

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No. XE-2005-0373

From: Sara Buyak
Telecommunications Department

William Voight 4-21-05
Utility Operations Division/Date

/s/ Marc Poston 04/21/05
General Counsel's Office/Date

Subject: Waiver from collecting USF surcharge from its customers

Date: April 21, 2005

Ton Services, Inc. (Ton), a Competitive Long Distance Telecommunications Carrier, proposes to request a waiver from collecting a surcharge from its customers.

Commission rule 4 CSR 240-31.065 establishes the procedures for collection of the MoUSF surcharge by assessed telecommunications carriers.

- 1) All applicable carriers shall place on each retail end-user customer's bill, a surcharge equal to the percentage assessment ordered by the commission.
- 2) The surcharge shall appear as a separate line item detailed as "Missouri Universal Service Fund."
- 3) The surcharge percentage shall be applied to each customer's total charges equating to the applicable carrier's net jurisdictional revenues.
- 4) All applicable carriers shall remit to the Fund Administrator the funds received as a result of the application of the MoUSF surcharge. The remittance of all funds received as a result of the application of the MoUSF surcharge shall constitute full satisfaction of a carrier's annual percentage assessment.
- 5) No carrier may recover its Universal Service Fund (USF) assessment in any way other than through this surcharge.

In the Report and Order Establishing Low-Income/Disabled Fund in Case No. TO-1998-329, effective on March 21, 2002, the Commission stated, "Because of these differences, any funding mechanism that is not based on a surcharge will necessarily create competitive advantages and disadvantages for different companies. Accordingly the Commission will mandate an explicit end-user surcharge."

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, Ton requests a waiver of this rule because Ton does not render bills since they are a debit card provider only and at the time of purchase no usage has taken place. Therefore, Ton will pay the USF assessment directly from its revenue. Commission rule 4 CSR 240-2.060(4) allows the Commission to waive a rule if the applicant can provide justification setting out the good cause for granting the variance or waiver. Ton asserts that they cannot recover USF or any other regulatory fees imposed by any regulatory agency on the basis of jurisdictional usage since no usage has taken place at the time of purchase of a debit card. Staff believes this is good cause to grant Ton's waiver request and recommends that the Commission issue an order to approve the waiver request:

- ☒ The Company is not delinquent in filing an annual report and paying the PSC assessment.
☐ The Company is delinquent. Staff recommends the Commission grant the requested relief/action on the condition the applicant corrects the delinquency. The applicant should be instructed to make the appropriate filing in this case after it has corrected the delinquency.
(☐ No annual report ☐ Unpaid PSC assessment. Amount owed:)