



Citizens Utility Board

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CUB REPORT: ILLINOIS CALLERS OVERPAYING BY \$500+ A YEAR, WASTED MONEY COULD GIVE LAND OF LINCOLN ECONOMY \$1.5 BILLION BOOST

The vast majority of Illinois households are overpaying on their telephone calls, but making simple changes to their local, long-distance, and wireless service could cut their bills by more than \$575 this year, giving the state's economy a \$1.5 billion boost—an “economic stimulus” equivalent to a 14 percent tax cut, the Citizens Utility Board (CUB) said Tuesday.

CUB's report, “The Right Call: A \$1.5 Billion Economic Stimulus Plan for Illinois,” is based on an unprecedented amount of data that the consumer group's Phone Savings Center has collected over two years by analyzing a total of more than 32,000 local, long-distance, and cell-phone bills. The numbers paint a picture of an Illinois telephone market that barrages consumers with confusing, overpriced calling plans, forces them into making poor choices, and slaps them with a combined average of more than \$500 a year in unnecessary phone costs.

“As lawmakers on Capitol Hill debate ways to jumpstart the nation's economy, consumers right here in Illinois have a potential economic stimulus package worth more than \$1.5 billion buried in their own bloated phone bills,” CUB Executive Director David Kolata said. “It's surprisingly simple to make deep cuts in your calling costs—without sacrificing service—that will reap significant savings and help spark the economy.”

Using U.S. Census data, Illinois tax figures, and state and federal phone statistics, CUB estimated that \$1.5 billion in extra cash would be pumped into the economy if most consumers in the state shed unnecessary phone expenses. That's the kind of economic boost caused by a 14 percent income tax cut, CUB's report said. The report details potential savings this year on local (\$187), long-distance (\$80), and cell-phone bills (\$308).

Local: Using data collected by the consumer group's online phone-bill analysis tool, the

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Local Phone Cost-cutter, CUB found potential average savings of \$187.15 a year for most customers. Applying that to AT&T customers statewide produced an economic benefit of \$485.3 million. Callers could reap significant savings with the “Consumer’s Choice” plans, which CUB designed and AT&T is forced to offer under a legal settlement with the consumer group in 2006, the report showed. Additional savings could come from dropping unnecessary services, such as Line-Backer, a plan covering wire repairs needed every 20-30 years, on average.

Long Distance: CUB found potential average savings of \$80.12 in the first year, and \$60.12 a year after that. Applying that statewide produces a \$319.7 million economic boost in the first year alone. CUB’s phone-bill analysts discovered one of the best long-distance deals in the nation, with the Maine-based Pioneer Telephone’s “Rate Buster” plan. It charges 1.9 cents a minute to 2.7 cents a minute. The 99-cent monthly fee is waived for consumers who get their bills e-mailed to them. After discovering the offer, CUB negotiated a one-time \$20 credit to any Illinois consumers who sign up for it.

Wireless: Using data collected by a new online tool, the CUB Cellphone Saver, which has analyzed 5,140 bills, the consumer group found potential average savings for most consumers of \$308.28 per year, which translates into statewide savings of \$710.4 million. In mid-August, CUB became the first nonprofit group in the nation to offer the free online service, which analyzes wireless bills from the industry’s top five providers. Within seconds, the tool can recommend better calling plans and catch charges, such as “roadside assistance” and insurance, which consumers may not need.

“Bad phone bills are bad for our bank accounts and bad for the economy,” Kolata said. “The good news is consumers have the power to cure Illinois’ epidemic of high phone bills by making relatively simple changes that can drastically cut their costs and spark the economy.”

CUB used Tuesday’s news conference to announce that it was launching “The Right Call” campaign, which will include public-service announcements and a statewide tour to educate consumers about money-saving opportunities in the phone market.

CUB is Illinois’ leading nonprofit utility watchdog organization. Created by the Illinois Legislature in 1983, CUB opened its doors a year later to represent the interests of residential

and small-business utility customers. Now celebrating its 25th anniversary, CUB has saved consumers more than \$10 billion by helping to block rate hikes and secure consumer refunds. In 2007, the St. Louis Post-Dispatch called CUB the “gold standard” of consumer groups nationwide. For more information, call CUB’s Consumer Hotline, at 1-800-669-5556, or go to www.CitizensUtilityBoard.org.

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