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Ratewatcher Telecom Guide, Vol. 20 Dec. 2007

Maine Public Advocate Office

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Ratewatcher

TELECOM GUIDE

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FairPoint's Request to Acquire Verizon in Maine, New Hampshire and Vermont: A Decision Is Near

AFTER MONTHS OF LITIGATION, the Maine Public Utilities Commission (PUC), along with its counterparts in New Hampshire and Vermont, will soon decide whether FairPoint Communications will be allowed to own and operate Verizon's network and become the major regional provider of telephone and broadband services in those three states. The Public Advocate, on behalf of Maine's consumers, has been one of the most active parties in the case, which is undoubtedly one of the most important cases ever decided by the Maine PUC.

Last October, just after the last day of formal hearings, the Public Advocate announced that we would not oppose the acquisition if the Commission adopted over twenty separate conditions that would serve to protect Maine customers and the public interest. Because FairPoint is a much smaller company than Verizon, and because it is financing this acquisition with a lot of debt that is rated below investment grade level (sometimes called junk bonds), many of the conditions we recommend are aimed at FairPoint's financial viability, including our condition that Verizon accept a lower purchase price.

Other recommended conditions address FairPoint's obligation to provide high quality service to customers, its future prices for telephone and broadband services, its technical ability to successfully create and implement new operational systems, its ability and commitment to deliver DSL broadband service throughout Maine, its continued delivery of all necessary wholesale network services to competitive carriers, and its obligations to maximize federal support to keep telephone rates as low as possible. Other intervenors in the case are focusing on service to competitive carriers, employment issues, and FairPoint's obligations to ensure the privacy of customer information and phone calls. In our view, the paramount concern is the risk that the State's major telephone and broadband carrier will encounter serious financial difficulties, perform poorly, and demand rates higher than those of Verizon.

FairPoint already operates six rural telephone companies in Maine.

Cont'd on next page

verizon wireless to buy uncel

While Verizon Communications wants to abandon its landline and broadband business in Maine, New Hampshire and Vermont, it is expanding its wireless business in those same states by buying Unicel (RCC Minnesota). Coincidentally, Verizon's price for the FairPoint sale and the price it is paying for Unicel are quite similar—around \$2.7 billion each.

Because Maine's rural cell phone customers do not have many choices in this market, the loss of Unicel, which focused on rural areas, may not be a good thing. In addition, Verizon Wireless uses a CDMA system while Unicel uses a GSM system. That means that Verizon Wireless will either maintain two types of networks or it will eventually require all Unicel customers to get a new CDMA phone. Verizon has not provided any details yet, but it indicated that it may maintain the GSM network in order to provide coverage for other companies under roaming agreements. If it does not maintain the GSM network, that could be bad news for GSM coverage in certain rural areas of the State. T-Mobile and AT&T use GSM networks in Maine.

The sale of Unicel is awaiting approval by federal regulators. If the sale is approved, only time will tell if consumers benefit or suffer, but, all else being equal, we prefer increased competition to fewer choices in the market.

WHAT'S INSIDE

Telephone News and Rates ... 1-9	Mobile Broadband.....11
Local Exchange Rates 3	Wireless News and Rates...10-13
Unlimited Calling Plans..... 4	Wireless Plans12
Prepaid Calling 5	Prepaid Wireless.....13
Long Distance Plans 6	Internet News and Rates ...14-19
VOIP Services 7-9	Telemarketing News 19

10th
Anniversary
Issue

Choosing a Long-Distance Carrier Can Save You Money Even If You Rarely Call Long-Distance

DON'T CHOOSE "NO CARRIER" Many customers who opted to have no long-distance carrier have been surprised that they get charged for having no service. First, there is a \$5 fee from your local phone company to make any change in long-distance service, even if the change is to choose no carrier. However, when your change is to select a new long-distance service, that new provider will usually reimburse the \$5 fee. Second, your local telephone company may charge you a monthly access fee when you choose no long-distance carrier. Therefore, it may be cheaper to choose a long-distance carrier that has no monthly minimum or monthly fee, instead of no long-distance carrier at all.

VERIZON'S NEW "SHORTFALL" CHARGE Many customers who make few long-distance calls have chosen Verizon's Sensible Minutes plan because that plan charged no monthly fee even though the per-minute rates were relatively high. Many of those customers were surprised some months ago when Verizon began to collect a \$2 minimum from customers who used less than \$2 worth of long-distance calls. The solution is simply to choose a long-distance company that has no monthly fee and low rates. Pioneer Telephone waives its 99¢ fee if you accept bills by email and Touchtone waives its new \$1.47 fee if you make no calls at all in a given month (see page 6).

New Rule May Soon Require "Soft Dial Tone"

"Soft Dial Tone" is a service that allows a telephone line, without active service from the phone company, to continue to provide access to E911 emergency dispatchers. In the last legislative session, the Public Advocate helped to persuade lawmakers to pass a law that would require soft dial tone. The Legislature agreed it was a good policy to expand E911 service, but chose to ask the Public Utilities Commission to write the specific rule. We expect a final rule to be effective in early 2008. At this writing, the details of any new requirement are uncertain.

Soft Dial Tone could be a life saving service under a variety of scenarios. In the most typical case, a local phone line that has been disconnected because of non-payment

or any other reason will continue to have E911 access in case of an emergency. However, it may also prove useful in case of an emergency in a remote location at a residence without active service. For those who have not maintained traditional telephone service because they rely on a cell phone or a VOIP service, soft dial tone may serve as a backup for emergency access when those alternative services fail to work (e.g., during a power interruption).

Cell phones already provide a form of soft dial tone. Generally, any cell phone with a charged battery and in the presence of wireless coverage will be able to access E911 service, even when there is no active service from a wireless carrier.

FAIRPOINT'S REQUEST

Cont'd from page 1

However, if FairPoint is approved, the operations and prices of those companies will not change at the outset, but FairPoint indicates that it would eventually try to unify its operations in Maine.

One potential benefit of the acquisition is the possibility that FairPoint will offer video service (IPTV) over its network in competition with Time Warner's television packages. However, its earliest availability in limited areas is not likely to occur before sometime in 2009. It could also be much later.

A final decision by the Public Utilities Commission is expected in January, 2008.

Verizon increases prices for calling features and toll rates

It may cost just a fraction of a penny to furnish it but you'll now pay \$8 per month (up from \$7.75) if you take Caller ID service as an individual add-on to Verizon's local phone service. Some customers may find that a simple inexpensive telephone answering machine is a reasonable substitute, allowing them to screen calls for free.

Verizon's feature packages have also been increased—by more than a dollar per month. The following are some of the new individual calling feature prices from Verizon (most have increased by 25¢):

CALL FORWARDING \$4.50
BUSY REDIAL \$4.50
***69** (calls last number received) \$4.50
SPEED DIALING \$4.50–\$6.50
CALL WAITING \$5.50
(\$8 with ID and name)
THREE-WAY CALLING \$4.50
DISTINCTIVE RING \$5
BUSY REDIAL \$4.50

NEW TOLL RATES For customers who have not chosen a long-distance calling plan, the rate for an individual instate toll call on Verizon's network will now be increased to 40¢ per minute (during the daytime) while Pioneer Telephone would charge just 3.5¢ per minute for the same call.

>> alternative local phone companies

The following carriers offer an alternative to Verizon's local telephone service. To allow for an apples to apples comparison, we have added any applicable SLC or "line charge" (Verizon currently adds \$.639) to the advertised local rate. In general, business customers are more likely to save money by choosing a competitive local carrier. Residential customers, who pay extra for special features, may also find some savings. Residential customers who routinely use over 600 minutes of long-distance should look at package plans shown on page 4.

