement for service."¹⁰ Public Counsel also claims that the proposed tariff revisions do not comply with the Commission's prepaid calling card rules

¹⁰ OPC Corrected Motion to Suspend, pp. 1, 4-5, citing 4 CSR 240-33.045.

requiring the use of non-minute based billing increments to be tariffed¹¹ and the disclosure of applicable rates to customers.¹²

Public Counsel is mistaken on all counts. First, AT&T Communications filed the proposed tariffs to specifically comply with the Commission's tariffing requirements. On their face, the proposed tariff revisions satisfy the Commission's rules as they clearly define the applicable billing increments. This tariff language is the same as what the Commission previously allowed to become effective for prepaid calling cards purchased directly from AT&T Communications.¹³

Moreover, every purchaser of AT&T Communications' prepaid calling card receives full and timely notice before paying higher charges for in-state calls. Before purchasing a new AT&T Communications prepaid calling card, every purchaser receives written notice of higher in-state rates. Specifically, the following disclosures made to consumers at point of sale, product

¹¹ 4 CSR 240-32.150(5) states: "If a company uses billing increments other than permanent rates, the billing increment must be defined in the company's Missouri tariff."

¹² 4 CSR 240-32.160, Customer Disclosure Requirements, states:

Company shall provide the following information to the customer before purchase. The information may be disclosed on the prepaid calling card, prepaid calling card packaging, visible display at point of sale or in the presale document.

* * *

(B) The maximum domestic permanent rate or the maximum charge per billing increment plus all applicable surcharges or taxes and any added relevant variables. If a company uses billing increments other than per minute rates, the billing increment must be defined.

4 CSR 240-32.170, Standards for prepaid calling card Service states:

(1) The company shall not reduce the balance on the card by more than the charges printed on the card, packaging, visible display at the point of sale and in any presale documentation.

(2) Service may be recharged by the customer at a rate higher than the rate at initial purchase or last recharge. The higher rate and surcharges shall be no more than the rates and surcharges in the tariff and the customer shall be informed of the higher charges at the time of recharge.

(3) Increments charged to the prepaid calling card shall be expressed in terms of minutes of use, units, dollars, or fractions thereof.

¹³ See Section 1.4.10.G, P.S.C. Mo.-No. 15, AT&T Communications of the Southwest, Inc. Message Telecommunications Service Tariff, 8th Revised Sheet 55, effective December 4, 2006.

use, and recharge demonstrate full compliance with the Commission's prepaid calling card disclosure rules:

(a) On-Line Purchases. When a consumer buys an AT&T Communications prepaid calling card online at AT&T's website, AT&T notifies the consumer of higher in-state rates prior to purchase. The consumer must click the "I accept" button after the disclosure of rates (and other terms and conditions) is made to complete the purchase.¹⁴

(b) Retail Purchases. When a consumer purchases a new AT&T prepaid calling card at a retail outlet, point of sale materials inform the customer of the higher charges for in-state calls and specifically of the 8:1 decrementation for in-state Missouri calls prior to purchase. Both the front of the point of sale package and the card itself state that in-state rates may be higher. And the front of the package directs the consumer to see the back panel of the card's packaging for terms and conditions, where specific in-state rates are disclosed for all jurisdictions, including the 8:1 decrementation rate for Missouri:

BY USING THIS PREPAID PHONE CARD YOU CONSENT TO THE TERMS, CONDITIONS, RATES & CHARGES BELOW AND IN THE SERVICE GUIDE AT www.att.com/prepaidguide; ALSO AVAILABLE FROM CUSTOMER CARE AT 1 8XX XXX XXXX.

* * *

For calls that begin and end in the same state, minutes are deducted at these rates per minute of talk time: 1 min: DC, IL, IN, MA, RI,USVI; 3 min: AL, AR, CA, CT, DE, GA, HI, KS, KY, LA, MD, ME, MI, MS, NE, NJ, NM, NV, NY, OH, OR, PR, SC, TN, UT, WI, WV; 5 min: AK, AZ, CO, FL, IA, ID, MN, MT, NC, NH, OK, PA, TX, VA, VT, WA, WY; 8 min: MO, ND, SD. . . .¹⁵

In all cases, the consumer has the opportunity to read both the front and the back of the card and the packaging prior to purchase.

