

Office of Consumer Counsel
Serving Colorado's Regulated Utility Consumers

LONG-DISTANCE RATES: COMPARE AND SAVE

With so many choices, long-distance rates and calling plans can be confusing. In addition to the rates, there are monthly fees or minimums and a variety of fees and surcharges that add to your monthly long-distance bill. The annual rate comparison chart compiled by the Office of Consumer Counsel (OCC), together with the following helpful hints, should make it easier for you to choose the carrier, calling plan and rates that best meet your needs. We hope this information will help you save money on your long-distance bill. Please note that the charts can be accessed online by going to the OCC's website at:
http://www.dora.state.co.us/OCC/intra_lata_toll/Rates.htm

HERE ARE THE BEST DEALS

1. Interstate (State-to-State) Long-Distance Only

The OCC's latest long-distance rate comparison shows Enhanced Communication Group's (ECG's) Long-Distance plan to be the best all-around deal for interstate calls at 2.5 cents per minute. If all of your calls are state-to-state, this is the best plan. TouchTone's "Leading Edge" is another good choice for callers making primarily state-to-state calls.

2. Intrastate (In-State) Long-Distance Only

Depending upon your intrastate calling volume, C-Com Affinity Telecom's 5.5 cent plan is generally the best plan. Primus Telecommunications Inc.'s Everdial 1 plan is a strong second.

3. Best plans based on your calling volume, weighted 50%-50% for interstate and intrastate calling patterns

Through our analytical formulas applied to our rate comparison chart, we came up with recommendations based on where calls are made and low, average and high call volumes. Here are the best rate plans for:

Low Volume Users:	Everdial, Americom, ECG Long Distance
Average Volume Users:	TouchTone, Everdial, Total Call
High Volume Users:	Pioneer Telephone, TouchTone, Total Call

Analysis Notes:

- This analysis assumes monthly long-distance minutes are evenly split: 50% state-to-state and 50% for in-state long-distance minutes per month.
- **Low Volume** — 30 long-distance minutes per month
- **Average Volume** — 120 long-distance minutes per month
- **High Volume** — 300 long-distance minutes per month
- Long-distance rates may be higher if you live in an Independent Telephone Company area.

General Formula

Visit our website at http://www.dora.state.co.us/occ/Telephone_Information_Page.htm or call us to get the formula to determine the monthly cost of a long-distance plan based on your specific calling habits.

4. Options other than stand-alone monthly phone plans

If you don't mind dialing extra digits and the membership fee is not a problem, prepaid phone cards are a good option, and perhaps the best option. Phone cards from discount clubs such as Costco (www.costco.com) and Sam's Club (www.samsclub.com) tend to offer the best buys. Prepaid Verizon phone cards at Costco are \$19.99 for 700 minutes. That's less than 2.9 cents per minute for any domestic long-distance calls. Sam's Club offers a wide variety of plans via AT&T prepaid cards, but none can match Costco's per-minute cost. These prepaid cards generally do not have hidden fees or expiration dates. There is, however, a per-minute surcharge for calls made from public payphones that can be quite expensive, and some hotels block prepaid card access numbers.

Wireless calling plans offering a large amount of minutes for local or long-distance calling can also be a good option, as long as your long-distance calls are within the minutes included in your plan. Other ways to save may also include electronic billing, payment by credit card, signing up over the Internet and bundling local and long-distance service.

SHOPPING TIPS

Our long-distance rate comparison chart includes 15 companies that our research shows as having the best interstate calling (state-to-state) and intrastate (in-state) rates, as well as the best companies depending upon your volume of usage (low, average and high). As you use our chart, we suggest narrowing your search to a few companies. Then call them to verify the rates before you sign up. Rates and calling plans change often.

In choosing a long-distance company, it is important to match your calling patterns (for example – nighttime versus daytime, weekends versus weekdays, etc.) to the calling plans offered. Please note the locations you call (state-to-state, in-state), quantity and length of your calls.

Remember that you have the option to choose one company for your interstate long-distance calling and another for your intrastate long-distance calling. However, be aware that change charges known as "PIC" charges will apply unless paid by your new long-distance company. PIC is an acronym for Primary Interexchange Carrier. This is your designated long-distance service carrier. PIC change charges are federally tariffed charges imposed by phone companies when a customer changes their long-distance carrier. The current Inter-LATA PIC charges are \$1.25 per line for electronically processed changes and \$5.50 per line for manually processed changes. The Intra-LATA PIC change charge is \$3.00. When combined, the Intra-LATA charge of \$3.00 applies in addition to half of the applicable Inter-LATA charge. Some companies continue to charge \$5.00 for the change. As an incentive, the long-distance company you switch to will often pay this for you (be sure to ask).



