

# UTILI-FACTS

## Charges on your telephone bill

Your phone bills can be filled with charges that may be complicated or confusing. The following charges, taxes, and surcharges are those most commonly seen on Texas phone bills.



**Basic Local Service** – A basic monthly charge for the dial tone that enables you to make and receive calls and allows you to be listed in the telephone book and get a copy of the directory.



**Extended Area Service** – Expands customers' local calling area by allowing them to call additional contiguous exchanges for a flat fee, rather than incur long-distance charges assessed on a per-minute basis. The size of the local calling area varies from company to company. Availability is determined by affected local telephone companies and communities and



approved by the PUC.

**Optional Services** – Charges for "miscellaneous" services such as call waiting, Caller ID, voice mail, or three-way calling may appear on the phone bill under your local company's services or on a separate page. Make sure you are being charged only for those services you have authorized. These services are not regulated by the Public Utility Commission.

**Directory Assistance** – Know what each company charges for directory assistance before placing a call. If the directory assistance operator offers to complete the call for you, be aware that you may pay even more.

**Local Toll** – Local toll calls are made to places that are not close enough to be in your local calling area. (This service may be provided by your local phone company.)

**Long Distance** – Like local toll, most consumers have a regular, or "pre-subscribed," long-distance carrier. When you dial "1" plus the area code and the phone number, you are automatically accessing your pre-subscribed carrier, and the call is billed at the rate the company charges. Note: Dial Around Service can be used by manually entering another company's

access code (such as 10-10-xxx) then "1," the area code, and the phone number. That company will bill for the call based on their own rates and fees.

**Pay-Per-Call Service** – Charges for pay-per-call services provided through 900 and 800 numbers are set by the service providers, not the telephone companies. They will appear on a separate page in your phone bill.

### State and Federal Charges

**Federal Subscriber Line Charge** – Created and regulated by the FCC, this charge allows local phone companies to recover a percentage of costs associated with interstate access to local phone networks. It may also appear as "Fed Subscriber Line Chg."

**Federal Excise Tax** – A federally mandated 3% tax levied on non-usage sensitive basic local service that is billed separately from long distance service. It may also appear as "Fed Excise Tax."

**State and Local Sales Tax** – State and local tax combined cannot exceed 8.25%. Applies to local charges, non-regulated, and toll charges.

**Federal Universal Service Fee** – A federal fee for a fund that helps bring affordable basic phone service to all Americans, including schools, libraries, and rural health care providers. Wireless, pay phone, and some long distance companies add this surcharge to cover their required support for the fund. The fee is set by the FCC. It may also appear as "Fed Universal Svc Fee."

**Texas Universal Service** – A state fee for a fund that supports affordable service to customers in high-cost rural areas, funds the RelayTexas service and related assistance for the hearing-disabled, and funds telecommunications services discounts for low-income customers (Lifeline). The fee is set by the Public Utility Commission.

**Local Number Portability Charge** – The FCC requires all local phone companies to make numbers portable from carrier to carrier so that customers can keep their phone numbers even if they switch local carriers. Companies are allowed to access the surcharge for maximum of five years to recover investments in the necessary equipment upgrades.

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**9-1-1 Fee** – The 9-1-1 fee funds the dedicated 9-1-1 telephone network that allows callers

to reach a public safety answering point when they dial the digits “9-1-1.” The amount of the service fee varies by region and is set by the Texas Commission on State Emergency Communications.

**9-1-1 Equalization Fee** A fee used to provide financial support for regions where the 9-1-1 fee does not fully offset the cost of 9-1-1 service. The fee is imposed on each customer receiving intrastate long-distance service. The fee is set by the Texas Commission on State Emergency Communications.

**Municipal Right-of-Way Fee** – Compensates the municipalities for the use of public rights-of-way. It may also appear as Municipal ROW fee.

**State Franchise Taxes or Fees** - A franchise tax is assessed to corporations doing business in Texas. Local telephone service provided by cooperatives is not subject to this charge.

**Public Utility Gross Receipts Tax** - Revenues generated from this tax are used to appropriate funds to the PUC and the Office of Public Utility Counsel (OPUC). All public utilities, including long-distance companies, pay one-sixth of 1% of their gross receipts into this fund.

**Expanded Local Calling Service (ELCS) Fee** - ELCS expands rural customers’ local calling scopes by allowing them to call additional exchanges for a flat fee, rather than incur long-distance charges assessed on a per-minute basis. If the cost of providing ELCS exceeds the revenues received from the service, state law allows the local telephone company to surcharge all Texas customers to make up the difference. The ELCS surcharge varies among companies. The PUC must approve all ELCS fees and surcharges.

**Extended Area Service (EAS) Fee** - Extended area service (EAS) expands rural or metropolitan customers’ local calling scopes by allowing them to call additional exchanges for a flat fee, rather than incur long-distance charges assessed on a per-minute basis. EAS may be either one direction only (one-way) or in both directions (two-way).

If the cost of providing mandatory two-way EAS involving non-metropolitan exchanges exceeds the revenues from such service, state law allows the local telephone company to surcharge all Texas customers to make up the difference. The PUC must approve all EAS fees and surcharges.

**QUESTIONS:**

Call: 1-888-782-8477, in Austin 512-936-7120  
(TTY 512-936-7136) (FAX 512-936-7003)

Write: PUC - Customer Protection Division  
P.O. Box 13326, Austin, TX 78711-3326

Online: <http://www.puc.texas.gov/consumer/complaint/Complaint.aspx>