¹⁴ A copy of the disclosure made at the AT&T website is appended as Exhibit A.

¹⁵ A copy of the front and back of the point of purchase package and the card is appended as Exhibit B. Similar disclosures are made for the SmarTalk and ConQuest cards.

(c) Over the Phone Recharges. Consumers seeking to recharge, over the phone, a prepaid card purchased before implementation of higher in-state decrementation rates must first listen to a non-interruptible message informing the card holder of higher in-state rates and prompting him or her to learn rates for specific states. If the card holder hangs up before completion of this message, the recharge process terminates. While the card holder can still call back to recharge the card, recharge cannot continue until the card holder has listened to the entire disclosure.¹⁶

(d) In-Store Recharges. Consumers that recharge older prepaid cards in a retail store are required to listen to a non-interruptible notification the first time the cardholder uses the card after in-store recharge, disclosing the existence of higher in-state rates, prompting the card holder to learn rates for specific states and notifying the card holder that the next time he or she recharges, calls will be subject to higher in-state rates (i.e., the card holder gets one extra cycle at the old, lower rates). The first time the card holder uses the prepaid card after the second recharge, a second non-interruptible message informs that the higher in-state rates now apply and prompts the card holder to find out rates for specific states.¹⁷ In addition, AT&T provided retailers that allow in-store recharges with signage to be posted at the point of purchase disclosing the new in-state rates.¹⁸ The signage is a redundant disclosure that is complementary, but not necessary to the other, independently full and timely notification.

(e) Auto-Recharges. Auto-recharge enables a card holder to add recharge minutes over the phone via a pre-established account that is billed to the card holder's commercial credit card. Auto-recharge often occurs when a card holder is on a call and his or her minutes are

¹⁶ A copy of the specific disclosure announcement is appended as Exhibit C. The SmarTalk and ConQuest cards are not rechargeable.

¹⁷ A copy of the specific in-state announcements is appended as Exhibit C. The SmarTalk and ConQuest cards are not rechargeable.

¹⁸ A copy of the in-state signage is appended as Exhibit D.

about to run out. The card holder is notified of the limited amount of calling time remaining and asked if he or she wishes to purchase additional minutes to the card. When the customer seeks to auto-recharge the card, but before concluding the transaction, the card holder is required to listen to a message informing him or her of the higher in-state rates and directing the customer to AT&T's customer service for the specific in-state rates.¹⁹

(f) Old Cards will be Honored. Higher in-state rates will not be charged on calls made with cards that do not display the higher in-state rates on the card or packaging until the minutes on those cards are exhausted. However, if an "old" card is recharged, the non-interruptible notices described above are given before recharge may occur²⁰

Public Counsel also suggests that the proposed 8:1 decrementation rate is "unnecessarily complex and confusing and therefore unreasonable," citing a consolidated case over ten years old, in which the Commission rejected a billing method "that used units that did not relate directly to minutes of use."²¹ This case is inapposite. First, the case Public Counsel cites pertained to traditional landline interexchange service for which the customer receives monthly billing, not prepaid calling card services, which are at issue here. Second, the customer confusion in the cited case arose from the companies' use of "Total Call Units," which were

¹⁹ A copy of the in-state rate announcement is appended as Exhibit C. The SmarTalk and ConQuest cards are not rechargeable.

²⁰ When recharge minutes are added to a card that has an existing balance of minutes purchased prior to the implementation of the higher in-state rates, minutes are used on a first-in, first-out basis. Accordingly, if a card holder has a mix of old pre-disclosure (1:1) minutes and post-disclosure (8:1) minutes, then for in-state calls the AT&T prepaid card platform will automatically use up the older minutes (*i.e.* at a rate of 1 minute for a minute of Missouri in-state calling) before using the newer recharge minutes.

