



Telephone Bill Made Easy

Telephone bills have become more complex in recent years due to a growing number of companies offering a wider variety of services, including Internet access, wireless service and cable TV. The charges for many of these services, including long distance, appear on one monthly telephone bill.

Telephone companies must contribute to several government mandated programs such as 9-1-1-services and universal service.

Companies may recover these charges from their customers; many have chosen to recover them as a separate line item on bills, although they are not required to do so. Breaking out these charges may have actually caused more confusion than clarity for some consumers.

Telephone charges fall into five basic categories.

1. Local charges for service provided by AT&T Ohio, Verizon, Embarq and other companies, which offer services such as Caller ID, Call Forwarding and privacy options.
2. Long-distance charges that can be provided by the local companies mentioned above or by Sprint, MCI and other carriers.
3. Non-regulated services such as voice mail and inside wire maintenance plans.
4. State and federal taxes and other surcharges or fees.
5. Other services, such as, broadband or digital subscriber line (DSL) service.



Communication Commission (FCC) since the mid 1980s, covers part of the cost of outside telephone wires, poles, lines and other facilities long-distance telephone companies use to link your home to the telephone network. This charge varies depending on the company that provides your local service. Subscriber line charges for non-primary lines may be higher and will vary by company.

Federal tax. The federal government levies a 3 percent tax on all local telephone bills.

State and county tax. Ohio levies a sales tax on all telephone bills. Counties in the state assess taxes ranging from 0.50 percent to 2.25 percent.

Local number portability. This fee allows local telephone companies to recover costs associated with the ability for consumers to retain their existing telephone numbers when switching to another local provider. Local companies are permitted, but not required, by the FCC to pass on these costs even if a customer has no local service choice.

Universal Service Fee. This charge, which is part of a government-mandated program, recovers the amount paid by both local and long-distance companies into the federal Universal Service Fund. This fund helps to make local telephone service affordable to rural and low-income consumers. It also helps provide inexpensive Internet access to schools, libraries and rural health care providers. Long-distance companies charge their customers this fee on state to state and international long distance calls. Local companies assess the fee on the subscriber line charge since this charge is considered an interstate charge.

Telecommunications Relay Service (TRS) surcharge. This service allows hearing-impaired individuals to communicate with others via telephone. The FCC requires all states to provide TRS. The Public Utilities Commission of Ohio (PUCO) administers TRS in Ohio and selects the state's provider of the service. There is an annual assessment for the service administered by the PUCO. Local and long-distance, as well as alternate, VoIP, wireless and cable service

Federal and State Charges

A variety of charges are listed generically on the telephone bill under "state" or "federal" charges. The following list identifies some of the charges that you may see on your bill.

Subscriber Line Charge (also called Federal Access Charges). This fee, allowed by the Federal

Sample Local Telephone Bill

Jane Doe
1234 Anystreet Drive
Anytown, Ohio 44444

Company Name
Account: 123-456789

Due Date:
July 30, 2009

Previous Bill	\$30.95
- Unlimited local calling	
Line Charge	\$5.00
Call Waiting	\$4.00
Automatic Callback	\$0.95
Total Monthly Service	\$14.90

Local, State and Federal Charges	
9-1-1 Emergency System	\$0.12

Payment	-\$30.95
Adjustments	\$00.00
Balance	\$00.00
Current Charges (Pay this amount)	\$20.27
Total Amount Due	\$20.27
Amount Due by	May 10, 2003

Monthly Local Service

Local Calling Plan A	\$4.95
Number Portability Surcharge	\$0.28
Federal Universal Service Fee	\$0.37
Federal Access Charge	\$4.00
Total Local, State and Federal Charges	\$4.77

Taxes

Federal at 3%	\$0.60
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Pay Per Usage Fee —

These are fees for services already available on your telephone such as automatic callback (*69), name and number delivery, three-way or conference call and repeat dialing. Companies charge each time these services are used. You can call your local telephone company to place a block on these features at no charge. Look in this area for these charges.

Federal Access Charge —

This fee, allowed by the FCC since the mid 1980s, helps cover part of the cost of outside telephone wires, underground conduit, telephone poles, telephone lines and other facilities used to link your telephone to the telephone network.

Federal Tax —

This is 3% of an overall telephone bill. Proceeds go to the U.S. Treasury for general revenue purposes.

Local Number Portability —

This allows local telephone companies to recover costs associated with the ability of a consumer to retain his/her existing telephone number when switching to another local service provider. Local companies are permitted but not required to pass on these costs.

Universal Service Charges

(state-to-state and international long-distance service) —

This charge pays for government-mandated programs that make local telephone service more affordable to low-income consumers and to people living in rural or high-cost areas. It also helps provide Internet access to schools, libraries and rural health care providers. This charge appears on bills under different names, depending upon the company.

