

TAX AND USER FEE SUMMARY

SUMMARY OF TAXES AND OTHER USER FEES ON YOUR BILL

Following is an explanation of some of the regulatory charges that appear on your phone bill each month.

FEDERAL CHARGES

- **Federal Excise Tax** – Alaska Communications is required to collect this three percent (3%) tax mandated by the federal government on local telecommunications service.
- **Subscriber Line Charge (“SLC”)** – This charge appears as “FCC Subscriber Line Chg” on your bill. The SLC was established by the Federal Communications Commission (“FCC”) to cover costs of the local phone network used to originate and terminate interstate long distance calls that are not recovered through charges paid by long distance companies.

Description	Company	"SLC" Rate
Residential or Single Line Business	All Alaska Communications Local Telephone Companies	\$6.50
Multi-Line Business	All Alaska Communications Local Telephone Companies	\$9.20

- **Federal Universal Service Charge (“FUSC”)** - The Universal Service Fund is a federal program funded by the "Federal Universal Service Charge" (FUSC). The program is designed to keep local phone service rates affordable in all areas of the United States, including high cost to serve rural areas. The fund also supports schools and libraries, rural health care providers, and low income consumers. This rate may change quarterly.

* As of October 1, 2009, the FUSC rate is 12.3% assessed on the customer's interstate access service charges. It also applies to international long distance charges, and the Subscriber Line Charge.

STATE CHARGES

• **Network Access Fee ("NAF")** – The Regulatory Commission of Alaska ("RCA") adopted a new Intrastate Access structure to lower the rates that long distance phone companies pay for using the local exchange companies' networks. As a result of the change, the Commission instituted a Network Access Fee or "NAF" beginning April 1, 2005. Although not required, the surcharge provides an opportunity for long distance carriers to reduce in-state long distance calling rates. The RCA has set the NAF at \$3.00 per line as per April 1, 2007.

• **E-911 ("Enhanced 911") Emergency System Surcharge** – The E-911 system provides support for emergency communication services provided by municipalities. The surcharge is authorized by Alaska law (AS 29.35.131-29.35.137). The statutes provide that an E-911 surcharge of up to \$2.00 per month, per local access line and phone number, and may be imposed where an enhanced 911 system is utilized. ACS remits the proceeds from these surcharges, less a small administrative fee, directly to the municipalities that have adopted them by ordinance.

* The monthly rates that apply to local phone service are as follows:

Anchorage - \$1.50 per access line and phone number (Eff. 01/01/07)

Fairbanks - \$0.75 per access line and phone number

Juneau - \$1.90 per access line and phone number

• **Regulatory Cost Charge ("RCC")** – The Regulatory Cost Charge is a surcharge applied to all regulated instate retail customer billings to pay the local and long distance phone companies' share of the budget of the Regulatory Commission of Alaska.

* The rate as of July 1, 2009 is set at 2.270% of billing for local phone charges and 1.714% for Intrastate long distance service billings.

• **Alaska Universal Service Fund Surcharge ("AUSF")** – AUSF is a surcharge on a customer's local and Intrastate services to pay the state portion of the Lifeline Program. This program helps qualified low income customers receive basic telephone service. The surcharge also provides financial support for certain high-cost rural companies and offers limited assistance for the operation of public interest pay telephones.

* As of January 1, 2009, the rate is 1.05%.

• **Universal Access Surcharge ("UAS) for Telecommunications Relay Service** - Alaska Statute 42.05.296 requires that telephone companies provide service to the deaf, hard of hearing, and speech impaired subscribers so that they can communicate by telephone. The regulations require cost recovery through a surcharge added to the local service rate. The rates are as follows:

Residential, per line or trunk	\$0.05
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Single Line Business per line or trunk	\$0.05
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Multi-line Business including CO Centrex, per line or trunk	\$0.10
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• **Local Sales Taxes** – Alaska Communications is required to collect local taxes on behalf of organized cities and boroughs within Alaska.