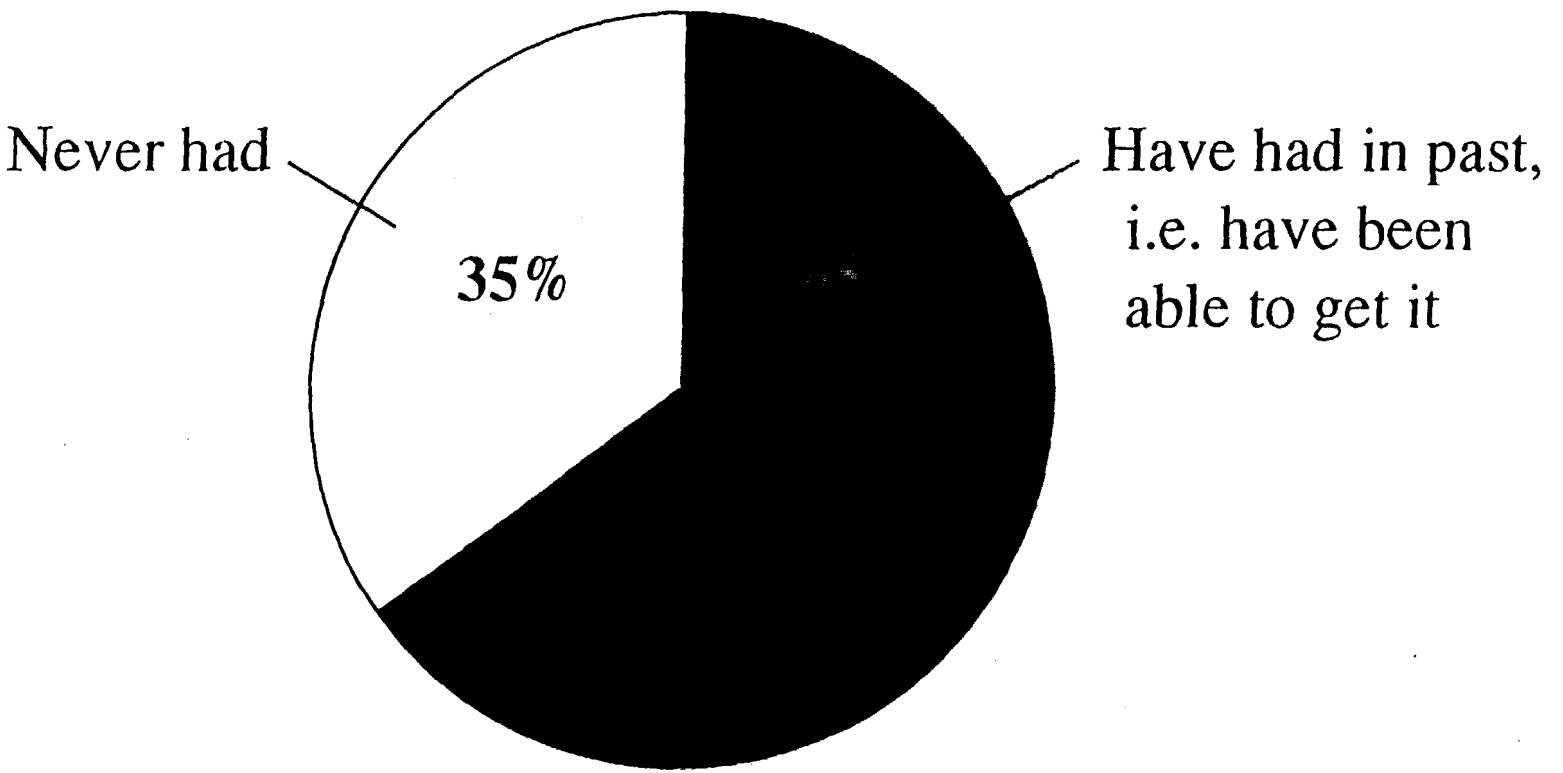
Telephone Usage Patterns of Non-Customers

	Non-Customers
Usually use —	
Public, pay phone	65%
Friend, neighbors' phone	34
Average # calls/week	9
Average # pay phone calls/week	5
Median $/month	$5
In emergency, nearest phone —	
In same building	42
Elsewhere	55
Median minutes to reach	3

