



NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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FCC Releases *Reference Book*

Washington, D.C. – Today, the Federal Communications Commission (FCC) released its annual report, *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service*. The report contains information on local and long distance rates paid by residential and business consumers, household expenditures, and price indices. Highlights include the following:

Toll Service Rates

- During 2004, the consumer price index for interstate toll service fell 8.7% and the consumer price index for intrastate toll service fell 6.6%, while the overall consumer price index rose 3.3%.
- The average revenue per minute of long distance calling, which reflects rates paid by residential and business consumers, has fallen from 15 cents in 1992, when discount and promotional long distance plans were introduced, to 7 cents in 2003, a decrease of 53%.

Rates for Local Service

- The average rate paid by residential customers for unlimited touch-tone calling was \$24.31 in 2004, compared to \$24.52 in 2003, a decrease of 0.9%. Connection charges for residential customers rose from \$42.54 to \$42.59 during the same period, an increase of 0.1%.
- The Lifeline universal service program subsidizes the monthly phone charges for low-income households, while the Link-Up program subsidizes charges for the connection of a phone line. Based on a sample of cities, Lifeline conferred an average monthly benefit of \$13.82, and Link-Up conferred an average benefit of \$28.51.
- The average rate paid by business customers for a single phone line was \$43.75 in 2004, compared to \$41.96 in 2003, an increase of 4.3%. Connection charges for single-line business customers fell from \$74.18 in 2003 to \$74.17 in 2004, a decrease of 0.01%.

Consumer Expenditures for Telephone Service

- According to Bureau of Labor Statistics (BLS) surveys, telephone service continues to comprise approximately 2% of household expenditures. Monthly expenditures for telephone service by households with telephone service fell from \$79.75 in 2002 to \$79.67 in 2003, a decrease of 0.1%.
- Also, according to BLS surveys, urban households continue to spend more on telephone service than rural households. During 2003, annual expenditures for urban households were \$967, as compared to \$875 for rural households.
- According to data for the year 2003 provided by TNS Telecoms, households annually spent \$441 on local service (compared to \$436 in 2002), \$122 on long distance service (compared to \$149 in 2002), and \$492 on wireless service (compared to \$417 in 2002), for a total annual expenditure of \$1,055 on telephone services (compared to \$1,001 in 2002).

This report is available for reference in the FCC's Reference Information Center, Courtyard Level, 445 12th Street, S.W., Washington, DC 20554. Copies may be purchased by calling Best Copy and Printing, Inc., Portals II, 445 12th Street S.W., Room CY-B402, Washington, DC 20554, (202) 488-5300, or by e-mail at fcc@bcpiweb.com. The report can be downloaded from the **FCC-State Link** Internet site at www.fcc.gov/wcb/stats.

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For further information, contact Paul Zimmerman of the Industry Analysis and Technology Division, Wireline Competition Bureau, at (202) 418-0940, or for users of TTY equipment, call 202-418-0484.