NAME/PHONE/WEBSITE	BUSINESS OR RESIDENTIAL	MONTHLY RATES PER LINE (EXCLUDING SURCHARGES & TAXES)	NOTES
AT&T One Rate (800) 205-6268 att.com	R	\$38.50	Includes 2 features
BCN Telecom (888) 866-7266 bcntele.com	B & R	B—\$32.50–\$36.50 per line R—\$24.83 per line	R—10% discount below Verizon feature packages
Mid-Maine (877) 643-6246 midmaine.com	B & R	B—\$32.50–\$38.50 (depending on contract length) R—\$50–\$75—local/DSL bundle	Selected exchanges
One Communications (800) 825-5282 onecommunications.com	B	\$26 to \$32 per line (depending on contract length)	Throughout Verizon territory
Oxford (800) 520-9911 oxfordnetworks.com	B & R	B—\$31.28–\$40.34 R—\$16.63–\$19.72	Norway/South Paris
PineTree (866) 746-3873 pinetreenetworks.com	B	B—\$28–\$32 depending on number of lines & bundled services R—\$25 (\$31.90 with features)	Lewiston/Auburn Business service available in various exchanges
Telrite (866) 285-3989 telrite.com	B & R	\$33–\$35 per line	Selected exchanges
USA Telephone (877) 872-2800 savewithusa.com	B & R	\$31.50–\$41.50 (depending on con- tract length)	Throughout Verizon territory
		B—\$40.50–\$43.50 per line* R—\$31.50–\$36.50 (depending on location)*	Local service bundled with 3¢ instate and interstate LD minutes and 6 features DSL starting at \$20/mo. *\$2 extra for paper billing

All rates include \$.650 line charge when applicable. Compare Verizon's Local Rates: Res.—\$24.29 economy, \$25.68 premium; Bus.—\$41.77 economy, \$44.88 premium (includes Verizon's \$.639 line charge).

unlimited calling plans (and optional broadband)

COMPANY	FEATURES	UNLIMITED LOCAL AND TOLL	UNLIMITED LOCAL AND INSTATE TOLL	UNLIMITED TOLL ONLY	DSL & UNLIMITED LOCAL & TOLL	NOTES
AT&T One Rate (800) 222-0300 att.com	Unlimited to U.S. 4 features	\$68.50	N/A	\$33	N/A	Voicemail— add \$7.04
GWI GWILINE (866) 494-2020 gwi.net	Unlimited to U.S. & Canada 5 features (optional)	\$39.50 + DSL \$49.50 w/o DSL	\$31.50 + DSL \$41.50 w/o DSL	N/A	\$69.50	Available in selected exchanges \$5 extra w/ features inc. voicemail
IDT Unlimited (800) 254-1718 idt.net	Unlimited to U.S. 6 features	\$51.50	\$34 (4 features)	N/A	\$69.50	Voicemail \$2.95/mo.
Mid-Maine (877) 643-6246 midmaine.com	Unlimited to U.S. 3 features	N/A	N/A	N/A	\$65–\$75 (\$35/mo. for 3 months)	Selected exchanges 1-year contract required or \$75 early termination fee
Oxford Networks 800-520-9911 oxfordnetworks.com	Unlimited to U.S. & Canada 5 features (optional)	\$50 (\$43 w/o features)	N/A	\$18	\$81	Lewiston/Auburn and Norway/ S. Paris area only
Pine Tree Networks 866-746-3873 pinetreenetworks.com	Unlimited to U.S. & Canada 3 features	\$45	\$30 Unlimited to Local, Instate & 2 Features (Voice Mail not included)	N/A	\$75	Selected exchanges
Time Warner Cable 800-833-2253 timewarnercable.com	Unlimited to U.S. & Canada Advanced features	\$40	\$30	N/A	\$80	Enhanced VOIP Most of Maine
USA Telephone (877) 872-2800 savewithusa.com	Unlimited to U.S. & Canada 5 features	\$53.45	\$46.50*	N/A	\$78.45 (Homefield Plan)	Throughout Verizon territory *\$2 extra for paper billing
Verizon Freedom 800-870-9999 verizon.com	Unlimited to U.S., Canada & Puerto Rico 3 features	\$56.39 (\$51.39 w/out features)	\$37.04 (with 3 features— voicemail included)	NA	Starting at \$71.39	Includes voicemail

All rates include \$6.50 line charge when applicable.

All prices exclude other surcharges and taxes.

prepaid calling

Prepaid accounts are great for calls made way from home. They are also a good way to avoid expensive hotel and payphone rates. However, when calling from home, traditional long-distance companies like Pioneer and Touchtone offer better, more convenient service, at similar rates. Since AT&T tripled its Maine instate calling rates, we doubt that many Maine customers who make instate calls will be interested in

the AT&T/Sam's prepaid card. Any customers who were subject to the rate increase without notice at the time of purchase may seek a refund by calling the PUC at 1800 452-4699.

For the first time, we are featuring the MCI card marketed in this area by Rite-Aid stores. This card offers prepaid minutes at various prices, depending on the quantity

purchased. At the highest quantity, the rate is 4¢ per minute—but Rite Aid puts these cards on a two-for-one sale a couple of times per year. At 2¢ per minute, it's a very good deal. Onesuite.com remains a good deal too, but watch out for the loss of your minutes if you don't buy new minutes within six months.

	SAM'S CLUB/AT&T	ONESUITE.COM	MCI
US Rate 48 (states)	8.52¢ instate / 2.84¢ interstate	2.9¢	4¢-7¢* (\$80-\$10 card)
Western Europe	11.36¢-19.88¢	3.4¢-9¢	12¢-35¢
Canada	8.52¢	3.2¢	8¢-14¢
Other Fees	5% sales tax on initial store purchase—maximum of 15% surcharge on phone refills	None	None
How to buy?	Sam's Club (similar offers at BJ's & Costco) or renew by phone	www.onesuite.com	Rite Aid stores
Expiration	No Expiration—holders of older cards may call customer service # on card to reactivate minutes	6 months from activation or last recharge	No expiration
Record of calls	No	Yes via Internet	No
Use from other countries?	Yes	Yes Local access numbers in foreign countries allow low-cost calling to U.S.	Yes Need to use worldwide access number on back of card
Rate to U.S. from Canada	14.2¢	3.5¢	8¢-14¢
Payphone Charge	\$1.00	55¢	30¢
Other Features	Enhanced features offered at extra charge	\$1/month "Message One" sends voice mail and faxes to your email address Lower "local access" rates available in certain areas or when using VOIP access from your computer	*Rate depends on quantity of minutes purchased. Approx. twice a year Rite Aid offers buy one card, get one free
Customer Service	(800) 335-8900	(866) 417-8483	See back of card

long-distance plans

At the risk of getting boring, we still recommend Pioneer and Touchtone as the best two full-service, pay-as-you-go long distance plans for most customers in Maine. The majority of customers do not use enough long-distance minutes to justify an unlimited calling plan. As opposed to prepaid calling accounts, these carriers don't require prepayment, they don't round up to the next minute (they apply

6-second billing), you can't lose your minutes, you'll never run out of minutes during a call, and they offer superior customer service. If that isn't enough, the rates are similar to those of the best prepaid calling accounts. Large carriers and local telephone companies generally charge much higher long-distance rates than either Touchtone Communications or Pioneer Telephone. *Continued on p. 6.*

>> long-distance plans

Continued from p. 5.

NEW FEE FROM TOUCHTONE COMMUNICATIONS Unfortunately, Touchtone recently began to charge a new cost recovery fee of \$1.47 per month to all customers, but it only charges the fee in months when there was actual usage. As a result of this fee, Pioneer Telephone becomes the all-around lowest-priced pay-as-you-go long-dis-

tance carrier. Their 99¢ monthly fee is waived if you opt to receive your bill by email or if your bill is over \$15 in a given month. For independent telephone company customers, Touchtone is the best choice. Pioneer's low rates are available only in Verizon territory and only to customers who pay their bills on time.

