

POINTS OF VIEW

Phone company's got wrong number on billing

Are your phone bills excessive? Do you know what services you are paying for as included in the one-line description of local service charge on your monthly bill?

Do you realize that the monthly billing for Touch-Tone service is \$2.43, and yet it is cheaper for the telephone company to provide than the old rotary dial service? If you subscribe to "call waiting" service, did you realize that the monthly rate increased by 26 cents effective Aug. 1, 1993? Does it seem that many of your calls fall into the category of zone or toll calls?

Historically, we looked at price increases for utilities as being the norm. However, in the past few years, telephone companies throughout the country have been forced to reduce rates.

Costs are declining — interest rates and yields on investments are down. Technological changes have allowed Michigan Bell to reduce maintenance and to serve more customers with fewer employees.

You have undoubtedly read about the past and planned layoffs of thousands of employees at Ameritech. Michigan Bell and its parent Ameritech are not reducing their work force to improve service — it is simply to cut costs.

The Michigan Public Service Commission, which was supposed to act as a surrogate for competition, allowed excessive rates to be put in place and the Legislature recently deregulated the industry.

Regulation background

Some background might be helpful. Michigan Bell/Ameritech was until recently regulated like other utilities by the Michigan Public Service Commission. In 1991, the Michigan Legislature passed the Michigan Telecommunications Act of 1991. I understand, but do not have evi-

dence, that the Legislature acted following an extensive lobbying effort by the telecommunications industry.

Unfortunately prior to this legislation, the Public Service Commission did little to effectively regulate and aggressively seek price reductions during times of stable prices and falling interest and capital costs. Ratepayers are continuing to pay high prices while Michigan Bell recognizes ever-increasing profits.

In other states, the reduced costs have resulted in reduced rates. However, the same is not true in Michigan. Yes, I do admit that with great fanfare Michigan Bell announced it was reducing its toll rates. However, as you all realize, the toll rates were too high in the first place.

This was easy to see when you compared a comparable call in length from here to Ann Arbor with a call out of state. Michigan Bell merely reduced its rates to keep out the competition — namely the interexchange carriers who unfortunately cannot compete on the same basis because they offer 1-plus dialing.

Poor regulation

As I stated, the Public Service Commission never did an adequate job of regulating. Even recently, the commission refused to require Bell to break out the various services included on the one line on your bill and identified as local service charge. If you want a breakdown, you must call the phone company.

That one line includes the monthly service for the local basic service as well as charges for services such as Touch-Tone, call waiting, call forwarding, and inside wire maintenance agreements known as Linebacker or Linebacker Plus.

Each distinct service or package of services carries with it a specific charge. There is absolutely no reason each service and charge is not broken out on each

GUEST COLUMNIST



TOM DEWARD

bill.

Bell is obviously concerned in that if a customer sees each item broken out separately along with the cost of each, the customer may choose to cancel one or more services.

Do you know what additional services or options you have signed up for the cost? Perhaps there are services that you never use and wish to cancel. It's all too easy to overlook these potential savings without adequate detail.

No big announcement

If you subscribe to call waiting, the rate increased 26 cents per month effective August 1993. No, there wasn't the big announcement that accompanied the toll rate reduction. It was buried on page 2 of the July billing as the fourth item under "Important Notices."

Only 26 cents per month or \$3.12 per year you might say. However, next to Touch-Tone, call waiting is one of the most, if not the most popular option.

Did you receive a bill insert on 976 services offered by Bell? Most states attempt to control the abuses often found in 1-900 and 976 services, but not Michigan Bell.

An Ameritech representative told me that the brochure entitled "976 Information At Your Fingertips" was meant to be informative and not for the purpose of advertising these services.

Personally, I didn't need the information and I object to Bell inserting this information with my bill. Furthermore, if it was merely information, why did Bell include the following language "It's simple, helpful, valuable, and convenient — try it today!"

If you own a business and advertise in the yellow pages, have your rates increased annually? The profits from the yellow pages are supposed to offset costs in providing local service — residential and business. Michigan Bell, like all other phone companies, set up a subsidiary to provide and sell these services.

The subsidiary is not regulated. Some of the revenues flow back to Bell but these companies are known to realize excessive returns with the excessive profits going to the shareholders — not the ratepayers, as intended.

If your phone falls

Has anyone signed up for the Linebacker or Linebacker Plus? These services are designed to provide maintenance on your inside wiring which is no longer owned by Bell. The cost of these services are \$1.95 and \$2.95 per month, respectively.

The theory is that a monthly fee will guarantee you free service should something happen to the wiring inside your home. For the extra \$1 per month — \$12 per year, Bell will provide a phone if yours falls.

I won't argue for or against the merits, but you should evaluate the monthly cost and the number of times you have availed yourself of the service.

If you live in an apartment and signed

up for this service because the service representative told you how much a service call would cost in the event you had a problem with the wiring, please check with your apartment manager.

As the wiring is owned by the apartment owner, in all likelihood he or she is responsible for the repairs and thus the service may be of no value.

Recently, Michigan Bell along with the other Ameritech companies initiated a policy known as the Preferential Service Plan. If service is required, preferential treatment is granted to customers who pay the most.

In other words, if you're a subscriber to the lowest basic service and your bills have been kept to a minimum, your service request will be filled after a large user.

Is there anything that can be done? You could call your legislator, but I've had little success with that. If you, like me, are upset about receiving an "information brochure" on 976 services, let them know.

