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Ratewatchers In-State Phone Guide Vol. 3 Jan. 1999

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RATE WATCHERS IN-STATE PHONE GUIDE

Volume 3

January 1999

Ratewatchers

WHAT'S NEW IN TELEPHONE RATES? GOOD NEWS AND BAD NEWS

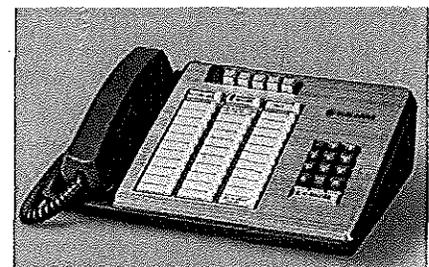
The Good News: The trend toward simple **one-rate plans** is continuing. Since the last issue of this publication, Bell Atlantic and Excel have begun to offer one-rate plans, along with all but one of the plans featured in this rate comparison. We believe that most customers prefer simple plans with per-minute rates that don't change depending on the time of day or distance of the call. We still expect to see more competition and lower rates for Maine toll calls after May, 1999 when **Maine's access charges go down** another 10 cents to the interstate level set by the FCC. (Access charges are the charges paid by long distance companies to the local company to complete their calls). On the interstate side, customers are seeing some benefits from competition involving **5 cent rates** on Sunday with MCI and a temporary 5 cent rate on Saturday and Sunday for AT&T. Customers are also continuing to benefit from **promotional incentives** to switch, including monetary payments, waiver of monthly fees, and free minutes of use.



The Bad News: Some rates are still increasing. For example, Sprint's lowest rate of 10 cents/minute in Maine is expected to increase to 15 cents after December 12, 1998 (existing customers get to keep the 10 cent rate). However, we expect to see their rates drop again after access charges are further reduced in May, 1999. The other bad news is that long distance companies continue to increase bills with **two surcharges** -- one for federal universal service contributions and one for interstate access costs. We believe that these surcharges are not justified because, overall, long distance companies have had cost *reductions*. Customers should know that no governmental agency requires or encourages these surcharges. Complaints about these hidden rate increases can be made to the FCC, Common Carrier Bureau, Consumer Complaints, Mail Stop 1600A2, Washington, DC 20554. or by calling your U.S. Representative or U.S. Senator. Another less obvious rate increase applies to **payphone** users -- the FCC now allows a **surcharge** (typically 30 cents) to be placed on calling card calls made from payphones.

THE BOTTOM LINE

The best choice for any particular customer depends on his or her individual calling pattern. There's no shortcut to avoid comparing your typical bill to the rates you would have been charged under an alternative plan. However, based on our hypothetical customer used in our chart (see page 4), the lowest cost plans are available from AT&T, MCI and One Star. (Sprint was lowest at the time of publication but they're expected to raise their rates as of December 12, 1998.) Sprint, Bell Atlantic and Frontier run closely behind. One Star deserves particular consideration for customers who make lengthy calling card calls (13.9¢/minute) or many short calls from home (6 second billing). AT&T and MCI deserve special consideration for customers who make many weekend interstate calls. (MCI - 5¢/minute on Sunday -- AT&T 5¢/minute Saturday for 6 months and Sunday through 11/99).



SLAMMING, CRAMMING, SCAMMING UPDATE

Slamming, (the unauthorized change of your chosen long distance carrier) has been a steady but moderate problem in Maine. To date, the Maine Public Utilities Commission (PUC) has received 214 calls about slamming. The Commission is now in the process of writing rules aimed at preventing unauthorized changes of your chosen telephone companies. These new rules will also give you the right to freeze your choice in order to prevent any further change until your local telephone company verifies that you have lifted the freeze. Penalties for violations of slamming rules can be up to \$5000/day - \$40,000/total for the first offense and up to \$110,000 for additional offenses. The new rules, if adopted, will also require the slamming company to return to the customer all charges collected as a result of the unauthorized change. You may check to see which Company is providing your service by calling 1-700-555-4141 (interstate) and 700-4141 (instate).

Cramming, (the inclusion of unauthorized charges on your telephone bill) has been on the rise in Maine. There have been 172 calls to the PUC about cramming so far. The PUC is now in the process of submitting proposed legislation to prohibit cramming and provide the Commission with authority to take action against companies that "cram" telephone bills with illegitimate charges. The Commission seeks authority to impose penalties against "crammers" of the same amount as the Legislature has allowed them to impose upon "slammers". You can protect yourself against cramming by reading your phone bill carefully and reading the fine print on anything that you sign.