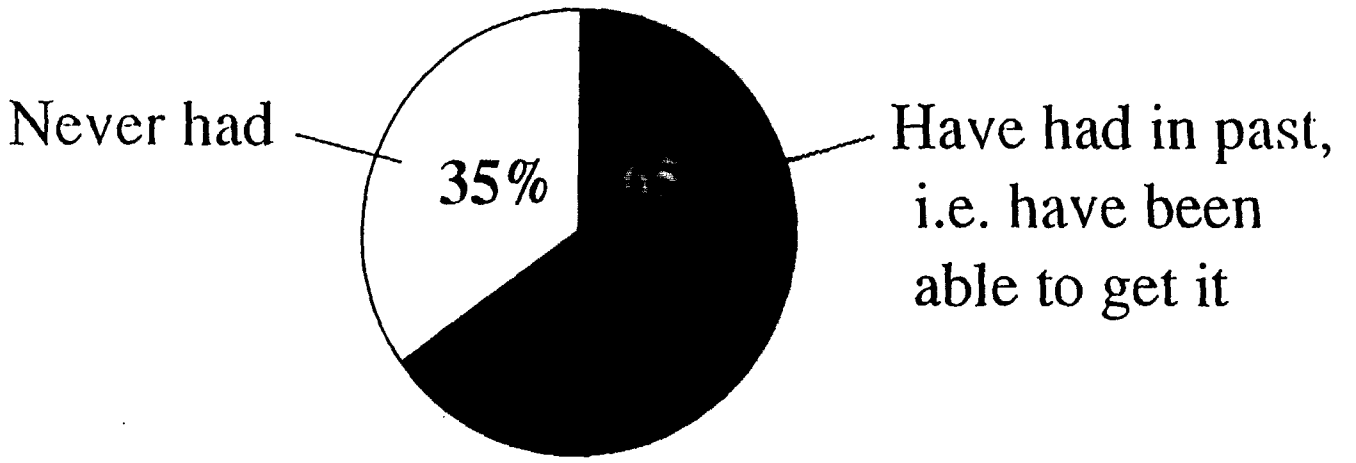
Past Experiences with Phone Service

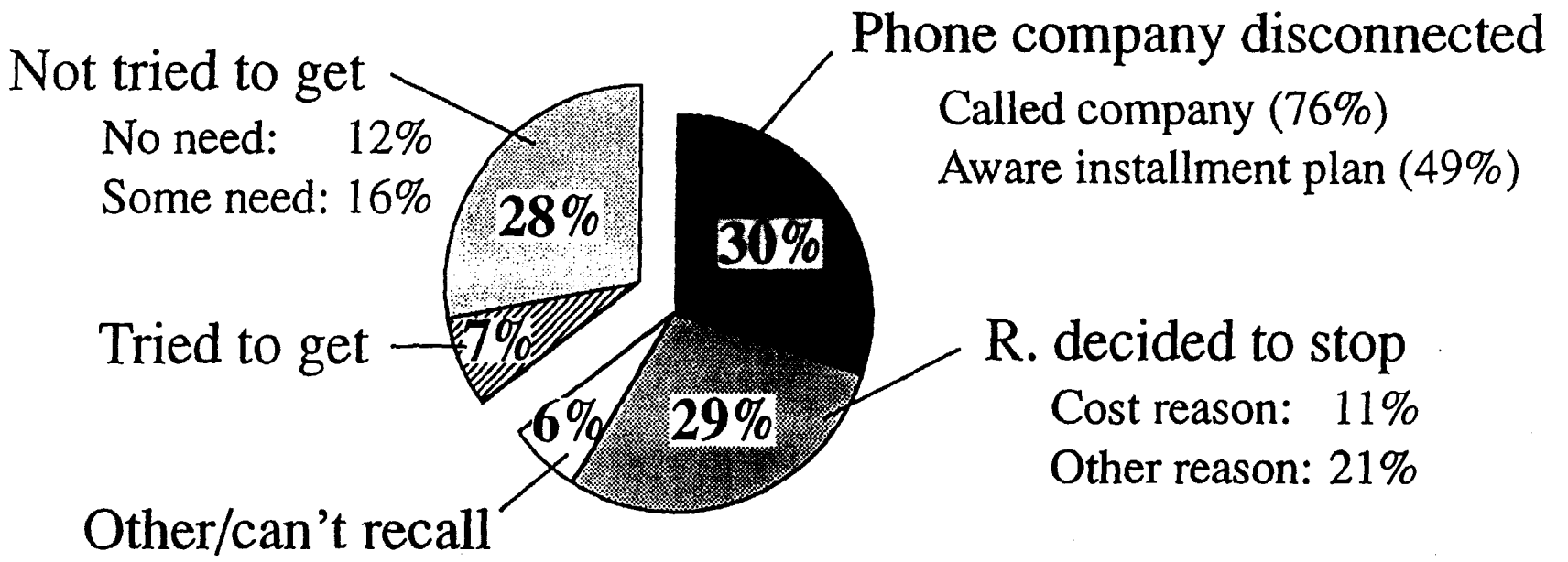
- ***Most non-customers have been able to get phone service***



Past Experiences with Phone Service

Non-customers





Feelings about Calling Phone Company

- ***Lack of knowledge, fears, discomfort about calling phone company are NOT major barriers to getting phone service***
  - *68% feel comfortable calling the phone company.*
  - *62% think they could get phone service if they wanted to.*
  - *Fears/worries about calling the phone company rank low as reasons for not having phone service.*
  - *Awareness of Spanish speaking representatives is very high (91% of Hispanic non-customers aware).*
  - *65% have been able to get phone service.*

Reasons Don't Have Phone Service (Non-Customers)

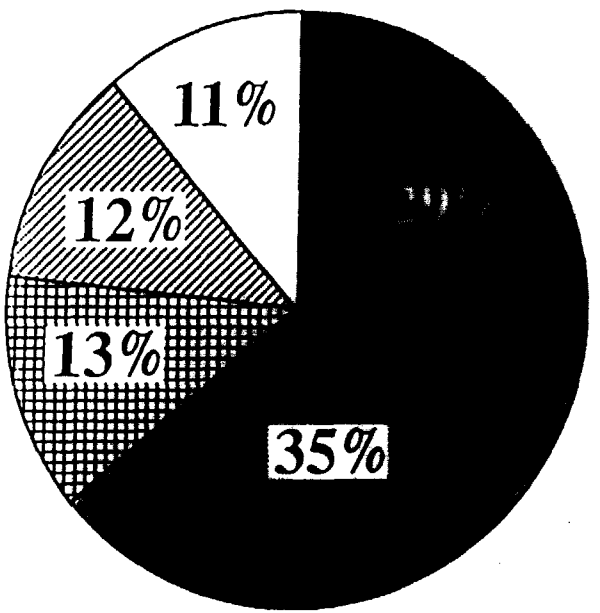
- ***Analysis of 17 Specific Reasons***

	Non-Customers
Cost related reasons	56%
Trouble controlling calls	35
No need for it	27
Fear/worry/discomfort calling phone company	11

Perceived Affordability of Telephone Service

Very easy
Somewhat easy
Somewhat difficult
Very difficult
Can't say

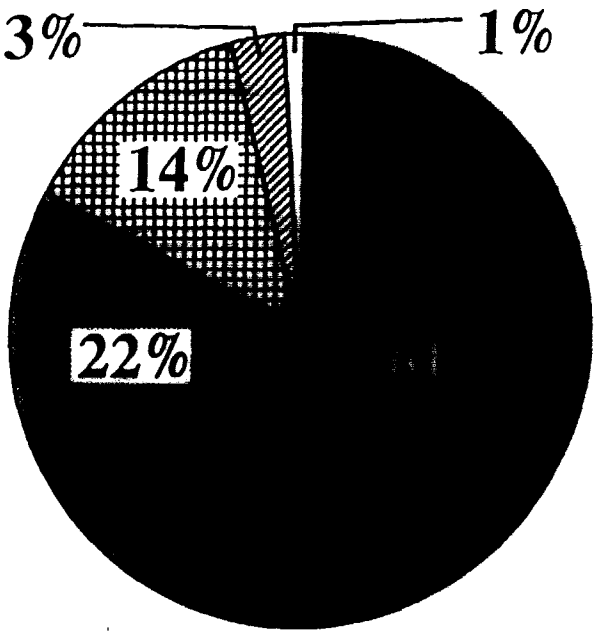
Non-Customers



Expected bill:

