

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

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

**VERIZON’S COMMENTS**

Verizon<sup>1</sup> submits its comments pursuant to the May 15, 2019 “Order Opening a Case to Consider the Universal Service Fund Assessment” (“Order”).

Verizon applauds Staff’s May 10, 2019 “Motion to Open Docket and Recommendations” (“Motion”), which acknowledges the Commission’s obligations to ensure that the Missouri universal service fund (“USF”) is no larger than necessary, and to consider whether to eliminate it entirely given the steady decline in program participation. It bears mention that ultimately, Missouri ratepayers fund the USF via assessments imposed on their bills for telecommunications and interconnected Voice over Internet Protocol (“VoIP”) services. For this reason, it is important that Missourians not continue to bear the burden of funding a USF that is unnecessary to satisfy the goals of Ch. 392.248, R.S.Mo. Given that the USF is accruing an ever-increasing surplus due to steady revenues coupled with declining expenses, Verizon endorses Staff’s proposal to suspend the USF assessment effective January 1, 2020 in order to decrease the high balance the USF currently maintains due to this trend. *See* Memorandum attached to Motion at 5, 9.

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<sup>1</sup> “Verizon” refers collectively to MCI metro Access Transmission Services Corp. d/b/a Verizon Access Transmission Services; MCI Communications Services, Inc. d/b/a Verizon Business Services; Verizon Long Distance LLC; Verizon Select Solutions, Inc.; and XO Communications Services, LLC.

Similarly, Verizon agrees with Staff's recommendation that the Commission assess whether, in light of significantly declining participation in the USF's programs, there is a continued need for the fund. Memorandum attached to Motion at 8, 9. Given the ever-dwindling participation in the USF's subsidy programs, and weighing the benefits of the fund against the financial burden it imposes on the ratepayers who pay for it, it may sense for the Commission to consider phasing out the USF entirely.

Finally, while Verizon absolutely supports Staff's plan to reduce the USF balance, it is concerned that the proposal to increase support levels drastically (Memorandum attached to Motion at 5-9) could result in sudden, artificially-generated spikes in participation, or even potential fraud. It would also eliminate a control factor needed to assess the trajectory of USF participation over time without introducing new variables. Greatly increased support levels could easily skew the data that Staff wishes to observe in order to evaluate future trends and their implications on the need to maintain a fund of any size.

Verizon appreciates the opportunity to comment on the important issues raised in Staff's Motion.

Dated: May 31, 2019

**MCImetro Access Transmission Services Corp.  
d/b/a Verizon Access Transmission Services;  
MCI Communications Services, Inc. d/b/a  
Verizon Business Services; Verizon Long  
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