



**Consumer Reports Tips to
Airlines, Telephone, Electric,
Banking, and Cable Customers in
A Deregulated Marketplace**

June

2002

Air Travel Tips

(Sources: July 2001 & June 2002 Consumer Reports Travel Letter,
May 2002 Consumer Reports Cover Story, "50 Ways to Save")

Finding the best airfares:

- **Reserving your seat 21 days in advance may clip at least 50 percent off your airline tickets.** But if you can't manage that much advance planning, try a travel consolidator; it's a specialized agency that purchases blocks of unused tickets from airlines and resells them at discounts of about 50 percent. The American Society of Travel Agents recommends using a trusted travel agent to locate a reliable and reputable consolidator. You should also check the Better Business Bureau in the city where the consolidator is located to see whether any complaints have been lodged against the company you are considering.
- **Pay attention to the competition.** Regardless of whether or not you are flying in a market served by low-fare carriers and major carriers, it is very beneficial to know all the airlines at your disposal, so you can make the most informed decision. If using a travel agent, be specific in asking about all your choices.
- **Compare airfare results on several different web sites to see if you can get a better deal elsewhere.** Remember that Southwest and some other budget airlines don't display their fares and schedules on the independent web sites, so you have to check their sites separately. Also, keep in mind that online bookings are in "real-time" and could change before you plunk down your charge card.
- **Once you find a low airfare on a specific airline,** go to that carrier's own web site and see if you can find an even lower fare.

Finding the best seat:

- **Ask detailed questions.** Airline web sites present detailed seating maps and even row-by-row details, in some cases. But you need to be specific when booking, because reservation agents or travel agents may not tell you that you're about to choose a nonrecliner, for example.
- **Book seats when buying tickets.** Don't wait to reserve your seats. If you can't book seats, you may be on an oversold flight. You should ask reservationists if the flight is overbooked. Some airlines won't reserve seats for deeply discounted consolidator fares, though; if that's the case, plan on going early to the airport.
- **Fly reliable airlines.** Boeing researchers point to a "halo effect" of late flights: Passengers delayed more than 30 minutes report drastically lower comfort, regardless of actual **seat** differences.
- **If you're very concerned about comfort, then consider flying when there are fewer occupied seats.** For domestic flights, that means midday and midweek travel may be less congested; you should also consider red-eye flights. There tend to be fewer choices on international flights, but avoid Friday and Sunday evenings if you can.
- **Ask for seats closer to the front of the cabin.** Flights are often booked from the rear to the front and so you may be offered seats farther back than necessary.
- **Strategize seating requests.** Consider an aisle seat in the center section. In a three-seat configuration, couples sometimes book the window and aisle, hoping the middle seat will remain empty.

- **Consider the downsides of bulkheads.** They may have increased knee room, but you can't stretch your legs under the seats in front, and there's no underseat storage.
 - **Ask if your seat reclines.** Beware of the last row of any seating section, where most nonrecliners are located.
 - **Check in early.** And make sure you get confirmed seat assignments all the way through your itinerary. Some more desirable seats are held until departure day, so showing up early is your best bet.
 - **Be careful when switching** seats at the airport! Ask the agent to search for a better seat without canceling your reserved seat, or you may end up in the rear, even if you booked months in advance.
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Telecom Tips

*(Sources: May 2002 Consumer Reports Cover Story, "50 Ways to Save",
Consumers Union Washington DC Regional Office)*

- **Use a prepaid calling card for calls made on the go - on vacation, at pay phones, and at friends' homes.** The card from your long-distance carrier is not always the best bet because it may impose a surcharge. The best deals are on cards from warehouse clubs. BJ's, for example, costs 3.47 cents a minute and carries a 24 cent surcharge when using a public phone. When at a hotel, call from a pay phone in the lobby. From your room, you may be hit with a flat per-call charge as high as \$ 4.
- **Once a year, ask your current carrier and a couple of competitors whether another calling plan suits your current usage.** Phone companies change their plans all the time. To guide you to the lowest cost, try the Telecommunications Research & Action Center's WebPricer, which compares long-distance plans for five large carriers (available at www.trac.org). By sending a check for \$ 5 and a self-addressed, stamped envelope to TRAC, P.O. Box 27279, Washington, D.C. 20005, you can receive its "Tele-Tips Residential Long-Distance Comparison Chart."
- **Think about canceling long-distance service if your calls total less than \$ 10 a month.** No matter how little you call, you'll still have to pay flat monthly charges that can total \$ 10 a month. Instead use a prepaid phone card. If you program the access numbers into your home phone, dialing can be quick and easy.
- **Avoid going with a long-distance basic monthly fee plan,** if you are like half of American consumers and make no more than 50 minutes worth of long-distance calls per month. You are probably better off paying the basic rates offered by your long-distance company, on average 30 cents during the day, 25 cents at night, and 18 cents on the weekend, rather than going for a plan that requires a monthly fee that you probably don't need and won't use.
- **Avoid using directory assistance.** At 30 cents for local numbers and as much as \$ 2 a pop for long-distance numbers, the fees can really add up. Two long-distance requests a week would top \$ 200 a year. Instead, use your phone book or free Internet directory-assistance services, such as Infospace.com and 555-1212.com.

