

Cellular Telephones

Cellular telephones are becoming increasingly popular. They have been welcomed by Americans faster than any other consumer electronics product. They are a source of convenience and safety. Get all the facts about a cellular telephone and the service agreement/contract that comes with it before signing anything.

How cellular phones work

When a cellular phone is turned on, an indicator will show the strength of the signal received from a nearby cellular transmitter. There will not be a dial tone because the phone is not in contact with the local phone company's lines. Instead, the phone is communicating with the cellular carrier.

Each area has its own transmission tower, which receives calls via FM radio waves. The more receivers in

the area, the better the reception. The strength of the signal can also be affected by the terrain, buildings, and the weather. When you place a call, your phone sends a signal to the nearest tower, which relays the signal by conventional phone lines to the cellular carrier's switching office. The call is then routed to the local phone company, which processes the call like any other telephone call.



Meanwhile, the cellular carrier's computer monitors your location. As you approach a different area, it seeks a channel for you at the tower you are approaching. When it is time, it switches your call to

the new tower but, if the new tower does not have an available channel, your call will be dropped.

You can hold a cellular conversation as long as the transmitter signals from both phone and carrier are strong enough. It is unlikely that you will know when you move out of range during a call. The system will automatically hand you off to a closer tower and your call will continue unnoticed.

Roaming

When you leave the area covered by your cellular carrier's towers, you are "roaming." These calls may incur substantial charges above regular cellular airtime rates, depending on your calling plan. A fee of \$3 each day a roaming call is made, plus 50 cents to \$1 per minute of airtime is typical.

It may be cheaper to register your phone in more than one area if you travel far distances. When you do this, you will receive a second phone number and pay an additional monthly fee.

The cost of a cellular phone

Most carriers charge a monthly fee plus a per-minute charge for all calls placed and received. Long distance calls may also incur toll charges. The average monthly cellular bill has dropped from nearly \$100 to less than \$50 in the past few years. However, these rates are still high.

Most advertised prices for cellular phones are the cost for a phone plus a contract to activate phone service. This contract will require you to purchase service for a set period of time.

The cellular phone business is not an open market. Each of the 734 cellular districts in America has at most two licensed carriers. The Federal Communications Commission permits only two cellular carriers in a given service area. Often the prices charged by the two

local carriers are almost the same. When you buy a phone, the dealer may let you choose between the two carriers.

The average advertised price of cellular phones, when sold as part of a package that requires a contract for local cellular service, may vary by more than \$1,000. Individual costs of cellular phones range from \$100 to \$500. A phone sold alone, without a cellular service contract, often costs at least \$200 more.

Be sure you understand the early cancellation policy

Most companies charge customers a large fee for cancellation before the contract expires. This policy must be written in the contract in order for the company to demand payment. Be sure to read all forms carefully and ask questions if you are unsure about any conditions of the contract. A cancellation fee of \$200 is common.

Automatic renewal

It is common for cellular telephone companies to have

an automatic renewal clause. This means that **you** must cancel your service with the company if you don't want to continue your contract for another term. If you don't take this action, the company may have the right to renew your contract without your consent.

Many companies require an advance notice of 30 days before the contract expires. If you miss the deadline to stop the automatic renewal, you are legally bound to another term of the rules, restrictions, and fees of the contract.

Again, read to find out if this policy is written in the agreement. If it is, find out all of the terms. You may want to shop around to find out the policies of other companies. It is also helpful to ask friends who have a cellular phone if they have had any problems with their contracts and if they have any suggestions.

Types of cellular telephones

There are three different types of cellular phones. Certain styles work better for different uses. Find out what type of telephone will best meet your

needs. You may not need to purchase the most expensive cellular phone in the store.

Mobile

This unit is the oldest and the least expensive type of cellular phone. It is permanently installed into your automobile and draws its transmitter power from the vehicle's battery. It is used with an antenna that is mounted outside of the vehicle.

Transportable

This model is essentially a mobile phone that can be removed from the vehicle and used with its own battery pack. It is either powered by your car or by the battery in a specifically designed shoulder bag. It usually has a weight of about five pounds. Therefore,

you are not likely to take it with you on foot.

Portable

The portable looks a lot like a cordless phone handset. It is the most versatile type of cellular phone, generally weighing less than one pound. This style contains a rechargeable battery. The limited power of the portable phone reduces the effectiveness of its coverage in areas that have poor service. The phone is small and easy to carry around with you. It is the most expensive type of cellular phone.

Remember, don't be pressured into making a purchase or signing a lease before you are well informed.

It is easy to make quick and uninformed decisions because of excitement, confusion, and lack of time to find out all the facts. However, it is essential to understand the terms of the contract because once you sign it, you are legally responsible for **all** of the policies in it.

For more information, or to file a complaint, contact the Bureau of Consumer Protection at:

(800) 422-7128.

FAX: (608) 224-4939

TTY: (608) 224-5058

E-MAIL:

datcphotine@datcp.state.wi.us

WEBSITE:

www.datcp.state.wi.us

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Cellular Phone Checklist

Here is a checklist to take with you when shopping for a cellular phone. Consider these questions before you sign a contract or put any money down.

Fees included:

1. How much is the **service fee**? What does it include? \$ _____
2. Is there a **registration fee**? If so, how much is it? \$ _____
3. Is there a **deposit** required? If so, how much is it? \$ _____
4. Is there an **installation fee**? If so, how much is it?
Can this fee be waived if you have your own phone? \$ _____

Contract Policies

1. Is there an **automatic renewal policy**? If so, how early do you need to inform the company so that your contract will not be automatically renewed? Yes _____ No _____
2. Is there an **early cancellation fee**? If so, what is it? Yes _____ No _____
3. Is there a **warranty**? If so, what does it cover? Yes _____ No _____

Features of the Cellular Carrier:

1. What is the extent of the service area?
2. Are there any plans to extend coverage?
3. What is the conversation time the battery allows between recharging?
4. Exactly what features are included with the cellular phone?

- _____ Redial
- _____ Memory or speed dialing
- _____ Voice Dialing
- _____ Speaker phone
- _____ Voice mail hook-up