²¹ OPC Corrected Motion to Suspend, pp. 2-3.

different than the actual minutes of use²² that were not disclosed on the customer's bill. Here, AT&T Communications' decrementation process is fully explained in plain English in the point of sale pre-purchase materials and the decrementation rate that applies is specifically provided. The pre-purchase disclosures AT&T Communications' customers receive fully satisfy all Commission prepaid calling card disclosure requirements.

3. AT&T's Proposed Decrementation Rate is Non-Discriminatory. Public Counsel claims that AT&T Communications' 8:1 proposed decrementation rate "discriminates against calls made within Missouri," that this alleged discrimination is "unfair and unreasonable and does not promote the economic development and interest of Missouri and its communities."²³

Public Counsel's claims are misplaced. The proposed 8:1 decrementation rate for in-state calls is not discriminatory, as it will apply to all minutes of Missouri intrastate usage. The fact that the decrementation rate for Missouri differs from the decrementation rate in other states provides no basis under Missouri law for a claim of discrimination and results directly from the differing levels of intrastate access charges that exist from state-to-state. Due to this variation, AT&T Communications developed specific decrementation rates for each state, corresponding to the particular level of local telephone company access charges it must pay to other carriers in

²² In the case cited by Public Counsel, the companies' developed a method of calculating customer charges designed to incorporate non-transport costs such as overhead, account setup and administration, installation and regulatory compliance into the per unit cost of a call. The Commission explained the proposed rate structure as follows:

Non-transport costs are only recovered during the first 10 minutes of each call. The Companies calculate the charge for a call by beginning with the minutes of use (Transport Usage Minutes or TUMs) determining how many units (Equivalent Call Units or ECUs) should be added to recover non-transport costs, and combining TUMs and ECUs to give the unit called the Total Call Unit (TCU). The resulting TCU will have a value greater than the minutes of use.

In the Matter of Tariff Sheets of NOS Communications, Inc., Designed to Establish a New Method for Calculation of Customer Charges, et al., Case No. TR-95-331, et al., 1996 MoPSC LEXIS 9 at *9, issued January 24, 1996.

²³ OPC Corrected Motion to Suspend, pp. 1, 3.

those states. The proposed 8:1 decrementation rate for Missouri is reasonable, as Missouri intrastate access rates are one of the highest in the nation (and significantly higher than access charges for state-to-state calls). The Commission has previously allowed this same 8:1 decrementation rate to go into effect for in-state calls made with other AT&T Communications' prepaid calling cards and for recharges on such cards.²⁴

Conclusion

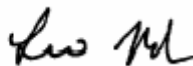
The calling card services at issue are competitive services being offered by a competitive company to consumers who have numerous choices among prepaid calling cards. The proposed 8:1 in-state decrementation rate at issue here fully complies with all applicable Commission rules as it is specifically set out in the proposed tariffs and has been thoroughly disclosed to customers prior to purchase. With these disclosures, consumers can make an informed decision whether to use AT&T Communications' prepaid calling card for their in-state calls or that of one of the many other providers in the market. The Commission has previously allowed the same 8:1 tariffed decrementation rate to go into effect for in-state calls made with other AT&T Communications' prepaid calling cards. The Commission should permit the instant tariff filings to become effective as well so as to bring more uniformity to AT&T Communications in-state prepaid calling card rates.

²⁴ See Section 1.4.10.G, P.S.C. Mo.-No. 15, AT&T Communications of the Southwest, Inc. Message Telecommunications Service Tariff, 8th Revised Sheet 55, effective December 4, 2006.