COMPANY	PIONEER pioneerphone.com		TOUCHTONE touchtone.net		VERIZON verizon.com	
FEATURED PLAN	Talk Cents		3.9¢ Plan		5¢ Plan	
(RESIDENTIAL)	Instate	Interstate	Instate	Interstate	Instate	Interstate
RESIDENTIAL per minute rate (excluding surcharges & taxes)	3.5¢	3.25¢	3.9¢	3.9¢	7¢	5¢
Monthly Minimum	none		none		\$9.99	
Monthly Fee	99¢*		\$1.47		\$6.00	
SAMPLE RESIDENTIAL MONTHLY COSTS	Includes 50% Instate/50% interstate minutes & monthly fees, excluding surcharges & taxes.					
LOW @ 10 mins. per month	\$1.34		\$1.86		\$9.99	
MEDIUM @ 100 mins. per month	\$4.37		\$5.37		\$12.00	
HIGH @ 500 mins. per month	\$16.88*		\$20.97		\$36.00	
HIGHEST @ 1,000 mins. per month	\$33.75*		\$40.47		\$66.00	
Hawaii/Alaska	6.9¢		7.9¢/15¢		5¢	
SAMPLE RESIDENTIAL INTERNATIONAL RATES						
Turkey	9.4¢		21¢		\$4.61	
Canada	3.9¢		5¢		99¢	
Holland	7.4¢		7¢		\$3.25	
Kenya	23.4¢		38¢		\$5.65	
South Korea	8.4¢		7¢		\$4.52	
United Kingdom	7.4¢		5¢		\$2.75	
Rate available in rural independent areas?	no		yes		no	
(BUSINESS)	Instate	Interstate	Instate	Interstate	Instate	Interstate
Business per minute rates (excluding surcharges and taxes)	3.5¢	2.7¢	3.9¢	3.9¢	5.5¢	5.5¢
Monthly Minimum	none		none		\$65.00	
Monthly Fee	99¢*		none		none	
PICC Charges (per line)	\$2.95		\$2.49		\$3.10	
In-bound 800 Rates	3.5¢**	2.7¢**	3.9¢**	3.9¢**	5.5¢*	5.5¢*
TO SUBSCRIBE, CALL:	877-492-6878		800-900-5474		800-585-4466	
NOTE: Surcharges are not included in the rates shown	*99¢ fee waived w/online billing or usage over \$15		*Touchtone Agents in Maine: 888-594-2500, 877-839- 8484, or 800-619-2537		*\$10/mo. fee applies to 800 inbound service	
\$5 fee to change carrier is often covered by new carrier upon request	**99¢/mo. per 800 number		6-second billing		18 second minimum	
PICC charges (a per-line access charge) apply to multi- line business customers only	Alt. Plans—Rate Buster 2.9¢ instate/2.7¢ interstate with 1-minute billing		Lower rate may be available for high-volume customers		6-second billing applies to most business plans	
1-minute billing unless otherwise noted	6-second billing		Customer service 800-266-4006		Residential plans get 1-minute billing	
An average customer will save about 10% as a result of 6-second billing	Pioneer is a Maine company		**\$1.99/mo. per 800 number		International rates are lower with advance sign-up and monthly fee	
*Beware that international calls to mobile phones priced much higher	1.9¢/min. to call other Pioneer customers					

Voice Over Internet (VOIP) Services Continue to Grow—and Die

By most estimates, VOIP will eventually replace the traditional telephone network because it costs less. The traditional local telephone company transmits your calls over their own wires and routes them to their destination via expensive computer switching machines in their downtown central office. Traditional phone service occupies an electronic circuit which uses wire and switching resources as long as the line is active. VOIP, on the other hand, works just like email—it converts your voice to packets of data that travel at the speed of light. Calls are routed by various electronic routers, travel over the public Internet, and the bits of data are ultimately reassembled at the final destination. All this has to happen quickly enough to keep up with your conversation, as opposed to emails which would not be noticeably affected by small delays in data transit. This speed requirement is the reason that VOIP cannot work with a slow dial-up connection.

VOIP is a cheaper and more efficient way to carry voice traffic. Ironically, it is the cost of the traditional phone network that causes VOIP services to cost as much as they do; each VOIP call that terminates on a traditional phone network requires a per-minute payment to the traditional local phone company as an “access” charge. If everyone used VOIP, telephone calls could almost be free, except for the local high-speed connection to the Internet.

While traditional telephone companies have been losing lines to VOIP service—one estimate is 150,000 lines per week are lost to traditional phone companies and about 100,000 new VOIP customers are added each

week—lower costs of service and aggressive marketing of bundled telephone services and broadband services, have allowed the traditional phone companies to continue to earn healthy profits (we believe Verizon is still substantially over-earning in Maine). Moreover, when diversified companies like Verizon or AT&T lose a landline customer, they often get that same customer’s money when that customer subscribes to cell phone or broadband service.

**By most estimates,
eventually
the
telephone network**

Although it costs less to provide VOIP service, there is no guarantee that any particular VOIP provider will be around for the long term.

SUNROCKET CRASHES, VONAGE STUMBLES
Sunrocket was one of the more popular, low-priced adapter-type VOIP

services. However, it failed financially and ceased serving its customers last August. Vonage, the largest and most well-known of the adapter-type VOIP providers, was temporarily ordered to stop taking on new customers after Verizon brought a lawsuit against them for patent infringement. While Vonage remains fully functional now, patent cases are still pending. Perhaps the takeaway message is—VOIP is good but don’t sign any long-term contracts. And unless you have a good cell phone service as a backup, we still do not recommend VOIP as your only communications service.

CAN THAT HAPPEN TO MY PHONE COMPANY?

Yes, but typically, residential customers do not have a lot at stake if their competitive phone company fails. The consequence for the customer is usually nothing more than the need to quickly sign up with a new carrier and, if applicable, to ask the new service provider to port your telephone number to their service. Although customers often worry about the stability of small, little known phone companies, even very large companies can end up in bankruptcy—remember MCI? Unless you have a business that relies on a complex set of services from one carrier, there’s generally not much to worry about.

As we show on the next page, there are three different flavors of VOIP—no-frills computer-based services, services that use an adapter that connects to your regular telephone, and enhanced services from cable companies. Only the latter two types can transfer your old phone number to their service, although many adapter-type VOIP companies may not be able to port your particular number.

CHEAP CELL PHONE CALLS TO AN INTERNATIONAL PHONE NUMBER?

Skype recently introduced "Skype To Go" which allows you to call an international phone for just pennies per minute, even from your cell phone. After you register the international number, Skype will send you a local number which will connect to the international number. The charge will be based on "Skype Out" rates (just over 2¢/minute)—a whole lot better than the small fortune you would pay by dialing an international number directly from a mobile phone. This service also requires a monthly fee (just under \$3) for "Skype Pro." Of course, Skype still offers totally free computer to computer telephone and video calls throughout the world. It's free to download at www.skype.com

voip services and plans

	FEATURES	PRICE	NOTES
FREE/LOW COST/COMPUTER-BASED			
JAJAH jajah.com	Dial call on computer—then talk on your regular phone	Free to other Jajah users 2.9¢/min. for domestic calls	Innovative new service requires no software or equipment
PULVER Free World Dialup pulver.com	Unlimited to other members (May ring regular phone numbers w/separate service)	FREE	Can work with a special telephone or free software
SIPPHONE sipphone.com	Unlimited to other Sipphones May ring regular phone numbers	Free to other Sipphones Reg. calls start at 1.9¢	Using telephone adapter (\$60) or computer software (free)
SKYPE skype.com (also GoogleTalk, AIM [AOL], iChat, Yahoo, and Onesuite)	Unlimited worldwide PC to PC and low rates to ring regular phone numbers	Free to other Skype users Reg. calls start at 2.1¢	Using computer mic/speakers, or headset Incoming phone # (skypeIn) \$60/yr
WEBPHONE webphone.com	Webphone to Webphone PC to Phone calls	FREE 1.9¢/minute	Minimum purchase \$15
SUBSCRIPTION SERVICES WITH PHONE ADAPTER			
AROOSTOOK INTERNET AINOP Phone 800-752-4330 ainopphone.com	Unlimited to US, Canada & Mexico 300 US minutes	\$35/month \$26/month	Adapter \$84 No activation fee Available in Verizon territory
AT&T CALLVANTAGE att.com/callvantage	Unlimited to US & Canada, Puerto Rico Unlimited in Maine	\$25/month (\$30 activation fee) Western Europe—4¢ to 8¢ \$10/month + 3.9¢/min. interstate & Canada & low international rates	\$30 early termination fee may apply if canceled within 1 year Adapter included Adapter included \$40 activation fee
BROADVOICE broadvoice.com	Unlimited World (US + 21 countries)	\$20/month	

