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Ratewatcher Phone Guide Small Business Edition Oct. 2000

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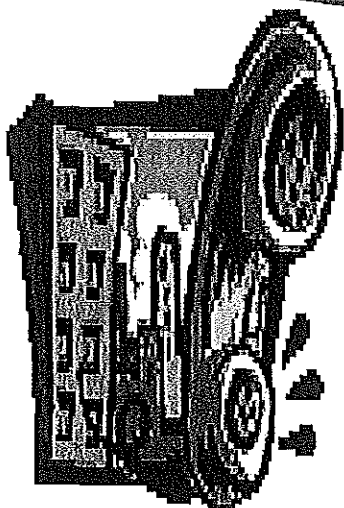
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RATEWATCHER PHONE GUIDE

SMALL BUSINESS EDITION



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Volume 1

October 2000

GIVE US FEEDBACK

If you get better rates than the ones featured in this guide, if you have any questions or if you have any suggestions, please let us know.

Welcome to the first small business edition of the Public Advocate's Ratewatcher Phone Guide. Since 1997, the Public Advocate has published the Ratewatchers Phone Guide which compares the rates of various instate, interstate and international residential long-distance plans, as well as providing related information about telephone service and current regulatory issues. The Residential Ratewatchers Guide, which is read by thousands of Maine customers, may be viewed at <http://janus.state.me.us/meopa>.

We expect to publish the small business edition every six months. **Future issues will be sent only to those who call or write the Public Advocate's Office to ask for a free subscription.** Suggestions, comments, and questions are welcome as well.

WHY SHOP FOR PHONE SERVICE?

If you've used the same instate and interstate calling plan for a number of years, you are probably paying too much for long-distance service. Rates for retail toll services and the underlying wholesale access charges paid by long-distance companies to Bell Atlantic (now Verizon) have been steadily declining. However, the best deals go to those who shop. Not only will you probably find lower rates from competing long-distance carriers, but you may find that even the companies you've used in the past will offer lower rates and other incentives to come back after you leave them. When changing carriers always ask the new long-distance company to pay the \$5 switching fee charged by your local phone company.



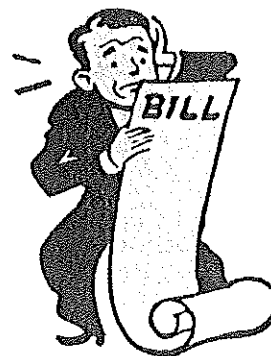
THE BOTTOM LINE

The best long-distance plan for your business depends on how many calls you make, the average length of those calls, when you call, where you call, and what services you require. The sample plans featured in this issue are suitable for many low-volume to moderate-volume business customers. However, many long-distance companies have a wide variety of plans that offer lower rates and different terms for customers willing to commit to higher minimum volumes or to contract for a year or more.

For moderate-volume business customers making primarily domestic long-distance calls, GTC and One Star appear to offer a good combination of instate and interstate per-minute rates. Low-volume customers looking to avoid high monthly fees should especially consider One Star, which charges a 95¢ monthly fee and offers 6-second billing. If your business makes mostly interstate calls, Telegroup, which charges no monthly fee and a 6.9¢ per minute interstate rate, is a good bet. (See Chart on p.4)

WATCH OUT FOR BILLING ERRORS

According to one prominent consulting firm in Maine, approximately 33% of business telephone bills contain errors. Errors result from applying the wrong rate to toll calls, incorrectly computed taxes and surcharges, failure to apply agreed-upon discounts, unauthorized calls, double-billing of items, in addition to overcharges caused by deliberate scams, including cramming, and slamming. Businesses with high-volumes and complex services should ensure that their telephone bills are regularly analyzed for accuracy.



NEW UNIVERSAL SERVICE CREDIT FOR BUSINESS CUSTOMERS

The Federal Communications Commission recently authorized nearly \$11 million in additional funds to keep telephone rates affordable in Maine.

Business customers are getting the lion's share of these new funds as a result of a settlement at the Public Utilities Commission that included Verizon and the Public Advocate. Business customers in the larger urban areas of the State are receiving a monthly credit of \$5.45 and those in second-tier cities are receiving a credit of \$3.15 per month. All other business customers are getting a credit of 23¢ per month which happens to offset a new local number portability (LNP) charge authorized by the FCC.

IS YOUR BUSINESS IN MORE THAN ONE LOCATION?