HERE ARE DEALS TO APPROACH WITH CAUTION

Just as there are ways to save, there are ways to pay too much for long-distance calls. If your long-distance service is provided through well-known companies such as AT&T, Verizon or Sprint, you are likely paying too much because these three companies have fees and surcharges that make their long-distance calling plans confusing and unattractive. The fees and surcharges are shown on our rate comparison chart. They often include a Bill Statement Fee, Gross Receipts Tax, Property Tax Surcharge, In-State Connection Fee, Carrier Cost Recovery charges and a monthly plan fee. For example, AT&T charges a “Carrier Cost Recovery Fee” that can be as much as \$2.39 per month. The fee is set up to recover costs associated with providing state-to-state and international long-distance service including expenses for national regulatory fees and programs, connection and account servicing charges and expenses for regulatory compliance. These fees and surcharges add up to higher long-distance bills for consumers.

If your long-distance company is AT&T, Verizon or Sprint and you subscribe to their “basic rates,” you are paying very high rates. These basic rates, often called “Basic Dial-1” or “Direct Dialed” plans, are the highest offered by the three largest long-distance companies and are often their default rates. For example, if AT&T has been your long-distance company for many years, or you are a new subscriber but did not request a discount plan, you may be paying these high basic rates. How high are they? AT&T’s state-to-state basic rates are 42 cents per minute during peak hours (7am-7pm).

If you are paying basic rates, call or visit the website of your long-distance provider and ask to be switched to a discount or bargain rate plan, or use our rate comparison to switch to another company.

Finally among the deals to approach with caution are the “dial-around plans” that start with the “10-10” dialing code. The plans allow you to make a long-distance call but at highly inflated rates. Some of these plans include:

- Telecom USA’s (owned by Verizon/MCI) 10-10-220 plan (onerous call minimum requirements)
- AT&T’s Lucky Dog 10-10-345 plan
- Vartec’s FiveLine 10-10-811 plan

Note that these plans potentially only make economic sense for those callers with very low volumes (less than one hour per month) of long-distance calls. Even then, discount club calling cards may be the better option. In all instances, be sure to read the fine print for hidden fees.

OTHER WAYS TO SAVE

Bundled Telephone Service – Combined Local and Long-Distance

Many companies now provide both local and long-distance phone service. In some cases, lower rates are available if you choose the same phone company for local and long-distance. For instance, for its local service customers, C-COM offers long-distance rates of 4 cents per minute for interstate calls and 7.9 cents per minute for intrastate calls with no monthly minimum or fee. Qwest has a “Qwest Unlimited” plan, which is available to its local service customers. With a qualifying package, Qwest Unlimited customers pay a \$15 monthly fee for unlimited long-distance calls. Local service customers with Qwest may also choose to pay 5 cents per minute for all domestic long-distance calls with a \$4.99 monthly fee and no monthly minimum. Verizon/MCI has “The Neighborhood” plan, which includes local phone service and unlimited long-distance calls. Similar discounts are available through AT&T, Comcast, Sprint and other local telephone service providers.

Unlimited Long-Distance Calling Plans

Many carriers offer unlimited calling plans. For example, Qwest has a “Qwest Unlimited” plan, which is available to its local service customers. Qwest Unlimited customers pay a \$15 monthly fee for unlimited long-distance calls. Local service customers with Qwest may also choose to pay 5 cents per minute for all domestic long-distance calls with a \$4.99 monthly fee and no monthly minimum. Similar discounts are available through Comcast, Sprint and other local telephone service providers. However, one thing to keep in mind with the “unlimited” plans is that they often have a limit. A surcharge, for example, may be billed for exceeding 5,000 minutes. In addition, these unlimited plans generally may not be used for dial-up Internet access.





