

6-1998

# Ratewatchers In-State Phone Guide Vol. 2 June 1998

Maine Public Advocate Office

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## Recommended Citation

Maine Public Advocate Office, "Ratewatchers In-State Phone Guide Vol. 2 June 1998" (1998). *Public Advocate Office Documents*. Paper 18.  
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# RATE WATCHERS

## IN-STATE PHONE GUIDE

Volume 2

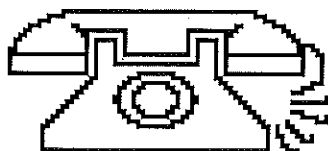
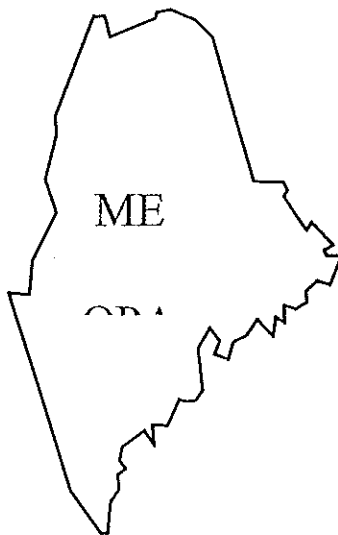
June 1998

Ratewatchers

### Have You Shopped For In-State Toll Service Yet?

Many Maine telephone customers can save money on their monthly phone bills by carefully choosing an in-state toll carrier and authorizing that carrier to serve them directly. If your average cost per minute is more than 12 cents, it may be time to switch carriers. While the cost for changing carriers is \$5, in most cases, your new carrier will pay that fee for you.

Over 220 telephone companies have been granted authority to operate as toll call providers in Maine, and about 28 more are in the process. However, many of these companies are not actually doing business in Maine and some that are doing business have not made their service available for direct access (7 digit dialing) by residential customers. The companies that we have selected for this issue are the companies that 1) have made their services available by direct access, 2) are expected to do a significant amount of residential phone service business in Maine, and 3) are currently offering rates that may be attractive to some or all residential customers. You may obtain a complete list of companies offering direct subscribed service by calling the Public Utilities Commission at 1 (800) 452-4699 or by visiting the PUC's web site at [www.state.me.us/mpuc](http://www.state.me.us/mpuc).



### Questions to Ask a Telephone Company Before You Subscribe with Them

1. What are the different rate plans available?
2. Which rate plan is best for me given my calling patterns (Be prepared to describe your calling patterns).
3. What time increment do you bill for? Do you bill by the minute? Every 6 seconds? Every second? (The shorter the time increment, the lower your bill will be.)
4. Do you charge more for the first minute?
5. Are there any monthly charges associated with this plan?
6. Is there any minimum usage required or billed for?
7. Do you plan to raise your rates in the near future?
8. What are your calling card rates? What is the surcharge per calling card call?
9. What do you charge for directory assistance?
10. If the plan is not a one-rate plan, what are the different rates and what are the times of day that each rate applies?

## ARE MAINE CUSTOMERS BEING "SLAMMED"? "CRAMMED"?

"Slamming" is the unauthorized change of your chosen in-state or interstate long distance phone company. It subverts the effort to make toll rates competitive because it changes your long distance provider without your knowledge or consent. To date, neither the FCC, the states nor the telecommunications industry have been effective in protecting the consumer from interstate telephone slamming. In-state slamming has been possible only since September 15, 1997, when choice of in-state carriers began. Since then, the PUC has logged only 29 complaints about slamming of in-state toll service.

The most effective anti-slamming measure that telephone customers can take is to request a "PIC freeze" from their local telephone company. To do this, you should call Bell Atlantic, or your independent telephone company, and request a "PIC freeze," thereby freezing your choice of long-distance providers from change. (If you decide later to change your long-distance carrier, you can lift the freeze by re-contacting your local telephone company and answering certain identifying questions about your account.) See last page for "Quick Slam Checkup" to find out how to make sure that you haven't been slammed.



To address the slamming problem here in Maine, the Maine Legislature has recently passed new anti-slamming legislation providing for stiff penalties against companies that slam. We predict that slamming will not become a widespread problem in Maine. If it does, the consumer will have protection from the Public Utilities Commission based on this new law. Under no circumstances should any customer pay more than what would have been charged by their authorized telephone company as a result of being slammed. You may obtain a free copy of this new law by calling the Public Advocate at 287-2445. Complaints about interstate carrier slamming (for calls outside Maine) should be directed to the FCC, Common Carrier Bureau, Consumer Complaints, Mail Stop 1600A2, Washington, D.C. 20554.

"Cramming" occurs when your telephone provider bills you for services that you never authorized or requested. For example, your phone bill might contain a charge for a travel club or an optional phone service that you never ordered. The Maine Public Utilities Commission has received approximately 42 complaints about "cramming". To avoid cramming, inspect your telephone bill each month and don't pay for any service you didn't authorize. If you find an unauthorized charge on your bill, make a complaint to the PUC at 242 State Street, Augusta, Maine 04333-0018 or call 1-800-452-4699.