Energy Tips

(Sources: May 2002 Consumer Reports Cover Story, "50 Ways to Save",
June 2001 Consumer Reports Your Money Column, "Power to the People")

- **Use compact fluorescent bulbs** (except with dimmer switches, electronic photocell on/off switches, and electric timers) for all lights that run more than four hours a day. They cost about \$ 10 each but can provide as much light as a 100-watt incandescent bulb while using only about 25 to 30 watts. We calculate that using electricity at the average rate of 8.4 cents a kilowatt hour, an incandescent bulb will cost \$ 84 plus about \$ 5 for 10 replacements. By contrast, a compact fluorescent will cost only about \$ 35 in total.
- **Don't rinse your dishes before placing them in the dishwasher.** Unless you have been dining on Krazy Glue, the gunk should come off without prewashing, saving both water and energy costs.
- **Right-size your cooking.** When baking a potato or other small portions, use a toaster oven or microwave oven instead of a conventional oven. When using the stovetop, match the size of the pot to the burner size. Doing so will keep heat from escaping into the atmosphere, boosting your energy expense.
- **Put a lid on it.** Covering a pot brings the water to a boil more quickly, also saving energy.
- **Don't get your water piping hot.** Set your hot-water-heater thermostat at 120 degrees F (or "low"). That's hot enough for most needs - including dishwashers, which generally have booster heaters. If your hot-water heater feels warm to the touch, wrap it in an insulating blanket to limit energy loss. Use warm- or cold-water settings for the laundry, and wash only when you have full loads.
- **Turn off computers and TVs when they're not in use.** Running a computer and its monitor 24 hours a day, 365 days a year, uses some 1,800 kilowatt hours. At 8.4 cents each, that adds up to about \$ 150 annually. Putting the central processing unit and the monitor on sleep mode will save about three-quarters of that expense. A 36-inch color TV may use 180 watts. Leaving it on eight hours a day costs about \$ 44 a year.
- **Seal leaky ducts.** Hot, humid air gets drawn into your home through ductwork leaks, dissipating the cool air your air conditioner cranks out. Because as much as 40 percent of what you spend to cool or heat your home can be lost through problematic ducts, it pays to seal and insulate them carefully, including any that pass through unheated or un-air-conditioned garages, basements, attics, or crawl spaces. You can also keep cool air indoors by caulking or adding weather stripping around doors and windows.
- **Buy energy-efficient appliances.** Most new major home appliances are required to carry an Energy Guide tag that spells out the projected annual cost of operation in terms of electricity consumed. If you are in the market for an air conditioner, refrigerator, dishwasher, or clothes washer, it pays to choose an energy-efficient model. A refrigerator that consumes a thrifty 500 kilowatt-hours of electricity each year will cost 40 percent less to operate over the course of a year than an inefficient model that uses 830 kilowatt-hours.
- **Limit your use of appliances that throw off heat.** You can augment the electricity-saving potential of your energy-efficient appliances by running your oven, dishwasher, or clothes dryer during the cooler hours of the day, when your air conditioner doesn't have to work overtime to overcome the heat they generate. And, of course set your air-conditioner thermostat higher. For each degree you raise it, you can cut your cooling bills by 3 percent.
- **Add insulation to your attic.** Attics trap hot air, driving up the temperature in the rooms below and pumping up cooling costs. For homes in warm-weather cities like Miami or Los Angeles, the U.S. Department of Energy recommends insulating with the equivalent of a blanket of fiberglass about 12 inches thick.