Median	$29
Average	$42

Matched Customers



Total monthly bill (a)

Median	$48
Average	$64

(a) Among those who receive 1 bill (85%)

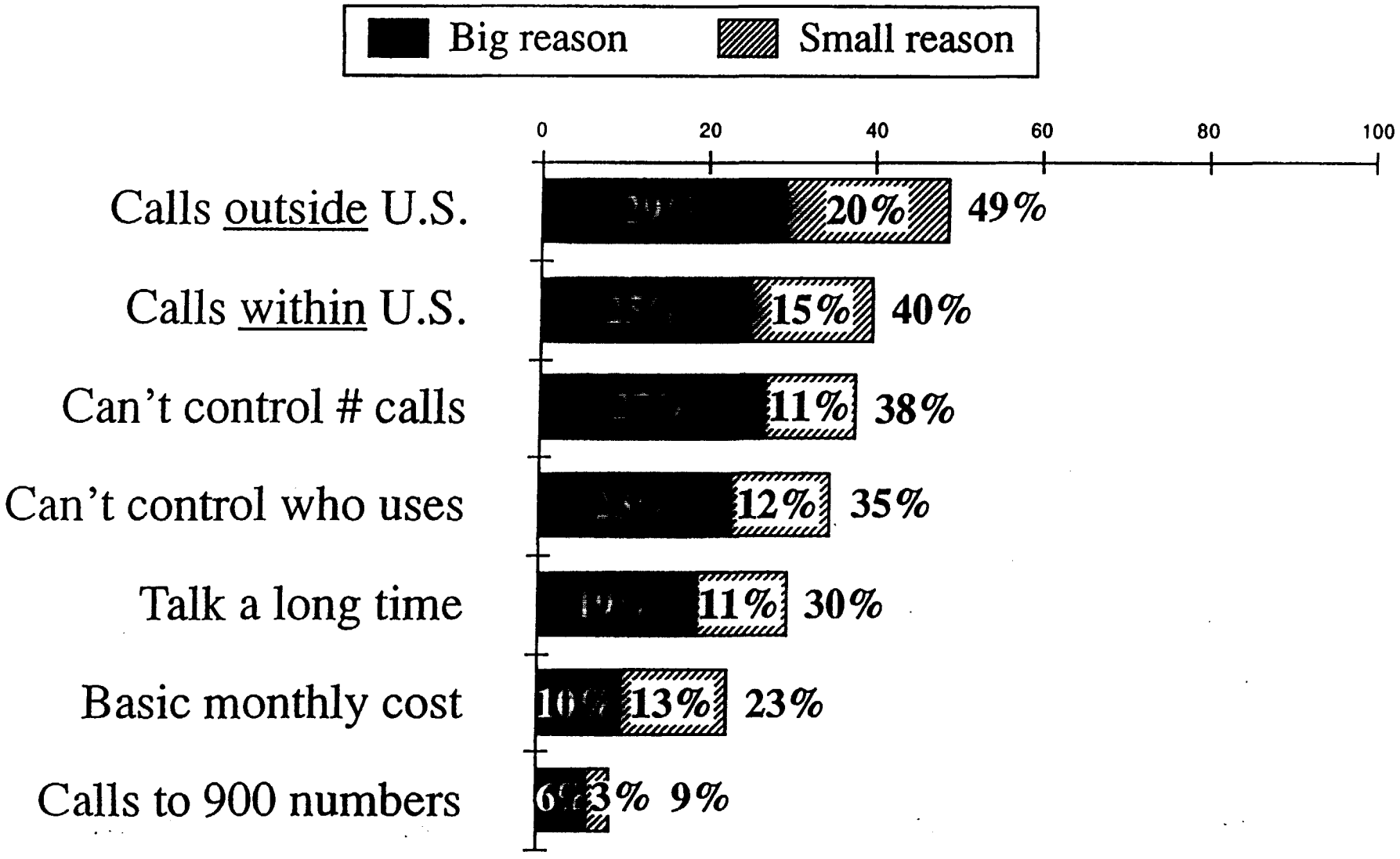
What Affects Perceived Affordability?

- ***Perceptions of cost** more so than **income** affect perceived affordability*

	Think phone service would be —		
	Very easy to afford	Somewhat easy	Difficult
What non-customers think it would cost —			
Total monthly bill (average)	$32	$41	$56
To start service (average)	$49	$64	$61
Believe deposit is required	54%	60%	70%
Average amount	$59	$78	$78
Cost of phone itself (average)	$43	$30	$39
Household income			
$15,300 or less	64	68	66
Meet ULTS qualifications	81	83	84
Employed	42	41	28

What Makes Phone Service Hard to Afford?

- ***Cost of calls, inability to control these costs***



(base = those who qualify for ULTS and say their expected ULTS bill would be less than very easy to afford)

Awareness of ULTS

	Low Telephone Penetration Areas	
	Matched customers	Non-customers
Heard of something called Universal Lifeline Telephone Service?		
Yes (know by name)	61%	40%
Yes, but cannot describe	9	14
Not heard of	32	46
Aware special service for lower income households?		
Yes (know by generic)	12%	NA
Total "know of" service	73%	40%-58%

NA = Not available. Not asked due to clerical error in final proofing of questionnaire.

