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## **SUMMARY OF FCC LINE CHARGE TRUTH-IN-BILLING PETITION**

### **Specific Problems and Actions Teletruth Would Like To See Implemented.**

We are asking the FCC to open a Notice of Inquiry (NOI) and Proposed Rulemaking on ALL telephone charges and surcharges on all wireline, wireless, long distance, bundled packages, and broadband phone bills because the guidelines are not being enforced or are insufficient in covering the current problems on phone bills. This NOI would also include the Petition by NASUCA to examine and/or eliminate various new charges that appear on the phone bill, that also appear unwarranted.

While this is an important step, it is clearly limited. As we will show, there is a need to expand the TIB rules for the public Interest.

### **Specific to the FCC Line Charge:**

This charge has become a slush fund with multiple names, multiple problems. From being taxed exorbitant amounts, its slipperiness in not being included in the advertised price of a bundled package, or even its moveability on the phone bill to confound regulators about rate increases, the FCC Line Charge and associated issues need to be investigated and resolved in the public interest.

- 1) The FCC Line Charge is mislabeled and deceptive. The common belief is that it funds the FCC, which is wrong.

FCC RULE:" ...accompanied by a brief, clear, non-misleading, plain language description of the service or services rendered;

- 2) More names than Lucifer. We counted at least 10 different names across the country for this charge. Pick one.
- 3) The FCC has failed to use the 'common use' of the name which includes the abbreviation "FCC". The FCC, in almost all of its press releases, rulemakings, orders, and even the web site, fails to include the mention of the "FCC" in the name. As we show, the majority of states and even long distance companies have put "FCC" in the official name of this charge. (This violates the Data Quality Act as well.) It is obvious that the phone companies include "FCC" in the name to make it look like this charge is "FCC" related, and not revenue to the company.



- 4) It is unmarked direct revenue to the local phone companies, which is not specifically mentioned.

FCC RULE: identify the service provider associated with each charge;

- 5) The FCC Line Charge is quintuple taxed on Verizon New York phone bills some 27% and phone bills do not reveal how. Neither the bills nor web site include any description of this taxation or the amounts being applied. This seems to be a common problem throughout the US.

FCC RULE (4) contain full and non-misleading descriptions of charges;

- 6) Where should it be located on the phone bill and what is it for exactly? Is it part of "Basic Service", should it be under "Taxes and Surcharges" section, is it a "long distance charge". Phone bills not only vary, but can manipulate the definition of "Basic Service".

FCC RULE (4) contain full and non-misleading descriptions of charges;

- 7) The Verizon plays with the definitions to the detriment of truthfulness about local phone charges. Even though Verizon NJ puts the FCC Subscriber Line Charge in the "Basic Service" part of the phone bills, Verizon still claims that they have not raised local rates since 1985, even though the FCC Line Charge went up 86% since 2000. This slight of hand, to include the charge in the definition of "local service", then to disavow it in another context when filing for a rate increase, clearly allows this \$6.50 a month charge to be used as a football, but never in the customer's favor.

NOTE: The FCC Line Charge's price is a "cap" or "ceiling" that can be charged, and not a specific "rate". This means that the actual price of this non-service can vary by state.

FCC RULE (4) contain full and non-misleading descriptions of charges;

- 8) The web sites and all other cross-referenced materials dealing with this charge can dramatically vary. While the name "FCC Line Charge" appears on the Verizon phone bill in New York, this charge can have multiple names on the Verizon web site. This problem is common throughout the US, as well as with the FCC's own data.



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## **The Outcome We Believe is Customer Friendly and “Truth-in-Billing” Correct.**

Separately, Teletruth is requesting the removal of this charge and related taxes until a full calculation of the total costs, including the charge's additional expenses to local phone service, are conducted. However, if it is required to be charged to the customer:

- Rename this charge.
- Require it to be included as part of basic local service or clearly defined.
- It should not be taxed interstate taxes, USF, and other taxes, and a cap on the total taxes on this charge should be applied if it is kept separate. If it is taxed, the companies should be required to itemize the taxes, with full calculations for the entire phone bill, including the FCC Line Charge.
- Require it to be included in all advertised package prices, all local service prices.
- Require the FCC to either change the name or use “common use” in all documents.
- Require the FCC to have all collateral materials in every media match the agreed upon name and description, including all mentions on web sites, advertising or “fine print” explanations.
- If it remains an FCC charge, then the FCC should write the definition of its charge.

Also, if the issues are not in the purview of the FCC, then the agency should ask Congress, or one of the other agencies, such as the FTC or joint-state commissions to become partners in this campaign to fix phone bills. It is not acceptable to leave phone bills the way they are.

## **What is “Truth-In-Billing” (TIB)?**

Over the last decade, the FCC has repeatedly brought up the issue that phone bills are unreadable and that something should be done about it. In March of 2000, the FCC set up new guidelines and rules about the country's phone bills known as “Truth-In-Billing”. The guidelines include basic principles about the information to be supplied to customers. Here is a brief description of the rules. (Also on the web at: <http://ftp.fcc.gov/cgb/policy/truthinbill.html>)

“The Commission has adopted Truth-in-Billing rules to improve consumers' understanding of their telephone bills. Among other things, section 64.2401 of the rules requires that a telephone company's bill must:



- (1) be accompanied by a brief, clear, non-misleading, plain language description of the service or services rendered;
- (2) identify the service provider associated with each charge;
- (3) clearly and conspicuously identify any change in service provider;
- (4) contain full and non-misleading descriptions of charges;

“The Commission also determined that all telecommunication providers (other than CMRS) should use standard labels on bills when referring to line item charges relating to federal regulatory action, such as universal service fees, subscriber line charges, and local number portability charges.”

<http://www.fcc.gov/cgb/consumerfacts/charges.html>

Phone companies are supposed to follow these rules and guidelines, but it is clear that the phone bills examined are not what was intended by the FCC. However, the FCC is in part to blame for some of the problems with phone bills and some charges.