

## Police & Fire Protection Fee and State USF Fee FAQ for Customers



Prepared October 21, 2009

| Question  | Response   |
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| <b>What are the two new fees that you will see on your phone bills this fall?</b>             | <p>Two new fees imposed by the state of Wisconsin will soon begin appearing on your wireless and/or landline phone bill.</p> <p>The first fee is called the <b>Police &amp; Fire Protection Fee (P &amp; FPF)</b>. This fee is part of Wisconsin's 2009-2011 biennial budget, which was signed into law on June 29, 2009. The seventy-five cent monthly fee for every landline and cell phone in Wisconsin, as well as Voice over Internet Protocol (VoIP) service, is expected to generate about \$100 million over the next two years.</p> <p>The second fee is a <b>state Universal Services Fund (USF) fee</b>. This fee has been imposed on all landlines for the past several years, and therefore no new state USF fee will be added to phone bills for landlines in 2009. However, beginning November 1, 2009, wireless phone lines will also be assessed the fee and will contribute to the state USF. This fee is separate from the federal USF fee, which currently appears on wireless and landline bills.</p> |
| <b>Who is mandating the fees?</b>   | <p>Both of the new fees are mandated by the state of Wisconsin. As telecommunications providers, Cellcom and Nsight Telservices are required to collect the P &amp; FPF by adding the fee to subscribers' bills and turning over 100 percent of the money collected to the state.</p> <p>Cellcom and Nsight Telservices are not required to list the state-mandated fees separately on customer bills. However, we have chosen to break out the fees on our billing statements to help you gain a better understanding of why your phone bill(s) is increasing.</p>  |
| <b>What is the monthly amount that will be paid for each phone line for each of the fees?</b> | <p>The P &amp; FPF is <b>seventy-five cents per month</b> on each active retail voice line – landline, VoIP service and wireless – <b>for the first 10 lines of service</b>.</p> <p><b>After the initial 10 lines, an eight-cent monthly fee</b> will be charged for every additional line. For example, the monthly P &amp; FPF will be:</p> <ul style="list-style-type: none"><li>• \$7.50 for 10 lines</li><li>• \$7.58 for 11 lines</li><li>• \$7.66 for 12 lines</li><li>• \$8.30 for 20 lines</li><li>• \$8.54 for 23 lines</li><li>• \$9.10 for 30 lines</li></ul> <p>The P &amp; FPF applies to active retail voice lines only. It does not apply to nonvoice communications such as routers, mobile data cards and pagers. The state USF fee applies to active retail voice lines, as well as to pager lines. The state USF fee will not be a flat fee. The amount of the state USF fee will be a percentage of your wireless bill.</p>   |

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| <p><b>Do the fees apply to all landlines and all wireless phones?</b></p>  | <p>The fees apply to all landlines, as well as service provided by Voice over Internet Protocol (VoIP).</p> <p>In regard to wireless, the P &amp; FPF only applies to active retail voice lines. Data services, including routers, paging and mobile data cards, <i>will not</i> be affected by the fees.</p> <p>However, the Wisconsin state USF fee applies to active retail voice lines, as well as to pager lines.</p> <p>If you purchase a pre-paid phone, you will not see the P &amp; FPF or the state USF.</p> |
| <p><b>When will the fees be implemented?</b></p>   | <p>The P &amp; FPF will be implemented on September 1. Therefore, you will see the new fee appear on your September phone bill(s).</p> <p>The new state USF fee for wireless phone lines will be implemented effective November 1, 2009.</p>   |
| <p><b>How will the funds generated by the two fees be used?</b></p>  | <p>According to the state, all funds generated by the P &amp; FPF will go to a segregated fund within the state's general purpose fund, to be used for local and county municipal aid.</p> <p>The state USF fees will go to a segregated fund within the general purpose fund. In the past eight years, Universal Service Funds have been diverted to the general fund and used for other purposes.</p>  |
| <p><b>If I am part of a tax-exempt organization or a federal government account, will the new fees be applied to my phone lines?</b></p> | <p>The P &amp; FPF and state USF assessments are both fees and not taxes. Therefore, both fees will appear on a tax-exempt organization's landline, VoIP services and/or wireless bills.</p> <p><b>There are two exceptions:</b> Federal government accounts and connections provided for official use by sovereign tribes are <i>not</i> subject to the P &amp; FPF.</p>  |
| <p><b>Will I be taxed on the fees?</b></p>   | <p>The P &amp; FPF will not be included in calculating state or local sales taxes.</p> <p>The state USF fee will be used in calculating state or local taxes.</p>  |
| <p><b>Will the Lifeline plan be affected by the new fees?</b></p>  | <p>Yes, if you subscribe to the Lifeline plan, you will be assessed the same new fees as any other phone line.</p>   |
| <p><b>If you would like to express your opinions on the new fees, please go to:</b></p>  | <p>State homepage link: <a href="http://www.wisconsin.gov">www.wisconsin.gov</a><br/> Legislature link: <a href="http://www.legis.state.wi.us">www.legis.state.wi.us</a><br/> Governor's link: <a href="http://www.wisgov.state.wi.us">www.wisgov.state.wi.us</a></p>  |