Reactions to ULTS (When Described in Detail)

- ***Considerable lack of understanding/awareness of some key elements of ULTS among non-customers***

	Non-Customers
Say can afford ULTS installation (a)	89%
Say installation is less than thought	63%
Not aware can spread payments out (among phone company disconnects)	66%
Not aware there is no deposit (among those who have not had disconnect)	85%

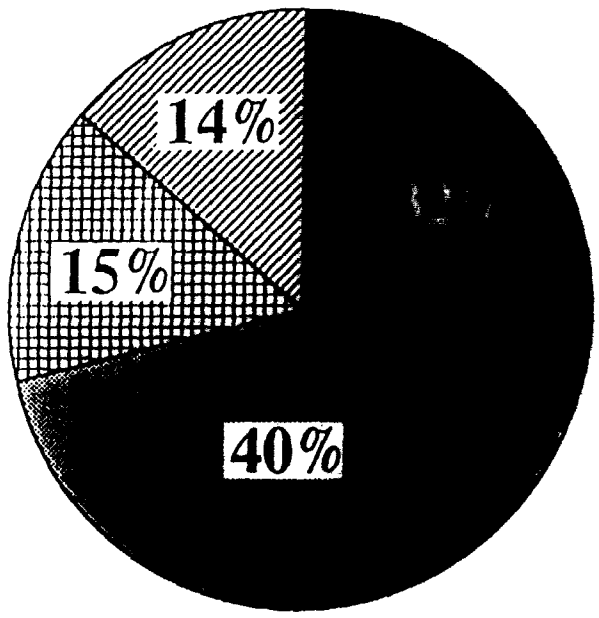
(a) $23 GTE; $17.38 PB (base = qualify for ULTS)

Reactions to ULTS (after Described in Detail)

- ***Knowledge of ULTS increases affordability***

Very easy | Somewhat easy | Somewhat difficult | Very difficult

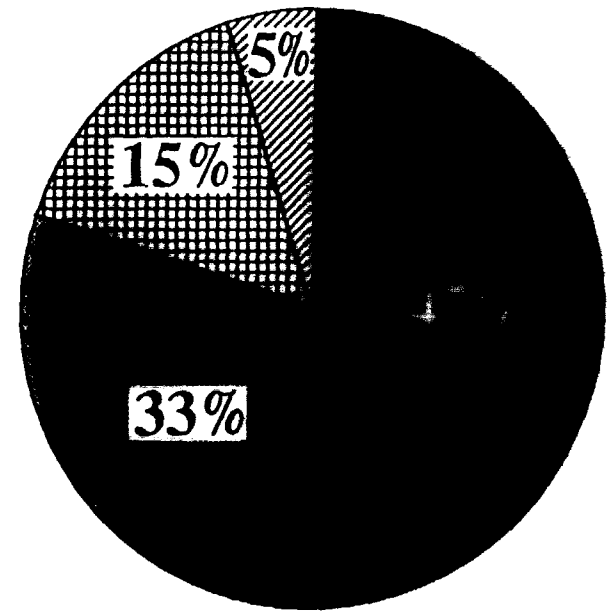
Before ULTS



Expected bill:

Median $28

After ULTS

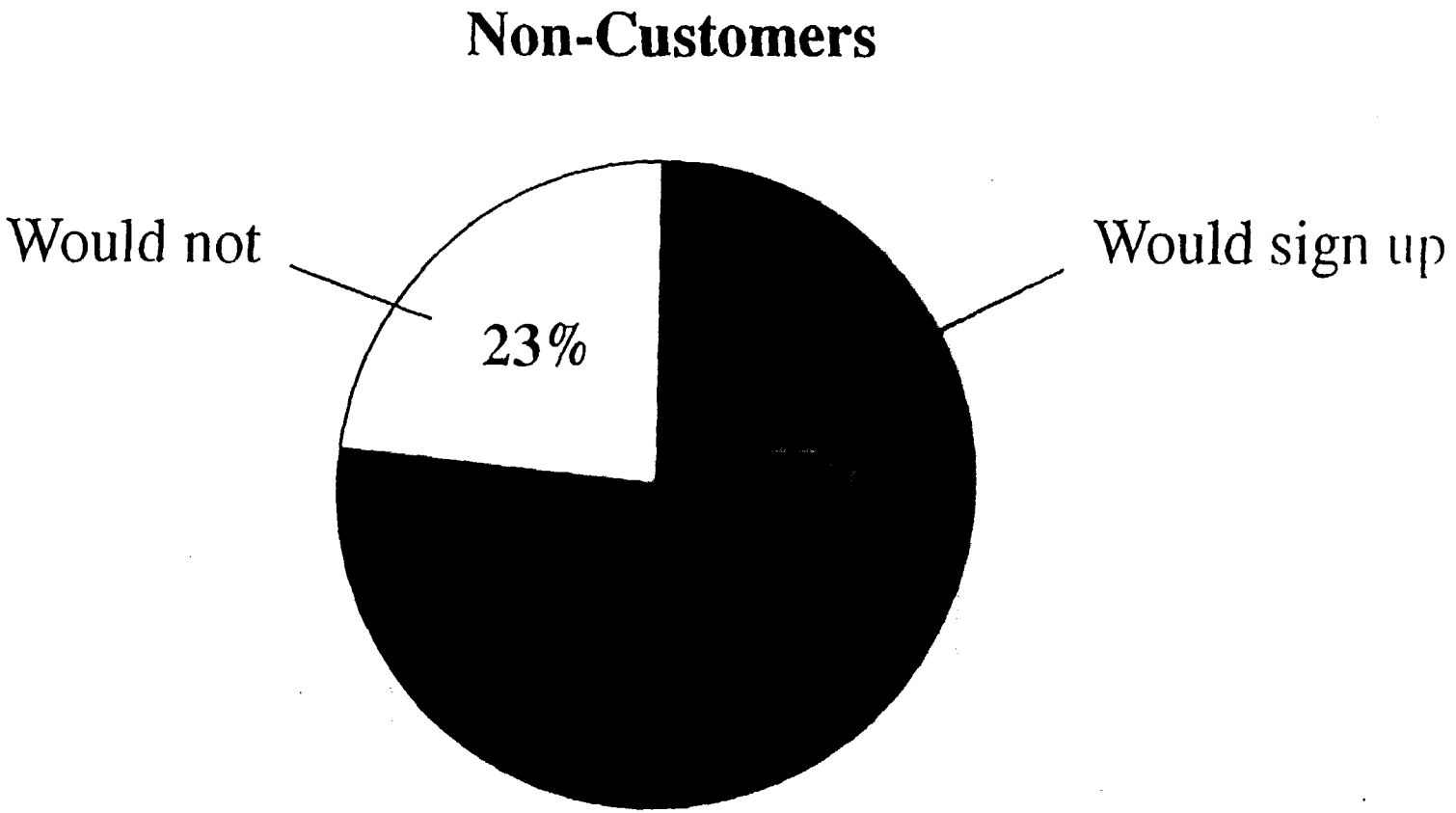


Expected bill:

