

# CUB's Guide to Choosing a New Local Calling Plan

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## **Introduction**

AT&T/SBC is the dominant local phone company in Illinois and has provided service in specific geographic regions across Illinois for about a century. However, consumers are faced with options from companies trying to compete against the phone giant.

These competitors include traditional long-distance companies, such as Sprint, which pay AT&T/SBC to use its wires to deliver local phone service to Illinois consumers, as well as companies that use wireless and Internet technology to avoid AT&T/SBC's network. AT&T/SBC itself is offering alternatives to its traditional per-call and per-minute rates.

For typical callers, these calling packages probably won't be money-savers, but you need to decide that for yourself. At the end of this guide are examples of typical local calling plans offered in Illinois, along with worksheets to help you make an apples-to-apples comparison between your current rates and competing plans.

## **What is a local call?**

Illinois is divided into 17 local phone markets, called Local Access and Transport Areas (LATAs). Calls about 15 miles or less from your home are local. Calls more than 15 miles away, but still within your LATA, are local toll calls and can have some of the highest rates in the industry. Calls outside your LATA, whether to places inside or outside Illinois, are long-distance calls.

## **What kind of calling plans are out there?**

There are two kinds: measured rates and flat-rate packages. Measured rates charge customers a mixture of per-call and per-minute rates depending on when and where they call. (See AT&T/SBC's standard rates on the next page.)

A flat-rate plan charges a set monthly fee for the calls it covers, plus taxes and surcharges. Some packages combine local and local toll service and others include long-distance service as well. Many include additional calling features, such as call

waiting, caller ID, or voice mail.

A flat-rate plan's simplicity may be attractive compared to often-confusing measured rates. However, flat-rate packages are best for high-volume callers (about 300 local calls a month, plus long-distance calls) or those who want a lot of special calling features. AT&T/SBC caps the total cost of local calls (within 15 miles away) at \$10.11 (about 340 local calls), making flat-rate plans bad deals for most consumers.

If you make a lot of local and long-distance calls, consider plans that cover unlimited local, local toll, and long-distance calls for \$30 to \$50. Just remember that the advertised price often does NOT include taxes and surcharges, which means the real total price is much higher.

## **What is VoIP?**

Voice over Internet Protocol, or VoIP, is a type of phone service that carries calls over a broadband Internet connection. With a VoIP calling plan, you can reach anyone using regular phones, even if the person being called doesn't subscribe to broadband Internet.

Providers who offer VoIP service often do so at dramatically lower prices. They levy fewer taxes and surcharges because federal officials haven't determined if and how the new technology should be regulated and taxed.

