

**THE NEW HAMPSHIRE
RATE WATCHER**
(It's Your Money)

The Consumer Newsletter of the
New Hampshire Office of Consumer Advocate
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UNDERSTANDING YOUR TELEPHONE BILL

Why Read Your Telephone Bill?

Have you ever looked at your telephone bill and become baffled by all those fees and taxes? You are not the only one! Understanding your telephone bill will protect you from fraud and help you to make informed choices when it comes to your telephone service.

The OCA encourages you to read your telephone bill every month, including any bill messages or inserts, to ensure that your telephone company charged you correctly. Ask yourself the following questions when you review your telephone bill:

- Do I recognize the names of all the telephone companies listed on my bill?
- What services were provided by the listed companies?
- Does the bill include charges for calls I did not place and services I did not authorize?
- Are the rates charged by each company consistent with the rates that the company quoted to me?

In this newsletter we will examine your telephone bill to help you understand what you are getting for your money. (We have included a sample telephone bill but we encourage you to have a copy of your own bill for reference.) We begin with some basic telephone jargon, then explain how your telephone bill is organized, and finally, we describe the charges on your bill, explain their purpose, and identify who ultimately receives your money.

Sample Phone Bill:

Services

1	Local Package, which includes: • Unlimited Local Calling • Unlimited Local Directory Assistance • Caller ID • Call Waiting • Busy Redial *66	\$27.95
2	Unlisted Number	1.48
Total Services		\$29.43

Tax & Fees

3	Federal Subscriber Line Charge	\$6.00
4	Federal Universal Service Fee	.58
5	Local Number Portability Charge	.23
6	911 State/County Charges	.42
7	New Hampshire State & Local Tax	1.70
8	Federal Excise Tax	1.08
Total Tax & Fees		\$10.01

Basic Definitions

The telecommunications industry is complicated. Not only is it regulated on the federal and state levels, but it is ever-changing with advances in technology. You will understand your telephone bill better if you know some of the basic telephone terms:

- Basic Service – Basic service is dial-tone, which lets you make and receive telephone calls. The fee for basic service includes a listing in the telephone book and a free copy of the directory.
- Custom Calling Services – These are special features which are optional and are not part of the basic service. Call Waiting and Caller ID are familiar examples.
- Federal Communications Commission (FCC) – The FCC is the federal agency that regulates interstate and international telecommunications (e.g., radio, television, wireline phones and cellular telephones).
- Long Distance Calls (Interstate) - Calls made to telephone numbers in other states are Interstate Toll Calls. The FCC has jurisdiction over these calls.
- Long Distance Carrier – This is the telephone company that provides you with long distance service. It may be the same company that provides your Basic Service or you may have elected to receive long distance service from another carrier such as AT&T or MCI.
- Local Toll Calls (Intrastate) - Calls made within the state but are not in your local calling area are Intrastate Toll Calls. The New Hampshire Public Utilities Commission (NHPUC) has jurisdiction over these calls.
- Unregulated Services – There are some services that are not regulated by either the FCC or NHPUC. These services are considered to be fully competitive, like directory assistance and internet access.



How Your Bill is Organized

The FCC recently issued “truth- in- billing” guidelines that require telephone carriers to meet minimum standards in every customer bill they issue. The FCC’s goal was to simplify the myriad of billing terms and standards used by the telephone companies, and, ultimately, to make your telephone bill more understandable. Under these guidelines, your telephone bill should:

- Be clearly organized and highlight any new charges or changes to your telephone service since your last bill.
- Contain full and non-misleading descriptions of all the charges and clearly identify the provider responsible for the charge.
- Identify any charges for which failure to pay will not result in disconnection of your basic local service.
- Provide a toll-free number and clearly identify for you a contact for questions and complaints about the charges and services listed on the bill.

While each telephone company has its own specific bill design, a telephone bill is typically organized as follows.

- Account Summary: This gives you the current status of your account including your previous balance, new charges, past due amount and payment due date, and any payment received by the company.
- Summary of Services: This identifies the charges and includes line charges, taxes, and services. These charges are discussed in further detail below.
- Return Page: This identifies your total charges and is included when you mail in your payment.



The Charges on Your Telephone Bill

There are a variety of fees identified on your telephone bill as “state” or “federal” charges. These are in addition to charges for basic service, custom calling services, and long distance services. The following are typical charges you will find on your bill.

