

# Consumer Spotlight

## Giving You Public Utility News You Can Use

Brought to you by the Division of Consumer Advocacy

July 2006

### In This Issue . . .

- Executive Director's Message
- Basic Surcharges and Fees
- Building Consumer Confidence: How to Resolve Complaints
- Service Comparison: Landline vs. Wireless Phone Service

### Contact Information:

#### **Division of Consumer Advocacy**

P.O. Box 541  
Honolulu, Hawaii 96809

Phone: (808) 586-2800  
Fax: (808) 586-2780

E-mail: [consumeradvocate@dcca.hawaii.gov](mailto:consumeradvocate@dcca.hawaii.gov)  
Web Address: [www.hawaii.gov/dcca/dca](http://www.hawaii.gov/dcca/dca)

#### **Public Utilities Commission**

465 South King Street, Room 103  
Honolulu, HI 96813

Phone: 586-2020  
Fax: 586-2066



E-mail: [puc@hawaii.gov](mailto:puc@hawaii.gov)  
[www.hawaii.gov/budget/puc/](http://www.hawaii.gov/budget/puc/)

#### **Utility Company Contact Info.**

Hawaiian Electric Company 548-7311  
[www.heco.com](http://www.heco.com)

Kaua`i Island Utility Cooperative  
808-246-4300  
[www.kiuc.coop/index.html](http://www.kiuc.coop/index.html)

The Gas Company 535-5933 or 526-0066 (24 Hour Emergency Operator)  
[www.hawaiigas.com](http://www.hawaiigas.com)

Hawaiian Telcom 643-3456  
[www.hawaiiantel.com](http://www.hawaiiantel.com)

### Executive Director's Message

By John E. Cole



Choices. There are a lot of them in today's telecommunications market. As consumers we want to choose the services that best suit our needs at the best possible price. Finding the right service can be a daunting task when there are so many options and the true cost of a service can be difficult to figure out. In this issue of Consumer Spotlight, we try to shed light on some of these choices and try to help you be a wiser consumer of telecommunications services.

Not too long ago, consumers had only one choice for phone service – the monopoly wireline phone company. Today, not only can you choose between competing wireline companies; you can also choose from among dozens of wireless phone and internet voice service providers. While the types of available phone services to choose from has multiplied, the options (call waiting, voicemail, etc.), the bundling of other services (broadband internet, television, etc.) into a one-price package, activation fees, and service hook-up fees make it tricky to compare prices.

In a competitive market with so many choices, the best protection for consumers is knowledge. In this newsletter we try to give you a starting point. Much of it, however, is up to you. When considering a new telecommunications service, do your homework. Research the type of service you are interested in, the available options, and the companies that provide them. If you are unclear about anything, make sure you question a salesperson, and don't be afraid to ask for an estimate of what your regular monthly bill will be when all charges and taxes are included. And always remember to review your bill not only to ensure its accuracy, but also to determine whether you are paying for services or options you don't use or need.

So please, use this newsletter and the various Internet resources it provides to arm yourself with knowledge so that you can make good choices and be a wiser consumer.

### Regulatory Surcharges and Fees

It seems like there is a fee attached to everything these days. There are parking fees, green fees, late fees, and registration fees. Phone bills are notorious for being packed with fees, and while they can seem overwhelming, understanding them doesn't have to be. Telecommunications companies are allowed under applicable laws to pass on certain taxes, surcharges, and other fees to their customers. Many of these charges are imposed by the Federal Communications Commission (FCC), the State's Public Utilities Commission (PUC),



**Contacting the Federal Communications Commission (FCC)**

Consumer & Governmental Affairs Bureau

**Address:** 445 12<sup>th</sup> Street S.W.  
Washington, D.C. 20554

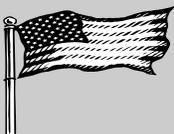
**E-mail:** FCC504@fcc.gov

**On The Web:** www.fcc.gov/cgb

**Phone:** 1-888-225-5322

**TTY:** 1-888-835-5322

**Fax:** 1-866-418-0232



**Internet Resources:**

**Sample Land Line (Traditional) Phone Bill**

<http://www.fcc.gov/cgb/phonebills/samplePhonebill.html>

**Sample Wireless Phone Bill**

<http://www.fcc.gov/cgb/phonebills/WirelessPhonebill.html#>

**CNET's Quick Guide to Wireless Services**

[http://reviews.cnet.com/4520-11288\\_7-6464118-3.html?tag=bnav](http://reviews.cnet.com/4520-11288_7-6464118-3.html?tag=bnav)

**The National Consumers League**

<http://www.nclnet.org/utilities/phonebill/>

**Health & Safety**

<http://www.fda.gov/cellphones/>

**Voice Over Internet Protocol (VoIP)**

*How it works*

<http://electronics.howstuffworks.com/ip-telephony.htm>

*How to buy it*

<http://comparevoipproviders.org/>

**A Users Guide to Cell Phones**

<http://www.wirelessguide.org/phone/types.htm>



V.S.