If enough people voice their concerns, we can overcome the failures of the Michigan Public Service Commission and the successful lobbying efforts by Michigan Bell.

I suggest that everyone review their monthly billing. Call the phone company. Find out what's included in the local service charge. Eliminate those unnecessary services.

Call every month to get the details until Bell finds it easier to supply the information with each billing. If you're unhappy with the price increase, let them know.

Tom DeWard is a certified public accountant in Livonia. The Farmington Hills resident analyzes utility rate increases.

Bank's struggle doesn't alter CEO's compensation

If you think teachers in the Michigan Education Association have the soft life — big salaries, 50 percent of salary when they retire in their mid-50s, all kinds of perks — consider a local business.

Michigan National Corp., the financial services company in Farmington Hills with 160 branch banks, has given chairman Robert H. Mylod a real deal, the walking definition of "golden parachute."

Mylod, 54, is of more than casual public interest these days. Heine Securities Co., a Wall Street investment firm, is buying up MNC stock and wooing shareholders to support sale of the bank.

Consider this background: MNC's earnings per share have plummeted from \$12 in 1989 to barely \$3 in 1990 and less than \$4.50 in 1992 (last available year). Its non-performing assets figure was in the \$100-million range in 1988-89; since 1990 non-performing assets have topped \$300 million. MNC plans to close more branches.

"Mediocre," said the Heine firm. "An underperformer," said the Detroit Free Press.

A suburban city manager who let the streets crumble and the library deteriorate to an equivalent extent would be in deep trouble with the city council.

Mylod's performance has merited a salary of \$550,000 since last April 20,



TIM RICHARD

up \$14,000 from the prior year. He got no bonus or new stock options, but, shucks, he hardly needed any. Look at last year's proxy statement (page 13, fine print):

Mylod's contract gave him the option to purchase 200,000 shares of the corporation's common stock at \$17.69 (rounded off) per share. In 1992, he exercised that option, investing \$3.5 million. His stock was worth \$10.25 million by the end of last year.

If he retires at 60 with a salary of \$714,000 and 15 years service, his estimated pension will be more than \$355,000.

Ah, but suppose MNC is sold and the new broom sweeps out our hero within two years. Mylod's severance benefits will be:

"(1) a lump-sum payment equal to three times the greater of the executive's annual salary in effect at the

time of the notice of termination; or the executive's average salary based on the previous five calendar years.

"(2) a lump-sum payment equal to two times the highest annual bonus paid during the prior 5 calendar years plus a pro rata portion of any bonus the executive shall be deemed to have earned for the year termination occurred . . .

"(6) a payment of \$10,000 for out-placement services;

"(7) an office, secretary and automobile for two years and

"(8) the continuation of equivalent life, health, hospitalization, disability and other similar benefits. . ." (page 14 of the 1993 proxy statement).

Job training is the cure

Monday morning I went down to the Fox Theater to catch President Clinton's opening speech at the jobs conference.

Driving in, I was struck at how easy the rush-hour drive was. Who would have thought that morning rush hour traffic in Oakland County is lots worse than Detroit! Plainly, a lot of jobs have moved out to the suburbs. It's worthwhile reflecting why.

Begin with the history of the automobile industry, when the rise of manufacturing and the tremendous increase in labor productivity made possible by assembly-line technology spurred a great demand for labor at wages that seemed impossibly high at the time.

Faced with the choice between \$5 an hour and life on the farm, countless thousands of people moved north to the manufacturing centers. They didn't need great job skills. For most, all they had to do was turn up on time and withstand long hours and boring work. For that, they got good-paying jobs with good benefits and a ticket to the middle class.

But then other countries discovered how to do assembly lines, with equally unskilled labor, but paid at wages far below American standards. And suddenly, with a giant sucking sound, it seemed as though our manufacturing jobs were going to previously underdeveloped countries. America and Europe had a big unemployment problem. And we had a jobs conference in Detroit.

What to do? There are two schools of thought.

One is to argue that the unemployment problem is caused largely by governmental policies which drive up the cost of labor so that employers are deterred from hiring.

The solution, therefore, is to attack these policies where possible and to tolerate — indeed, encourage — jobs at very low pay, the only way new jobs are ever created. Trying to do anything about job training or workforce skills is silly, in this view, because the workings of the free market will resolve everything.

I happen to think this school of thought is both dangerous and wrong.



PHILIP POWER

It's dangerous because it's a recipe for systematic impoverishment for many of our people.

It's wrong because in ignoring the skills part of the equation it neglects reality. Consider the following breakdown of unemployed people in America:

- Those with no high school degree: 12.6 percent.
- Those with a high school degree: 7.2 percent.
- Those with post high school training: 6.7 percent.
- Those with a college degree: 3.5 percent.

Plainly, skills do matter. So the question is how best to help both employers and workers act in both their interests to acquire, cheaply and efficiently, the skills necessary for high productivity and for good wages.

Historically, the marketplace in skills is pretty poor. Think of truck driving and cosmetology schools training folks at great cost for jobs that don't exist. Suppose, instead, that the job-training system concentrated on information about what skills will be needed for the jobs of the future.

The new world of job training — the world discussed earlier this week in Detroit — concentrates on information, not on outmoded governmental programs of the past.

That's exciting and it's good the discussion is taking place here in Michigan.

Phil Power is chairman of the company that owns this newspaper. His Touch-Tone phone number is (313) 953-2047, mailbox 1890.

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