

M E M O R A N D U M

To: Missouri Public Service Commission Official Case File
Case No.: **XE-2005-0396** File No.: N/A
Applicant: **T-NETIX Telecommunications Services Inc. (T-Netix)**

From: Arthur P. Kuss
Telecommunications Department

William L. Voight 05/04/05 /s/ William K. Haas 05/05/05
Utility Operations Division/Date General Counsel's Office/Date

Subject: Staff Recommendation to Grant Expedited Request for Rule Waiver

Date: May 04, 2005 **Filing Deadline:** May 10, 2005

On May 02, 2005, **T-NETIX Telecommunications Services Inc. (T-Netix)**, a competitively classified telecommunications Interexchange Carrier (IXC), filed an Application for Rule Waiver and Motion for Expedited Treatment. The Commission issued an Order on May 04, 2005, directing the Staff to file its recommendation no later than May 10, 2005.

T-Netix requests a waiver of the Section 4 CSR 240-31.065 requirement to bill the Missouri Universal Service Fund (USF) as a separate line item surcharge applied to retail end-user customers. An assessment percentage would be billed for intrastate regulated telecommunication services that meet the definition of net jurisdictional revenues per 4 CSR 240-31.010(12). T-Netix provides services to institutional inmates only, and bills through a third party provider of local services.

The Commission's Order of March 17, 2005 in Case No. TO-98-329 advises certificated telecommunications companies that they may begin billing the USF assessment on May 1, 2005. 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, T-Netix requests a waiver of this rule. According to the T-Netix application, the cost to add an additional line for the Missouri USF on each applicable end user's bill would cost T-Netix more than the USF assessment itself. T-Netix proposes to remit the required assessment directly to the administrator of the USF from the collected revenues derived from its base rates.

Commission rule 4 CSR 240-2.060(4) allows the Commission to waive a rule if the applicant can provide justification showing good cause for granting the variance or waiver. Staff believes that the T-Netix application provides good cause to grant the waiver request. Staff also believes that the request for expedited approval pursuant to 4 CSR 240-2.080(16) should be granted in order for T-Netix to avoid a technical violation of 4 CSR 240-31.065. Therefore, Staff recommends that the Commission issue an order approving the expedited request for rule waiver.

The Company is not delinquent in filing an annual report or paying the PSC assessment.