



Public Service Commission of the District of Columbia

Office of Consumer Services

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Business Hours: 9:00 a.m. – 5:30 p.m., Monday – Friday

People Serving the Community...

Universal Service Fee on Telephone Bills

What is the Universal Service Fund?

The Universal Service Fund is ordered by the Federal Communication Commission (FCC) to ensure affordable access to telecommunications services for the following groups:

- ? low-income telephone customers;
- ? telephone customers who live in areas where the costs of providing telephone services are high;
- ? schools and libraries; and
- ? rural health care providers.

Who pays for the Universal Service Fund?

The 1996 Act expanded the types of companies contributing to the fund. As of 1998, all telecommunications carriers that provide service between states, including long distance companies, local telephone companies, wireless companies, paging companies, and pay telephone providers are required to support the fund. Local telephone companies (e.g., Verizon - Washington, D.C., Inc.) recover their costs of universal service contributions through access charges levied on long distance companies. Local telephone companies do not place separate universal service charges on bills for local telephone service.

Why has the FCC provided support for low-income consumers and consumers in high-cost areas?

Since the 1930s, the FCC's policy has been to promote affordable telecommunications services to all households. With the breakup of AT&T in 1984, the FCC set up a mechanism to ensure that local telephone rates would remain affordable to low-income consumers and consumers in rural areas. Congress mandated in the Telecommunications Act of 1996 (1996 Act) that schools, libraries and rural health care providers should also be included in the universal service mechanisms.

Did the FCC require long distance companies to pass on their universal service fund contributions to their customers?

No. The FCC did not require companies to recover their universal service fund contributions from their customers. Each company is to determine if they should recover their contribution and how to recover the contribution. Some companies contributing to the universal service fund have recently added itemized charges - such as a "universal service fee" to their residential customers' long distance bills. These charges and fees may be either a percentage, typically between 4 and 5 percent, of the customers' bills, or flat monthly charges of approximately \$1.00. Not all companies impose universal service charges on their customers.

Tips for Consumers

- ? The FCC does not require your long distance company to place universal service charges on your bill. Let the company know if you believe these charges are too high.
- ? Call other companies and ask if they add universal service charges to their customers' bills.
- ? Ask each company to explain how universal service charges are calculated and exactly what amount would appear on your bill if you decide to use that company's services.
- ? Use your buying power wisely and shop around. Find the carrier whose combination of per-minute calling rates and any additional charges best meets your needs.

**MORE QUESTIONS?
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