Residential Long-Distance Rate Comparison

December 2007

PER-MINUTE RATES, FEES, AND BILLING INCREMENTS *			
CARRIER INFORMATION	ANYTIME RATE PLANS	CALLING CARDS	OTHER MONTHLY FEES AND SURCHARGES
AmeriCom (800) 820-6296 www.americom.com	Simplicity Long Distance State-to-State 3.9 ¢ In-State 12.4 ¢ No Monthly Fee or Minimum 18:06	9.7 ¢ 18:06 Payphone surcharge up to 65 ¢	
AT&T (800) 222-0300 www.att.com	One Rate 10¢ Plan State-to-State 10.0 ¢ In-State 10.0 ¢ \$2.99 Monthly Fee No Monthly Minimum	One Rate Calling Card Plan 30.0 ¢ \$1 monthly fee 60:60 Payphone surcharge up to 56 ¢	\$.79 In-State Connection Fee, \$2.99 Bill Statement Fee, \$1.99 Carrier Cost Recovery Fee
C-COM (800) 301-0788 www.ccomati.com	5.5 ¢ Plan State-to-State 5.5 ¢ In-State 5.5 ¢ No Monthly Fee or Minimum 18:06 With Local Service State-to-State 4.0 ¢ In-State 7.9 ¢ No Monthly Fee or Minimum 18:06	4.9 ¢ (pre-paid) 8.9 ¢ (post-paid) 18:06 Payphone surcharge up to 55 ¢	\$1.50 Paper Bill Fee
ECG Long Distance (888) 869-1141 www.ecg1.com/	2.5¢ Plan (Residential Plan) State-to-State 2.5 ¢ In-State 11 ¢ No Monthly Fee or Minimum 18:06	12.9 ¢ 99 ¢ Set Up Fee 18:06 Payphone surcharge up to 53 ¢	59 ¢ Regulatory Recovery Fee
Everdial (800) 293-7658 www.everdial.net	Everdial 1 State-to-State 4.9 ¢ In-State 7.9 ¢ No Monthly Fee or Minimum 06:06	9.9 ¢ 06:06 50 ¢ Connection fee Payphone surcharge up to 47 ¢	
MCI (800) 444-3333 www.mci.com	MCI Net Value State-to-State 4.0 ¢ Inter-LATA 14.0 ¢ Intra-LATA 10.0 ¢ \$6.99 Monthly Fee No Monthly Minimum	12 ¢ 60:60 Payphone surcharge up to \$1.00	\$1.25 Carrier Cost Recovery Charge, 2.3% Property Tax Surcharge, \$3.99 Local Telephone Billing Option Fee of 99 ¢ Direct Invoice from MCI
Opex Communications (888) 577-7266 www.opexld.com	2.7 ¢ Residential Plan State-to-State 2.7 ¢ In-State 10.08 ¢ \$2.00 Monthly Fee or \$20 Monthly Minimum 60:60 2.95 ¢ Residential Plan State-to-State 2.95 ¢ In-State 10.08 ¢ \$2.00 Monthly Fee or \$20 Monthly Minimum 60:60	14.9 ¢ 99 ¢ Set Up Fee 60:60 Payphone surcharge up to 35 ¢	\$1.99 Paper Bill Fee

* The Billing Increment is the time customers are billed for fractions of a minute during a call. See **Helpful Hints** for additional information.

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Rates and calling plans are subject to change. Contact companies for current rates and additional calling plans. **Please note:** Some companies have additional plans with cheaper rates if you sign up for service through the Internet, pay your monthly bills by credit card, or both.