Or Both?



and other local agencies. Many of the fees and surcharges in your phone bill relate directly to the regulation of these and other telecommunications services. Understanding this part of the monthly phone bill can be one of the biggest single challenges for the average consumer. The descriptions below should help you better understand the purpose of some of these surcharges and fees for land line and wireless phone services.

**TRADITIONAL LANDLINE PHONE SERVICES**

**Statewide 911 Emergency Service Surcharge** This charge helps fund emergency calling for police, fire, and ambulance services throughout the state.

**PUC Fee** Money collected from this fee is placed in a State special fund to fund the operations of the Public Utilities Commission, which regulates local utility services, and the Division of Consumer Advocacy, which works to protect and advance the interests of consumers of utility services.

**Interstate Surcharge** This surcharge is meant to be an interim measure designed to help the phone company cover the generally increased costs of operations in Hawaii, like interisland connections.

**Federal Universal Service Fee** Federal law states that all people in the United States shall have access to communications services that are efficient and affordable. This charge helps the federal government meet this mandate by using these funds to provide consumers in low income and rural areas, rural health care providers, schools and libraries basic telecommunications services.

**Telecommunications Relay Service Fee** All service providers are required to contribute to this fund which is usually passed on to their customers. It helps cover the cost of enabling persons with hearing and speech impairments to send and receive messages from others who do not have the same specialized equipment that they do.

**Federal Excise Tax** Telephone services have been subject to a 3% federal excise tax, but on August 1, 2006, due to recent actions on the Federal level, phone and cellular companies must stop billing customers for the tax. Local landline calls will still be subject to the 3% excise tax.

**State General Excise Tax** The State of Hawaii charges a 4.166% general excise tax for goods and services throughout the state, including telecommunications services.



**Interstate Access Charge** This charge is required by the FCC to keep long distance rates charged by long distance companies low and affordable. Consumers are assessed this charge, regardless of whether or not they make long distance calls, so that they can have access to long distance lines if and when they are needed.

**WIRELESS PHONE SERVICES**

Many of the same fees and surcharges found on a traditional landline phone bill are also found on a wireless bill. These include the PUC Fee, Federal Universal Service Fee, Telecommunications Relay Service Fee, Federal Excise Tax, and the State General Excise Tax. Additional charges unique to a wireless phone bill might include the following:

**E911 (a.k.a., Enhanced 911, Wireless 911 Surcharge)** This charge helps to cover costs for enhanced 911 services. This is a new technology that will attempt to allow emergency responders to pinpoint the location of a wireless call when made to 911. State

## Hawaii Telecommunications Service Providers

*Pacific LightNet Communications*

791-1000 www.plni.net

*Oceanic Time Warner Cable*

643-2100 www.oceanic.com

*Time Warner Telecom*

441-8500 www.twtelecom.com

*Sprint with Nextel*

www.sprint.com

*T-Mobile*

1-800-937-8997 www.t-mobile.com

*Verizon*

<http://www22.verizon.com/pages/wirelessbill/>

*Cingular*

www.cingular.com

*Mobi PCS*

www.mobipcs.com

*Hawaiian Telcom*

643-3456 www.hawaiiantel.com



## Lifeline & Link-Up Services in Hawaii

Telephone services provide a vital link to emergency and government services while keeping local communities connected. To ensure that all Americans have access to these important services Lifeline Assistance and Link-Up America are federal programs that make telecommunications services financially feasible for residential consumers. The Federal Communications Commission (FCC) requires that Telecommunications Companies offer these types of reduced rate programs for basic local telephone services to all of its residential customers.



Link-Up is a program that provides individuals and families with a one-time discount for service connection charges when establishing phone service for the first time at a new residential location.

regulatory officials and service providers are currently working to implement this service for the public's use.

**Number Pooling** Phone companies are charged this fee by the federal government for using its technique to more efficiently allocate telephone numbers. Cell phone companies are allowed by the FCC to recover this cost from their customers but not all do so.

**Number Portability Fee** Cell phone companies are now required to allow consumers to keep the same number if and when they decide to switch carriers. Some cell phone companies may charge a monthly fee to their customers to help cover the expenses of providing this service.

**Federal Regulatory Charge** Some wireless companies may consolidate government charges into one fee called a Regulatory Charge. Consumers who want to know exactly what this charge covers should contact their wireless carrier.

This list covers some of the basic surcharges and fees you might find on your phone bill. If there is one not that was not covered or mentioned, feel free to contact us or your service provider for more information. In addition to what has been listed here, it might be a good idea for you to make your own list by adding the telephone services you have authorized for your landline and wireless accounts to this one. Making a comprehensive list of these services can be a helpful reference when reviewing your monthly bill.