Median $19

(base = those who qualify for ULTS)

Interest in ULTS (after Described)



Customer Survey: Overview of Design Plan

- ***By telephone, in 5 languages***
- ***All GTE/PB service areas***

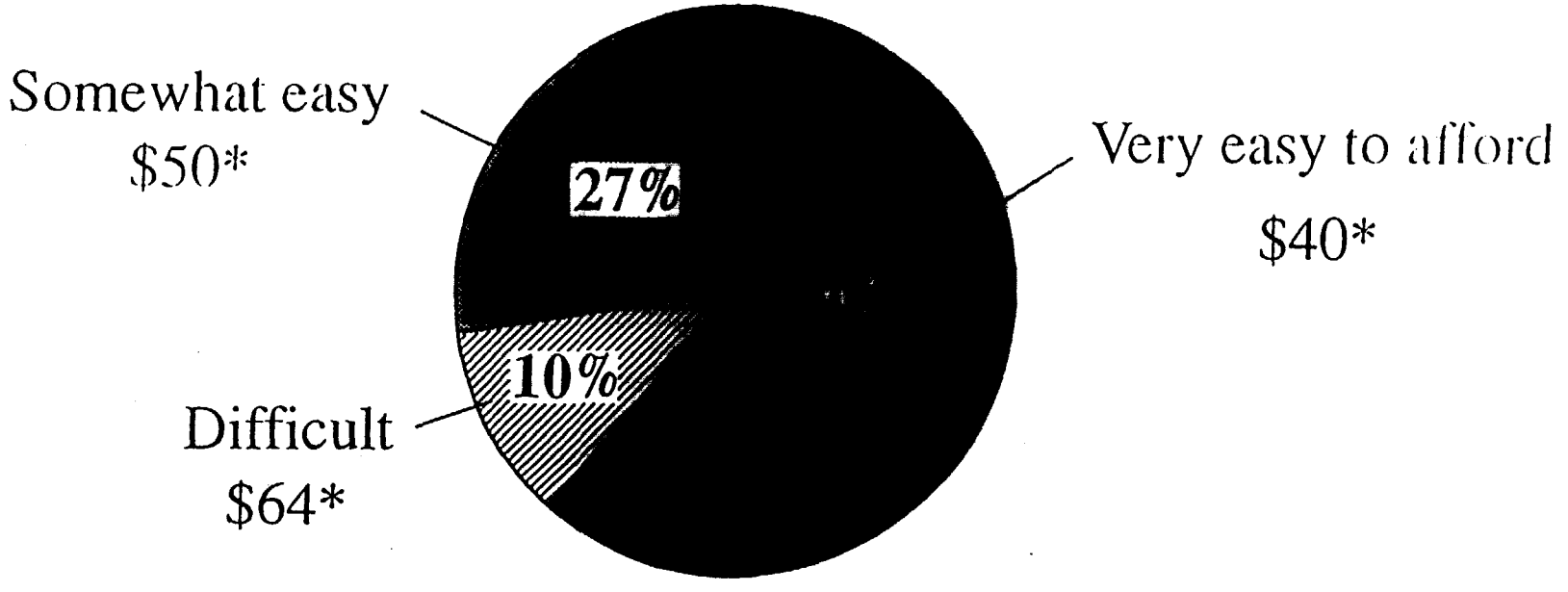
	Total	GTE	PB	% interviewed in native language
Residential customers (all samples)	3,656	1,817	1,839	
ULTS subscribers	1,297	550	747	
ULTS eligible (low income)	1,280	592	688	
Hispanic customers	766	354	412	49%
Black customers	375	175	200	
Chinese customers	317	156	161	58%
Korean customers	306	154	152	94%
Vietnamese customers	308	156	152	96%
Low income seniors	428	207	221	

Field Dates: September 20 through October 28, 1993.

Customer Survey

- ***Most, but not all, find telephone service affordable***

Residential Customers



Have had financial difficulty paying bill	12%
Often	6
Not often	6

* median total monthly bill, among those who receive 1 bill (90% of all customers)

Examination of 12% "At Risk"

- ***Lower income, higher bills, more IEC charges***

	Find phone service — Very easy to afford	Somewhat easy	Difficult ("At Risk")
Household income			
$25,100 or less	34%	44%	62%
Average monthly bill (a)			
Median	$40	$50	$64
Total GTE/PB charges	$21	$25	$26
% of bill — (b)			
GTE/PB	53	50	41
IEC	47	50	59

(a) among those who receive 1 bill (90% of all customers)

(b) rough estimation using respondent testimony for total monthly bill and company records for GTE/PB portion.

Perceived Affordability by Type of Service

- ***ULTS no easier to afford than regular rate service among lower income households***

	Regular flat rate	Regular meas. rate	ULTS	Qualify, don't have
Very easy to afford	63%	67%	54%	56%
Somewhat easy	26	26	29	25
Difficult	10	5	15	17
Have financial difficulty paying bill (total)	10	7	21	19
Often	5	4	10	10
GTE/PB bill (median) (a)	25	16	14	24
Total monthly bill (median) (b)	48	32	39	42

(a) from company records
(b) respondent testimony, among those who receive 1 bill (90% of all customers)