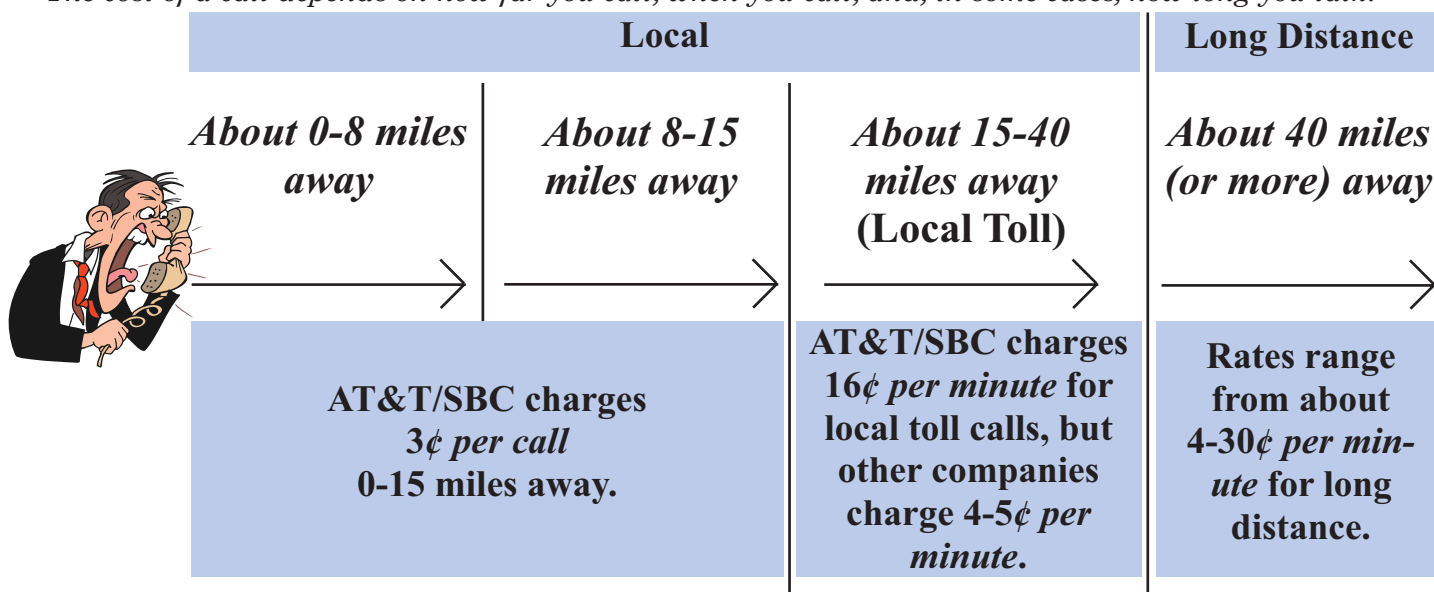
While this could be the perfect choice for some households, remember that the technology requires a broadband Internet connection, which means a consumer must subscribe to cable-modem service or a Digital Subscriber Line (DSL) for an extra \$30 to \$60 a month on top of the price of the phone service. Also, the VOIP industry is still trying to develop reliable 911 service. Read CUB's "The Facts on VoIP" for details on the pros and cons of the service.

## **How do I choose what plan is best for me?**

Analyze your phone bills to determine your calling patterns. Are you a high-volume caller (about 300 local calls a month)? Are most of your

# The Cost of a Call

The cost of a call depends on how far you call, when you call, and, in some cases, how long you talk.



calls local or local toll or long distance? What optional calling features, such as voice mail and caller ID, do you want? Then use the worksheets at the end of this guide to compare the rates you pay now with the rates of the plan you are considering.

If you find a plan that's the right fit, carefully review the offer in writing. Don't rely on the company's advertising. Then call the company, talk to a live sales person, and verify the rates and any extra fees or surcharges.

If you choose a new plan, your new phone provider should provide verification of the change to your current local phone company—but call your current company to make sure the switch is completed.

One problem that has arisen in connection with switching is called "jamming." That's when customers switching phone companies suffer an unreasonable delay in transferring the service from one company to another, sometimes leaving them without service. If you have been jammed,

call CUB (1-800-669-5556) to find out what your options are.

## What if I just rely on my cell phone?

Some consumers fed up with poor service and high rates from their traditional landline company have cell-phone only households.

However, technological glitches or a carrier's limited calling area can cause bad connections. And, there's no guarantee you'll save money. Remember cell phone users pay for calls they make *and receive*, and the rates can be high, compared to more traditional phone service. Also, wireless plans, have their share of hidden charges that inflate the advertised rates. Finally,

the cell phone industry has not fully implemented 911, which could be a problem in an emergency.

If you have a small household, travel frequently, don't use dial-up Internet service, talk for about the same amount of minutes each month, and don't mind the occasional dead spots or service problems, going all wireless may make sense.

AT&T/SBC Standard Local Phone Rates			
<b>Monthly Charges</b>			
<b>Line Charge</b>	\$2.55 per month (Downtown Chicago)		
	\$5.53 per month (Chicago and near suburbs)		
	\$9.00 per month (Other parts of Illinois)		
<b>Federal Access Charge</b>	\$4.50 per month, per line		
<b>Usage Charges</b>			
	<b>Mon-Fri 9-11 a.m. 2-8 p.m.</b>	<b>Mon-Fri 8-9 a.m. 11 a.m.-2 p.m. 8-9 p.m.</b>	<b>Mon-Fri 9 p.m.-8 a.m. and weekends</b>
<b>Distance</b>			
0-15 miles	3.0 cents per call	3.0 cents per call	3.0 cents per call
<b>Note: AT&amp;T/SBC caps usage charges for calls 0-15 miles at \$10.11 per month, or about 340 calls.</b>			
15 miles or more	16 cents per minute	16 cents per minute	16 cents per minute
<b>Note: AT&amp;T/SBC also charges 12 cents a minute for any local call outside of the company's geographic service territory.</b>			