A. Federal Charges

Federal Subscriber Line Charge (SLC):

- **What is it:** Long distance phone companies use the customer lines of local phone companies to provide long distance service. The SLC compensates the local phone company for costs associated with providing these lines. Various telephone companies list this charge under different names, such “FCC Charge for Network Access”, “Federal Line Cost Charge”, “Interstate Access Charge”, “Federal Access Charge”, “Interstate Single Line Charge”, “Customer Line Charge”, “FCC-Approved Customer Line Charge”, and “End User Fee”. Regardless of the name your telephone company uses, it is the SLC.
- **Who put it on your telephone bill:** The FCC pursuant to an FCC order known as the CALLS Order. Prior to CALLS, the SLC fee was a flat monthly fee of \$3.50 and long distance customers paid interstate toll rates based in part on the per-minute rate telephone companies charge each other for the use of their lines to complete the call. These are known as access charges. In the CALLS proposal, the Regional Bell Companies persuaded the FCC to dramatically reduce this per-minute rate and to shift the shortfall in revenues from access charges to the SLC. The result is that all ratepayers now pay a fixed amount of \$6.38, almost double the original amount, for the SLC. This higher SLC, in effect, subsidizes the much reduced access rates paid by the largest long distance users’, who are generally big businesses. According to the FCC, your local telephone provider is not required to pass the SLC along to customers, but virtually all of them do.
- **How much is it:** \$6.38 per month. The FCC sets the rate.
- **Who gets your money:** Your local telephone company both collects and ends up with this money.

FUSF:

- **What is it:** As part of the CALLS proposal, the Regional Bells asked for a \$650 million fund that they could draw on, should the increased SLC not fully reimburse them for revenues lost under the radically reduced access charges. The title of the charge is a misnomer, in that the fund does nothing to further the concept of Universal Service (which calls for everyone who wants telephone service to receive it).
- **How much is it:** Currently it is 57 cents per month.
- **Who gets your money:** This money is collected by the telephone companies and pooled. Telephone companies may claim reimbursement from the pool for perceived shortfalls resulting from the access charge reduction mentioned above, as well as other technical shortfalls in providing the local line to other carriers.

Universal Service Fund:

- **What is it:** This fee pays for a federal program that provides affordable telephone service to low-income consumers, high-cost areas (e.g., rural areas), schools and libraries, and rural health care providers. This charge is also billed under titles such as the “Federal Universal Service Fee,” “Universal Connectivity Charge,” or the “Universal Service Carrier Charge.”
- **Who put it on your telephone bill:** Your telephone company, in order to recover the costs for their contributions to the Universal Service Fund. The FCC does not require your carrier to recover contributions to the Fund but most do.
- **How much is it:** Your telephone company must pay a certain percentage of revenues from their interstate and international charges to the Fund. Currently the rate is 8.7%.
- **Who gets your money:** Your telephone company contributes to the Fund based on its interstate revenues. This contribution goes to the Universal Service Administrative Company (USAC), a private, non-profit corporation. The USAC distributes the money to eligible telephone companies which helps pay for costs associated with providing service to eligible

consumers. Once again, telephone companies are not required to bill you for this charge, but virtually all of them do.

Federal Excise Tax:

- What is it: This tax was initially created to pay for the Spanish-American War, but now provides revenue for other Federal purposes.
- Who put it on your telephone bill: The United States Congress in 1898.
- How much is it: 3% of the bill for all of your local and long-distance services, including the SLC, FUSF and Universal Service Charge.
- Who gets your money: The United States Treasury.

B. STATE CHARGES

Emergency 911 Service:

- What is it: This fee pays for free 911 calls from payphones and helps to pay for enhanced 911 services which identify the location of the caller requesting emergency help.
- Who put it on your telephone bill: The State of New Hampshire.

- How much is it: The NHPUC set the rate at 42 cents per month.
- Who gets your money: The Department of Safety.

State Telecommunications Tax:

- What is it: A state tax on all basic telephone charges.
- Who put it on your telephone bill: The State of New Hampshire.
- How much is it: 7% on your entire bill. There is a \$12.00 exemption for basic services.
- Who gets your money: The State of New Hampshire.



If you want to dispute a charge on your bill you should immediately contact your carrier. The carrier's business office number or toll-free customer service number is listed on your phone bill. If after speaking with your carrier the result is unsatisfactory, contact Consumer Affairs at the NH Public Utilities Commission at 1-800-852-3793.



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