

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

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

AT&T COMMENTS ON STAFF’S RECOMMENDATIONS

AT&T¹ concurs with Staff that a need exists to address the growing Universal Service Fund (“USF”) surplus and supports Staff’s recommendation to suspend the Missouri USF assessment.

But instead of immediately increasing the monthly support to \$14.75 per Lifeline subscriber, and to \$24.00 per Disabled program subscriber, AT&T suggests a more incremental approach that would enable the Commission to measure the impact of each change on the fund, without jeopardizing the fund’s sustainability. Initially, AT&T suggests suspending the Missouri USF assessment and evaluating whether that change alone will sufficiently reduce the fund surplus (or place it on an appropriate trend to achieve the desired fund level).

If the Commission determines it necessary to increase the monthly support provided to Lifeline and Disabled program subscribers (either immediately, or after gauging the impact of USF assessment suspension), AT&T suggests it do so gradually. (For example, the Commission could increase the monthly state Lifeline and Disabled support from \$6.50 to \$8.00 per subscriber, and then evaluate the impact after 18 months). Increasing the support to these programs incrementally, and then measuring the impact on subscribership will allow the Commission to gauge the demand for these supported services at different price levels, as well as

¹ Southwestern Bell Telephone Company, d/b/a AT&T Missouri, and its affiliates will be referred to herein as “AT&T.” Although AT&T Missouri no longer offers service under the state Lifeline and Disabled service programs (See MoPSC Case No. IO-2017-0132) it and its other affiliates continue to pay the Missouri USF assessment.

the resulting financial impact on the fund. Taking an incremental approach may help the Commission better calibrate support increases to meet existing need while keeping the fund sustainable.

Immediately increasing the monthly support to \$14.75 per Lifeline subscriber, and \$24.00 per Disabled program subscriber could upwardly skew demand and result in overstraining the fund, potentially leading to support cut-backs and resumed Missouri USF assessments, possibly at levels higher than those imposed today. Moving the monthly support level from the current \$6.50 to \$14.75 per Lifeline subscriber, and to \$24.00 per Disabled program subscriber will, as Staff points out, “place Missouri’s support among the highest of all states.”² Increasing support to this level would on average result in free or nearly free service according to Staff’s calculations.³ Removing even minimal price constraints in this manner could cause demand to expand beyond Staff’s projections. If that occurs, financial pressure on the fund could force cut-backs in support levels; and resumed and potentially increased Missouri USF assessments. In addition, making the supported services effectively free or nearly free could increase the risk of fraud and abuse of the state Lifeline and Disabled programs, which the Commission identified as potential problems with respect to the free wireless Lifeline services available under the federal USF program.⁴

An incremental approach, on the other hand, would provide the Commission the ability to adjust the support levels along the way, and help avoid a later need to cut any over-sized support that subscribers would have become accustomed to receiving. Incremental increases would also

² Staff’s April 24, 2019, Memorandum to the Mo. USF Board, appended to Staff’s Motion to Open Docket and Recommendations in Case No. TO-2019-0346 (“Staff Memorandum”), filed May 10, 2019, at p. 8.

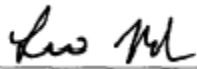
³ *Id.*, p. 6.

⁴ *Id.*, p. 6, fn. 20, referencing the MoPSC’s January 23, 2018, comments to the FCC in WC Docket No. 17-287, *In the Matter of Bridging the Digital Divide for Low-Income Consumers*.

serve Staff's goal of providing more data (through measurements of demand at the various price levels) for the Commission's use in evaluating the need for maintaining the fund on a long-term basis.⁵

Respectfully submitted,

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BY  _____

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⁵ Staff Memorandum, p. 8 ("If this downward trend is unaffected by a significant increase in state USF support, it may be taken as a sign that the USF is no longer of value to consumers").

CERTIFICATE OF SERVICE

Copies of this document and all attachments were served on the following by e-mail on June 4, 2019.



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