# Examples of Flat-rate Calling Plans

CUB outlined three typical flat-rate plans and analyzed them based on what consumers would pay for about the same amount of calls and features on AT&T/SBC's standard rates. When determining whether or not a flat-rate plan is right for you, consider your calling patterns (how many

local, local toll, and long-distance calls you make in a month and how much that costs). It may be attractive to pay one set fee—plus taxes and surcharges—each month, but remember, you pay that same amount even if you don't make any calls in a given month.

**1** **Local calls only:** A set monthly fee for all local calls (within 15 miles). So-called local toll and long-distance calls are NOT included in these plans.

**Typical calling plan offered by companies in Illinois:** Unlimited local calls (0-15 miles), caller ID with name, and two additional features, for about **\$25 a month, not including taxes and surcharges.**

**CUB Analysis:** Some of these plans may be right for certain callers, but remember that AT&T/SBC has a \$10.11 monthly cap on local calls, so this type of plan probably is not a good deal for most callers (\$10.11 represents about 340 local calls). Even if you wanted the most expensive features and made hundreds of local calls, your savings under these plans usually are only a few dollars a month, at best. And if you underuse, you lose.

## Worksheet for local-calling flat-rate plans

Use this worksheet to figure out how much you spend on local phone service each month, so you can see how it compares to what you would pay under a flat-rate plan. For a more accurate estimate of your average monthly bill, repeat this process for three months of phone bills.

Step 1: Enter your monthly local phone line charge: \_\_\_\_\_

Step 2: Enter the total amount spent on local calls (about 0-15 miles away): \_\_\_\_\_

Step 3: Enter the amount you currently spend on optional services, if applicable: \_\_\_\_\_

Step 4: Add up lines 1-3 and put the total here: \_\_\_\_\_

Step 5: Compare the total on line 4 with the total cost of the alternative plan you are considering. If the total on line 4 is greater than the total cost of the plan you are considering, you may benefit by going with the flat-rate plan.

**Note:** Most flat-rate plans *don't include* taxes and surcharges in the advertised price. For those that do include taxes and surcharges (such as the universal service fee, number portability surcharge, and the Interstate Access or Federal Access charges), subtract the amount of those fees on your current bill from the total cost of the plan you are considering for a good comparison. Always call the carrier you're considering to get accurate, up-to-date information on the true cost of a plan, including taxes and surcharges, which can add 20 percent or more to the advertised price.

**2 Local and local toll calls**—A set monthly fee for all local and local toll calls (calls beyond 15 miles from your home, but not yet long distance). Long-distance calls are NOT included in these plans.

**Typical calling plan offered by companies in Illinois:** Unlimited local (0-15 miles) and local toll calls (beyond 15 miles), the monthly line charge, caller ID with name, call waiting, 3-way calling, speed dialing, call forwarding, automatic callback, and repeat dialing for about **\$30 a month, not including taxes and other surcharges.**

**CUB Analysis:** A plan like this could be beneficial to consumers who actually want all the calling features and make a lot of local and local toll calls. If you don't want the calling features, you would have to consistently make more than \$30 worth of local/local toll calls each month to save money. (And remember, AT&T/SBC caps the cost of local calls at \$10.11 per month.) Potentially, you would have to make hundreds of calls in a month just to break even. Although AT&T/SBC's standard rates charge a very high 16 cents a minute for local toll calls, you can find plans that charge 4-5 cents per minute for such calls.

### Worksheet for local and local toll calling flat-rate plans

Use this worksheet to figure out how much you spend on local and local toll phone service each month, so you can see how it compares to what you would pay under a flat-rate plan. For a more accurate estimate of your average monthly bill, repeat this process for three months of phone bills.