- **Get an energy audit.** To find other ways to cut electricity use, ask your electric company whether it offers free energy audits. Private firms also perform much the same service for a fee. You can locate a certified energy-audit consultant by logging on to the nonprofit Residential Energy Services Network (www.natresnet.org). Expect to pay \$ 200 to \$ 300 for a comprehensive home survey. But it can pay for itself many times over if you put to use the sound advice about what's watt.
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Banking & Credit Tips

*(Sources: May 2002 Consumer Reports Cover Story, "50 Ways to Save";
January 2001 Consumer Reports Story, "New Assault on Your Credit Rating")*

- **Consolidate accounts at one bank to qualify for free checking.** Don't leave more money than necessary in savings accounts, however, because they now pay only 1 to 2 percent annually. Instead, use a high-yield money-market account or invest in a one-, three-, or five-year certificate of deposit.
- **For no-fee checking accounts that have no minimum-balance requirement, try credit unions and small community banks.** In a *CR* subscriber survey reported in the June 2000 issue of the magazine, *CR* found that 88 percent of credit-union customers were either completely satisfied or very satisfied with the service they received vs. just 63 percent of respondents who had accounts at a commercial or savings bank.
- **Link your checking account with your money-market account** so that you have overdraft protection. Doing so costs absolutely nothing, and with bounced-check charges now running close to \$ 25 each, you shouldn't take the chance of accidentally incurring one.
- **Avoid "foreign" ATMs, those at banks not your own.** Most banks will levy a fee of \$ 1 to \$ 1.50 for a withdrawal. And the foreign bank may add another \$ 1.50 charge. If you need cash fast, you're better off making a small debit-card purchase at a store and getting cash back. Be careful, however. Some banks are charging fees for debit purchases made with PINs (Personal Identification Numbers).
- **Ditch credit cards that carry an annual fee.** There is no reason you should be charged for the honor of paying annual interest that now averages about 14 percent a year. Look for no-fee cards at www.bankrate.com.
- **Pay an extra \$ 100 on your mortgage each month.** Doing so will trim more than 5 years off a 30-year mortgage and a total of \$ 63,309 off the interest charges (on a 7 percent \$ 200,000 mortgage) you'll pay over the life of the loan.
- **Obtain and correct your credit report.** According to the Public Interest Research Group, 70 percent of credit reports contain at least one mistake.
- **Demand credit scores from lenders.** Lenders should provide applicants with scores from each credit bureau. Consider avoiding those that won't reveal credit scores. **BUT** consumers can now get their credit scores (as well as their credit reports) through the three big credit bureaus, www.equifax.com, www.transunion.com, and www.experian.com.
- **Consumers should always apply first for a prime loan at a mainstream bank and avoid finance companies.** They should also consider a credit union; interest rates there tend to be lower, and credit unions tend to give more personal attention to credit report problems.

- **Get the details:** The bank should provide information about credit tiers and how they correspond with credit scores and interest rates. Other relevant information for mortgages and home-equity loans includes added fees and points, prepayment penalties, and balloon payment terms.
 - **Avoid predatory lenders:** Borrowers should not deal with lenders who try to lend more than is needed; require credit life insurance; have balloon payments due in less than ten years; charge excessively high rates and fees; or don't disclose anything clients want to know.
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Cable Tips

(Sources: May 2002 Consumer Reports Cover Story, "50 Ways to Save";
September 2001 Consumer Reports Story, "TV: The Digital Decision")

- **Consider dropping premium cable services, which cost \$ 7.95 to \$ 9.95 or more each per month.** Not all the movies shown on those extra channels are gems, and you can save by renting those you really want from the local video store. If you need cable for reception, you can order basic-tier cable service, which generally runs anywhere from \$ 8.95 to \$ 17.95 a month.
- **Think about an upgrade to digital-TV service, either digital cable or satellite,** if you like to watch a lot of movies or sports on TV, or if the specialty channels offered on digital have particular appeal.
- **Remember to weigh the advantages and disadvantages of both digital cable and satellite service based on your priorities.** Here is a breakdown:
- **Price & Service:** While prices for satellite service and installation are often on par with cable, in the national surveys of nearly 2,000 cable- and satellite-TV subscribers conducted by *Consumer Reports*, cable companies received among the lowest marks of any service providers regularly evaluated.
- **Local Programming:** Cable still offers the most comprehensive service, and to all of its subscribers. A law passed by Congress two years ago allowed satellite providers to begin offering local channels; However, only 41 markets are served so far, and no market receives all local channels. Be sure to check your particular market for the availability of local programming.
- **Picture Quality:** Satellite scored significantly higher than digital cable for picture and sound quality.
- **Internet Access:** Although satellite is improving its Internet-access capabilities, cable retains the edge—at least so far.
- **Sound Sophistication.** Satellite is the better choice if you have a full, multispeaker home-theater system since it delivers the five- and six-channel Dolby Digital soundtracks of certain movies (and some network programming).
- **High-Definition TV.** Satellite is the sole option for the few channels (mostly HBO, Showtime, and certain PPV movies and events) that are regularly transmitted in high definition (HD).