

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Tariff File No. YI-2005-0850 Case No. IE-2005-0346

From: Sara Buyak
Telecommunications Department

William Voight 4-19-05
Utility Operations Division/Date

/s/ Marc Poston 04/19/05
General Counsel's Office/Date

Subject: Waiver from collecting USF surcharge from its customers

Date: April 12, 2005

Alma Telephone Company (Alma), an Incumbent Local Exchange Telecommunications Carrier, proposes to add provisions for low-income assistance and disabled assistance through the Missouri Universal Service Fund and request a waiver from collecting a surcharge from its customers.

Commission rule 4 CSR 240-31.065 establishes the procedures for collection of the MoUSF surcharge by assessed telecommunications carriers.

- 1) All applicable carriers shall place on each retail end-user customer's bill, a surcharge equal to the percentage assessment ordered by the commission.
- 2) The surcharge shall appear as a separate line item detailed as "Missouri Universal Service Fund."
- 3) The surcharge percentage shall be applied to each customer's total charges equating to the applicable carrier's net jurisdictional revenues.
- 4) All applicable carriers shall remit to the Fund Administrator the funds received as a result of the application of the MoUSF surcharge. The remittance of all funds received as a result of the application of the MoUSF surcharge shall constitute full satisfaction of a carrier's annual percentage assessment.
- 5) No carrier may recover its Universal Service Fund (USF) assessment in any way other than through this surcharge.

In the Report and Order Establishing Low-Income/Disabled Fund in Case No. TO-1998-329, effective on March 21, 2002, the Commission stated, "Because of these differences, any funding mechanism that is not based on a surcharge will necessarily create competitive advantages and disadvantages for different companies. Accordingly the Commission will mandate an explicit end-user surcharge."

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Although, the Commission stated that all applicable carriers shall place on each retail end-user customer's bill, a surcharge equal to the percentage assessment ordered by the Commission to avoid any competitive advantages, Alma requests a waiver of this rule due to the administrative cost and burden of passing through the surcharge to their customers being greater than the amount likely to be collected from its customers. Therefore, Alma will pay the USF assessment directly from its revenue and bear that cost instead of placing it on their customers. Commission rule 4 CSR 240-2.060(4) allows the Commission to waive a rule if the applicant can provide justification setting out the good cause for granting the variance or waiver. Alma asserts that the administrative cost and burden of passing the surcharge through to Alma's customer is greater than the amount likely to be collected from its customers. Staff believes this is good cause to grant Alma's waiver request and recommends that the Commission issue an order to approve the waiver request and the following tariff sheets effective May 1, 2005:

Alma Telephone Company, PSC Mo No. 3

PSC Mo. No. 3, 7th Revised Sheet No. 30-15, Cancels 6th Revised Sheet No. 30-15

PSC Mo. No. 3, 5th Revised Sheet No. 30-16, Cancels 4th Revised Sheet No. 30-16

PSC Mo. No. 3, 5th Revised Sheet No. 30-17, Cancels 4th Revised Sheet No. 30-17

Staff is aware of one other filing, Northeast Missouri Rural Telephone Company, Case No. IE-2005-0347, Tariff File No. JI-2005-0851 which affects or which would be affected by this proposed tariff filing.

- ☒ The Company is not delinquent in filing an annual report and paying the PSC assessment.
☐ The Company is delinquent. Staff recommends the Commission grant the requested relief/action on the condition the applicant corrects the delinquency. The applicant should be instructed to make the appropriate filing in this case after it has corrected the delinquency.
(☐ No annual report ☐ Unpaid PSC assessment. Amount owed:)