# [***Phone rates rung up again***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:47KP-R4B0-01BM-P410-00000-00&context=1516831)

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**Body**

After years of price wars, long-distance rates are going up.

AT&T recently announced its first significant price increase in a year, raising the monthly fee on a popular plan by 25 percent.

WorldCom's MCI unit has raised rates several times since the nation's second-largest long-distance company filed for bankruptcy protection in July, more than doubling some monthly fees to $5. The company is raising its rates again starting Feb. 1.

Sprint, which already has raised several rates and fees this year, is expected to be next in line.

New monthly fees and minimum charges have become increasingly common as phone companies scramble to make up for falling revenue in the second year of a brutal industry slump.

The companies are taking big risks by raising prices, and are being harshly criticized for making consumers pay for their industry's woes - which include the largest accounting fraud ever at WorldCom.

Competition in the $110 billion-a-year long-distance industry, which has long been fierce, is growing even more heated. Since WorldCom is operating under bankruptcy protection, it needs to boost its revenue to emerge.

Beginning Feb. 1, MCI is raising per-minute rates on its Anytime Calling and Anytime Advantage plans to 9 cents a minute from 7 cents.

AT&T and Sprint have also had many quarters of falling revenues in consumer long distance, something they are under intense pressure to fix.

Meanwhile, the local Bell carriers including Verizon Communications and SBC Communications have gotten permission to sell long distance in many states, and are quickly rolling out discounted package deals.

Just this week, SBC started offering California customers 35 percent off its retail rates when they agree to buy both local and long-distance services. Die-hard bargain hunters can turn to little-known discounters like ZoneLD that offer long-distance rates under four cents a minute. By contrast, the major companies usually charge five cents to 12 cents, depending on the plan.

At the same time, consumers have been increasingly taking advantage of ***cell phone*** plans, which often offer better long-distance rates than conventional phone services.

Already, about 3 percent of Americans make all their long-distance calls on their ***cell phone*** - eliminating their traditional long-distance service altogether - according to Yankee Group, a Boston consulting firm.

Normally, such intense rivalry would lead to lower prices, but that isn't happening this time. That's partly because the industry is so weak it can't afford to keep cutting prices.

The recent increases represent "a correction back to what (prices) should be" after years of unsustainable discounting, says Jennifer Love of Sprint.

The Bell companies are playing along, too. Even though the Bells are financially much stronger than the long-distance giants, they have decided not to use their money to subsidize a price war. With no quick end to the industry slump in sight, phone companies are putting survival over beating the competition.

They are also saving their best rates for people willing to buy lots of their services bundled together, such as local, long-distance and everything from call-waiting to high-speed Internet access.

Verizon, for instance, is offering a $63-a-month plan including DSL or ***cell phone*** service and a choice of three local calling plans and two long-distance plans. It also has a $28 plan that combines local and long distance with features like caller ID.

For consumers, package deals often have the best long-distance rates - but only if you call a lot. Otherwise, you end up paying for calls and services you don't use.

An individual who hardly ever makes long-distance calls might be better off with something like Verizon's Timeless plan, which charges $3 for 30 minutes of long distance, or IDT Corp.'s plan that charges only five cents a minute and has a monthly fee of $3.95.

Long-distance companies like MCI, for their part, are boosting their stand-alone long-distance prices partly to make their own package deals appear more attractive in comparison, says Aurica Yen of Yankee Group.

MCI's Neighborhood plan, for example, includes unlimited long-distance and local calling with features like voice mail for $50 a month.

Sprint is marketing its long-distance service with perks like frequent-flier miles and discounts for customers who also get wireless service from its Sprint PCS unit or Internet service from Earthlink.

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The Associated Press contributed to this story.

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