



Understanding Your Phone Bill

Why is my phone bill so hard to figure out?

Telephone bills have become harder to understand in part because phone companies offer so many different services and bill for other companies' services, like long-distance. Also, federal and state charges appear on your bill that used to just be included in your basic telephone rate. Further, some of these charges are the result of bringing competition into the local telephone service market.

There is no doubt that phone bills are more confusing than ever. This is why you should read your phone bill carefully each month, to make sure you are paying the right amount for the services you ordered.

Basic Services: Local phone service provided by Qwest and independent local phone companies in rural areas, as well as by Comcast and non-regulated wireless companies and internet service providers

Optional Services: Features like call waiting, call forwarding and Caller ID

Unregulated Services: Service not regulated by the PUC such as voice messaging

Long-Distance: In-state and state-to-state long-distance service from companies such as Qwest, AT&T, Sprint, MCI/Verizon, Comcast, independent phone companies and non-regulated wireless companies and internet service providers

Other state and federal charges: Monthly service and Tax Summary

What are all these state and federal charges on my phone bill?

Below are some of the state and federal charges on your phone bill, what and how much the charge is, and who gets the money...

Municipal Charge: Nearly all cities in Colorado impose Municipal Occupation taxes on local telephone companies operating within their city limits. Local telephone companies are allowed to recover that tax expense from subscribers within each applicable city. Within each city, the total amount of the tax is divided by the number of customers who have service with the local telephone company to arrive at your monthly charge. The municipal charge is considered a "cost-of-doing-business" for your local telephone company. The tax rate imposed on the local telephone company varies between municipalities and is not present in unincorporated areas. Your local telephone company shows this tax as a separate item on your bill. Your city or town council must approve changes in the amount of this charge.

Federal, State and Local Taxes: In addition to showing the municipal charge described earlier,

your local telephone company is required to collect various kinds of taxes for payment to federal, state, county and city governments. Local and long-distance services are subject to Federal Excise Tax. The State of Colorado, all counties and cities in Colorado tax local and long-distance services. Home rule cities (most larger cities) in Colorado do not follow state rules and can tax different items. Only the government body that originally approved the taxes - such as Congress, the state legislature, a county commission, or a city or town council - can change them.

Federal Access Charge (or, Subscriber Line Charge): The FCC ordered this charge to pay for part of the cost to the local telephone company for supplying a phone line to your home or business. In July of 2000, the Federal Access Charge was combined with the Presubscribed Interexchange Carrier Charge (PICC). As a result, the Federal Access Charge increased. As of July 1, 2006, the charge was \$6.50 for your first residential line or business line, and \$7 for each additional residential line. For multi-line businesses, the maximum is \$9.20 per additional line. The FCC must approve changes in the amount of this charge. The money from the charge goes to your local telephone company.

Federal Universal Service Fund (USF): The FCC created this charge in 1998 as part of its overhaul of telephone fees. Telecommunications carriers pay into the fund based on their interstate revenues and are permitted to recover those costs from customers. The fund is used to keep rates affordable for low-income customers and those who live in high-cost areas. It also supports telecommunications services for libraries, schools and rural health care providers.

Local Number Portability (LNP) or Service Provider Portability: Number portability allows customers to retain their telephone numbers when switching to a competitive local provider at the same location of their residence or business. The FCC allows local telephone companies to charge a fee to offset the costs of providing this service for a period of five years. The recovery period has expired for many companies in Colorado, including Qwest. However, new companies entering the local telephone market in the future may choose to assess this charge to their customers.

Colorado High Cost (Universal Service) Charge: This charge was established by state law and implemented by the PUC. It provides additional money to reimburse Colorado local telephone companies that serve areas with higher than average costs. This allows local phone rates to remain reasonably comparable across the state. The state fund is necessary because local carriers receive only about 40 percent of their high-cost support from the federal Universal Fund. As of July 1, 2008, the charge is 2.2 percent of all in-state charges on your bill. The PUC reviews this charge on a quarterly basis and makes adjustments as necessary.

Low-Income Telephone Assistance Fund: The Colorado Legislature established this fund, also known as the "Lifeline" program, in 1990. The program recognizes the need for all citizens to have access to a telephone for safety reasons. The fund is used to offset the costs of providing local service at a discounted rate for qualifying low-income customers. The PUC reviews this charge on an annual basis and adjusts the rate accordingly. As of June 1, 2009, the surcharge will increase to \$0.07 per month.

Colorado Telecommunications Relay Fund: The Colorado Legislature created this fund in 1989 to help hearing-impaired and speech-impaired customers obtain the assistance they need to use the telephone. Money generated from this charge is used to pay for the costs of providing operator relay system services. Total costs of administering and delivering the relay services are

divided by the total number of telephone access lines in Colorado to arrive at your monthly charge, which is currently \$0.12. The PUC reviews this fund on an annual basis and may adjust the monthly charge as needed.

911 Surcharge: Colorado law authorizes counties and 911 authority boards to charge up to \$0.70 per line or wireless access per month to pay for equipment and other costs (excluding personnel costs) of providing 911 services. Charge in excess of \$0.70 per line per month must be approved by the PUC. The individual counties and 911 authority boards set this charge and receive the money. The amount of the 911 Surcharge on your bill will vary, depending on where you live.