

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

In the Matter of the Amount Assessed on Companies)
to Fund the Missouri Universal Service Fund) **File No. TO-2014-0333**

COMMENTS OF TW TELECOM AND SOCKET TELECOM

COME NOW tw telecom of kansas city llc (“tw telecom”) and Socket Telecom, LLC (“Socket”) and, in response to the Commission’s *Order Opening a Case to Consider the Amount of the Universal Service Fund Assessment* issued on May 14, 2014, submit the following comments for the Commission’s consideration.

1. tw telecom and Socket support a reduction in the level of assessment for the Missouri Universal Service Fund (MoUSF) to .0003 or less. tw telecom and Socket support Staff’s position that this would bring the fund balance to within its stated target range. Further, a reduction in assessment levels would mean a reduction in the burden imposed on the consumer who is the recipient of the pass-through effect of the assessment fee.

2. tw telecom and Socket do **not** support any increase in the amount of support to companies from the MoUSF without specific and verifiable cost justification.

3. It should not be the Commission’s objective to find new ways to spend the Fund without specific, demonstrated need shown by the carriers seeking reimbursement. Any carrier seeking to obtain reimbursement under the MoUSF, including for the purposes of providing services to low-income or disabled consumers, should be subject to a rate-case test requirement and be

required to show that it has tried to obtain funding through other sources (e.g., any federally available funds) and has failed, before it decides to seek reimbursement from the MoUSF. This is to avoid a potential “double-dipping” scenario where funds are disbursed from the MoUSF to carriers that have already obtained, or are able to obtain, funding elsewhere.

4. This issue is complicated by the fact that, at the urging of the incumbent local exchange carriers, the Missouri General Assembly has largely deregulated the telecommunications industry in the state of Missouri. For example, carriers’ retail rates are no longer price-capped nor set based upon audits, earnings and rate reviews. Instead, incumbent local exchange carriers are permitted to set their own retail rates.

5. While some ILECs may have raised their rates since the Fund began support disbursements for eligible low-income and disabled customers at the rate of \$3.50 per month¹, it is virtually impossible to know the basis of those increases. Thus, an across-the-board increase in the support disbursement amount would be unreasonable. Any increase in support disbursements to an ILEC should be based on verifiable data demonstrating that the specific ILEC’s cost of service has increased.

6. Another option the Commission should consider is a moratorium on MoUSF assessments for some period of time, since no additional funding is needed at present or in the near-term future. The Administrator would continue to monitor the Fund and advise the Board if and when the moratorium needs to be lifted in order to maintain adequate funding.

¹ Staff Report, TO-2014-0333, (May 9, 2014), pages 1, 10-11.

7. It would be reasonable for the Commission to re-examine its remittance policies, as discussed in the Staff Report at page 10. However, it should be noted that a moratorium on MoUSF assessments would accomplish the goal of reducing the Fund balance to within its stated target range without making permanent changes to remittance policies or increasing payments from the MoUSF.

8. On the question of how the assumptions upon which USF projections are based might be improved, tw telecom and Socket take no position at this time. Based on the analysis and review included in the Staff Report, tw telecom and Socket are confident that the Board and its experts will be able to continue to adjust those projections satisfactorily.

WHEREFORE, tw telecom of kansas city llc and Socket Telecom, LLC respectfully submit these comments for the Commission's consideration.

Respectfully submitted,

/s/ William D. Steinmeier

William D. Steinmeier, MoBar #25689
WILLIAM D. STEINMEIER, P.C.
2031 Tower Drive
P.O. Box 104595
Jefferson City, MO 65110-4595
Phone: 573-659-8672
Fax: 573-636-2305
Email: wds@wdspc.com

COUNSEL FOR tw telecom of kansas
city llc and Socket Telecom, LLC

CERTIFICATE OF SERVICE

I hereby certify that the undersigned has caused a complete copy of the attached document to be electronically filed and served on the Commission's Office of General Counsel (at staffcounsel@psc.mo.gov) and the Office of Public Counsel (at opc@ded.mo.gov) on this 13th day of June 2014.

/s/ William D. Steinmeier