### SHOPPING TIPS



1. Compare your current cost per minute to one of the one-rate plans offered by other carriers. Simply divide the total cost of your in-state calls by the total number of minutes for those calls. If that cost per minute is higher than an available one-rate offering, you should probably switch.
2. Take advantage of special promotions. Sometimes, you can even bargain for special incentives, such as a waiver of monthly charges.

3. The higher your usage, the less monthly fees affect your average per minute rate. The more calls you make, the more you're likely to save by one or six second billing.
4. To avoid expensive charges for operator assisted calls when away from home, use your calling card - don't dial 0.
5. Beware - The calling plans being marketed by long distance telephone companies may not be their cheapest plan - always ask what other plans are available that may result in lower rates for you.

## DO THOSE COMPANIES THAT SEND STICKERS AND ADVERTISE 5-DIGIT CODE DIALING REALLY CHARGE LOWER RATES?

When certain companies compare their rates to their large competitors, they are generally using the highest available rates offered by the large long distance companies as a comparison. They don't mention that those big long distance companies also offer low one-rate plans that are generally the cheapest rates available. Surprisingly, there are still many customers who have never bothered to call to subscribe to a low cost rate plan and therefore continue to pay the higher rates for the same service from the same company. Generally, companies that require access codes and send stickers do not offer the lowest rates.

## ARE YOU FAMILIAR WITH YOUR LOCAL PHONE COMPANY'S OPTIONAL CALLING PLANS?

Your local telephone company offers a variety of optional calling plans that may save you money. However, the steep discounts that these plans offer may only apply during certain hours or they may only apply to certain geographical areas. Here is a summary of the major optional calling plans available to most Maine customers:

**Pine Tree State Service** - For \$5.40 per month, you get 60 minutes of calls anywhere in Maine (\$.09/minute) and you still pay \$.09 for each minute over the first 60 minutes. However, discounted rates under this plan are not available for calls made between 9:00AM to 12:00 noon and between 6:00 PM and 9:00 PM on Mondays through Fridays. This plan also provides a 25% discount on calling card calls. *This plan provides low rates for in-state toll calls during the hours allowed.*

**Circle Calling** - For \$6.00 per month, you get 60 minutes of calls (10¢/minute) to areas within 30 miles - time of day. You still pay 10¢/minute after the first 60 minutes. *This plan provides low rates for in-state toll calls to areas within 30 miles.*

**Selective Calling** - This plan allows you get a 50% discount on calls to up to 17 areas in Maine that you select (beyond your local calling area). The monthly charge is \$1.30 for each place that you choose. The discount will not apply to calls between 9:00 AM and 12:00 noon on Mondays through Fridays.

## THE BOTTOM LINE

Although many changes are taking place to restructure the costs and competitive rules underlying both in-state and interstate phone service, the best in-state rates for residential customers continue to be the one-rate plans offered by the larger carriers -- in the 10 cent to 12 cent per minute range. Since the previous issue of the Ratewatchers Guide, Sprint has begun to offer a 10 cent one-rate plan with a \$4.95 monthly fee that is waived every month in which you spend over \$30. AT&T offers a similar plan with a \$4.95 monthly fee and MCI offers 12 cents per minute with no monthly fee. Our previous lowest cost provider, OneStar, has raised its per-minute rate to 14 and ¼ cents per minute but continues to offer attractive calling card rates and 6 second billing.

Remember that no single calling plan is best for everybody. For example, if you make all of your calls

at night or on weekends, if you make a lot of calling card calls, or you make many calls that last less than one minute, you should pay special attention to those features. Similarly, if most of your calls qualify for the steep discounts available from optional calling plans offered by your local service provider, that could be your best bet. But if you make a substantial number of your calls from home during peak hours, it's hard to beat the one-rate plans offered by the larger long distance carriers.

Finally, keep in mind that rates are always changing. It's a good idea to shop around periodically for lower rate offerings and to watch for special promotions. And don't forget to ask your new provider to pay the switching charge (or PIC) to your local phone company. That charge is \$5 each for a new in-state or interstate choice.

## Direct Choice of In-State Long Distance Providers Should Be Available To Customers of Maine's *Independent Telephone Companies* By August 1, 1998

If you are a customer of one of Maine's 23 rural independent telephone companies, you will probably be able to choose a competitive in-state toll provider, without the need to dial any access code, by August of this year. There will be no \$5 charge for switching carriers during the first 90 days. Currently, the Public Utilities Commission, the Public Advocate and the independent telephone companies are working out some remaining issues before direct choice for independent company customers may begin. Implementation is complex because it involves a complete overhaul of the procedures that Bell Atlantic and the independent phone companies use to reimburse each other for toll traffic that is now jointly provided.

Customers who do not choose a new provider will, for now, automatically receive the same service at the same rates that they already have. However, in the future, your independent local telephone company may become your default in-state toll provider with rates that differ from current Bell Atlantic in-state toll rates. Be prepared to make a smart choice and compare rates of various providers before that happens.

