

TEXAS PHONE COMPANIES – DEATH BY A THOUSAND CUTS...¹

In Texas, consumer phone bills after July 2022 noticeably increased partially because of a Texas court ruling² plus the consumer's phone company raising certain other fees ...most likely without any notice....

Did the phone companies take advantage of the Court order timing, to increase other non-Court related fees and 'hide' them in the billing detail fog?

While venting is healthy at times and helps stabilize emotional agitation, a complaint without a response plan is pretty hollow. Consequently, below is an outline of possible follow-on action by us consumers

While the unexplained dollar increases do not appear massive – less than a dollar to a few dollars, (and from a visual view point, easily 'hidden' in the phone bill detail)...the **PERCENTAGE INCREASES ARE ASTRONOMICAL!**

For this consumer, the increases amounted to:		%	(increase amount)
• Monthly Plan Charge	– up by	8%	(\$6.00)
• Company Fee & Surcharges	– up by	54.4%	(\$4.45)
• Government Fees and Taxes	- up by	14.6%	(\$0.34)
• Group Plan charge	- up by	17.1%	(\$6.00)
• Federal Universal Service Charge	- up by	39.1%	(\$0.44)
• Texas Universal Service charge	- up by	639.1% ³	(\$1.47)

No wonder inflation is a problem!

Recall one of the easiest ways to get rich is to take a little bit from everybody⁴.

When this writer called his phone provider customer service hotline for an explanation of the increases...and spoke with more than one staff – it was like talking to a deer in the headlights – a startled look and no clue what to do.

¹ iNo!® : Information – I know; Decision – I No!; a consumer advocacy support cite.

² The Texas Universal Service Charge – explained later - 'trust' fund was under-funded and a Court judgment, ordered phone providers (phone companies) to pay a ('temporary') charge increase until the shortfall is eliminated. *Texas Telephone Association et al v. Public Utility Commission of Texas et al, Cause NO. 03-21-00294-CV (Tex. Civ. App, Austin 3rd District, June 30, 2022).*

³ Charge substantially went up because of the Court ruling.

⁴ An example: assume the phone company needs to charge its 1 million customers an extra \$500 million maintenance fee; it could charge each customer \$500 all at once which is not very user friendly or 'hide' the charge in an extra monthly billing fee to each customer of \$5 and the \$500 million collected over an 8 year period.

I am almost ashamed to report when a detail written inquiry (with numbers, graphs and my analysis) was additionally faxed to the phone provider customer support headquarters...a **NO RESPONSE** reply was the answer as of 2 months later and still counting!

Two items of particular interest in the phone bill is what are the Federal Universal Service Charge and Texas Universal Service Charge (neither of which the phone company hotline customer support staff could explain – the startled deer look)?

This writer's investigation⁵ has now uncovered the mystery...such charges are primarily a surcharge (extra fee) that keeps local phone service affordable for all Americans by providing discounts on services to schools, libraries, and people living in rural, remote and high-cost areas (and access to 911 emergency phone communication – a social safety⁶ matter).

In effect, the charges are a Federal and State duplicate subsidy paid for by the phone companies for the cost of other phone users. **BUT ATTENTION PHONE-MART SHOPPERS, THERE IS MORE...**both the Federal Government (FCC) and State of Texas (PUC) allow phone companies to pass through the charges to their customers...and I suspect you will not be surprised that phone providers have 'painfully' elected to pass the charge onto its customers. Consequently, phone customers are subsidizing the phone cost of remote/rural phone users. ***And I bet the consumer did not appreciate their benevolent and charitable undertaking?***

What can us consumers do other than complain? How about considering...

- Notifying our phone companies
 - establish a policy that before there is an increase in any of its billings (other than cost increases associated with customer usage – international calling charge is an example), they provide a conspicuous written user friendly explanation of how much the increase will be (amount and percentage increase) and an explanation why the increase is being applied?
 - establish a policy that they publish in their billing statements a conspicuous user friendly glossary explaining each detail billing line item, its purpose and a relevant cite of the source of the charge (regulatory or statutory reference, phone company expense, etc.)?

⁵ Two excellent user friendly descriptions of the Federal and State Universal Service Charges are found at the following internet sites: <https://www.fcc.gov/general/universal-service>; <https://www.puc.texas.gov/consumer/phone/taxes.aspx#911>; perhaps phone provider customer support staff can find these references of use in their customer service responses.

⁶ Any time a regulatory or commercial entity justifies a public paid pass-through expense based on 'safety', they usually succeed in defending that social good – the so-called safety card.

- establish a policy to provide in their billing statement the process to advance a billing charge complaint, consumer advocacy contact or ombudsman⁷?
- explain in writing to its customers why both a Federal Universal Service Charge and Texas Universal Service Charge are applicable since they appear to be duplicative charges for the same purpose? And what has the phone company advanced to challenge such charges being duplicative?
- explain in writing to its customers the rationale behind the decision why the Federal and Texas Service Charge are passed on to its customers and not absorbed by the phone company as a business expense⁸?
- explain in writing to its customers the rationale behind charging both the Texas and Federal Universal Service Charge AND the 9-1-1 Service Fee and 911 Equalization Surcharge, since published discussions cites for the Universal Charge such charge also covers 9-1-1 service related needs...these 9-1-1 extra charges appear to be not only duplicative but a three times charge for the same 9-1-1 service?
- provide a written notice and analysis to its customers of the timing when the Court ordered 'temporary' increase in the Texas Universal Service Charge will terminate and return to its pre July 2022 charge, because the relevant Service Charge fund shortfall is eliminated?
- Are the subsidized Universal Service Charge funded by the consumer, in effect a form of federal and state taxation that could be taken as a deduction or tax credit regarding a consumers income tax filings?

⁷ A third party official appointed to investigate individuals' complaints against maladministration, especially that of public authorities

⁸ The argument that such service cost to remote communities would cost all phone customers more without the Service Charge, does not make sense since the cost of such service should be the same whether paid by a direct fee or out of a Service Charge 'trust' fund.