Other Scamming -- Now, another growing abusive telephone practice involves a scam whereby a caller, posing as a telephone company technician, asks you to dial the 9 (nine), 0 (zero), and # (pound) keys on your telephone. If you do this, you may be providing access to your phone line allowing the caller to make calls that will then appear on your bill. So beware of any request to dial

numbers -- legitimate phone company personnel will not ask you to do this. And, in general, beware of anyone seeking personal information over the telephone.

Are Phone Bills Too Confusing? Yes! The Maine Public Advocate along with a national association of consumer advocates has filed comments with the FCC asking the agency to adopt rules to make telephone bills more readable. We support clear, separate itemization of all charges using plain language. We supported the prohibition of non-telephone charges from appearing in telephone bills to help prevent cramming. We also have asked the FCC to consider prohibiting certain surcharges, or at least to require that they be explained in a way that is not misleading. Finally, we have asked the FCC to consider requiring disclosure on every bill of the average rate per minute, including all calls and surcharges. This would enable customers to compare plans much more easily.

ARE YOU PAYING FOR PHONE SERVICES THAT YOU DON'T NEED?

At least once a year, it's a good idea to examine every charge on your phone bill to ensure that you're getting your money's worth for every optional service. For example, many customers have been sold a service contract that protects them against repair costs if something goes wrong with the telephone wiring inside their house. Bell Atlantic calls this service "Telesure Diagnostic and Maintenance Plan" and charges \$1.95 per month. Since the likelihood of a problem with your inside wiring is very low, this service may amount to unnecessary insurance. It's also a good idea to make sure that you are actually using any custom calling services that you subscribe to. For example, if you have Caller ID, Call Forwarding, Call Waiting or other such optional services, consider dropping those services if you no longer use them. Finally, if you subscribe to optional calling plans like Pine Tree, Circle Calling, or Selective Calling, periodically check to see that you're getting your money's worth given your calling patterns. Check your average rate per minute (total cost of in-state calls divided by total minutes used) to see if you're better off keeping your optional calling plan or switching to a competitive one-rate plan. As always, if your average cost is well over 10 cents per minute, consider switching.

ARE THERE LOWER RATES THAN THE ONES FEATURED IN THIS GUIDE?

Maybe. Some telephone companies file a large number of different prices and plans with the Public Utilities Commission but only market one or two plans to residential customers. Although the law requires that companies offer you any plan that is on file (unless the plan's terms restrict it to certain types of customers), we have not featured plans that customers would have difficulty obtaining or ones that would be withdrawn if customers requested them.

SHOULD YOU DIAL 10-10-XXX?

Telephone customers continue to be besieged with ads by dial-around companies pitching their 7-digit codes as a way to save money on phone calls. There are now dozens of different 10-10 numbers, each with different rates that may depend on the day of the call, the time of the call, the place called, and the length of the call. If you have signed up for one of the low cost calling plans featured in this guide, your rate will usually be lower than when you "dial-around". The advertised savings for 10-10 numbers are usually based on a comparison to AT&T's highest rates -- rates that only apply to customers who never bothered to sign up for a low-cost calling plan. Even if some "dial-around" calls could be cheaper for certain call lengths at certain times of day, it would be a lot of trouble to keep track of when to use them and customers

could easily end up spending more by trying. Remember that most of the advertised dial-around rates do not apply to in-state calls in Maine -- those calls can result in much higher rates.

Nevertheless, there are specific situations where some customers may save money by "dialing around". Let's say you don't want to sign up for a low cost calling plan because you make too few calls to justify a monthly minimum or monthly fee -- you may then save money by carefully using a per-call dial-around service. For example, the following is a sample of some of the bigger "dial around" companies' applicable interstate rates (calls within Maine may be more expensive): Telecom USA's 10-10-220 charges 99 cents for the first 20 minutes and then 10 cents for each additional minute. But if you talk for only one minute, get an answering machine, or dial the wrong

number, you still pay 99 cents for a call that might have cost only 5 or 10 cents under a calling plan. Telecom USA's heavily advertised 10-10-321 charges depend on day of the week and time of day -- you could pay up to 28 cents a minute on weekdays but may save money on some calls over 20 minutes. Lucky Dog's 10-10-345 charges ten cents a minute (15¢/minute for a Maine in-state call) plus a 10 cent fee so a one minute call would cost at least 20 cents. Quest's 10-10-056 charges ten cents per minute plus a 10 cent fee and Dial & Save/Excel's 10-10-457 charges 10 cents per minute (30¢/minute for an in-state call in Maine). By the way, Telecom USA is owned by MCI/Worldcom and Lucky Dog is owned by AT&T. Therefore, it's quite possible to dial-around only to get a higher price from your own company!