Cont'd on next page

>> voip services and plans cont'd

LINGO lingo.com	Unlimited to US, Canada & Western Europe	\$22/month	\$30 activation fee First month free \$40 first year termination fee
	500 Minutes US, Canada & Puerto Rico	\$15/month	
	Unlimited US & Canada	\$30/month—Europe 5¢ to 8¢	\$40 first year termination fee
NET2PHONE net2phone.com (also available from IDT)	Unlimited Europe or bundled rates for specific countries	+ \$40/month	Requires prepayment \$30 activation fee Adapter included
	500 minutes US & Canada	\$15/month	
	350 minutes Western Europe	\$15/month	
PACKET8 packet8.net	Freedom Unlimited US & Canada	\$25/month—Europe 3¢ to 8¢	\$30 Activation fee Adapter not included Claims ok with dialup
	Freedom Unlimited Global	\$30 extra per continent/month	
	Unlimited Calls to 40 European & Asia countries/cities included		
VERIZON VoiceWing www22.verizon.com	500 minutes US, Canada & Puerto Rico	\$20/month (VW to VW calls are free)	Required 1-year term \$40 early termination fee Adapter included
	Unlimited US, Canada & Puerto Rico	\$25/month	
	Unlimited US	\$25/month	Adapter included Required 1-year term
VOICEPULSE voicepulse.com	Unlimited ME + 200 Long Distance minutes	\$15/month Europe 5¢ to 9¢	
	Unlimited US & Canada	\$24/month	Free hardware; Free activation Choose US or Canada phone # No term or fee
	Unlimited US, Canada & over 30 countries	\$30/month	
VOIPYOURLIFE voipyourlife.com	Unlimited US, Canada & Puerto Rico	\$25/month	\$30 Activation fee Adapter included Includes some calls to Europe
	500 Minutes	\$15/month (3.9¢/min. after 500 included) Europe—3¢ to 8¢	

PRIVATE NETWORKS

DIGIPHONE Beeline Cable 800-439-4611	Unlimited to US, Hawaii, Alaska & Canada	\$35/month (if Bee Line Cable Customer) \$40/month for others	BeeLine Cable area only Free installation
TIME WARNER CABLE Digital Phone timewarnercable.com	Unlimited US, Canada, Guam, Puerto Rico & Virgin Islands	\$40/month Europe 7¢–12¢/min.	Most of Maine Free installation

Note: FCC has required full service retail VOIP providers to comply with E-911. Some services listed here are not required to provide E-911.

HIGH-END WIRELESS SERVICE:

Apple's iPhone—Device Prices Have Been Slashed But Issues Remain

By most accounts, Apple's iPhone is an impressive device, successfully combining a phone with Internet service, an iTunes music player, a camera, a touch-screen with virtual keyboard and other cool features. Even better, the price of the iPhone (subsidized by the service contract) has been greatly reduced—now starting at \$300. So what's the catch? For starters, the iPhone has been programmed to work only with AT&T—and within AT&T's network, only on AT&T's GSM network. If AT&T Wireless's GSM coverage is not adequate where you need service in Maine, AT&T won't be your best choice and the iPhone is a non-starter. The iPhone's Internet access relies on AT&T's GPRS/EDGE broadband service (unless in its WiFi mode) which should be available whenever GSM coverage is adequate.

It is theoretically possible to use the iPhone with other carriers. In late August, a teenager took apart a new iPhone, fiddled with its wiring and software codes, and managed to unlock the phone. This technical capability, combined with a recent legal ruling by the U.S. Copyright Office, may open the door to the un-

locking of cell phones from the carriers that seek to hold phones hostage to their service. However, Apple has issued a warning that users who make unauthorized modifications on their iPhones will likely cause "irreparable damage to the phone's software," thus excluding the phone from Apple's limited warranty. Media reports have indicated that such tampering can "brick" your phone—in other words, when you're finished, it will have all the functionality of a brick.

COST iPhone service plans require a two-year contract and prices start at \$60/month plus taxes and fees. Therefore, expect the total two-year cost to be between \$1800 and \$2000. At these prices, it is especially important to remember to cancel your contract within 14 days if you are not completely satisfied with the service.

ALTERNATIVES If you are a gadget freak but the iPhone is not right for you, the Blackberry is also a very cool device. You won't get a built-in iPod but you'll get a full hardware keyboard for emailing, and portable Internet service along with your phone. Many wireless companies in Maine offer Blackberry and other web-enabled smartphone models.

top 5 ways to avoid early termination penalties

- Use a Prepaid Cell Phone Service
- Use a Carrier (such as Unicel) that offers "no contract" service (but pay more for phone)
- If service is insufficient, cancel the contract within the 14 to 30 day grace period
- Use a web based service to sell the balance of your contract (see our website for details)
- Ensure that phone repairs or minor contract changes don't cause your contract to "re-up."

CELL PHONES DIRTIER THAN TOILETS?

Unfortunately, experts cited in various recent media reports, do indeed claim that cell phones often harbor a greater number of hazardous germs than are commonly found on toilets, bottoms of shoes, door handles or keyboards. It's easy to spread these germs because mobile phones are almost always in contact with hands and often used quite close to the mouth. Bacteria and viruses thrive in warm temperatures so it's not surprising that cell phones kept in pockets and purses offer a good breeding environment. The solution is simple—clean your phone regularly using an anti-bacterial wipe approved by the phone's manufacturer.

DON'T YOU DARE CALL CUSTOMER SERVICE!

Consumers have grown to expect frustration when they call a large company to fix a billing or service problem. But now, the risks have gone beyond the usual impossible telephone menu options ("press 1 if you would like to hear about our new exciting offers") and canned corporate phrases ("your call is very important to us"). Now, if you complain

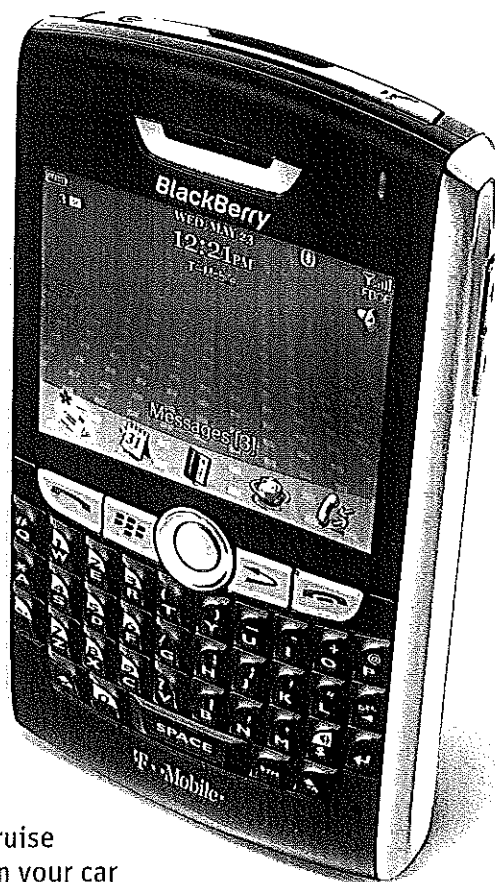
about bad service too much, the company may resolve it by offering you no service at all.

Sprint-Nextel told about 1000 of their customers to find another wireless service because they called the customer service number too many times. Customers whose

service was terminated did call customer service an average of 25 times per month, but the reason for so many calls was, in most cases, the Company's inability to resolve legitimate complaints. Hopefully, this brilliant new strategy won't be catching on and setting a new low in customer service standards.

MOBILE BROADBAND FOR YOUR CELL PHONE AND LAPTOP

Cellular broadband, also known as GPRS, allows you to access the Internet on the road or away from home. Cellular broadband can be combined with your cell phone calling plan when using a BlackBerry or other smartphone device, or you can subscribe to a broadband-only service for your device. Another alternative is to buy a card that plugs into a slot on your laptop and allows you to connect to a mobile broadband service. It's a good way to cruise the Internet on a train, plane, or in your car (not while driving!). GPRS broadband is on the slow end of the broadband speed range but it can be a great way to have Internet and email access on the go—in areas covered by the service.



The following chart provides a sample of new mobile broadband options. Coverage in Maine is expanding—check with the carrier to make sure it works where you'll need it.