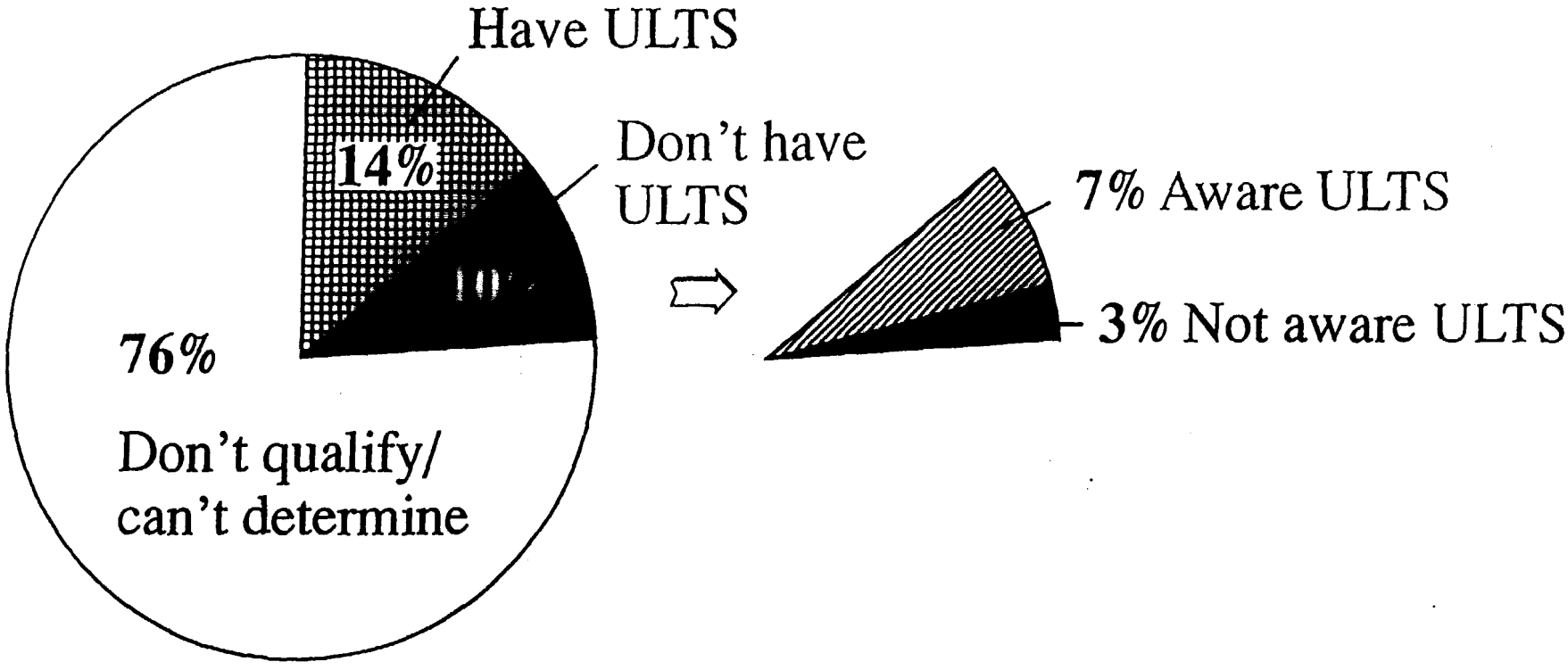
Awareness of ULTS

	Residential customers	Low Telephone Penetration Areas: Matched customers	Low Telephone Penetration Areas: Non-customers
Heard of something called Universal Lifeline Telephone Service?			
Yes (know by name)	48%	61%	40%
Yes, but cannot describe	23	9	14
Not heard of	30	32	46
Aware special service for lower income households?			
Yes (know by generic)	29%	12%	NA
Total "know of" service	76%	73%	40%-58%

NA = Not available. Not asked due to clerical error in final proofing of questionnaire.

ULTS Penetration (Among Those Who Qualify)

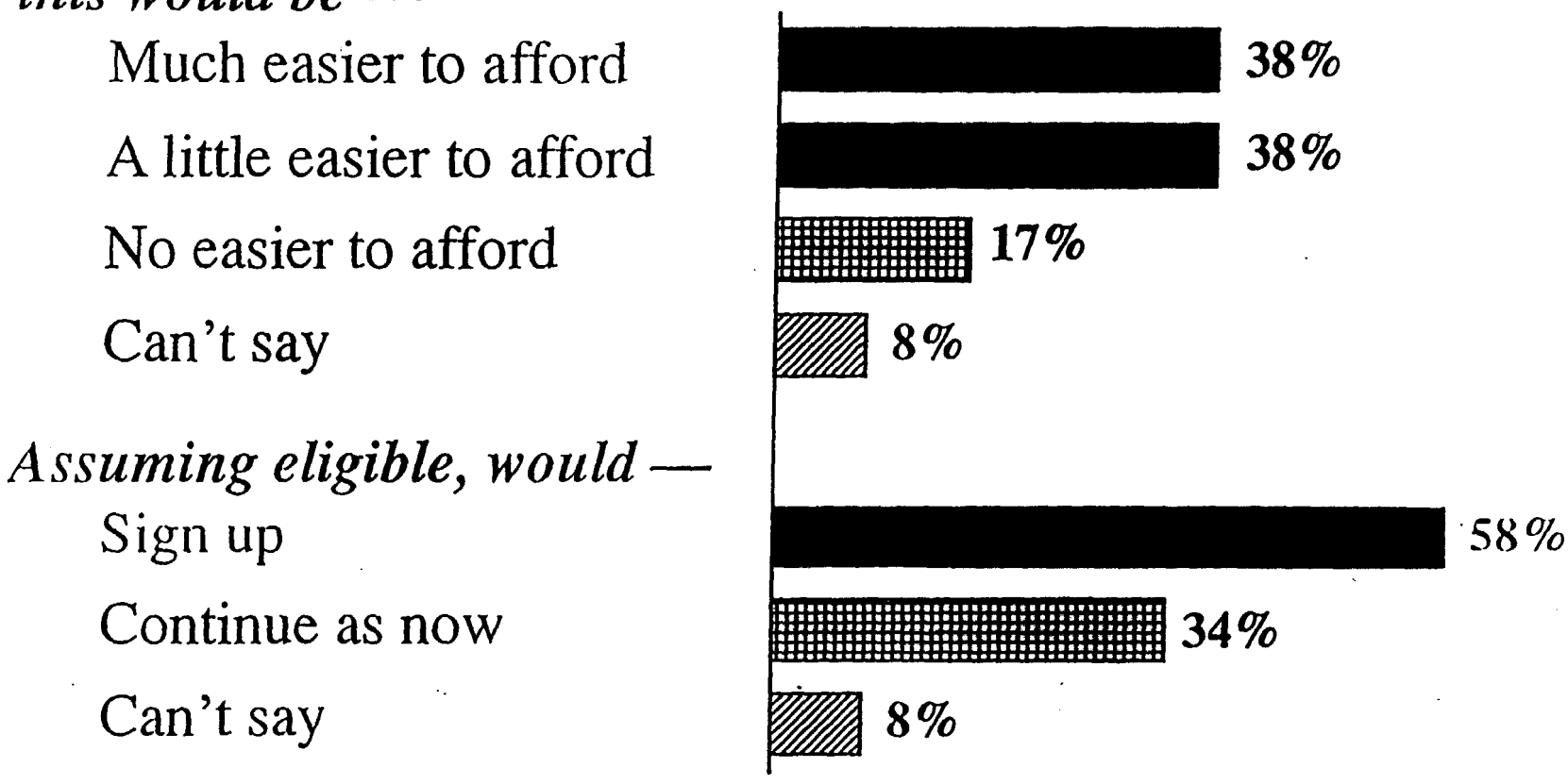
Customers



Interest in ULTS (among Qualified, Don't Have)

