

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

**In the Matter of** )  
 )  
**National Association of State Utility** )  
**Consumer Advocates' Petition for** ) **CG Docket No. 04-208**  
**Declaratory Ruling Regarding** )  
**Truth-In-Billing.** )

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S**  
**INITIAL COMMENTS SUPPORTING NASUCA'S**  
**PETITION FOR DECLARATORY RULING**

The Indiana Office of Utility Consumer Counselor ("OUCC") is the statutory representative of Indiana utility ratepayers, consumers and the general public in local, state and federal proceedings pursuant to Ind. Code §§ 8-1-1.1-1, *et seq.* The OUCC supports the relief requested in the National Association of State Utility Consumer Advocates' ("NASUCA") Petition for Declaratory Ruling, which asks the Federal Communications Commission ("FCC") to prohibit telecommunications carriers from imposing monthly line-item charges, surcharges or other fees on customers' bills unless such charges have been expressly mandated and are monitored/audited by a state public utility commission ("PUC") or by the FCC.

Consumers need clear and concise price information so they can accurately compare telecommunications services. Simply put, the price you see should be the price you pay - just like when you buy a gallon of gas at the local service station or a bunch of broccoli at the supermarket. Unfortunately,

consumers are not getting this information because advertised rates fail to mention the large variety of miscellaneous fees and surcharges which will ultimately appear on their bills. When such fees are ultimately revealed on consumers' bills, they are phrased in obfuscatory language which makes these fees sound as if they are required by the government, despite the fact that many of them are not in fact required or audited by any regulatory authority whatsoever. Acting under this misperception, consumers simply pay these fees and do not use them as a basis for negotiation or competitive comparison as they assume these "government" charges are non-negotiable and will be the same across carriers.

Consumers have expressed a great deal of frustration and confusion over how many different line items are added to their monthly telecommunications service bills, the frequent changes in the amounts charged, the various ways by which such fees are calculated and the use of different nomenclature by competing carriers – all of which make it difficult to determine and compare prices actually charged by competitors. The OUCC has responded by devoting considerable resources to helping consumers understand their bills.<sup>1</sup> However, such after-the-fact education for the limited number of consumers the OUCC may reach is no substitute for having clear and accurate bills for all consumers in the marketplace in the first place.

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<sup>1</sup> In addition to fielding many calls to its consumer affairs division, the Indiana OUCC has also developed and distributes the attached fact sheet entitled "Understanding Your Telephone Bill" to address consumers' questions regarding the growing number of line item surcharges on their monthly telecommunications service bills. (See attached Exhibit A.)

Consumers want complete, correct, unambiguous and truthful cost of service information presented in a manner they can easily understand – whether on their current service provider's bills or in a competitors' marketing and advertising. With that type of information in hand, consumers are not only able to verify the legitimacy and accuracy of charges on their monthly service bills, they are also able to compare competing service options. In order for competition to deliver the many promised consumer benefits - benefits that all consumers look forward to receiving - it is imperative that carriers provide information to existing and prospective customers in a way that permits accurate comparisons between available service and pricing options. Without that information, consumers' interests will not be adequately protected by the competitive market forces that are supposed to reduce the need for government-imposed consumer protections which have historically been provided through state and/or federal regulation of utility services.

The Indiana OUCC acknowledges that telecommunications service providers, like other businesses, have a variety of expenses that must be recovered in order to provide such service to the public. However, the Indiana OUCC shares NASUCA's concern that telecommunications service providers are inappropriately using misleading line item surcharges to recover portions of the providers' ordinary operating expenses with the result that consumers' ability to accurately compare prices for services offered by competing carriers is seriously impaired. The Indiana OUCC agrees that the use of non-mandatory line item surcharges is misleading, deceptive, unreasonable, unjust, anticompetitive and

anti-consumer. Accordingly, the Indiana OUCC supports NASUCA's request that the FCC declare such billing practices unlawful and inconsistent with Congress' goal of nurturing competition in our nation's telecommunications markets in order to benefit American consumers and our economy as a whole.

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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# Understanding Your Telephone Bill

Reading your phone bill each month is important. It can show you exactly what you are getting for your money and help you prevent or identify fraud. This fact sheet explains charges you may see on your phone bill. Not all of these descriptions apply to cellular phone service. If you have questions about that bill, contact your cellular service provider.

The table below shows typical charges and fees. Some charges on your bill are required by law, while others are charged at the provider's discretion. By having a better understanding of the charges on your bill, you can make more informed decisions.



## Read your bill

It is important to read your telephone bill every month to make sure you have been charged correctly. If you have a question about a charge or think charges are incorrect, call the company responsible for the charges in question before they are due. Save copies of your bills and take careful notes of your discussions with the company. If the company does not address the matter to your satisfaction, contact the OUCS Consumer Services Staff.