REMINDER

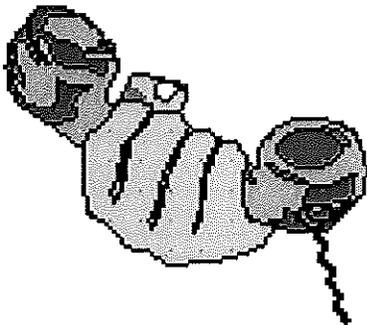
Customers can keep their rates as low as possible by watching out for promotions and switching carriers when better offers appear. Always ask the new company to tell you about their lowest cost rate plan for your calling habits and ask them to pay the \$5 cost that applies to switching each of your (instate and interstate) services. If most of your calls are off-peak or within 30 miles, you should periodically check and see if using an optional calling plan offered by your local carrier would lower your total bill. The major statewide optional calling plans are described on page 6.

BYE-BYE 207?

DOES MAINE NEED A SECOND AREA CODE?

The North American Numbering Plan Administrator (NANPA) now projects that Maine will run out of numbers under the 207 area code sometime in the middle of the year 2000. That projection, which we dispute, requires that Maine now begin to plan implementation of a second area code. That plan could take the form of dividing the state into two geographic areas with separate area codes or it could take the form of an "overlay" so that only new numbers will be assigned the new area code. The problem with a "split" is that half of the state will be forced to change their telephone number (which might be good news for stationery printers). The problem with an "overlay" is that all telephone users in Maine would be forced to dial 10 or 11 digits for *every* call. Most telephone companies in Maine have voted for the "overlay" alternative.

The Public Advocate and the Public Utilities Commission have resolved to do everything possible to prevent the need for a second area code in Maine. The Commission is currently investigating methods to conserve numbers in order to postpone or avoid number exhaust. If you are concerned about this issue, you may call the Public Utilities Commission at 287-3831 for further information.



IF MAINE HAS A STEADY POPULATION OF 1.2 MILLION PEOPLE, WHY ARE THE NUMBERS DISAPPEARING?

The Telecommunications Act of 1996 was passed by Congress in order to encourage competition among local telephone companies. New telephone companies need their own 3-digit prefixes to route their calls separately from Bell Atlantic. Unfortunately, new numbers only come in blocks of 10,000 in each local area. New companies are forced to reserve 10,000 numbers for each local area they want to serve even though they may have only a few customers in the local area. Since Maine has 256 local areas or "rate centers", if only one company reserves 10,000 numbers in each rate center, there goes over 2.5 million numbers! There are less than 8 million telephone numbers available under the 207 area code, so, under the current system, it won't take long to officially exhaust all available numbers. It's also true that faxes, cell phones, pagers, modems, alarms, and residential second lines have added to the problem. If you think this system seems irrational, you are not alone. The Maine PUC, Maine's telephone companies, and the Public Advocate all support new number conservation measures to prevent the need for a second area code in Maine.



CAUTION

When you switch carriers, don't simply tell your local telephone company who you want your new service with -- if you do that, you may not get on the right plan. Always order a specific plan from the new long distance company and confirm it with your local company. Customers who set up service casually, often get "casual" rates. Such rates can be much higher!

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

(Unavailable with Most Competitive Instate 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 - any 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.

ELECTRICITY CORNER

If all goes as planned, Maine's electric customers will soon have competitive choices. By March, 2000, your current electric company will no longer sell generation service. You will then have the opportunity to choose a new competitive electric generation provider, but if you don't, you will continue to receive electricity from the "standard offer" provider chosen by the PUC. Your new choices may allow you to find lower rates and you may be able to choose the type of generator you want to buy from (for example, some generators may advertise "green power" generated from renewable resources). Beginning in January, 1999 you will notice that your bill will show a separate rate for generation service and for transmission/distribution service. The Public Advocate plans to publish the services and rates that become available to residential electric customers when a competitive generation market develops.

**Stephen G. Ward
Public Advocate**

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 federal 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/pahome.html>.**

CAN I BE DISCONNECTED IF I FAIL TO PAY MY LONG DISTANCE BILL?

Currently, no rule or law prevents your local telephone company from disconnecting you for failure to pay for long distance and other non-local charges on your bill. However, the PUC will soon be considering new rules that would prevent the threat of disconnection when you fail to pay for long distance and other non-local services. Customers

may contact the PUC to express support for that new rule. Always contact the PUC's Customer Assistance Division at 1-800-452-4699 when you can't resolve a billing dispute with a regulated utility or when you are threatened with a disconnection of service.

GIVE US FEEDBACK

Have you had any positive or negative experiences with your in-state long distance service?
Please write to us about it.



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