Told "with ULTS, you would still pay whatever you do now for calls (but) save about ($5.88)/($5.17) per month (for) FLAT RATE or ($3.62)($3.22) (for) MEASURED RATE."

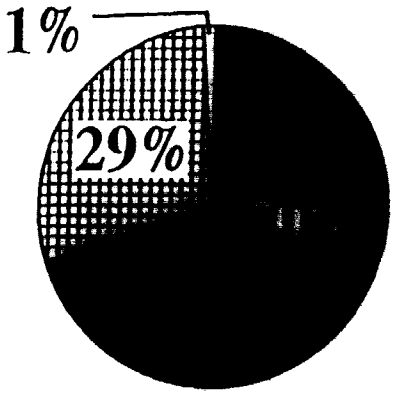
Customers who qualify but don't have ULTS (10% of all customers)



Interest in Call Control Service (a)

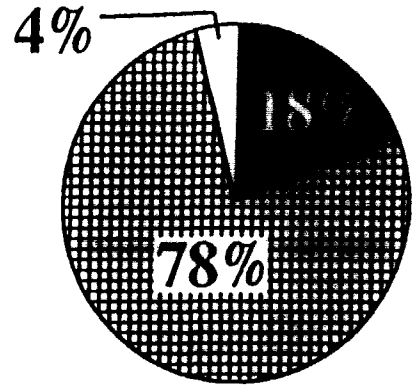
Interested | Not interested | Not sure

Non-customers*

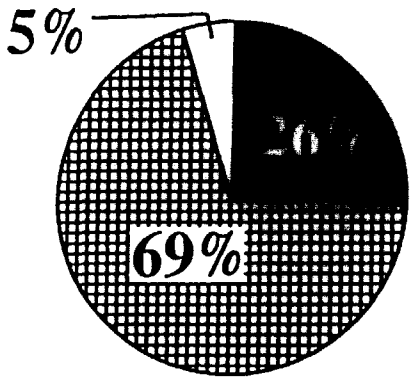


* base = qualify for ULTS

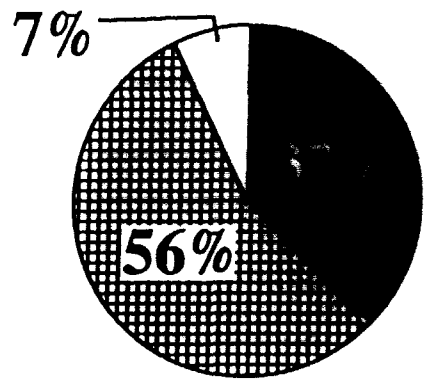
Customers



ULTS Subscribers



Qualify ULTS, Don't Have



(a) "What if there were some way for you to control the calls that cost extra? For example, the phone company could set some limit on those calls so you would not go over that limit... would you be interested in this type of service or not?"

Conclusions

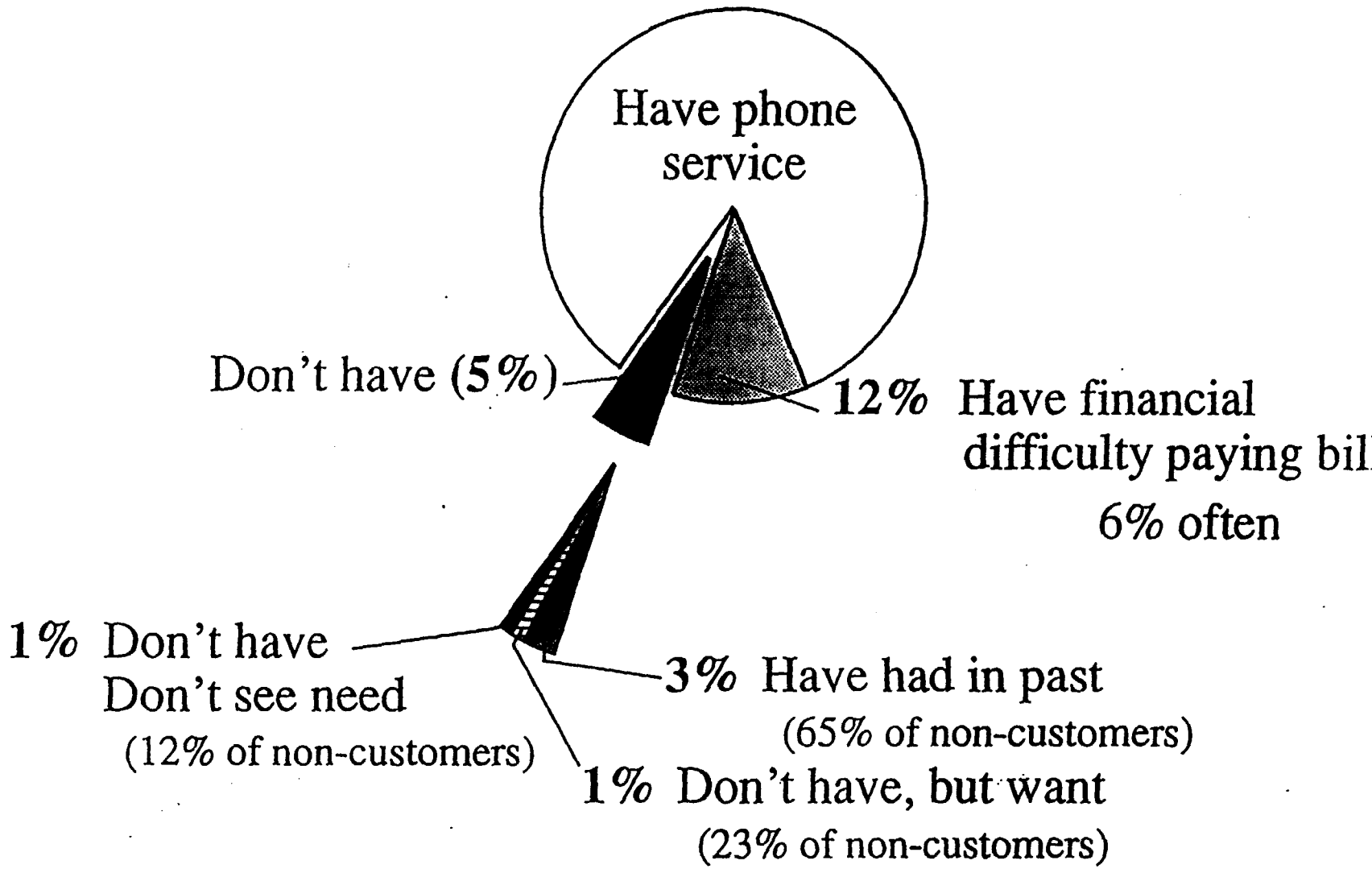
- Non-customer segment includes many who get service, then lose it.
- Leaves very few households who feel a need for it but have not had it.
- Reflects efforts to increase accessibility and make it easier for those who want to get onto the network. Such efforts must continue, but other, new efforts are required.
- Stop in and out movement