Respectfully submitted,

AT&T COMMUNICATIONS SOUTHWEST, INC.;
SOUTHWESTERN BELL TELEPHONE COMPANY,
D/B/A AT&T MISSOURI; AND SBC LONG DISTANCE,
LLC, D/B/A AT&T LONG DISTANCE

BY

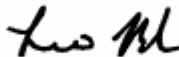


TIMOTHY P. LEAHY	#36197
LEO J. BUB	#34326
ROBERT J. GRYZMALA	#32454

Attorneys for the AT&T Companies
One AT&T Center, Room 3518
St. Louis, Missouri 63101
314-235-2508 (Telephone)/314-247-0014(Facsimile)
leo.bub@att.com

CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by e-mail on October 17, 2007.



Leo J. Bub

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
GenCounsel@psc.mo.gov

Public Counsel
Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
opcservice@ded.mo.gov

EXHIBIT A

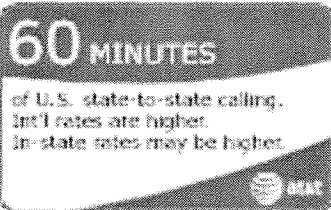
AT&T PrePaid Phone Cards

Online Delivery

1. ORDER FORM

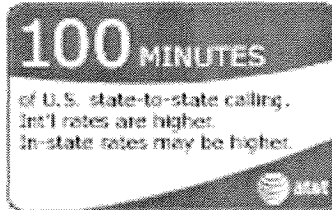
2. ORDER SUMMARY

3. ORDER CONFIRMATION



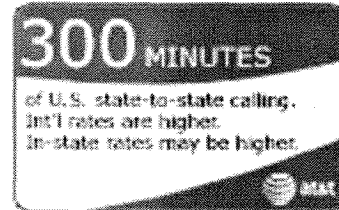
AT&T Virtual PrePaid 60 Minute
Card
\$5.49

0 Quantity



AT&T Virtual PrePaid 100 Minute
Card
\$8.49

0 Quantity



AT&T Virtual PrePaid 300 Minute
Card
\$19.49

0 Quantity

To order, simply submit the following information. In most cases, the card image, your access number and your PIN will appear immediately on your screen. Print it and take it with you. You can start calling right away. All orders subject to verification. Orders needing verification may take up to two hours to process.

CREDIT CARD BILLING INFORMATION

First Name

Last Name

Address

City

State

Zip Code

E-mail Address

Phone Number

Contact Phone •

• Please enter a phone number where you can be reached in the next two hours should we need to contact you about your order.

AT&T PREPAID PHONE CARD (Card) TERMS AND CONDITIONS AGREEMENT:

Updated 04/2007

BY USING THIS PREPAID PHONE CARD YOU CONSENT TO THE TERMS,

I accept the terms and conditions. +

AT&T PrePaid Phone Cards

Online Delivery

1. ORDER FORM

2. ORDER SUMMARY

3. ORDER CONFIRMATION

AT&T PREPAID PHONE CARD (Card) TERMS AND CONDITIONS AGREEMENT:

Updated 04/2007

BY USING THIS PREPAID PHONE CARD YOU CONSENT TO THE TERMS, CONDITIONS, RATES & CHARGES BELOW AND IN THE SERVICE GUIDE AT www.att.com/prepaidguide; ALSO AVAILABLE FROM CUSTOMER CARE AT 1 800 361-4470. **Minute value applies to state-to-state calls only. A surcharge not to exceed 10 minutes applies to U.S. pay phone calls**, some of which compensates pay phone providers. One-minute billing increments; partial minutes used are billed as full minutes. Rates may be higher for calls to/from mobile phones. **For calls that begin and end within the same state, minutes are deducted at the following rates per minute of talk time: 1 minute:** DC, IL, IN, MA, RI, USVI; **3 minutes:** AL, AR, CA, CT, DE, GA, HI, KS, KY, LA, MD, ME, MI, MS, NE, NJ, NM, NV, NY, OH, OR, PR, SC, TN, UT, WI, WV; **5 minutes:** AK, AZ, CO, FL, IA, ID, MN, MT, NC, NH, OK, PA, TX, VA, VT, WA, WY; and **8 minutes:** MO, ND, SD. **International rates are higher than state-to-state rates, vary according to area called, and can change.** Call Customer Care for international calling information before leaving the U.S. Recharge minutes may have different rates, surcharges & terms & conditions & are not refundable. **Minutes don't expire.** Card can't be used for toll free calls, calls for paid services with premium charges or for operator-handled calls. Directory Assistance rates are higher than state-to-state rates. Service provider makes no warranties and its liability is limited per service guide. Any disputes arising from purchase or use of this Card are settled by arbitration, which doesn't apply to CA residents for disputes arising in CA. Safeguard your Card/PIN. You are responsible for loss or unauthorized use. Card may be terminated without notice if fraud is suspected. Card is not returnable/exchangeable unless defective. Direct unresolved complaints to regulatory agency in state where Card was bought. Use of Info to Go will incur additional charges. Service provided by AT&T Corp. or affiliate; by AT&T Alascom in AK. Service provided where authorized.



