

# Understanding the Charges on Your Phone Bills

**RCA Consumer Facts**  
www.rca.alaska.gov

Under Alaska regulations (3 AAC 52.230 Subscriber Billings), your local telephone company must provide clear and concise monthly billing statement. The bills must contain a clear listing of all adjustments and other nonrecurring charges. One flat monthly charge may be shown for all local service furnished under the same telephone number, and this charge may be billed one month in advance. All toll charges must be itemized, specifying on a call-by-call basis the date of the call, the locations connected, the duration of the call, whether the call required special assistance (e.g., person-to-person, operated assisted, etc.), and the charge for the call.

To ensure that the consumers have the essential information they need to protect themselves from fraud and to make informed choices, the RCA has prepared the following guidelines that describes some of these charges.

- **Subscriber Line Charge (SLC)** – Allowed by the FCC, this flat monthly charge used to compensate the local telephone company for part of the cost of installation and maintenance of the telephone wire, poles and other facilities that link your home to the telephone network.
- **Local Monthly Service** – This is a monthly recurring flat-fee which customers pay for local phone service. This flat-fee may be just for basic service or it may include a variety of optional services “bundled” with the basic service.
- **Local Optional Service Charges** – These services are not required for you to receive basic local phone service. They include services with monthly fees such as voice messaging, Caller ID and services with per-use charges such as call trace and directory assistance.
- **Long Distance Charges** – The long-distance portion of your phone bill may vary depending on your company. Typically long distance companies have separate rates for interstate calls and *intrastate* calls. Customers who do not opt for a long-distance calling plan will typically receive service under a long distance carrier’s basic calling plan. Intrastate basic plans for most carriers include an initial minute charge and a lower per minute rate for each additional minute of a direct dialed call. Basic plan per minute rates also typically vary by time of date and distance. Operator-assisted, collect and person-to-person calls incur additional per call charges.
- **Long Distance Optional Calling Plan Fees** – The largest long distance carriers all have a variety of optional intrastate calling plans in lieu of a basic intrastate plan. These plans often include a flat monthly fee as well as a per-minute rate that is discounted from the basic long distance rates. Optional plans also typically do not have separated per minute rates for time of day or distance. Optional plans exist for interstate long distance calling as well and are typically lower than intrastate rates.
- **911** – This charge is imposed by local governments to help pay for emergency services such as fire and rescue. A municipality may, by resolution or ordinance, elect to provide an enhanced 911 system at public safety answering points and may purchase or lease the enhanced 911 equipment or service required to establish or maintain an enhanced 911 system at public safety answering points from a local exchange telephone company or other qualified vendor. The municipality may impose an enhanced 911 surcharge within the enhanced 911 service area, and the surcharge may not exceed \$2 per month for each wireless telephone number and \$2 per month for each local exchange access line for wireline telephones. (AS 29.35.131)
- **Federal Excise Tax** – This is a three percent tax mandated by the federal government. It is imposed on all telecommunications services, including local, long distance and wireless bills.

- **Local Number Portability Charge (LNP)** – The FCC allows local telephone companies to recover certain costs for providing “telephone number portability” to its customers. This charge provides residential and business telephone customers with the ability to retain, at the same location, their existing local telephone numbers when switching from one local telephone service provider to another. This is a fixed, monthly charge. Local telephone companies may continue to assess this charge on their customers’ telephone bills for five years from the date the local telephone company first began itemizing the charge on the bill. This is not a tax.
- **Federal Universal Service Fund** — The financial mechanism which help compensate telephone companies for providing access to telecommunications services at reasonable and affordable rates throughout the country, including rural, insular and high cost areas, and to public institutions. Companies, not consumers, are required by law to contribute to this fund. The law does not prohibit companies from passing this charge on to consumers.
- **Alaska Universal Service Fund** – This local charge is similar to the Federal Universal Service Fund. The Alaska USF provides support for three different programs: Lifeline & Link Up, DEM Weighting and Public Interest Pay Telephone. Lifeline helps reduce the local monthly charge for low-income customers. DEM Weighting provides support to certain small local exchange companies with high switching costs. The PIPT program supports the cost of pay telephones in locations where they are needed for health, safety and public welfare and would not otherwise exists as a result of the operation of competitive market.
- **Municipal Taxes** – Telephone companies outside Anchorage collect municipal utility and sales taxes. These collections are sent to the respective governments that impose the taxes.

Your phone company also pays a city business tax which is usually stated as a separate line item on customer bills.

- **Regulatory Cost Charges (RCC)** – Charge incurred through legislation to fund the Regulatory Commission of Alaska. Under Alaska regulations (3 AAC 47.070) local exchange carriers on behalf of an interexchange carrier, may implement a separate charge on its bills to retail customers to collect the regulatory cost charge subject to certain limitations.
- **Network Access Fee (NAF)** – The NAF is designed to recover a portion of the cost of the “local loop” (i.e., the wires and associated local network facilities that connect a telephone customer to the local telephone company’s central office switch). All local exchange carriers must charge the NAF. However, other types of carriers, such as cellular and long distance companies, will not charge the NAF. For further information about the NAF, the Commission has prepared a Frequently Asked Questions (FAQ) to help answer consumer inquiries related to the NAF. Please visit the link: <http://www.rca.alaska.gov>.
- **Universal Access Surcharge** – This surcharge, also commonly referred to as the TRS surcharge, is for Telecommunications Relay Service centers that transmit and translate calls between hearing individuals and individuals who are hearing or speech impaired. The Alaska’s TRS carrier is South Dakota Association of the Deaf d/b/a Alaska Relay, CSD of Alaska. Currently, the TRS rates are 10 cents/line/month for residential and single line business customers and 20 cents/line/month for multi-line business customers.

For further information, contact the RCA or the FCC at 1-800-CALL-FCC or online at [www.fcc.gov](http://www.fcc.gov).

## REGULATORY COMMISSION OF ALASKA

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