COMPANY	LAPTOP BROADBAND MONTHLY FEE	PRICE OF LAPTOP CARD	SMARTPHONE BROADBAND MONTHLY FEE
AT&T wireless.att.com 800-888-7600	\$30–\$60 depending on amount of data transfer \$100 w/WiFi	Starting at \$30 w/2 yr. contract \$36 activation fee	Starting at \$35 with eligible calling plan priced \$40 or higher
T-MOBILE tmobile.com 800 937-8997	\$50	\$150	Starting at \$40
UNICEL unicel.com 800-215-7004	\$30–\$65 depending on amount of data transfer	\$110 w/2 yr. contract	Starting at \$30 with eligible calling plan
US CELLULAR uscc.com 888-944-9400	Business customers only	Business customers only	Starting at \$40 with eligible calling plan priced \$40 or higher
VERIZON verizonwireless.com 800-256-4646	\$60	Starting at \$50 w/2 yr. contract \$25 activation fee	Starting at \$80 with eligible calling plan

Note: Cards come in three commonly used interface types for broadband access:
• Standard Type II card slot • Express Card/34 card slot • Universal Serial Bus (USB)

Ask about availability of improved 3G standard, which is expanding in Maine

FCC Shoots Down Proposal for Free Broadband to All Americans

In the last *Ratewatcher*, we reported that a company called M2Z Networks filed a proposal with the Federal Communications Commission (FCC) asking for some unused radio spectrum in exchange for their commitment to provide free high-speed wireless Internet service throughout the U.S. Their business plan is to make money by selling advertising in much the same way that Google supports its free services with ad revenues. However, in September, the FCC decided that it would not bypass the usual process for auctioning and allocating radio spectrum, even in the face of this extraordinary proposal. M2Z and other firms will continue to look for ways to obtain the needed radio spectrum, which is currently not being used for other purposes.

FREE CELL PHONE SERVICE IN THE U.K.

In the meantime, a new wireless voice service called Blyk just began offering free ad-supported wireless voice service in the U.K. It is estimated that 4.5 million young people in the U.K. will get service with no contracts and no bills either, unless they exceed the monthly 217 texts and 43 minutes included for free.

	AT&T (CINGULAR) WIRELESS.ATT.COM (888-333-7055)		T MOBILE TMOBILE.COM (800-866-2453)		US CELLULAR USCELLULAR.COM (888-944-9400)			UNICEL UNICEL.COM (800-336-4455)—LOCAL (800-462-3558)—NATIONAL		VERIZON VERIZON.COM (800-256-4646)		
	Nation 450 with Rollover	Nation 550 Family	Get More	Family Time Basic	Wide Area Single 700	Wide Area Family	National Single 450	Expanded Local	Local Family	True Nation- wide	America's Choice Individual	America's Choice Family
Monthly Fee	\$40	\$60 (2 lines)	\$40	\$60 (2 lines)	\$40	\$70 (2 lines)	\$40	\$40	\$70 (2 lines)	\$40	\$40	\$70 (2 lines)
Anytime Minutes	450*	550*	600	700	700	1000	450	800	1800	600	450	700
Offpeak Minutes	5000	Unlimited	Unlimited	Unlimited	\$6 Unlimited	Unlimited	\$8 Unlimited	1000	1000	500	Unlimited	Unlimited
Cost per extra min.		45¢	40¢	40¢		49¢		30¢	35¢	30¢	45¢	45¢
Cost of extra lines	N/A	\$10	N/A	\$10	N/A	\$10	N/A	\$20	\$9	\$20	NA	\$10
Roaming Rate	0		0	0	69¢		0	40¢		0		0
From Canada	79¢			49¢		69¢*			50¢			69¢
To Canada	19¢			20¢		19¢			30¢			49¢
Home Area	U.S.		U.S.	U.S.	ME, NH (excluding Portsmouth), VT and parts of 19 other states in south, mid- west and west		U.S.	Most of ME, MA, NH, VT, and NY		U.S.		US
Type of Network	GSM/TDMA		GSM		CDMA			GSM		CDMA		
Notes	Rollover applies—minutes roll over for up to 1 yr. Extra \$1.25 "regulatory fee" applies to all plans *Plus unlimited mobile-to- mobile minutes between AT&T users in calling area		1000 minutes for \$40/mo with no extra offpeak minutes. "MyFaves" option—unlimited calls to any five numbers for \$10/mo. Family Plan includes free mobile-to- mobile minutes in area Regulatory fee of 86¢ per line *Hotspots (VOIP) service available		96¢/monthly "regulatory fee." Unlimited mobile-to-mobile between US Cellular customers in area for Family Plans Wide Area Family—45 roaming minutes included National family plans start at \$70 \$30 plan available with 300 minutes *New Brunswick or Quebec, other Provinces much higher			Service contract is optional—price per phone is cheaper with contract. (Our advice: choose no contract.) \$2/mo. for unlimited Unisel-to-Unisel with local and nationwide plans Family Plan includes unlimited Unisel to Unisel minutes		Unlimited "in-calling" among Verizon Wireless customers. \$60 plan offers 900 minutes.		

Roaming charge—applies when calling from outside home area. International roaming may cause additional toll charges and administrative fees.

Toll rate—applies only to some local plans when call destination is outside home area. Toll rates apply to international calls.

Activation fees—(\$30 to \$36) often apply but are sometimes waived upon request or purchasing online.

Cancellation fees—(\$150 to \$200) generally apply if you cancel service before expiration of contract term.

Cost of phone—Phone is often free when signing a 1 or 2-year contract. Ask about current promotions.

Right to terminate—Some carriers reserve the right to terminate service if 50% of usage occurs outside of their licensed area.

Features—Most plans include Caller ID, Call Forwarding, Call Waiting, 3-Way Calling, Voicemail, and other advanced features.

Grace period—Right to cancel contract within first 14-30 days.

Note—Your wireless phone may not be usable with other wireless plans when you change service. Many advertised promotions require two-year contracts, which should be avoided.

Dial 611 from cellular phones for customer service. 911 emergency calls may work from cell phones even without activation.

Each carrier offers many other plans. Call and check websites for later promotions and always verify coverage quality in area of use.

>> prepaid wireless plans

	CINGULAR PAY AS YOU GO cingular.com (888) 333-6651	NET 10 net10.com (877) 836-2368	T-MOBILE TO GO tmobile.com (877) 387-4324	TRACFONE tracfone.com (800) 867-7183	UNICEL UNICEL EXPRESS unicel.com (800) 462-3558
Initial Cost of phone	\$20 to \$170	\$20 to \$90	\$40 to \$400	\$10 to \$80	\$10 to \$250
Home Area	Much of US (spotty in Maine)	Much of US (spotty in Maine)	Much of US	Much of Maine* or Much of US*	Much of US
Airtime Rate Per Minute (US)	25¢	10¢	10¢ to 34¢	20¢ to 34¢	10¢ plus \$10/month
Roaming Charge Per Minute	0	0	0	Double the airtime rate	0
Toll Charge Per Minute	0	0	0	0	0
Minimum Recharge Dollars	\$15	\$15	\$10	\$10	\$20
Expiration of Minutes (days) (varies by refill amount chosen)	30-365	30-365	90-365	45-365	30-90
SAMPLE ANNUAL COST (DOES NOT INCLUDE COST OF INITIAL PACKAGE OR ROAMING CALLS)					
10 minutes/month					
Cost	\$100	\$150	\$100	\$80	\$360
Minutes purchased	400	1500	1000	240	2400
Type of refill	1 x 365 days	1 x 365 days	1 x 365 days	4 x 90 days	4 x 90 days
50 minutes/month					
Cost	\$150	\$150	\$100	\$150	\$360
Minutes purchased	600	1500	1000	630	2400
Type of refill	6 x 90 days	1 x 365 days	1 x 365 days	1 x 365, 1 x 90, 1 x 45 days	4 x 90 days
100 minutes/month					
Cost	\$300	\$150	\$150	\$240	\$360
Minutes purchased	1200	1500	1400	1200	2400
Type of refill	2 x 365 days	1 x 365 days	1 x 365 and 1 x 90	6 x 90 days	4 x 90 days
NOTES Customers who use more than 100 minutes per month should consider regular monthly fee cellular plans. Watch for and ask about promotions.	With unlimited mobile-to-mobile 10¢ plan, a charge of \$1.00 per day applies when there is any incoming or outgoing use. 10¢ plan allows unlimited mobile-to-mobile (Cingular to Cingular) 15¢ per minute + airtime to Canada Canada roaming 79¢ Minutes roll over	Minutes roll over You will not be able to make or receive calls from any location outside of the US, Puerto Rico or US Virgin Islands	Airtime rate depends on number and duration of minutes purchased \$100 refill gets 15% more minutes and 365 days expiration on further refills Canada roaming 49¢ 50¢/min. + airtime for calls to Canada	Airtime rate depends on number and duration of minutes purchased Roaming coverage in much of US *Home area depends on zip code No extra charge for calls to Canada and 60 other int'l destinations No service in Canada	Canada roaming 50¢ 25¢/min. to Canada

Internet Service Update

DIAL-UP We've eliminated the dial-up listings because fewer and fewer customers are shopping for new dial-up service. For those who are, there is a Maine-based dial-up company with very low rates (\$7/month), toll free access from all parts of Maine, good customer service, and free accelerator—www.207me.com or 1-888- 229-2411. We see no reason to spend more with other non-local providers. 207ME now offers a new way to initiate its service; they sell, at various retail locations, packaged prepaid CD ROMs, including 30 days of service, for \$6.95.