PER-MINUTE RATES, FEES, AND BILLING INCREMENTS *

CARRIER INFORMATION	ANYTIME RATE PLANS	CALLING CARDS	OTHER MONTHLY FEES AND SURCHARGES
Pioneer Telephone (888) 492-6878 www.pioneertelephone.net	Pioneer Rate Buster State-to-State 2.7 ¢ In-State 6.5 ¢ \$15 Monthly Minimum 60:60 Pioneer Talk Cents State-to-State 3.25 ¢ In-State 7.5 ¢ \$15 Monthly Minimum	5.9 ¢ 60:60 Payphone surcharge up to 69 ¢ Pioneer Talk Cents (cont.) 06:06 (State-to-State) 30:06 (In-State)	\$.99 Paper Bill Fee
PowerNet Global (800) 382-9622 www.pngsales.com	539 Plan State-to-State 3.9 ¢ In-State 11.9 ¢ No Monthly Fee or Minimum 6:06 545 Plan State-to-State 4.5 ¢ In-State 11.9 ¢ No Monthly Fee or Minimum 30:06	9.9 ¢ 30:06 Payphone surcharge up to 65 ¢	Paper bill \$1.00 Infrastructure fee \$.99
Qwest Long Distance (800) 475-7526 www.qwest.com	5 ¢ Plan State-to-State 5.0 ¢ In-State 5.0 ¢ \$4.99 Monthly Fee No Monthly Minimum 60:60	20 ¢ 60:60 Per call surcharge \$.80 Payphone surcharge up to 55 ¢	99 ¢ Interstate Services Fee
Sprint (800) SPRINT1 (800) 777-4681 (800) 877-4646 www.sprint.com	7¢ AnyTime State-to-State 7.0 ¢ In-State 12.0 ¢ \$6.95 Monthly Fee No Monthly Minimum 60:60	Sprint Foncard 25.0 ¢ \$1.00 Monthly Charge 60:60 Payphone surcharge up to 55 ¢	\$.99 Carrier Cost Recovery Charge, \$1.29 In-State Access Charge
3U Telecom (800) 97 ASK 3U (800) 972-7538 www.3utelecom.com	4.8 ¢ Plan State-to-State 4.8 ¢ In-State 7.9 ¢ No Monthly Fee or Minimum 01:01	4.8 ¢ State-to-State 7.9 ¢ In-State 01:01 Payphone surcharge up to 65 ¢	99 ¢ Paper Bill Fee
Total Call International (800) 330-6895 www.totalcallusa.com	Total Saver State-to-State 2.9 ¢ In-State 7.9 ¢ No Monthly Fee 18:06 \$15 Monthly Minimum Total Basic State-to-State 3.9 ¢ In-State 7.9 ¢ No Monthly Fee or Minimum 18:06 Total Prime State-to-State 4.4 ¢ In-State 7.9 ¢ No Monthly Fee or Minimum 18:06	6.9 ¢ 60:60 Payphone surcharge up to 75 ¢	99 ¢ Paper Bill Fee with Basic Plan

(continues on page 6)

PER-MINUTE RATES, FEES, AND BILLING INCREMENTS *

CARRIER INFORMATION	ANYTIME RATE PLANS	CALLING CARDS	OTHER MONTHLY FEES AND SURCHARGES
TouchTone Communications (888) 662-6622 www.longdistancesolutions.com	Leading Edge State-to-State 2.9 ¢ In-State 6.5 ¢ No Monthly Fee or Minimum 18:06	8.0 ¢ 60:60 Payphone surcharge up to 55 ¢	Carrier Cost Recovery Fee \$1.47
Unitel (800) 499-5912 www.unitelcommunicationsgroup.com/	2.5 ¢ Plan State-to-State 2.5 ¢ In-State 10 ¢ \$2.99 Low Usage Fee or Monthly Fee or Minimum \$20 Monthly Minimum 18:06	14.0 ¢ 60:06 Payphone surcharge up to 65 ¢	

HELPFUL HINTS

How do I decide which long-distance company's calling plan is right for me?

First, look at your calling pattern: how much you call (number of minutes) and where you call (Colorado or elsewhere). Second, many plans have monthly fees, monthly minimums or other charges. If you pick one of these plans, be sure to do the math to figure out if the per-minute rate together with these fees is still a better deal than plans with no fees or minimums. If you are unsure how much you call in a month, use the average for residential customers, which is 120 minutes per month. Third, check to see where you make most of your long-distance calls. If you make most of them from Colorado to other states, find the best state-to-state rates. If you make most of your calls within Colorado, check the in-state rates on our chart. Remember, you can choose a different company for state-to-state and in-state calls. Finally, the rates quoted in our rate comparison chart are subject to change. We suggest you choose the two or three plans that best fit your calling pattern. Call their toll-free numbers or go to their websites to verify their most current rates before you sign up.

Will I get cheaper rates if I choose the same company for all my long-distance calls?

Yes. It is possible to get lower long-distance rates if you choose the same company for all of your long-distance calls. However, this is not always the case. It really depends on your calling pattern and whether you make more state-to-state or in-state long-distance calls. Some companies will lower their monthly fees if you choose them for all of your long-distance calling.

Are all companies and calling plans included in the rate comparison chart?

No. There are hundreds of companies offering long-distance service. Most have multiple calling plans. We have selected 15 companies and featured several of their calling plans that offer competitive state-to-state and in-state rates. **IMPORTANT: Some companies have additional calling plans with cheaper rates if you sign up for their service through the Internet, pay your monthly bills online or by credit card, or both. Also, the major long-distance companies have "basic rates"—avoid them! Basic rates are their highest rates.**

Where else can I find comparisons of state-to-state or in-state long-distance rates?

