



UNDERSTANDING YOUR CHARGE FOR THE COLORADO UNIVERSAL SERVICE FUND

Have you noticed a change in the Colorado Universal Service Charge on your monthly telephone bill? Are you wondering what this charge is for? After reading this information, you should have a better idea of why this fund was established and what the money is used for.

BACKGROUND

Some less densely-populated areas of Colorado are very expensive for telephone companies to serve. Yet, the rates the companies are allowed to charge for basic local service do not reflect these higher expenses. If every rural customer were charged the full and actual cost of providing telephone service, many would be unable to afford the service.

In the past, telephone companies were allowed to charge more for some services — such as in-state long-distance, advanced features such as call waiting and call forwarding, and access fees that long-distance companies pay to connect to the local network — to keep basic local rates affordable for all customers. However, those subsidies were no longer appropriate in a competitive market.

To ensure that all customers continue to have access to affordable basic telephone service under competition, the Colorado Legislature in 1995 authorized the Public Utilities Commission (PUC) to establish a state universal service fund. Money from the fund is used to reimburse companies that serve areas with high costs. This allows local phone rates to remain reasonably comparable across the state.

WHO CONTRIBUTES TO THE FUND?

All companies that provide telecommunications services within Colorado — including wireless, paging, personal communications services, operator services, etc. — are required to contribute to the Colorado High Cost Fund.

The amount paid by each company is based on a percentage of its statewide revenues. The companies are allowed to pass those charges on to their customers in the form of a monthly surcharge.

To reach PUC Consumer Affairs:

1560 Broadway, Suite 250, Denver, CO 80202
303-894-2070 (local); 1-800-456-0858 (toll-free)
PUCConsumer.Complaints@dora.state.co.us

HOW MUCH DO I PAY?

Each year, the PUC calculates the amount needed for the Colorado Universal Service fund, subtracts any surplus from the prior year, and determines the surcharge amount. The surcharge is assessed as a percentage of a customer's in-state monthly telecommunications charges for local, wireless, paging, in-state long distance and optional services. The surcharge is not applied to interstate long-distance calls.

As of July 1, 2011, the surcharge is 2.9 percent.

(7/11)

