



An explanation of taxes and surcharges itemized on FirstDigital bills as authorized or required by the FCC, IRS, or state PSC.

Federal Service Charges

Federal Subscriber Line Charge

This charge, sometime also known as the end user common line charge, helps cover phone companies' costs to operate and maintain access to the local phone network.

\$6.50 for business line

\$6.36 for residential line

\$24.95 for multi-channel circuit

Federal Excise Tax

This tax is imposed by the I.R.S. and is used for general federal revenue purposes. It is charged at 3% of standalone voice monthly recurring charges and features. It was removed from long distance charges in August 2006.

Federal Universal Service Fund Tax (FUSF)

This monthly percentage tax charged to a customer's interstate and international telecommunications services. It is a tax imposed to telecom carriers by the FCC and is used for a federal program that helps high cost rural telephone companies provide service at about the same rates as urban areas. It also helps provide phone and internet service to schools, libraries, and rural health-care facilities. The percentage changes each quarter.

Regulatory Fee

A monthly charge to recover costs related to regulatory compliance costs. The fee is determined by applying a fixed 8% charge against invoiced monthly recurring charges and 3% to long distance.

Cost Recovery Fee

This fee is an aggregated monthly percentage based charge assessed on customers' monthly recurring charges. It helps recover amounts remitted by the telecom company to support the federal Telecommunications Relay Services (TRS) for the hearing-and-speech-impaired, administration of the North American Numbering Plan (NANPA), and shared industry costs of local number portability administration (LNPA). It also helps recover telecommunications service provider fees remitted annually to the FCC. Our current rate is 3% of most monthly recurring charges.

State and City Taxes and Fees

State Universal Service Support Fund (USF)

This state fund provides subsidies to local telephone companies, usually small independent companies, to help pay the cost of providing telephone service into high cost locations such as rural areas where the number of subscribers and the cost of providing service could not be recovered without charging excessively high rates. The current rate in Utah is \$0.60 per voice channel and \$0.02 per voice channel in Arizona. Arizona also charges 0.3418% on intrastate toll revenues.

Extended Area Calling Charge (EAS)

The charge pays for the ability to make telephone calls in an area greater than that which is included in the line & dial tone charges. Telephone company's local exchange areas are often very small & do not coincide with the local "communities of interest" boundaries. If long

distance toll charges were necessary for all calls outside the local exchange boundary many residents would incur toll charges to call schools, state agencies, hospitals, businesses or neighbors. The EAS provision allows telephone customers in an area to petition the state PSC to get calling privileges to additional exchanges so they can call on a local call basis. Cost is \$5.55 per line for a business and \$3.55 for residential.

State 911 Surcharge

This surcharge pays for 911 emergency services, regardless of whether a household has ever made a 911 call. It is currently charged at a flat rate of \$0.96 per voice channel in Utah and \$0.20 in the state of Arizona.

State and Local Sales Tax

Sales tax is imposed by states, counties, cities and/or districts on the sale of various good and services. The percentage rate varies by jurisdictions.

Radio Network Surcharge

This surcharge pays for Utah to fund a statewide public safety communications network. Utah currently charges \$0.52 per voice channel.

Recovery of City Utility

This fee, also known as the municipal franchise fee, is passed on to the consumer from the carrier as a percentage of certain monthly telecommunications services. It helps fund certain cities in which your service is provided to cover their costs of digging through city roads for utility purposes. The percentage rate varies by city.