You can combine various phone lines into one long-distance account even if the lines are at different locations. This will allow you to take advantage of volume discounts, save on monthly fees per account, and achieve minimum thresholds for various volume-related benefits.

ATTENTION!

Rates are always subject to change without notice. Always verify rates with a customer service representative before changing calling plans.

UNCONVENTIONAL WAYS TO MAKE CHEAP (or free) CALLS

In order to escape universal service surcharges and get some of the best rates, a growing number of business and residential customers are turning to prepaid calling cards, prepaid Internet accounts, and Internet (IP) phone calls. The following is an example of each:

1. **RATE** - As low as **5.9¢ per minute**
HOW? - Prepaid Calling Cards are available from stores, phone companies, and many other sources. The best one we've seen is AT&T's card sold at Sam's Club stores.
2. **RATE** - As low as **3.9¢ per minute**.
HOW? - Buy prepaid minutes using your credit card at an Internet site. An example is www.bigzoo.com.
3. **RATE** - **FREE**
HOW? - Use your computer's sound card, microphone and speakers to make calls using a web site that connects your Internet call to the telephone network. An example is www.dialpad.com.

For a more exhaustive list of telephone calling plans and rates, including plans specifically suited for high-volume businesses, see www.abelltolls.com

SAMPLING OF SMALL BUSINESS TELEPHONE RATES AS OF OCTOBER 2000

Company	AT&T	Excel	GTC	Global Crossing	MCI/WorldCom	OneStar
Plan	All In One Service	Prime Business	Business	Project 89	7¢ Anytime for Small Business	Meridian
DOMESTIC						
Interstate	7.5¢/minute	7¢/minute	7¢/minute	4.9¢/minute	7¢/minute	6.9¢/minute
Instate	15¢/minute	13¢/minute	8¢/minute*	11.4¢/minute	12¢/minute	8.4¢/minute
Minimum Charge	30 seconds	18 seconds	60 seconds	18 seconds	30 seconds	18 seconds
Bill Increment	1 second	6 seconds	60 seconds	6 seconds	6 seconds	6 seconds
Monthly Min. Fee	\$9.95	\$0.00	\$0.00	\$0.00	\$0.00	\$3.00
TOLL FREE/INCOMING						
Rate-Instate	15¢/minute	7¢/minute	8.5¢/minute	4.9¢/minute	12¢/minute	8.4¢/minute
Rate-Interstate	7.5¢/minute	7¢/minute	8.5¢/minute	4.9¢/minute	7¢/minute	6.9¢/minute
Fee*	\$5.00 per month	\$3.00 per	\$0.00	\$2.50	\$5.00*	\$1.95 per month
CALLING CARDS						
Rate	7.5¢/min./15¢/min.*	20¢/minute	None	14¢/minute	15¢/minute	13.9¢/minute
Per Call Fee	60¢	25¢	starts @ 11.5¢/min.	0	\$1.25	16¢
Minimum Charge	30 seconds	30 seconds	60 seconds	18 seconds	30 seconds	18 seconds
Bill Increment	1 second	6 seconds	60 seconds	6 seconds	6 seconds	6 seconds
Pay Phone Fee	26¢	0	30¢	35¢	30¢	30¢
INTERNATIONAL						
Canada	9¢/minute	17¢/minute	9¢/minute	10.7¢/minute	7¢/minute	11¢/minute
UK	9¢/minute	20¢/minute	10¢/minute	8¢/minute	7¢/minute	10¢/minute
France	19¢/minute	33¢/minute	15¢/minute	11.5¢/minute	15¢/minute	15¢/minute
Germany	19¢/minute	28¢/minute	15¢/minute	11.8¢/minute	15¢/minute	12¢/minute
Japan	26¢/minute	36¢/minute	16¢/minute	12.5¢/minute	15¢/minute	19¢/minute
Mexico	17-33¢/minute	24-59¢/minute	25¢/minute	25¢/minute	12-27¢/minute	23-40¢/minute
Minimum Charge	30 seconds	30 seconds	60 seconds	18 seconds	30 seconds	18 seconds
Bill Increment	1 second	6 seconds	60 seconds	6 seconds	6 seconds	6 seconds
Fee	0	\$0.00	\$3.00	\$0.00	\$4.00	\$0.00
USF FEES & OTHER INFORMATION						
USF Fee	6.6%	6.6%	5.9%	6.4%	6.5%	8.6%
Customer Service Phone	1-877-428-8287	1-800-209-8133	1-800-486-4030	1-800-466-4600	1-800-727-5555	1-800-482-0000
Website www → → →	att.com	excel.com	gtctelecom.com	globalcrossing.com	wcom.com	onestarld.com
Notes *Fees apply to each business line.	*7.5¢ rate applies to interstate calls, 15¢ rate applies to instate calls.	Fee waived if bill is greater than \$100/month. Calling Cards can only be used for outgoing calls from US, except incoming from Canada with \$1.25 surcharge. Calls to Mexico billed in full minute increments.	Instate long-distance rate as low as 5¢/minute and incoming rate as low as 6.5¢/minute with volume discounts. *\$10 minimum applies to toll-free/incoming service.	Monthly fee waived if bill exceeds \$15.	No fee if monthly bill exceeds \$25. *Fee on toll-free line waived under current promotion or if monthly bill exceeds \$50.	No fee if usage exceeds \$50 or with 1-year agreement. Full minute billing if last bill under \$20.

