



Understanding Your Telephone Bill

Interpreting Billing Acronyms, Service Terms and Basic Charges

From the Office of Minnesota Attorney General Lori Swanson

Long gone are the days when telephone bills were simple and easy to understand. Today, bills include charges that often are confusing and hard to understand. The following information may help you decipher your landline phone bill.

Local Service

Monthly Local Service Charge:

This charge may also be called the **Monthly Fee** or the **Local Telephone Service** charge. It is the basic local telephone service charge and may include unlimited local calling. As a fixed rate, the amount does not depend on usage. Commonly, this fixed charge is billed in advance for the next month of local service. The Minnesota Public Utilities Commission (PUC) determines the amount of this charge for companies which includes most wireline companies but does not include wireless or cell phone carriers—those carriers are regulated by the Federal Communications Commission (FCC).

- **Monthly Minimum Usage:** Local phone companies that provide an option for less expensive, but limited, local service such as Measured Service, allow customers to pay for local calls based on usage. However, many such plans require a minimum payment each month, as this fee suggests. A monthly minimum usage charge means that callers may have additional usage charges on the bill for local usage that exceeds the monthly minimum. The PUC determines the amount of this charge for companies that it regulates.

Federal Subscriber Line Charge or Federal Access Charge:

The FCC allows, but does not require, local phone companies to bill customers for some of the costs of connecting your home or business to the local telephone

network. It is not a tax or fee charged by the government. The nature of telephone service is that carriers must interconnect so that consumers located across town or across the country may communicate. This access charge may be used by the local phone company to maintain its local network of wire, poles, and other telephone equipment such that long distance carriers will have access to the local network. It also may appear on bills as the **Customer Line Charge**, the **Interstate Access Charge**, **Charge for Network Access**, or the **Interstate Single Line Charge**. This charge used to be paid by long distance companies directly to local carriers, but the FCC changed that requirement in 2000 for residential phone lines so that the local phone companies may charge their customers instead. It is worthwhile for a consumer to check with his or her chosen long distance carrier for confirmation that the long distance company is not also charging the consumer for this fee (see PICC, below). The FCC's current maximum amount is \$6.50 per month for the first or primary residential line, with a somewhat higher charge for each multiple residential line and for multi-line businesses. Many local telephone companies charge customers less than the FCC's maximum amount.

Universal Service Fund:

This affordability charge also may be billed as the **Universal Connectivity Fee**. Congress created this mandatory charge for *carriers* of voice service between states and internationally including wireless and Voice Over Internet Providers (VOIP) companies, and requires contribution of a percentage of their revenues for providing these services. The carriers may, but are not required to, pass along this charge to their customers. The FCC first implemented this fee in 1998 in order to ensure affordable access to telecommunications services to rural and other high-cost areas for low income persons and to help provide internet access for rural health care facilities, schools and libraries.

Telephone Relay, 9-1-1 & Telephone Assistance Plan Surcharges:

These are mandatory fees that local telephone companies must collect from all telephone service subscribers. The state distributes the monies collected to agencies that operate the following services:

- **Minnesota Telephone Relay Service.** This communications service transmits and translates calls made between deaf, speech impaired, hard-of-hearing and other persons with the assistance of relay equipment and, at times, trained operators.
- **911 System.** The Legislature created the state's emergency 911 response system, and the 911 surcharge helps maintain the 911 emergency network through Minnesota.
- **Telephone Assistance Plan.** The surcharge helps offset the cost of basic telephone service for low-income and disabled Minnesotans.

Local Number Portability Fee:

The FCC allows, but does not require, local telephone companies to collect certain costs associated with customers choosing to keep their existing telephone number when switching to another local provider. Many local companies no longer charge this fee because they already have recouped their allowable amount as determined by the FCC some years ago when number portability became available.

Taxes:

- **Federal Excise (3%).** A federal tax established by Congress. It applies to local service that is billed separately from long distance service.
- **State Sales (6.875%).** A state tax established by the Minnesota Legislature.
- **County Sales (depends on the county):** Counties may elect to tax the telephone bills of county residents.
- **City Sales (depends on the city).** Cities may elect to tax the telephone bills of city residents.

Other Local Charges:

Customers may subscribe to additional services through their local telephone company such as: **Directory Assistance, Operator-Assisted Calls**, or various calling features such as **CallerID** and **Three-Way Calling**, and for **non-listed** or **non-published telephone numbers**.

Long Distance Service

Many local telephone companies provide billing services to long distance companies. This means that a customer's telephone bill may include charges from multiple companies for local as well as long distance charges. The charges may include "local" long distance calls made within the state as well as charges for "1+" long distance calls made between states or internationally. Make sure that the name of your selected long distance carriers appear on your bill.

- **Monthly Service Charge.** A long distance company may provide a fixed charge as well as a variable or usage charge for calls, depending on the consumer's selected plan.
- **PICC (Presubscribed Inter-exchange Carrier Charge).** This charge is no longer a common charge of long distance companies. Also called the **Carrier Line Charge** or the **Presubscribed Line Charge**, it used to be collected by long distance companies and remitted to local carriers for access to the local network following a customer's selection of a particular long distance company. However, the FCC now allows local carriers to charge customer directly as to residential and single business lines (see **Federal Subscriber Line Charge** or **Federal Access Charge**, above) which means that there is no reason for a long distance company also to charge a PICC charge. Check your bills and contact your long distance provider to ensure that you are not being charged a PICC charge, either separately or bundled with another charge.
- **Single Bill Fee.** Some carriers charge customers for the convenience of receiving one consolidated bill with local and long distance charges rather

than receiving separate bills from the various carriers. This fee is not government mandated.

- **Taxes.** Taxes may be billed separately from local charges as they may apply differently to different types of long distance calls.

Non-Telecommunications Charges:

Many telephone bills include unrelated services such as high speed internet or satellite television. When a customer makes a partial payment of such a bill and *clearly notes* that the partial payment is to be applied first to local service charges, the customer may not be disconnected from local service for nonpayment of these other charges.

Unauthorized or “Crammed” Charges:

Scrutinize your bill for accuracy. Many phone companies provide “billing services” for third parties. Charges of third parties that are not authorized are sometimes called “crammed” charges. You are not liable to pay for services or merchandise that you did not authorize. Call your phone company and the third party; the charges must be removed and you may be entitled to a refund of past payments. In addition, some phone companies will allow you to block all future third-party charges. Call your phone company to ask that it never add third-party charges to your phone bill.

More Questions About Your Phone Bill?

Call your providers for explanation of any fee or charge that you don’t understand or question. If you remain concerned, you may file a complaint with these government agencies:

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445 Minnesota Street, Suite 1400

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(651) 296-3353 (Twin Cities Calling Area)

(800) 657-3787 (Outside the Twin Cities)

TTY: (651) 297-7206 or (800) 366-4812

www.ag.state.mn.us

Federal Trade Commission

Consumer Response Center

600 Pennsylvania Avenue NW

Washington, DC 20580

(877) 382-4357

TTY: (866) 653-4261

www.ftccomplaintassistant.gov

Federal Communications Commission

Consumer & Governmental Affairs Bureau

Consumer Complaints

445 12th Street, SW

Washington, D.C. 20554

(888) 225-5322

TTY: (888) 835-5322

www.fcc.gov

Minnesota Public Utilities Commission

121 7th Place East, Suite 350

St. Paul, MN 55101

(651) 296-0406

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www.mn.gov/puc