## Typical phone charges and fees

### Local service

- Basic local service charge
- Subscriber line charge
- 911 emergency service
- Telephone relay charge
- Taxes
- Universal Service Fund
- Local Number Portability
- Charges for optional features such as call waiting and call forwarding

### Long distance service

- Long distance charges
- Taxes
- Minimum usage charges
- Monthly calling plan fee
- Universal Service Fund
- Pay phone access fee
- Operator-assisted toll calls

### Unregulated service

- Voice mail
- Internet access
- Inside wire maintenance plans
- Customer premises equipment, which may include phones purchased or rented from the telephone company

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## Understanding local charges

- Basic local service charge – For most companies, the Indiana Utility Regulatory Commission (IURC) approves this charge, which a consumer must pay to receive a dial tone.
- Subscriber line charge – Phone service providers can charge consumers this fee to recover part of the cost of providing interstate long distance access over local phone lines. Some companies refer to this charge as the federal access charge, interstate access charge, end user common line charge or consumer line charge. This charge cannot be more than \$6.50 per month per line.
- 911 emergency service – The law requires customers to pay a fee to support their local emergency telephone systems.
- Telephone relay charge – This mandatory fee helps provide telephone service to consumers with speech and hearing impairments. Some bills list this charge as the Indiana Telephone Relay Access Corporation (InTRAC) surcharge.
- Taxes – A federal excise tax appears on all phone bills. It is charged as a set percentage regardless of which telephone service provider you use. State sales tax is 6 percent in Indiana and does not vary among companies.
- Universal Service Fund (USF) – Federal law requires phone companies to contribute to this fund, which provides affordable telephone service to low-income and rural customers, as well as telecommunications services to eligible schools, libraries and more. Some companies include their USF obligations in their basic rates, some charge a flat fee and others charge a fee based on a percentage of the bill amount.
- Local Number Portability (LNP) – LNP enables a consumer to keep his or her phone number when switching to a new service provider but staying at the same location. To recover the costs of upgrading equipment to provide LNP, companies may assess fees to all consumers in an affected area.

### Important notice

Your local phone company may bill for other carriers that provide telecommunications service to your line. The local phone company is required to show these charges in a separate part of your bill, and it also must provide toll-free numbers for any other carrier whose charges are included on your local bill.



- Charges for optional features – Optional services include call waiting, call forwarding, three-way calling and pay-per-use services such as automatic callback (\*69). Monitor your bill to ensure you are paying for only the optional services you have ordered.

#### **Understanding long distance charges**

- **IntraLATA** long distance charges – May also be listed as “local toll” or “local long distance.” These charges cover calls made to numbers outside your free local calling area, but within a regional area known as the Local Access Transport Area (LATA).
- **InterLATA** long distance charges – These are charges for state-to-state calls, as well as calls to numbers that are in-state but outside of your regional area.
- Taxes – Long distance charges are subject to the same federal and state taxes as local charges.
- Minimum usage charge – Some long distance calling plans charge a minimum usage amount each month regardless of the cost of calls made. Not all long distance plans assess this charge.
- Monthly calling plan fee – Some long distance calling plans charge a monthly fee for a specified per minute rate during certain hours or days. This fee is assessed each month regardless of usage. Not all long distance plans assess this charge.
- Universal Service Fund (USF) – See the description of this fee under local service charges. USF charges may appear on both the local and long distance portions of your phone bill.
- Pay phone access fee – Federal law requires long distance companies to compensate pay phone companies for calling card, 10-10 dial-around and other types of calls made from pay phones. Long distance companies may include this cost in their monthly rates or charge a separate fee.
- Operator-assisted toll calls – Charges for collect calls, long distance information and other operator assistance will be added to your long distance bill.



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### **Understanding unregulated phone service charges**

The IURC does not regulate some phone services, such as inside wire maintenance plans, Internet access and voice mail. This may also include phone rental or purchase charges. If a phone rental charge appears on your bill, consider purchasing your own phone and returning the leased phone.

Unregulated services are still subject to slamming and cramming regulations (see the fact sheet on this topic for more information). If a phone company does not address your questions or concerns to your satisfaction, contact the OUCC or IURC for assistance with your complaint.

The Indiana Office of Utility Consumer Counselor (OUCC) is the state agency representing the interests of utility consumers and the general public in matters related to the provision of utility services. The OUCC is active in proceedings before regulatory and legal bodies and is committed to giving consumers a voice in the creation of utility service policy.

OpenLines publications are produced by the OUCC to educate consumers on their rights and responsibilities regarding utility services. Fact sheets on many telecommunications and other utility topics are available free of charge. All OpenLines publications, including a comprehensive telecommunications consumer handbook, are available on the OUCC Web site or by calling the OUCC Consumer Services Staff.

This OpenLines publication is a public service of the Indiana Office of Utility Consumer Counselor (OUCC) in conjunction with the Indiana Utility Regulatory Commission (IURC) and SBC Indiana.



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