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## **Citizens Communications comments on changes in phone bills resulting from FCC action**

*June 28, 2000* – The Federal Communications Commission (FCC) is implementing broad changes in the way affordable telecommunications services are made available to rural and low-income customers. Citizens Communications has filed tariffs that will become effective on July 1, 2000, and reflect the FCC-required changes in interstate access services and rates.

In its May 31 order, the FCC reduced telephone access charges paid by long-distance companies by \$3.2 billion. Access charges are the prices long-distance companies pay to local telephone companies like Citizens Communications for access to their local phone network. This reduction is the latest action by the FCC to move the price of long-distance companies' access to local telephone networks towards levels that reflect their real costs.

Major long-distance companies have committed to passing these reductions in access fees to customers. As a result, according to Wayne Lafferty, vice president, regulatory and government affairs for Citizens Communications, "Our company's residential customers can expect to see reductions in their monthly long-distance minimum usage charges and many residential and single-line business customers can expect elimination of the Presubscribed Interexchange Carrier Charge (PICC) billed to them by their long-distance carrier." In addition, Lafferty said, "Residential and

single-line business customers will see their monthly subscriber line charge capped at \$4.35 as of July 1, 2000. The net impact on most customers should be lower rates.” *(For more details about the benefits and savings of the FCC order, see Attachment.)*

Citizens Communications worked with the FCC and the Coalition for Affordable Local and Long-distance Services (CALLS) on the design of this new plan. Since the company serves primarily rural and suburban areas of the country, it was especially interested in developing a plan that provided continued support for affordable telecommunications services in high-cost rural areas. Lafferty states, “We agree with the fundamental objective of CALLS, which is rate rebalancing. It is a difficult task, but a critical one, to assure that the interests of all customers are served by this FCC order, especially those in rural communities, lifeline and low-income subscribers. Citizens Communications looks forward to passing on the benefits of this FCC plan to its customers while making sure that the interests of all its constituents are acknowledged.”

### **About Citizens Communications**

Citizens Communications (NYSE: CZN, CZNPr) is a full-service telecommunications provider committed to bringing the information age to its 1 million rural and suburban customers in 13 states. Citizens Communications is acquiring approximately 925,000 telephone lines over the next 12 months and is in the process of divesting its natural gas, electric, water and wastewater treatment services. Citizens Communications also has an 82 percent stake in Electric Lightwave, Inc. (NASDAQ: ELIX), a facilities-based, integrated communications provider that offers a broad range of services to telecommunications-intensive businesses throughout the United States. Additional information about Citizens Communications is available at [www.czn.net](http://www.czn.net).

*This press release contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These and all forward-looking statements are only predictions or statements of current plans that are constantly under review by the Company. Such statements are qualified by important factors that may cause actual results to differ from those contemplated, including as a result of those factors detailed from time to time in the company's Securities and Exchange Commission filings. The foregoing information should be read in conjunction with the company's filings with the U.S. Securities and Exchange Commission including, but not limited to, reports on Forms 10-K and 10-Q. The company has no obligation to update or revise these forward-looking statements to reflect the occurrence of future events or circumstances*

Attachment

### **Benefits and savings of the recent FCC ruling**

#### **Specific benefits of the FCC plan introduced May 31 include:**

- Elimination of the residential and single line business Presubscribed Interexchange Carrier Charge (PICC).
- Reduction over time of the PICC for multi-line businesses until it is eliminated in many areas.
- Assurance that AT&T and Sprint customers will have at least one long-distance plan available to them that does not have a monthly minimum usage charge.
- Low-income telephone customers who subscribe to Lifeline service will continue to have their monthly Subscriber Line Charge (SLC) waived.
- Participating CALLS companies have agreed to waive the Universal Service Fund (USF) charge for lifeline service customers
- Reduction of access charges for long-distance companies by \$3.2 billion over five years.
- Requirement that before the SLC increase scheduled for July 1, 2002 takes effect, the FCC will hold a formal proceeding to ensure its validity.
- Removal of \$650 million in implicit universal service support from access charges, and replaces it with an explicit, portable universal service fund charge to ensure affordable phone service for high-cost rural areas.

#### **Savings to consumers as a result of the FCC plan include:**

- Reduction in flat fees (monthly minimum usage charges and PICCs billed by IXC):
  - \$50 per year for consumers who make no long-distance calls
  - \$10 per year for consumers who make 30 minutes of long-distance calls a month
- Reduction in access charges paid by IXCs - \$2.1 billion in lower rates in the first year
- Consolidation of the PICC and SLC into a new SLC - \$600 million in consumer savings year 1
- Cap of residential and single-line business SLC charges:
  - July 1, 2000 - \$4.35
  - July 1, 2001 - \$5.00
  - July 1, 2002 - \$6.00 (subject to FCC validation)
  - July 1, 2003 - \$6.50 (subject to FCC validation)

Over the five-year life of the CALLS plan, proponents maintain that virtually all customers can benefit by picking the appropriate package of services that cost-effectively meets their telecommunications needs.