The website with the most comprehensive list of companies and plans is <http://abtolls.com/index.html>. AB Tolls relies on the long-distance companies to update their rates on its website. Sometimes the rates are not current. Be sure to call the long-distance company and verify its current rates before you sign up. Other options include the Telecommunications Research and Action Center (TRAC), which offers long-distance information at www.trac.org. For a fee, you can sign up to be a TRAC member and receive the Tele-Tips chart for residential and business long-distance rates. You can also purchase individual copies of the Tele-Tips rate comparison charts. Write to TRAC, P.O. Box 27279, Washington, D.C. 20005, or call 202-263-2950.

Helpful Hints Continued

Other sites to check out include:

- Consumer Search at http://www.consumersearch.com/www/house_and_home/long-distance-service/reviews.html
- www.callsense.com (10-10- dial around numbers and everything you ever wanted to know about prepaid calling cards)
- www.ratekeeper.com (for international calls and 10-10- dial around choices)
- National Network Services website at: www.saveonphones.com
- Federal Communications Commission (FCC) at www.fcc.gov/ and also http://www.fcc.gov/cgb/information_directory.html (information about surcharges and misleading claims)

What do I need to know about calling card rates?

Most companies will give you long-distance calling cards to use when you travel. Calling card rates are usually much higher than the rates you pay for the calling plan you select. When you choose a long-distance company and a calling plan, be sure to carefully check their calling card rates, particularly if you travel frequently and anticipate using the calling card. Calling cards are still cheaper than paying hotel rates, calling collect or billing to your home number (third-party billed). However, calling card rates are often more expensive than using a prepaid card from Costco or Sam's Club.

Once I subscribe to a particular long-distance company's plan, can the company change the rates in the plan?

Yes, and often without giving you advance notice. Read your bill carefully each month and calculate the per-minute rate to make sure your calling plan has not been changed. If it has changed without advance notice, and you paid more than the subscribed rate, call your carrier and ask to have the calls re-rated to your original plan. Additionally, ask what other plans the company has that would be less expensive. Of course, you can always switch to another company.

Are there additional fees to consider when deciding which plan to choose?

AT&T charges Colorado consumers an "In-State Connection Fee" of \$.79 per month and a "Carrier Cost Recovery Fee" of \$1.99 per month. Sprint charges \$0.99 for its "Colorado Cost Recovery" fee, while Verizon's "Carrier Cost Recovery Charge" is \$1.25. Additionally, AT&T charges a \$2.99 "Bill Statement Fee" in order to have your long-distance charges appear on your local service bill. C-COM has a Paper Bill Fee of \$1.50. Verizon adds a Property Tax Surcharge of 2.5% and Sprint adds a Gross Receipts Tax Surcharge of 0.47%. These charges should be factored into the overall cost of long-distance service provided by these companies.

Are there benefits to using my wireless phone to make long-distance calls?

Some wireless or cell phone plans offer "free" long-distance minutes (e.g., on weekends) or the total minutes in the plan are for local or long-distance calls. If you have a wireless plan and are not using all of the minutes or have free long-distance minutes, you may be better off using your wireless phone to make long-distance calls. Check the details of your wireless plan for more information. Remember that roaming charges might apply if you are placing the call from outside your plan's calling area.

What is a billing increment?

As seen in the rate comparison chart, the billing increment is the time customers are billed for fractions of a minute during a call. For example, a billing increment of 18:6 indicates that the customer is charged a minimum of 18 seconds and in 6-second increments thereafter. A smaller billing increment is always better.

About the Office of Consumer Counsel

The Colorado Office of Consumer Counsel (OCC) is the state agency that represents and advocates for residential, small business and agricultural consumers in electric, gas and telephone rate and policy cases before the Colorado Public Utilities Commission (PUC), federal agencies and the courts. The OCC promotes affordable, reasonably priced, high-quality, reliable utility service for Colorado's consumers.

If you would like to add your name to the OCC mailing list, or have your name removed from the list, feel free to call us at (303) 894-2121 or send an email request to occ@dora.state.co.us.

The OCC is a division within the Colorado Department of Regulatory Agencies (DORA). DORA is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is DORA's mission. For more information, please visit DORA's website at: <http://www.dora.state.co.us/>

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