

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

In the Matter of an Investigation into Various)	
Issues Related to the Missouri Universal)	Case No. TO-98-329
Service Fund.)	

**AT&T MISSOURI'S RESPONSE TO
THE COMMISSION'S ORDER AND NOTICE**

AT&T Missouri¹ hereby submits its response to the Commission's March 8, 2007 Order and Notice ("Order").² For the reasons advanced by Staff, AT&T Missouri does not oppose Staff's recommendation to increase the low-income MoUSF assessment and surcharge from .0018 to .0029. However, while AT&T Missouri is prepared to expeditiously implement this increase, AT&T Missouri urges that the Commission carefully consider the appropriate timing of any increase it may order. The need to provide customers fair notice of the MoUSF surcharge must be taken into account, and the need for sufficient time to effect necessary changes to companies' billing systems must likewise be considered. The Commission should also ensure that the present MoUSF timeline of key activities -- which involve the careful coordination of customer surcharges, carrier assessments and carrier requests for (and payment of) reimbursements -- be preserved, with the one exception that AT&T Missouri does not object to Staff's suggested change to the carrier-reimbursement date.

¹ Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri ("AT&T Missouri").

² The Commission's Order was precipitated by Staff's request filed the same day that the Commission issue an order approving an increase in the Missouri Universal Service Fund ("MoUSF") assessment surcharge for the low-income/disabled portion of the MoUSF, from 0.0018 to 0.0029.

Two years ago, when the Commission first authorized a specific means for funding the MoUSF, AT&T Missouri conveyed its commitment to actively support implementation of the MoUSF.³ AT&T Missouri remains committed to the MoUSF so that the essential local telecommunications services needs of all qualifying low-income and disabled Missourians may be met.

Staff urges prompt action to ensure that these needs can continue to be met due to “the urgency of the potential shortfall in the [MoUSF’s] bank account.”⁴ While AT&T Missouri was unaware of this situation before it was brought to the attention of the MoUSF Board, it accepts Staff’s assessment of the urgency of the matter and Staff’s recommendation to increase the MoUSF assessment and surcharge to address it. AT&T Missouri has already begun to ready itself to move quickly to implement an order issued by the Commission so that the goals intended to be met by the MoUSF can continue to be met. To the extent that the Commission determines to increase the MoUSF assessment and surcharge, AT&T Missouri will seek to promptly effectuate both.

However, AT&T Missouri strongly urges that the Commission ensure that no increase in the customer surcharge commence any earlier than May 1, 2007. AT&T Missouri believes that all of its and other telecommunications companies’ customers should first receive fair notice of the MoUSF surcharge increase before it appears in their bills. Assuming that an order approving an increase is issued by not later than the end of this week (concluding March 16), AT&T Missouri envisions providing an appropriate bill message in all customer billings generated throughout its multiple April bill cycles. AT&T Missouri also requires sufficient time in which

³ SBC Missouri’s Response to Staff’s Motion for Commission Order Regarding Assessments and Surcharges, February 28, 2005, p. 1.

⁴ Staff’s Motion for Commission Order Regarding Assessment and Motion for Expedited Treatment (“Staff’s Motion”), p. 3.

to effectuate necessary billing table and other billing system changes so that it can properly and accurately bill its customers an increase in the surcharge. A customer surcharge increase effective May 1 -- but no earlier -- would accommodate these critical processes.

In addition, it is important that any Commission order preserve the present “timeline” of key MoUSF activities, which reflects an orderly process for coordinating customer surcharges, carrier remittances, applications for reimbursement of discounts provided, and actual reimbursements. This orderly process sufficiently balances the need for “sufficient cash flow and timing so that the Fund Administrator will be able to meet the fund’s obligations to make support payments” (4 CSR 240-31.070(2)) and the need to ensure “that the fund will not accrue an unnecessary cash surplus.” 4 CSR 240-31.070(3).

These matters were well-addressed in the Commission’s March 17, 2005, Order Granting Staff Motion in which the Commission initiated implementation of the MoUSF customer surcharges, carrier assessments and carrier requests for (and payment of) reimbursements. This orderly implementation process should be preserved. Coincidentally, the 2005 implementation of surcharges commenced on May 1, the same calendar date on which an increase in the assessment percentage can reasonably be expected to occur in light of the notice and billing considerations referenced above. The remaining dates there thus should likewise apply here, with one exception with respect to the last date. They are as follows:

April 1 – Carriers may begin customer notification.

May 1 – Surcharge percentage application begins.

June 22 – Carriers remit collected surcharges to Administrator.

July 15 – Carriers submit applications to Administrator for reimbursement.

July 29 (or last business day) -- Administrator processes and dispatches support payments to eligible carriers.⁵

In sum, AT&T Missouri supports the need to respond expeditiously to the urgency of the potential shortfall reported by Staff. AT&T Missouri also urges, however, that any Commission order carefully take into account the multiple considerations important to the responsible administration and sustainability of the MoUSF, and that no assessment or surcharge increase take place before May 1, 2007.

Respectfully submitted,

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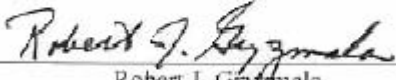
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⁵ Order Granting Staff Motion, March 17, 2005, pp. 3-5; see also, Schedule and Procedures For Implementing the Low-Income and Disabled Portion of the Fund as Provided to the Staff by the Fund Administrator, March 16, 2005, Appendix A, pp. 6-7. AT&T Missouri has no objection to Staff's motion "to modify the time frame for reimbursing telecommunications companies to between the first and the fifth day of the month following receipt of their request for reimbursement." Staff Recommendation Regarding Assessment Adjustment Implementation and Motion to Modify Reimbursement Procedures, March 12, 2007, p. 2.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all counsel of record on March 14, 2007.


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