The look of a telephone bill varies from company to company and the same kind of fee may be called different names. You can use this example to understand the standard charges that appear on most telephone bills.

Sample Long-Distance Telephone

Jane Doe
 1234 Anystreet Drive
 Anytown, Ohio 44444

Company Name
 Account: 123-456789

Due Date:
 July 30, 2009

Previous Bill	\$10.95
Payment	-\$10.95
Adjustments	\$00.00
Balance	\$00.00
Current Charges (Pay this amount)	\$15.68
Total Amount Due	\$15.68
Amount Due by	July 30, 2009

Long-Distance Service

Monthly Service Fee	\$4.95
- March 10 thru April 9	
Total Long-Distance Charges	\$8.90
Total Monthly Service	\$13.85

Local and State Charges

Universal Service Fee	\$0.50
Ohio Tax	\$0.86
Total Local and State Charges	\$1.36

Universal Service Charges

(state-to-state and international long-distance service) —

This charge pays for government-mandated programs that make local telephone service more affordable to low-income consumers and to people living in rural or high-cost areas. It also helps provide Internet access to schools, libraries and rural health care providers. This charge appears on bills under different names, depending upon the company.

Some long-distance carriers bill separately from your local telephone company. The same charges that appear on the long-distance portion of a combined bill will probably appear if your long-distance is billed separately.

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providers are required to pay this charge and allowed to recover the cost from their customers.

Other Fees and Services

Minimum usage charge. Some long-distance companies charge a minimum monthly usage fee to those customers who do not meet a minimum in monthly long-distance charges. Customers pay this charge only for those months when their long-distance charges do not meet the minimum.

Pay-per-usage fee. These are fees for services already available on your telephone line such as automatic callback (*69), name and number delivery, three-way calling, directory assistance and repeat dialing. Companies charge each time these services are used although your telephone company can either block these features or you can receive unlimited use for a flat monthly rate.

Administrative Fee. This \$5.00 fee, charged by some telephone companies covers specific company internal administrative costs, such as invoicing, customer support, facilities management and network operations.

Administrative Service Charge. This \$7.50 fee, charged by some telephone companies covers specific system support costs associated with ensuring service quality.

Additional services. Both local and long-distance telephone providers offer other telephone services. Regulated services such as Caller ID, Three-Way Calling and Call Waiting carry a monthly fee that will vary by company. Services such as Linebacker, Phone Protect, Wire Care and Lineguard are not regulated and also will have a monthly fee that varies by company. This also is the section that would include any equipment fees, such as telephone rental. Consumers who are still renting their telephones from the company should consider purchasing their own telephone as it can save them money throughout the year.

Other Long-Distance Charges

Some long-distance companies have added a "regulatory" or "cost recovery" fee to their bills. The companies have indicated they are trying to recover additional regulatory costs, taxes and other charges they have incurred.

Customers of Embarq or Verizon

Embarq customers are required to pay a \$4.10 per month Intrastate Access Fee, while Verizon customers must pay a \$1.25 per month Access Recovery Charge. These charges help each company recover a portion of its costs of providing service to a customer.

Customers of AT&T

AT&T adopted a "deferred billing" policy by which customers are not immediately billed if their long-distance charges are less than \$25 for any one to two month period. Only direct billed AT&T long-distance customers will be eligible for deferred billing. For more information contact AT&T at 1-800-222-0300.

Why Read Your Bill

Numerous telephone scams exist. It is important to read your telephone bill every month to make sure you have been charged correctly. The two most common scams are slamming and cramming. **Slamming** occurs when your carrier is changed without your permission or knowledge. **Cramming** happens when companies add charges to your telephone bill for services or products that you never authorized or ordered. Please refer to the OCC's available fact sheets on slamming and cramming for more information.

Note: If you are disputing charges on your telephone bill, be sure to pay the undisputed portion of your bill by the due date. You cannot be disconnected from local service for failure to pay disputed charges. You should notify your local company that you are disputing the charges.

If you have questions about telephone scams or for more information about your telephone bill including additional services and information about low-income Lifeline programs, contact your telephone company or the Office of the Ohio Consumers' Counsel (OCC), your residential utility consumer advocate. The OCC offers a wide variety of free publications on these issues. Contact the OCC toll-free at 1-877-PICKOCC (1-877-742-5622) or visit online at www.pickocc.org.

The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

For additional information from the Office of the Ohio Consumers' Counsel:

Call: 1-877-PICKOCC (1-877-742-5622) toll free or (614) 466-8574
Write: 10 West Broad Street, 18th Floor, Columbus, Ohio 43215-3485
E-mail: occ@occ.state.oh.us • Internet Address: www.pickocc.org

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