

# VoIP: High-Speed Internet Phone Calls

## What is VoIP?

Voice over Internet Protocol (VoIP) is an evolving technology that allows voice communications to travel primarily over the Internet via a high-speed connection rather than the traditional telephone network.

VoIP – also commonly known as Internet Phone, Internet Telephony, and Broadband Phone – uses computer equipment and software to enable people to use a broadband Internet connection as the primary transmission medium for telephone calls.

VoIP typically allows a user to be assigned a standard telephone number and then connect with any other standard phone number regardless of whether the person being called uses VoIP or traditional telephone service. This requires that you receive service from a VoIP provider that will provide a connection between your Internet-based calls and the traditional telephone network.

Some Internet telephony services may only allow the user to call other users of the same service. For this and other reasons, it is important to fully research and understand any VoIP option and contract before signing up.



## How it Works

To use VoIP, you must have a high-speed connection to the Internet and use an adaptor to convert your voice into the same type of data transmission packets used to send an e-mail. These packets travel through the Internet and are re-assembled on the other end as your voice. Your phone is hooked up to the adaptor which is then connected, either directly or through your computer, to your high-speed modem. You can use either the “normal” touchtone phone you currently use on the standard telephone network or a specialized Internet Protocol (IP) phone that provides direct access to any number of features made possible by using VoIP.

## Pros and Cons

It is important to keep in mind that VoIP for residential and small business consumers is relatively new. The technology continues to evolve, as do federal and state policies regarding VoIP and traditional phone service.

As with all telecommunications services, the Indiana Office of Utility Consumer Counselor (OUCC) urges consumers to carefully research and thoroughly understand all the terms of any VoIP service agreement – including the fine print – before they contract for service from a VoIP provider.

### **VoIP Advantages**

**Cost Savings** - Most broadband phone providers have monthly service charges ranging from \$20-\$40 with unlimited local and long distance minutes. The resulting savings for heavy long-distance users can be substantial.

**Enhanced Phone Features** - Most Internet phone providers offer the same features available through traditional phone service (Caller ID, Call Waiting, etc.) plus many features that are not available on standard phone service (voice activated dialing, video conferencing, voice mails in written form, spoken e-mails, etc.).

**Number and Location** - VoIP subscribers can have numbers from different states. For example, you can live in Indiana but have an Illinois or Ohio number.

**Travel With Your Home or Office Phone Number** - You may be able to use your Internet phone adaptor anywhere you have access to a high-speed connection. For example, if you live in Indiana and travel to New York, you may be able to use your VoIP adaptor in New York to make and receive calls with your same telephone number, just as if you were at home or in the office.

**Taxes and Fees** - VoIP is currently subject to fewer taxes and regulatory fees than standard phone service. However, this difference may change as federal and state policies continue to evolve with the technology and the movement toward a more competitive telecommunications market.

### **VoIP Disadvantages**

**911 Issues** - Unlike most traditional telephone networks, a call to 911 using an Internet phone will not always provide the emergency response center with the caller's name and location. Most VoIP providers continue to improve their 911 services. However, consumers who are considering Internet telephone service are strongly urged to check the status of 911 services with potential providers - as well as local police and fire departments (at their NON-EMERGENCY numbers) in communities in which they plan to make Internet phone calls - and understand their limitations before entering into a contract.



**Lose Your Power, Lose Your Service** - Unless you have some type of backup power for your high-speed modem, you will lose all Internet phone services if you lose power.

**Keeping Your Current Phone Number** - Customers may or may not be able to keep their current numbers when switching from standard telephone service to VoIP. It is important to confirm this with a potential broadband phone provider when thinking about signing up.

**Directory Service** - If you switch from traditional telephone service to Internet phone service, your new number will likely not be in the telephone directory or available from directory assistance. Also, you may no longer be able to receive free phone directories from the landline service provider.

**Calling 900 Numbers** - VoIP customers are generally not able to dial 900 or 10-10 numbers, or receive collect calls.

### **Consumer Concerns**

Broadband telephone service providers operate in a competitive environment under minimal regulation, much like providers of cellular/wireless phone service. The Federal Communications Commission (FCC) retains primary jurisdiction over the regulated aspects of VoIP services.

Consumers with questions or complaints about Internet telephone service should contact their service providers. If the provider cannot resolve the matter, the consumer should direct the concern to the FCC (toll-free at 1-888-225-5322 or online at [www.fcc.gov/cgb/complaints.html](http://www.fcc.gov/cgb/complaints.html)), a local Better Business Bureau, or the Indiana Attorney General's office (if consumer fraud is suspected).

Consumers are also encouraged to contact the Indiana Utility Regulatory Commission (IURC) with any VoIP concerns (toll-free at 1-800-851-4268 or online at [www.in.gov/iurc](http://www.in.gov/iurc)). The IURC cannot resolve individual VoIP complaints but is gathering and tracking data regarding telecommunications services. This information will be included in future reports to the Indiana General Assembly and may also be reported to other appropriate entities.

The IURC's tracking efforts may help identify trends and problems for legislators to consider when reviewing Indiana's telecommunications laws in the future. The OUCG encourages consumers to contact the IURC with telecommunications concerns to help ensure the most accurate tracking and reporting possible.



The Indiana Office of Utility Consumer Counselor (OUCC) is the state agency representing the interests of utility consumers and the general public in matters related to the provision of utility services. The OUCC is active in proceedings before regulatory and legal bodies and is committed to giving consumers a voice in the creation of utility service policy.

OpenLines publications are produced by the OUCC to educate consumers on their rights and responsibilities regarding utility services. Fact sheets on many telecommunications and other utility topics are available free of charge. All OpenLines publications are available on the OUCC Web site or by calling the OUCC Consumer Services Staff.

This OpenLines publication is a public service of the Indiana Office of Utility Consumer Counselor (OUCC) in conjunction with the Indiana Utility Regulatory Commission (IURC), AT&T Indiana and Verizon.



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