SAMPLING OF SMALL BUSINESS TELEPHONE RATES AS OF OCTOBER 2000

Company	Qwest	Sprint	Sprint	Telegroup/Primus	VarTec	Verizon
Plan	Q.Biz	Business Flex - All Calls/All Day	Home Office Fundamentals	Spectra W. Business	Fiveline Service	Business Link - Maine
DOMESTIC						
Interstate	6.4¢/minute	6.4¢/minute	6.4¢/minute	6.9¢/minute	5¢/minute	Not Applicable
Instate	11.5¢/minute	11.4¢/minute	11.4¢/minute	15¢/minute	5¢/minute	18¢/minute
Minimum Charge	30 seconds	18 seconds	18 seconds	6 seconds	10 minutes	0
Bill Increment	1 second	6 seconds	6 seconds	6 seconds	60 seconds	1 second
Monthly Min.	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fee	\$0.00	\$12.00	\$12.00	\$0.00	\$0.00	\$0.00
TOLL FREE/INCOMING						
Rate-Instate	11.5¢/minute	11.4¢/minute	11.4¢/minute	15¢/minute	5¢/minute	25.4¢/minute
Rate-Interstate	6.4¢/minute	6.4¢/minute	6.4¢/minute	6.9¢/minute	5¢/minute	Not Applicable
Fee*	\$0.00	\$5.00	\$5.00	\$0.00	\$0.00	\$0.00
CALLING CARDS						
Rate	17¢/minute	same	7¢/minute	14.9¢/minute	10¢/minute	18¢/minute
Per Call Fee	0	60¢ to 73¢	0	0	50¢	58¢
Minimum Charge	30 seconds	0	60 seconds	30 seconds	60 seconds	0
Bill Increment	30 seconds	6 seconds	60 seconds	6 seconds	60 seconds	1 second
Pay Phone Fee	30¢	26¢	26¢	35¢	25¢	65¢
INTERNATIONAL						
Canada	6.9¢/minute	6.9¢/minute	10¢/minute	8¢/minute	10¢/minute*	Verizon-Maine is not authorized to carry inter-state or international calls.
UK	6.9¢/minute	6.9¢/minute	10¢/minute	7¢/minute	10¢/minute*	
France	15¢/minute	15¢/minute	15¢/minute	9¢/minute	12¢/minute*	
Germany	15¢/minute	15¢/minute	15¢/minute	8¢/minute	12¢/minute*	
Japan	15¢/minute	15¢/minute	16¢/minute	15¢/minute	15¢/minute*	
Mexico	17-26¢/minute	17-25¢/minute	15-30¢/minute	25¢/minute	25¢/minute*	
Min. Call	30 seconds	30 seconds	60 seconds	30 seconds	60 seconds	
Bill Increment	30 seconds	6 seconds	60 seconds	6 seconds	60 seconds	
Fee	\$3.00	\$3.00	\$0.00	\$0.00	\$0.00	
USF FEES & OTHER INFORMATION						
USF Fee	6.4%	6.6%	6.6%	6%	8.4%	Not Applicable
Customer Service Phone	1-800-743-3793	1-800-204-4751	1-888-280-0275	1-800-927-5817	1-800-583-6767	1-800-843-2255
Website www → → →	qwest.com	sprintbiz.com	sprint.com	telegroup.com	vartec.net	verizon.com
Notes *Fees apply to each business line.	Rate drops to 6.4¢/minute if bill exceeds \$20.	\$12 fee waived if monthly bill exceeds \$50.	Sprint offers group discounts to business members of certain organizations.	Use of an access number for intra-state long distance calls will reduce the rate to 9.9¢ per minute.	Vartec also offers "Business One Plus" with per minute rates of 11.95¢ instate and interstate with 6-second billing and no per call minimum. *Available through Vartec's 10-10-811 dial around plus country code.	Volume discounts based on total usage exceeding \$50.