Step 1. Enter your monthly local phone line charge: \_\_\_\_\_

Step 2: Enter the total amount spent on local calls (about 0-15 miles away): \_\_\_\_\_

Step 3: Enter the total amount spent on local toll calls (15-40 miles away): \_\_\_\_\_

Step 4: Enter the amount you currently spend on optional services, if applicable: \_\_\_\_\_

Step 5: Add up lines 1-4 and put the total here: \_\_\_\_\_

Step 6: Compare the total on line 5 with the total cost of the alternative plan you are considering. If the total on line 5 is greater than the total cost of the plan you are considering, you may benefit by going with the flat-rate plan.

**Note:** Most flat-rate plans *don't include* taxes and surcharges in the advertised price. For those that do include taxes and surcharges (such as the universal service fee, number portability surcharge, and the Interstate Access or Federal Access charges), subtract the amount of those fees on your current bill from the total cost of the plan you are considering for a good comparison. Always call the carrier you're considering to get accurate, up-to-date information on the true cost of a plan, including taxes and surcharges, which can add 20 percent or more to the advertised price.

**3** *Local, local toll, and domestic long-distance calls*—A set monthly fee for all calls within the country.

**Typical calling plan offered by companies in Illinois:** Unlimited local (0-15 miles), local toll, and domestic long-distance calls, plus many calling features, including call waiting, caller ID with name, 3-way calling, speed dialing, and voice mail for about **\$50 a month, not including taxes and other surcharges.**

**CUB Analysis:** May be appropriate for high-volume long-distance callers who want all the calling features offered. If you don't want any of the calling features, make sure that your local and long-distance calls consistently total more than \$50 a month, not including taxes and line charges. Remember, the most you would pay for local calls is \$10.11, under AT&T/SBC's standard rates. Also, you can find local toll and long-distance rates for about 4 cents per minute.

### **Worksheet for local, local toll, and long-distance calling flat-rate plans**

Use this worksheet to figure out how much you spend on local, local toll, and long-distance phone service each month, so you can see how it compares to what you would pay under a flat-rate plan. For a more accurate estimate of your average monthly bill, repeat this process for three months of phone bills.

Step 1. Enter your monthly local phone line charge: \_\_\_\_\_

Step 2: Enter the total amount spent on local calls (about 0-15 miles away): \_\_\_\_\_

Step 3: Enter the total amount spent on local toll calls (15-40 miles away): \_\_\_\_\_

Step 4: Enter the total amount spent on long-distance calls (40+ miles away): \_\_\_\_\_

Step 5: Enter the amount you currently spend on optional services, if applicable: \_\_\_\_\_

Step 6: Add up lines 1-5 and put the total here: \_\_\_\_\_

Step 7: Compare the total on line 6 with the total cost of the alternative plan you are considering. If the total on line 5 is greater than the total cost of the plan you are considering, you may benefit by going with the flat-rate plan.

**Note:** Most flat-rate plans *don't include* taxes and surcharges in the advertised price. For those that do include taxes and surcharges (such as the universal service fee, number portability surcharge, and the Interstate Access or Federal Access charges), subtract the amount of those fees on your current bill from the total cost of the plan you are considering for a good comparison. Always call the carrier you're considering to get accurate, up-to-date information on the true cost of a plan, including taxes and surcharges, which can add 20 percent or more to the advertised price.

## Local Phone Providers

The following is a list of numbers for some companies that provide local phone service in Illinois. Please notify CUB if you find that any of the below numbers have changed, or if there is another company that should be added to the list.

Comcast 1-866-594-1234

GlobalTeldata, Inc. 1-877-866-4555

MCI's "Neighborhood" 1-877-777-6271

McLeod USA 1-800-500-3453

Sage Telecom 1-888-972-7243

AT&T/SBC, Billing: 1-800-244-4444, Repair: 1-888-611-4466

Sprint 1-888-723-8010

Talk America 1-800-608-0577

TDS Metrocom 1-877-638-7626

Trinsic 1-877-275-9835

TruComm 1-877-878-2455

Verizon, Billing: 1-800-483-3000, Repair: 1-800-483-1000

Vonage 1-866-243-4357