### WILL REDUCED ACCESS CHARGES LOWER IN-STATE TELEPHONE RATES?

A new Maine law requires that access charges (the charges that competitors pay to local phone companies for use of the local wires) must be reduced by about 70% by May 1999 (40% of that reduction will take place by May 1998). Therefore, as of this month, it costs less to provide in-state toll service in Maine than ever before. If the reduction in access charges stimulates a more competitive market for toll services in Maine, we should begin to see toll prices dropping. (This edition of the Ratewatchers Guide shows that some rates have been reduced -- and others have increased -- since the last issue in September, 1997).

To compensate Bell Atlantic for the loss of those access revenues, the Public Utilities Commission recently ordered a \$3.50 increase in the flat monthly charge for all of Bell Atlantic's local service customers in Maine. This charge will be phased in by May 1999.

While lower access fees mean that competitors have lower costs to provide service, we will have to wait and see if these access charge reductions are actually passed on to consumers in the form of lower toll rates. If competition fails to reduce toll rates, the law requires the PUC to order reductions in in-state toll rates, to reflect lowered access charges. Customers can help stimulate a more competitive market by actively shopping for the best value in toll services.

### CHEAP PHONE CALLS OVER THE INTERNET?

One of the more recent developments in the constantly changing world of telephone technology is the more widespread use of the Internet to route voice telephone calls. Calls can be placed over the Internet in two different ways. If you have a computer, a modem, a sound card, speakers and a microphone, (and, of course, an Internet connection), there are many free programs that can be downloaded and allow you to connect and speak in real time with any other person with a computer and the same or compatible software. The quality can be as good as a normal phone call but that's not always the case. Disadvantages include the need for both parties to be at their computer at the same time and, in most cases, the need to press a button to talk and then to listen -- like a walkie talkie. The advantage is that the call is free even if you're talking to someone on the other side of the world.

Another more recent development is the use of the Internet by newer competitive telephone companies to route calls, bypassing the usual phone network and computer switching equipment. These telephone companies route calls from your phone through the Internet (in data packets as opposed to telephone circuit channels) to any other regular phone. Because these companies avoid much of the telephone network, they also avoid access charges and other regulatory costs normally imposed on telephone companies and their customers. For that reason, these calls are usually priced at about 5 cents per minute. However, the FCC is now beginning to consider imposing universal service contributions or access fees on these companies while other groups are gearing up to oppose any governmental interference with the Internet.

## LOW INCOME CUSTOMERS ARE NOW ENTITLED TO A HIGHER LIFELINE SUBSIDY

Although local rates for Bell Atlantic's customers will increase by \$3.50, low income customers will enjoy an additional \$3.50 in Lifeline program benefits. If you receive other low income benefits or you believe you may be a qualifying low income customer, call your local telephone company to apply for Lifeline assistance to lower your monthly phone bill. Generally customers with income at or below 125% of the

## HAVE YOU NOTICED NEW SURCHARGES ON YOUR INTERSTATE PHONE BILL?

In May, 1997, the Federal Communications Commission restructured the access charges paid by companies like AT&T, MCI and Sprint to the local Bell companies. The FCC lowered the per-minute rates and authorized certain per-line charges. The FCC's intended result was that access charges would be reduced overall. However, certain long distance companies have decided to pass through these new per-line charges to consumers by means of a bill line items such as "national access fee", thereby increasing, rather than decreasing the cost of long distance calls. The Maine Public Advocate is currently considering filing a complaint with the FCC seeking to put an end to this practice and seeking refunds of certain charges to consumers. Surcharges vary from company to company and therefore make it more difficult for consumers to compare rates. If you want to complain about such surcharges, you may file a complaint with the FCC, Common Carrier Bureau, Consumer Complaints, Mail Stop 1600A2, Washington, D.C. 20554.

## QUICK SLAM CHECKUP

Want to check to see which company is currently providing your toll service?

Call 1-700-555-4141 to check your **interstate** carrier.

Call 700-4141 to check your **intrastate** carrier.

**Both are toll-free numbers.**

## NOTE OF CAUTION WHEN CHANGING YOUR IN-STATE TOLL PROVIDER

If you currently use your local phone company's optional calling plan(s) or you use municipal calling service, these benefits may change when you choose a new carrier. Municipal Calling Service (toll-free calling to any exchange within your town or city) will be available, but may require dialing an access code after you switch to a new toll carrier.



## ABOUT THE OFFICE OF THE PUBLIC ADVOCATE

Stephen G. Ward, the Public Advocate, four other attorneys, and two support staff represent Maine's telephone, electric, gas, and water customers before the Maine Public Utilities Commission, the Courts, and other agencies. Our mission is to advocate for reasonably priced, safe, and reliable utility services for Maine people. **The Office is located at 193 State Street, 112 State House Station, Augusta, Maine 04333-0112, telephone 207-287-2445, fax 207-287-4317.** Check for updated rates at our web site: <http://www.state.me.us/ag/advocate/nahome.html>.