VERIZON DSL Verizon now offers its entry-level DSL speed at \$15/month and the price is guaranteed for life—not just the first year. So what's the catch? For starters, it requires a two-year contract which may become inconvenient when a better offer appears, when you move, or if you decide that you need a higher speed. Second, although Verizon calls it a "price for life," the fine print says that they only have to keep that price as long as they keep offering that same service. Therefore, Verizon may simply change the service in some way and declare it to be a different one—with a higher price. Of course, if FairPoint succeeds Verizon early next year, that "price for life" may turn out to be the life of a fruit fly.

DSL EXPANSION Various programs and initiatives on the state level will soon be making DSL available to more people in Maine. As part of an agreement with the Public Advocate, Verizon has agreed to spend \$12 million in late 2007 and early 2008 to make DSL available in a number of new areas. In addition, the ConnectME Authority has begun to collect funding (via your phone bill) and approve new broadband projects that require a subsidy. Finally, if FairPoint is approved to succeed Verizon, FairPoint will be obligated to make additional DSL investment. As a result of these initiatives, we hope to see DSL availability in Verizon territory grow much faster over the next three years.

CABLE MODEM Prices remain stable for Roadrunner service (about \$45) but Time Warner has been more aggressive in offering discounts for bundles of its services. The "triple play"—Cable TV, Unlimited Telephone, and Cable-Modem high speed Internet—is sometimes available for as little as \$99. If you're served by a different cable company, the price may be lower as shown in the following charts.

WIRELESS BROADBAND New small wireless high speed Internet providers have emerged as an excellent solution in many rural areas. Some of these companies are shoestring operations

but they are willing to venture into rural territory that few others have dared to enter. If you live in a rural community and you believe that there are a number of customers who desire high-speed Internet, call some of these new providers to see if they're willing to serve your community. In some cases, ConnectME funding may assist such new service.

SATELLITE When there's no access to other high-speed service but there is a view of the southern sky, satellite broadband is a solution, though a lesser quality one for certain purposes. Wildblue and Starband have the lowest prices (about \$50/month after \$300 in equipment cost). Satellite broadband service is expected to grow rapidly over the next five years, as equipment cost declines and the technology improves.

CELLULAR BROADBAND (GPRS) If you need portable broadband, many cellular providers now support broadband Internet service that will work on your Blackberry, iPhone, or other portable device, as well as your laptop. This service is becoming more widely available in Maine. See page 11 for a report on mobile broadband cards and service.

>> internet service providers

COMPANY	AREA	FEATURES	PRICES
DSL HIGH SPEED INTERNET			
Aroostook Internet 800-752-4330 ainop.com	Various locations in Maine	5 email addresses 5 Mb space	Res. \$35/mo. Bus. \$70/mo. No setup fee
Cornerstone ccmaine.net 207-992-4411	Bangor, Calais, Charleston, Dexter, Dover-Foxcroft, Machias, Sebec	email addresses 5 Mb space	In-Town Res. \$30/mo. \$40 setup fee Rural Res. \$40/mo. \$70 setup fee
GWJ 866-494-2020 gwi.net	Available in 40 exchanges within Verizon's territory	5 email addresses 40 Mb space	\$35/mo. Res. \$50/mo. Bus. No setup fee
Midcoast Internet 207-594-8277 midcoast.com	Available throughout Maine in selected exchanges	4 email addresses 20 Mb space	\$43/mo. Non-Vz customers \$75 Setup fee \$100 equipment fee \$95 cancellation fee
Midmaine 877-643-6246 midmaine.com	Available throughout Maine in selected exchanges	5 email addresses 20 Mb space	\$30/mo. Res. \$80/mo. Bus. \$55 Setup fee Vz customers \$48 setup fee Non-Vz customers
Oxford Networks 800-520-9911 oxfordnetworks.com	Lewiston/Auburn (not all areas yet) and Norway/South Paris	5 email addresses 10 Mb space	\$38/mo. Res. \$60-\$80/mo. Bus. No setup fee
Pioneer Wireless 866-335-1254 pwless.net	Northern Maine—Fort Kent area	5 email addresses 10 Mb space	\$40/mo. Res. \$50/mo. Bus. No setup fee
USA Telephone 888-872-9400 savewithusa.com	Verizon exchanges	5 email addresses	\$20/mo. Res. \$28/mo. Bus. Must be USA customer No setup fee
Verizon 877-483-5898 verizon.com	Available in much of Verizon territory	9 email addresses 10 Mb space	Starting at \$15/mo. Res. \$60/mo. Bus. No setup fee
CABLE MODEM HIGH SPEED INTERNET			
Aroostook Internet 800-752-4330 ainop.com	Houlton area	5 email addresses 5 Mb space	\$25/mo. Res. \$50/mo. Bus. \$50 installation fee
Bee Line Cable 800-439-4611	Skowhegan, Wilton, Madison, Industry, Anson, Farmington, Millinocket, E. Millinocket	5 email addresses 10 Mb space	\$30/mo. Res. \$35/mo. Bus. 1st installation free
Comcast 800-266-2278 comcast.com	Berwick, So. Berwick, Eliot & Kittery, Brunswick & Freeport areas	7 email addresses 7 Mb space	\$43/mo. Res. + \$3/mo. modem rental w/ cable TV installation fees \$52-\$150/mo. Bus. \$50 installation fee
Metrocast Online 800-695-2545 metrocast.com	Acton, Lebanon, Newfield, Sanford, Shapleigh, Springvale & W. Newfield	2-5 email addresses 40-100 Mb space	\$42/mo. Res. \$50 installation fee Res. \$40-\$200/ mo. Bus. \$100 installation fee Bus., includes modem rental

Pine Tree Cablevision 800-220-3320 ptc-me.net	Machias area	3 email addresses 10 Mb space	\$21-\$49/mo. Res. \$50 installation fee \$40-\$200/mo. Bus. \$100 installation fee, includes modem rental
Time Warner Cable 800-833-2253 rr.com	Most of Maine	8 email addresses 10 Mb space	\$45/mo. Res. - \$33.74 Setup fee non-cable customers \$85-\$185/mo. Bus. - Setup fee \$80

