

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Proposed Modifications to the) **Case No. TO – 2019 - 0346**
Missouri Universal Service Fund.)

**COMMENTS OF MCTA
THE MISSOURI INTERNET & TELEVISION ASSOCIATION**

MCTA-The Missouri Internet & Television Association (MCTA) is the statewide association representing the cable telecommunications industry within the State of Missouri.

MCTA submits the following comments to Staff’s Recommendations in its Notice of proposed changes to the Missouri Universal Service Fund (MoUSF) and its Memorandum in support filed May 25, 2022.

**1. MCTA Supports Extending the Suspension of the MoUSF Assessment
Through December 31, 2022.**

MCTA supports this recommendation. Additionally, MCTA recommends that the Commission reduce the reserve fund balance, which now contains approximately 5 to 9 months of funding, to a more modest 3 to 5 month range so that the suspension may be extended and surcharges kept to a minimum.

**2. The Commission Should Not Increase Missouri USF support for Lifeline
voice-only service from \$18.75 to \$24.00.**

MCTA opposes the recommendation to conditionally increase support for voice-only service, as it could potentially generate improper incentives for the program. Further subsidization of the existing Lifeline voice-only program is inconsistent with the goal of the 2016 Lifeline Modernization Order which was designed to accelerate actions to close the Digital Divide. Further expansion through increased voice-only benefit amounts fails to advance the current policy goal of expanding low-income consumers' access to robust and affordable broadband services.

MCTA recommends instead that the Commission phase down payments for fixed voice-only service under the Lifeline program under the same trajectory and consistent with actions initiated by the FCC in its 2016 Lifeline Modernization Order.

Staff's Memorandum acknowledges relevant federal action, including the Affordable Connectivity Program (ACP) and discounts associated with that program. MCTA appreciates the inclusion of this important information. Today, most of our Association member companies offer broadband service at no cost after applying the federal benefit to eligible participants in the ACP program. This is a viable solution that potentially offers relief to Missouri's Universal Service Fund due in part to the potential uptick in bundled Lifeline subscribers, including a shift from voice-only Lifeline subscribers.¹

Staff's Memorandum reports that voice-only Lifeline subscribers receiving Missouri USF support have been declining by approximately 43 subscribers per month. The number of Lifeline bundled subscribers is simultaneously increasing at a rate of approximately 14 subscribers per month – a net decline overall of 29 subscribers per month receiving USF support. Lifeline bundled service subscribers receive a \$14.75 benefit each month, instead of the current \$18.75 benefit per month allotted for Lifeline voice-only support. This cost reduction is not currently factored into program savings, and the Commission may want, on a going forward basis, to consider adding an evaluation of subscribership trends to its analysis.

Staff's Memorandum does not address the expected significant increase in broadband service deployment funding for unserved areas of Missouri. These appropriations, whether through the American Rescue Plan Act (ARPA) or the upcoming Broadband Equity, Access, and Deployment (BEAD) program, call for grant recipients to provide affordability options like ACP as part of their offerings. MCTA believes that this expansion of broadband availability combined with the low-cost plans available through the ACP program has the potential to accelerate the transition to Lifeline bundled service or reduced Lifeline service for participants in the ACP program and create more program cost savings.

If the Commission implemented a transition plan consistent with MCTA's recommendations, the phase-down period would allow time for the Commission to assess the success of the Affordable Connectivity Program and other broadband initiatives in Missouri, while maintaining adequate funds to continue to pay fund expenses. MCTA believes these program savings should not be considered when calculating assessments but should remain in the fund to ensure continued sustainability of the program.

3. The Commission Should Maintain the existing \$24 support for the Disabled Program and the \$14.75 for Lifeline service with voice and broadband services.

MCTA supports this recommendation but believes that the Legislature should initiate a program analysis and consider alternatives to the current outdated Lifeline program.

¹ In FCC Wireline Competition Bureau DA 21-1389 from November 5, 2021, Page 4, comment 8, the Chief expresses concern as "The Marketplace Report question of whether 'the removal of Lifeline support for voice-only services may push some Lifeline consumers into bundled plans that they are unable to afford'." The existence of free after benefit plans under the Affordable Connectivity Program for broadband should alleviate much of this concern.

4. The Commission Should Reinstate the Missouri USF Assessment on January 1, 2023, But Reduce Reserve Levels So That the Assessment Factor Remains at .0015.

MCTA's recommendation to phase down Lifeline payments for fixed voice-only service is consistent with the FCC's 2016 Lifeline Modernization Order. However, should the Commission reject MCTA's recommendation, MCTA recommends that the Commission lower the reserve requirement to 3-5 months, which would allow the assessment to be reinstated at the lower rate of .0015.

MCTA further recommends that staff conduct a comparable analysis of the progress other states have achieved in modernizing their Universal Service Funds and how those programs are funded. Over the last decade or so, several states have moved away from offering state discounts as part of their Lifeline programs, and of those states that still provide state discounts, few, if any, appear to be as substantial as Missouri's Lifeline discounts.


In summary:

1. MCTA supports extending the suspension of the MoUSF assessment and reducing the reserve fund balance.
2. MCTA opposes increasing Lifeline support for fixed voice-only service from \$18.75 to \$24.00. The MoUSF support levels for voice-only service should be phased-down, and program participants should be encouraged to bundle service in combination with the Affordable Connectivity Program or be transitioned to the Affordable Connectivity Program for broadband service.
3. MCTA supports maintaining the existing \$24 support for the Disabled program and \$14.75 for Lifeline voice with broadband service. MCTA recommends that the Legislature conduct a thorough review of the Lifeline program in Missouri and consider alternatives to this outdated program.
4. MCTA's recommendation to phase down Lifeline payments for fixed voice-only service is consistent with the FCC's 2016 Lifeline Modernization Order. However, should the Commission reject MCTA's recommendation, we recommend that the Commission lower the reserve requirements to 3-5 months so that the assessment can be reinstated at the lower rate of .0015.

MCTA appreciates the opportunity to comment on Staff's Notice.

Respectfully submitted this 24th day of June, 2022.

MCTA-The Missouri Internet &
Television Association

A handwritten signature in blue ink that reads "A. B. Blunt". The signature is written in a cursive style with a large, stylized "A" and "B".

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