Customer survey	Non-customer survey
12% at risk	65% had it, lost it

Importance of Retention for Improving Penetration

- *Using 5% non-penetration only as example*

Households



4 Key Issues for Policy Planners

(1) Retention: keeping customers on network

- Call control: LEC and IEC
- Mobility
- Custom Calling Services (CCS)

(2) Education: awareness of costs, ULTS specifics

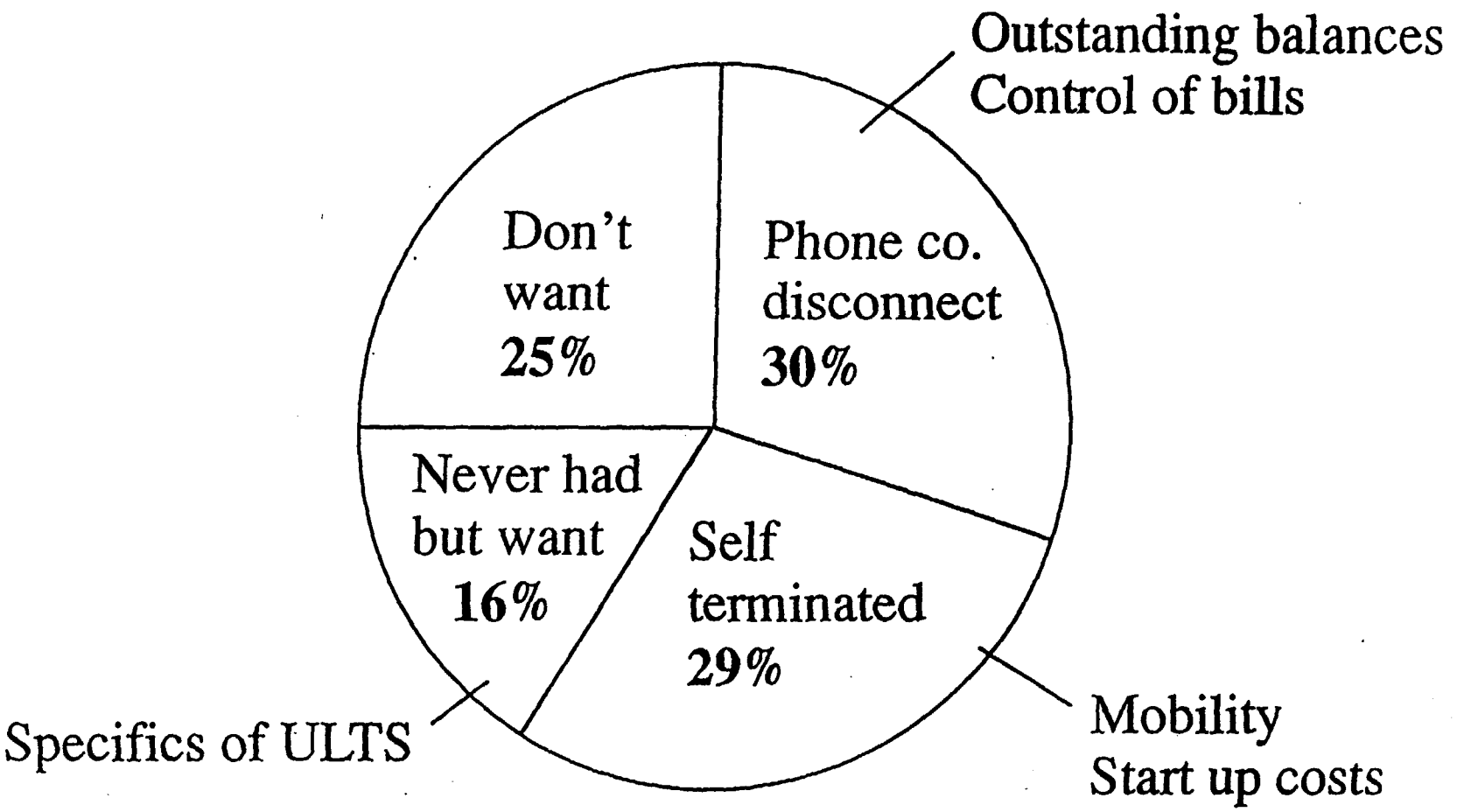
- Startup costs
- Deposit requirements
- Installment option (for paying amounts due)

(3) Product: ULTS does not address some key needs

- No more affordable than regular rate
- Basic service only small part of most bills
- Name is not synergistic with purpose

4 Key Issues for Policy Planners (continued)

(4) Different strategies for different groups



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