EXHIBIT B



75

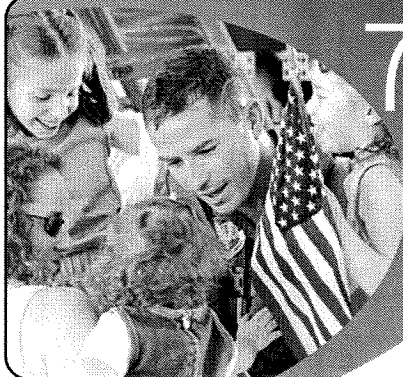
Minutes

of U.S. state-to-state
calling. Int'l rates are
higher. In-state rates
may be higher.

AT&T Global PrePaid Card

- Low international rates
- No connection fee
- Buy it here, recharge it here
- Minutes do not expire

See back for terms and conditions. This Card has no value until activated at the register.



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Minutes
of U.S. state-to-state
calling. Int'l rates are
higher. In-state rates
may be higher.

AT&T Global
PrePaid Card
Rechargeable





BY USING THIS PREPAID PHONE CARD YOU CONSENT TO THE TERMS, CONDITIONS, RATES & CHARGES BELOW AND IN THE SERVICE GUIDE AT www.att.com/prepaidguide. ALSO AVAILABLE FROM CUSTOMER CARE AT 1 877 288-3404. A surcharge not to exceed 14 minutes applies to U.S. pay phone calls, some of which compensates pay phone providers. One-minute billing increments; partial minutes used are billed as full minutes. Rates may be higher for calls to/from mobile phones. For calls that begin and end in the same state, minutes are deducted at these rates per minute of talk time: 1 min: DC, IL, IN, MA, RI, USVI; 3 min: AL, AR, CA, CT, DE, GA, HI, KS, KY, LA, MD, ME, MI, MS, NE, NJ, NM, NV, NY, OH, OR, PR, SC, TN, UT, WI, WV; 5 min: AK, AZ, CO, FL, IA, ID, MN, MT, NC, NH, OK, PA, TX, VA, VT, WA, WY; 8 min: MO, ND, SD. Int'l rates are higher than state-to-state rates, vary according to area called & can change. Call Customer Care for Int'l calling information before leaving the U.S. Recharge minutes may have different rates, surcharges & terms & conditions & are not refundable. Minutes do not expire. Card can't be used for toll free calls, calls for paid services with premium charges or for operator-handled calls. Directory Assistance rates are higher than state-to-state rates. Service provider makes no warranties and its liability is limited per service guide. Any disputes arising from purchase or use of this Card are settled by arbitration, which doesn't apply to CA residents for disputes arising in CA. Safeguard your Card/PIN. You are responsible for loss or unauthorized use. Card may be terminated without notice if fraud is suspected. Card can't be returned/exchanged unless defective. Direct unresolved complaints to regulatory agency in state where Card was bought. Use of Info to Go incurs add'l charges. Service provided by AT&T Corp. or affiliate: by AT&T Alascom in AK. Service provided where authorized. 17305

To Place a Call from WITHIN the U.S.:

1. Dial **1 800 269-7241**.
2. Enter your PIN number.
3. For calls in the U.S., Canada or the Caribbean, dial 1 + Area Code + Number.

