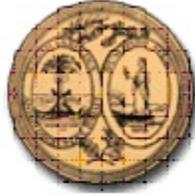


# NEWS FROM SCDCA

## South Carolina Department of Consumer Affairs



Brandolyn Thomas Pinkston, Administrator

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FOR IMMEDIATE RELEASE

### **Consumer Affairs Announces \$100 Million Settlement With BellSouth**

Columbia, S.C. — Brandolyn Thomas Pinkston, Administrator of the South Carolina Department of Consumer Affairs today announced a settlement agreement with BellSouth Telecommunications, Inc. on a lawsuit concerning the Company's level of earnings in South Carolina during the years 1996-1998. Pinkston praised the efforts of Acting Consumer Advocate Elliott Elam for his efforts in the settlement.

BellSouth has agreed to:

- (1) Refund \$50 million in bill credits to current residential and business customers;
- (2) Continue a freeze on its residential and business rates for basic local service for an additional two years beginning January 1, 2005. These rates have been frozen since January 1, 2000 as a result of a prior settlement agreement with the Consumer Advocate. The freeze would have expired at the end of this year, which would have allowed BellSouth to raise these rates by \$1.00 per line per month, plus other increases for the effect of inflation.

- (3) Withdraw its pending request at the Public Service Commission (PSC) to withdraw an additional \$8.9 million from the state Universal Service Fund. Approval of that request by the PSC would have led to increased surcharges on customers' bills.
- (4) Change the criteria for eligibility for low-income Lifeline assistance so that more BellSouth customers will qualify for the program. Prior to the settlement, a person had to be a participant in one or more of these programs- Food Stamp, Medicaid or Temporary Assistance to Needy Families- to qualify for Lifeline. After the settlement, a person does not have to be a participant in any of these programs but can qualify because they are at or below 125% of the federal poverty level.

**Taken together, these items will save BellSouth customers over \$100 million on their telephone bills.**

The settlement will end a dispute that has been going on for nearly ten years concerning BellSouth's operations under "alternative regulation." In late 1995, the PSC allowed BellSouth to begin operating under a "price cap" form of regulation, in which the PSC no longer examined the Company's earnings. This decision was appealed by the Consumer Advocate. In 1999, the South Carolina Supreme Court reversed the PSC's decision and sent the matter back to the Commission. At that point, the Consumer Advocate asked the PSC to conduct an investigation into BellSouth's rates to see if refunds or rate reductions were required. After a hearing in 2000, the PSC refused to conduct the investigation, and the Consumer Advocate again appealed the case. Currently, the case is again before the South Carolina Supreme Court.

Elam stated "I am very pleased that we were able to negotiate a favorable settlement of this case for BellSouth customers. It will bring both immediate and on-going rate benefits for residential, business, and low-income customers, without having to wait through potentially years more of litigation."