COMPANY	AREA	FEATURES	PRICES
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WIRELESS HIGH SPEED INTERNET

Airolink Wireless 207-680-5465 airolink.net	Parts of Kennebec and Somerset Counties	5 email addresses 50 Mb space	\$40/mo. Res. \$50/mo. Bus. \$25 Equipment cost Bus. installation fee \$100
Aroostook Internet 800-752-4330 ainop.com	Available in Houlton, St. Agatha area	4 email addresses 5 Mb space	\$40/mo. \$125 Installation/setup fee
Axiom Technologies 877-462-9400 axiom-tech.net	Available in Washington & Hancock counties	5 email addresses	\$44/mo. Res. \$55/mo. Bus. \$225 Installation Fee
Downeast Wireless 207-667-7414 downeast.net	Available in Ellsworth and Blue Hill area	4 email addresses 5 Mb space	\$50/mo. \$250 Equipment cost
Mainely Wired 207-594-8277 mainelywired.com	Available in midcoast Maine, Swanville, Skowhegan area, Chebeague Island, & Searsport	4 email addresses	\$42-\$45/mo. Res. \$46-\$50/ mo. Bus. \$200 Installation Fee \$100 Off-Island setup fee \$200 On-Island setup fee
Midcoast Internet 207-594-8277 midcoast.com	Various locations in the mid-coast area	4 email addresses 20 Mb space	\$50/mo. Res. \$100-\$200 Equipment cost \$100 Off-Island setup fee \$200 On-Island setup fee
Pioneer Wireless 866-335-1254 pwless.net	Houlton, Presque Isle, Caribou, Millinocket	5 email addresses 10 Mb space	\$40/mo. Res. \$50/mo. Bus. \$99-\$199 Equipment cost
Redzone 207-596-5700 redzonewireless.com	Available in Midcoast Maine (Thomaston/Rockland/Camden area), Mount Desert Island & Cranberry Isles	Basic service does not provide email address(s)	\$20-\$25/mo. Res \$30-\$35/mo. Bus. \$50 Installation Fee \$50-\$100 Setup fee
SJV Wireless, Inc. 877-475-8638 sjv.net	Fort Kent, Wallagrass, some areas of St. John	1 email address 3 Mb space	\$40/mo. Res. \$50/mo. Bus. Installation Fee—\$99 Res. and up to \$199 Bus.
VVD Networks 207-735-2611 vvdnetworks.com	Bangor area	2 email addresses 8 Gb space	\$35/mo. Res. \$80/mo. Bus. Res. Setup fee \$100-\$200 Bus. Setup fee \$300-\$400
Xpress America 207-286-9477 xabb.net	Available in Biddeford/Saco area	5 email addresses 10 Mb space	\$30/mo. Res. \$50 installation fee

SATELLITE HIGH SPEED INTERNET

HughesNet (formerly Direcway) 888-667-5537 hughesnet.com	Available statewide (Generally requires clear view of Southern sky)	5 email addresses 10 Mb space	\$60/mo. + \$400 equipment cost \$100 installation cost 2 year contract
Skycasters 800-853-0434 skycasters.com	Available statewide (Generally requires clear view of Southern sky)	10 email addresses 1 Gb space	\$150/mo. + \$900 equipment \$400 installation cost
Starband 800-478-2722 starband.com	Available statewide (Generally requires clear view of Southern sky)	10 email addresses 10 Mb space	\$50/mo. \$300 equipment cost \$400 installation cost
WildBlue 866-945-3258 wildblue.com	Available statewide (Generally requires clear view of Southern sky)	5 email addresses	\$50/mo. + \$300 equipment Free installation 1 year contract

More Broadband Is Coming, But Is It Coming to You?

NEW INITIATIVES, NEW PROVIDERS WILL HELP TO EXPAND BROADBAND THROUGHOUT THE STATE

The uneven availability of broadband (high-speed) Internet service in Maine has become a major issue for the State. Since it is an unregulated service, doing something about it can be tricky. However, there are three initiatives at the state level and potential large programs at the federal level that will increase broadband availability.

VERIZON'S \$12 MILLION INVESTMENT

As part of an agreement with the Public Advocate, Verizon has committed to invest \$12 million in new DSL deployment during this six-month period. In exchange, the Public Advocate agreed

to recommend that the Public Utilities Commission (PUC) delay a decision on Verizon's rates until it is determined whether FairPoint will succeed Verizon as the major telephone utility in Maine. Staff of the PUC recommended that the Commission find that Verizon is over-earning by \$32.4 million per year (nearly \$6 per line per month). We expect new DSL service in 72 Maine towns as a result of this agreement. Verizon has set up a toll-free number to answer questions about which areas will soon have DSL availability. For that information, residential customers can call 1-800-870-9999 and business customers can call 1-800-941-9900.

CONNECTME The ConnectME Authority has begun to consider proposals to expand broadband service in

particular areas of the State that are currently unserved. ConnectME collects funding from communications service providers who then pass it on to consumers in the form of a new separate surcharge on their bills, of no more than .25% on services provided

posed a specific build-out of DSL that would significantly increase DSL availability in Verizon territory.

NEW SMALL WIRELESS RURAL BROADBAND PROVIDERS As shown on page 16, the number of small wireless broadband companies in Maine has been growing. These companies are capable of serving relatively few customers—

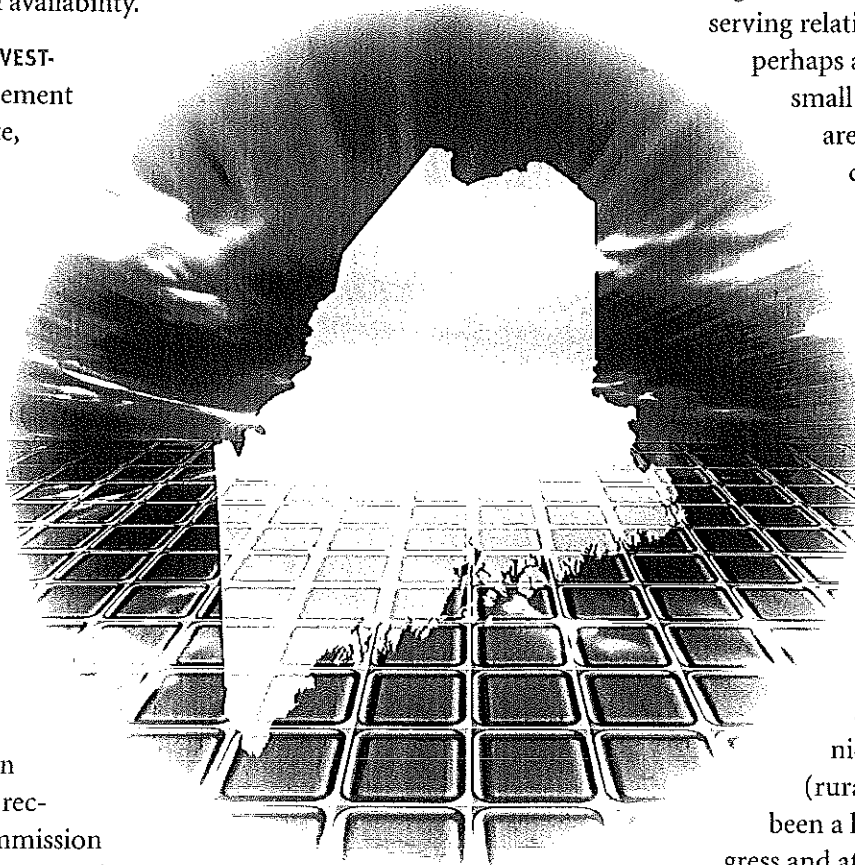
perhaps as few as 25—in Maine's small communities and rural areas. We believe that these companies may offer a good solution for rural customers and for pockets of larger communities where DSL and Cable-Modem services are not offered.

FEDERAL INITIATIVES Currently, the federal Universal Service Fund (USF) spends over \$4 billion per year to subsidize telephone companies that serve high-cost (rural) areas. Lately, there has

been a lot of debate in Congress and at the FCC, about shifting the focus of federal support toward broadband instead of traditional telephone networks. Once everyone has broadband, everyone will have access to Voice Over Internet Protocol (VOIP), which is a more efficient means of providing telephone service. However, the FCC recently rejected proposals to provide universally free wireless broadband to every person in the U.S. using WiMax radio technology, in exchange for exclusive use of certain radio spectrum.

in Maine. The ConnectME Authority recently awarded its first set of grants to a variety of rural wireless broadband projects.