LOCAL PHONE SERVICE COMPETITION – IS IT HERE YET?

Since the early 1980s, you've been able to shop for interstate long-distance service. Then, in 1997, federal and state policies opened up the instate long-distance market to competition. Now, as a result of the federal Telecommunications Act of 1996, we are beginning to see some limited local-service offerings in Verizon (formerly Bell Atlantic) territory. Currently, the choices are few and the potential savings are small. However, there are some alternative local services for customers of Verizon, especially for business customers who are interested in bundling local telephone service with Internet access, long-distance and data services. In the future, we hope to see local competition develop via cable TV wires and via wireless technology. Currently Time Warner is offering local telephone service via cable to a limited number of its Roadrunner Internet service customers in Portland and Presque Isle.

The following is a sample of the major competitive local exchange companies (CLECs) operating in Maine that may offer *certain customers* a discount from Verizon's local rates. Verizon charges between \$30.68 and \$35.81 per month for a single local business line - that's the price to beat.

CTC Communications (1800 287-9875, www.etcnet.com) - CTC offers local business service in Verizon territory at rates that are approximately 5% below Verizon's. Generally, CTC serves customers with at least eight business phone lines. CTC will bundle local with other telecommunications services. Toll rates start at 8.9¢/min. for low-volume customers and decrease at higher volumes.

Fairpoint Communications (1888 235-3242, www.fairpoint.com) - Fairpoint offers local service to business customers in Verizon's territory. Rates are generally 10% less than Verizon's without any term commitment. Can bundle with Fairpoint long-distance service - 9.9¢/min. instate, 7.9¢/min. interstate plus \$7 monthly fee.

Lightship Telecom LLC (215 641-1874, www.lightship.net) - Lightship offers a single business line for as low as \$26.36 per month but generally requires bundling with Internet and long-distance services, along with a one-year to three-year commitment.

MCI/WorldCom (1800 967-5326, www.wcom.com) - Has some facilities in Maine and offers local service in Portland, South Portland, and Westbrook. Service generally requires at least 15 lines and a one to five year commitment. Most customers bundle local, long-distance and Internet service, and spend at least \$1000 per month.

Mid-Maine Communications (1800 835-5453, www.midmaine.com) - Offers local service in Verizon territory but has its own facilities in larger urban parts of the state. Prices subject to individual customer characteristics. Discounts from Verizon's rates are most likely for customers who bundle local and data services.

One Star Long Distance (1800 482-0000, www.onestarld.com) - One Star is a new re-seller of local service and will offer rates at a discount from Verizon's local rates in Verizon's territory. Discounts range from 2.5% (no term commitment) to 12.5% (3-year commitment).

Beware of long-term commitments for phone service. The costs of providing telephone service are generally declining and the near future will probably bring better prices and new services. Therefore, think twice before signing a contract committing to a year or more.

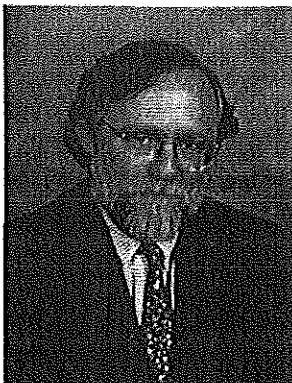
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DO YOU PROVIDE TOLL-FREE CALLING? DO YOU USE CALLING CARDS?



Stephen G. Ward
Public Advocate

If you provide a toll-free number to your customers, you should know that you don't have to buy that service from your existing long-distance company. Many long-distance companies offer low-cost toll-free (incoming) service and calling cards as stand-alone products.

ABOUT THE PUBLIC ADVOCATE'S OFFICE

Stephen G. Ward, the Public Advocate, and his staff of seven represent Maine's telephone, electric, gas, and water customers before the Maine Public Utilities Commission, the courts, and federal agencies. Our mission is to work for reasonably priced, safe, and reliable utility services for Maine people.