



WGA POSITION PAPER

ACCESS CHARGES

The Wisconsin Grocers Association is involved in a coalition that opposes legislation (Senate Bill 91) that would prohibit local telephone companies from charging access fees to long-distance carriers.

Each time a long distance call is placed, the long distance carrier pays an access charge to the local telephone company. The access charge occurs at the origination and termination of the call and compensates the local phone company for routing your long-distance call through their system.

If these charges are eliminated or reduced, local telephone companies will be forced to increase local call charges to business and residential customers to maintain their revenue levels.

The local phone companies now charge anywhere from 2 cents to over 10 cents per minute in Wisconsin for access into their local networks. The long distance carriers blend these costs into the total cost of long distance rates. They allege that the estimated savings from reducing the access charges, \$37 million a year in Wisconsin, will be given back to long distance users via a 20% reduction in long distance rates.

While the long distance companies claim that eliminating the access charge will mean lower long distance rates, they will not guarantee the 20% savings. In the end, the long distance companies could book the savings to their bottom line and not pass along the savings.

In addition to SB 91, there has also been legislation introduced that would use the access fee revenue to purchase improvements for 9-1-1 systems. Taking the upgrade for these systems off the property tax role, forces individuals and businesses who make long distance calls to now foot the bill.

WGA members support maintaining low local rates and thus oppose any statutory change by the Legislature to force local phone companies to reduce access rates and fund 9-1-1 centers. Long distance companies should continue to find other ways to offer competitive long distance rates without forcing local rates to increase and imposing more regulation on local telephone companies.

Therefore, the WGA opposes SB 91 prohibiting access fees and SB XX funding 9-1-1 centers.