FAIRPOINT'S COMMITMENTS It remains uncertain whether FairPoint's acquisition of Verizon's telephone and Internet operations in Maine, New Hampshire and Vermont, will be approved in all three states. However, in the event that FairPoint is approved to succeed Verizon, FairPoint has pro-

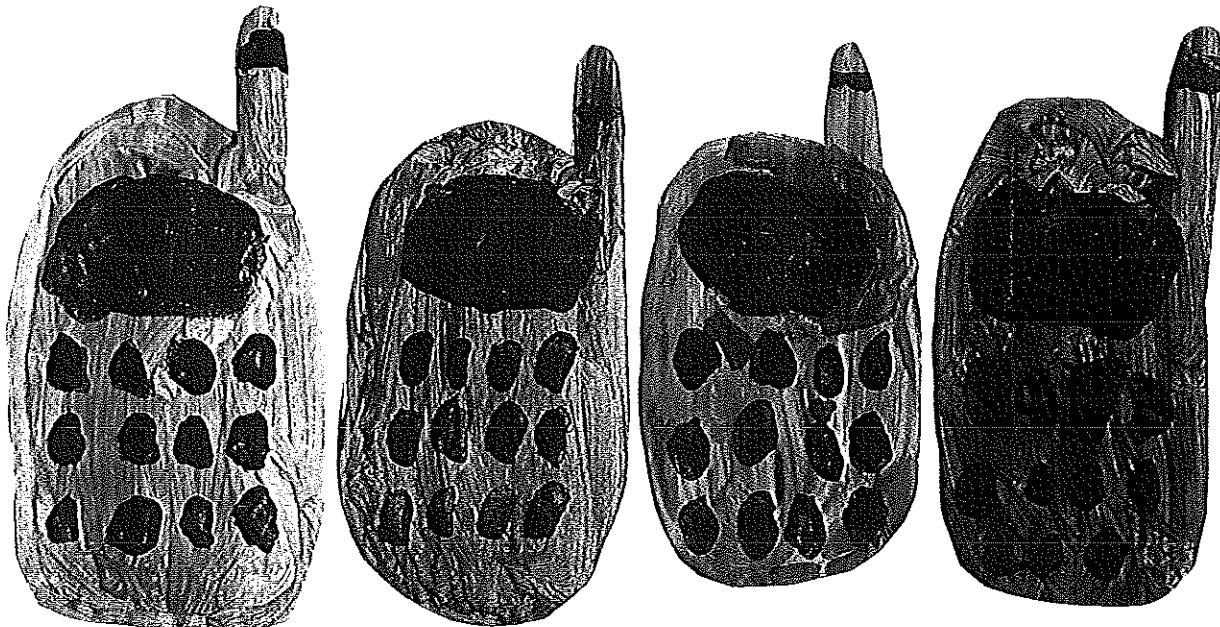


>> local phone company dsl rates

PARENT COMPANY (available only to local telephone customers of each listed company)	LOCAL COMPANY	SAMPLE DSL RATES
Coastal Telco Services 207-563-9929 Tidewater.net	Lincolnvile Tidewater	\$38/mo. Res. & Bus. \$104 installation fee
FairPoint Communications 800-400-5568 fairpoint.com	China Community Serv. Maine Northland Sidney Standish	\$35/mo. Res. & Bus. No setup fee
Pine Tree Networks 207-688-8811 pinetreenetworks.com	Pine Tree Saco River	\$35/mo. Res. \$50/mo. Bus. No setup fee
Mid-maine 877-643-6246 midmaine.com	Mid-Maine	\$30/mo. Res. \$80/mo. Bus. \$55 Setup fee Vz customers \$38 Setup fee Non-Vz customers
Oxford Networks 800-520-9911 oxfordnetworks.com	Oxford Oxford West	\$38/mo. Res. \$60-\$80/mo. Bus. No setup fee
TDS Telecom 888-225-5837 tdstelecom.net	Cobbosseecontee Hampden Hartland/St. Albans Island Somerset Warren W. Penobscot	\$30/mo. Res. \$60/mo. Bus. No setup fee
Verizon 877-483-5898 verizon.com	Verizon	\$15/mo. Res. \$60/mo. Bus. No setup fee
Union River Tel. 207-584-9911 Rivah.net	Union River	\$45/mo. Res. & Bus. \$150 Installation fee Res. & Bus.
Unitel, Inc. 207-948-3900 Unitelme.com	Unitel	\$45/mo. Res. & Bus. No setup fee

Standalone DSL Update (DSL without Local Phone Service)

Verizon is currently obligated to provide standalone DSL broadband service to those customers who do not also want traditional local telephone service. However, Verizon has continually raised the price of that service—it now charges \$48/month or \$36/month with a one-year contract. In comparison, Verizon's lowest DSL price is \$15 when accompanying voice telephone service. It is apparent that Verizon is not interested in making this service easily obtainable or affordable. The Public Advocate has asked the Public Utilities Commission to require standalone DSL service at affordable rates if FairPoint is approved as Verizon's successor in Maine.



Time Warner's Triple Play

UNLIMITED TELEPHONE SERVICE ALONG WITH DIGITAL CABLE TV AND HIGH-SPEED INTERNET

Time Warner has been expanding the availability of its Digital Phone which aims to compete with traditional telephone service from Verizon. Although there are many VOIP (Voice Over Internet Protocol) services available to any customer with high-speed Internet service, Time Warner's Digital Phone service is an "enhanced" VOIP service. It is enhanced by a proprietary network that interconnects with the local telephone network, making the service more reliable than VOIP services that rely on the public internet.

IS IT A GOOD DEAL? For some customers, it is a very good deal. There are periodic promotions that offer the triple play for \$99 plus taxes for the first year. Therefore, if a customer is already paying, say,

\$57/month for TV service and \$45/month for Roadrunner high-speed Internet service, he or she may already be paying more than the cost of all three services. Effectively, by choosing the triple play, you can have unlimited telephone service in the U.S., Canada and Puerto Rico for no additional cost. If you buy Digital Phone service by itself, the price is \$40 plus fees and taxes—about \$15 more than Verizon's price for just local telephone service (including fees and taxes). Therefore, at the standalone price, it would make sense to switch to Digital Phone only if you routinely use over 400 long-distance minutes per month. Time Warner includes a host of advanced calling features which makes it an especially good bargain for customers who pay separately for Verizon's calling features (see page 2).

IS IT RELIABLE? At this time, Time Warner's Digital Phone service is not likely to function during an electrical outage, making it less reliable than traditional telephone service. In the future, battery backup investments may resolve this issue. In addition, Digital Phone service may be subject to other service quality problems more frequently than the traditional telephone network. Nevertheless, it generally works well, the quality is normally indistinguishable from traditional phone service, and calling features like Caller ID are included at no additional cost. Given the greater risk of an outage, customers with cell phone service should have an additional layer of comfort.

Have a Complaint about Junk Faxes, Telemarketing to Your Cell Phone or Landline, or Abusive Emails?

You may easily file a complaint directly with the Federal Communications Commission by going to: <https://esupport.fcc.gov/form1088/consumer.do> Just fill out the simple form and click. If you have not already signed-up to avoid telemarketing calls, go to www.donotcall.gov and register your phone number.

Is there a Need to Protect a Wireless Number from Telemarketers?

Not really. It is already generally unlawful for telemarketers to call wireless phones. However, there have been many rumors that wireless telephone numbers will soon be released to telemarketers and that consumers must rush to register their cell phone numbers with the "do not call" registry. These warnings are a hoax, with perhaps a small grain of truth. There are plans to develop a wireless 411 directory but inclusion in this directory will be purely voluntary. See www.qsent.com/wireless411/

"DO NOT CALL" UPDATE

As we reach the five-year anniversary of the Federal Trade Commission's Do Not Call list, Congress was on track to eliminate the existing five-year expiration that would apply to registered telephone numbers. At the time of this publication, it appears that there will be no need to re-register your telephone number in order to continue exercising your right not to receive most telemarketing calls. However, concerned customers may check the web site, www.donotcall.gov to make sure that Congress passed a law making your telephone number registry permanent.

Public Advocate Office
112 State House Station
Augusta, ME 04333-0112

Public Advocate and Staff



Standing (left to right): Dick, Patty, Bill, Eric, Agnes,
Charlie; Seated (left to right): Wayne, Debbie, Mary

The Public Advocate and his staff are committed to public service in representing Maine utility consumers. We work to ensure that they have affordable, high quality utility services and we provide unbiased information to help consumers make the best choices. We who work at the Public Advocate's Office seek to carry out this representation in a principled, diligent and compassionate manner.

Maine consumers are welcome to call our office with questions. Our staff members can also be made available to speak to groups interested in utility issues or to those interested in advice on shopping for telecommunications services.

ANOTHER FREE GUIDE

In addition to our work in the communications field, the Public Advocate represents Maine's electric, gas, and water utility customers. Twice per year, we publish the *Electricity Guide*, which provides news, money-saving tips, and other information about electricity issues and rates. If you do not already receive the *Electricity Guide* and would like to, please call for a free subscription at 287-2445 or email deborah.a.tondreau@maine.gov.

TWO USEFUL PHONE NUMBERS

800-FREE-411 Free (ad-supported) directory information from your cell phone or landline

800-452-4699 Customer assistance from the PUC to resolve utility disputes