PIN: ▶

For other international calls, dial 011 + Country Code + City Code + Phone Number. To add minutes to your Card, press 3.

For Customer Care: Call 1 877 288-3404, 24 hours a day, every day. A surcharge not to exceed 14 minutes applies to U.S. pay phone calls, some of which compensates pay phone providers. Int'l rates are higher than state-to-state rates, differ according to area called and can change. In-state calls and calls made to/from mobile phones may be higher. One-minute billing increments; partial minutes used are charged as full minutes. Minutes do not expire. Card is not returnable or exchangeable unless defective.

To Place a Call from OUTSIDE the U.S.:

1. Dial the AT&T USADirect® Service Access Number for the country you are in. (Call Customer Care before leaving the U.S. for access numbers.)
2. Dial **800 269-7241**. Do not dial "1" before the 800 number.
3. Enter your PIN number.

4. For calls to the U.S., Canada or the Caribbean, dial 1 + Area Code + Number. For other international calls, dial 011 + Country Code + City Code + Phone Number. To add minutes to your Card, press 3.

For Customer Care: Dial the AT&T USADirect® Service Access Number for the country you are in. Then dial 877 288-3404, 24 hours a day, every day.

Service provided by AT&T Corp. or affiliate: by AT&T Alascom in AK.

17305

8/07

EXHIBIT C

AT&T Prepaid Card

In-state Rate Announcements

All announcements are non-interruptible and non-bargeable.

Over-the-phone Recharge

"Important notice regarding purchasing new minutes on this card. Recharge minutes are based on state-to-state calling. Recharge minutes are now subject to higher in-state rates. This means that calls that begin and end in one state may use more minutes, per each minute of talk time and the number of minutes used varies per state. For your in-state calling rate, press 9. To continue to add more minutes using a credit card, press the star key or to return to the main menu, press 2."

If consumer presses 9

"X minutes will be deducted for each minute of talk time for calls that begin and end within this state."

In-store Recharge

Initial Message: is heard by consumer the first time they use their card after their first in-store recharge.
"Important notice regarding purchasing new minutes on this card. Your next purchase of recharge minutes will be subject to In-state rating. This means that calls that begin and end in one state may use more minutes, per each minute of talk time and the number of minutes used varies per state. Recharge minutes are based on state-to-state calling. To get an in-state rate quote, press the star key."

Second Message: is heard by consumer the first time they use their card after their second in-store recharge.

"Important notice regarding your purchase of new minutes on this card. As we informed you when you previously recharged your card, recharge minutes are based on state-to-state calling. Recharge minutes are now subject to higher in-state rates. This means that calls that begin and end in one state may use more minutes, per each minute of talk time and the number of minutes used varies per state. For our Instate calling rate, press the star key."

Auto-recharge

Initial Message: is heard by consumer the first time they use their card subsequent to the in-state rate implementation.

*"Important notice regarding purchasing new minutes on this card. AT&T recharge minutes are now subject to higher in-state rates which means you may use more minutes per each minute of talk time. The number of minutes used varies per state. For further information on in-state rates, please visit www.att.com/prepaidguide or call the customer service number on your card **NOW** regarding higher in-state rates."*

Second Message: is heard by consumer at the same time they are prompted to confirm the additional of additional minutes to their card.

"IMPORTANT: Calls that begin and end in one state now may use more minutes, per each minute of talk time. Rates vary per state. Call customer service for in-state rate information"

EXHIBIT D

**Important Information for AT&T
PrePaid Phone Card Customers**

Due to recent regulatory changes, effective 1/8/07, your next purchase of recharge minutes will be subject to in-state rating. Calls that begin and end in the same state may use more minutes of talk time. For additional information including the new higher in-state rates (where applicable), please visit www.att.com/prepaidguide or call Customer Care at 1 888 854-6740.