## Building Consumer Confidence

### How to Resolve Complaints & Concerns



So you just got your monthly phone bill in the mail, you have opened it up and are reviewing the charges. So far so good, but as you reach the end of the bill you are shocked to find the total amount you owe for the month is double what you paid last month. AUWE! All of the sudden you have a problem on your hands. But where do you turn and how do you start to resolve it? When it comes to telecommunications problems your first point of contact should always be the company who provides your phone service. If you feel that they are unresponsive or you need further assistance, the Hawaii Public Utilities Commission (PUC) or the Federal Communications Commission (FCC) may be your next points of contact. The following ideas are good guidelines to follow on how to successfully contact and interact with your service provider, the PUC, or the FCC.

#### PREPARATION IS KEY

In general, it is always best to contact an organization in writing. By doing this you are able to build a clear and concise record of communications between you and them over time. Complaint forms are usually available and can be easily requested or found on an internet web site but a letter is just as effective. When writing a letter or filling out a form gather your thoughts, determine what points are most important to make, and be as thorough and concise as possible. Make sure you keep a copy of the bill in question, a log with names of the carrier representatives you spoke to, and the time and the date you called. Organize these documents and make copies of them to be sent off with your complaint form or letter. You should never send in original documents; always send copies. This way if anything is lost in route or somehow misplaced, you can easily replace it. You should always include the telephone/account number involved in the complaint.



The Lifeline Assistance Program provides a basic discount on monthly service charges for either land-based wireline or wireless phone services. These programs are made available to low-income households who meet certain eligibility requirements and are provided by designated Eligible Telecommunications Carriers (ETC). Hawaiian Telcom, Nextel Partners, and Sandwich Isles Communications are all designated ETCs in Hawaii.

To learn more about eligibility and how to enroll in these programs visit our web site.



## Voice Over Internet Protocol (VoIP)

VoIP uses the internet instead of standard phone lines to carry voice communications. As you speak your voice is converted into data packets that are routed over the internet, kind of like sending e-mail.

If you choose to become a VoIP customer you will have two basic options for using the service. First, you can install software on your PC that basically turns it into a phone. In order for this option to work you and the other part have to be using the same software to talk to each other. This also requires a plug in headset or special USB phone. This option has been around for a while, is very cheap and in some cases free. The second option is plugging your phone into a sort of gateway that connects your phone to your broadband modem. This method also requires you to sign up with a service provider who will provide you with all of the hardware and software need to make it work. As with regular phone services prices vary, so make sure to do your homework.

With all of its technological and economic benefits VoIP is not without its problems. They include a reduction in voice quality. This is because some systems are tied to your computer, so if the computer crashes, you may experience difficulties making and receiving calls. While VoIP services are generally acceptable don't expect it to be like your standard phone.

### Contacting the PUC

The PUC has made complaint forms available on its web site or you can request one by calling the commission directly at 808-586-2020. You also have the option of writing a letter to the commission outlining your concerns.

### Contacting the FCC

Unauthorized, misleading, or deceptive charges on your telephone bill (a.k.a. cramming), and billing disputes with your authorized wireline long distance carrier or wireless telephone service provider are some of the issues the FCC can assist you with. Others include unsolicited telephone marketing calls and faxes, telephone company advertising practices, paging services, and cable services. They also assist persons with disabilities who may have difficulty accessing telecommunications equipment and services.

The FCC considers these issues as general complaints and if you choose to use the FCC's complaint form you will need to look for the one that is titled "General Complaint" or call them and request one. Another complaint handled by the FCC is Slamming which is the illegal practice of switching a consumer's traditional landline telephone service without authorization. The FCC has created forms specifically for handling this problem that can also be requested or printed via the internet. When contacting the FCC is best to communicate with them via their online forms, e-mail, or fax. Due to heightened security a letter sent via U.S. Postal mail could take weeks to be processed and reviewed. For more information about these or other issues you can reach the FCC, toll free, by dialing 1-888-CALL-FCC (1-888-225-5322).

## Service Comparison

### Landline vs. Wireless Phone Service



With the popularity of cell phones and other wireless devices on the rise, many consumers are starting to ask themselves the question: To cut or not to cut; the phone cord that is. Recent statistics seem to indicate that the answer for many Americans is to cut it. According to the Federal Communications Commission, there are more than 191 million wireless phone subscribers compared to 178 million landline subscribers in the United States. This means that roughly two out of three people are wireless phone users. In Hawaii, there was a six percent decline in the use of the landline last year as more people followed the national trend in favor of other telecommunications options. With numbers like this are the masses right? Like most things there are two sides to the story and this is no exception.

Despite the mass disconnects there are some pretty solid reasons for keeping your landline intact. Without a landline you could operate a fax machine or make and receive collect calls when needed. A landline also provides a clearer sounding call and reliability. It will also continue to work during power outages. On the other hand, a cell phone matches the current "on the go" lifestyle of so many Hawaii residents, and provides tremendous convenience. Because you can carry it with you, a cell phone can serve as a lifeline in an emergency, like if your car breaks down on a freeway. Cell phones aren't problem free though. Sometimes calls get dropped and service may only be available in certain areas, making it important to double-check a carrier's coverage area. Most plans also require a contract and provide only a limited number of minutes.

As you weigh your options hopefully this information will make your decision a little easier. Good Luck!