

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

**In the Matter of a Repository Docket in Which)
To Gather Information About the Lifeline) Case No. TW-2014-0012
Program and Evaluate the Purposes and)
Goals of the Missouri Universal Service Fund.)**

**CTIA COMMENTS IN RESPONSE TO THE INVITATION TO COMMENT
ABOUT THE POSSIBLE CREATION OF
A MISSOURI UNIVERSAL SERVICE HIGH-COST FUND**

COMES NOW CTIA – The Wireless Association® (“CTIA”) and files these comments pursuant to the Missouri Public Service Commission’s (“MPSC”) Invitation to Comment about the Possible Creation of a Missouri Universal Service High-Cost Fund (“Invitation”) issued in this docket on January 15, 2014.

I. INTRODUCTION

1. There is no need for the MPSC to expand the scope of Missouri’s existing Universal Service Fund (“USF”) to include a state high-cost USF fund. A state high-cost fund dedicated to wireline service is unnecessary to ensure Missouri consumers have access to voice services at an affordable price as Missouri consumers increasingly adopt wireless for their communications needs. In addition, it would be premature to take action on high-cost support under the state USF before the effects of the Federal Communications Commission’s (“FCC”) reforms to the federal USF high-cost program have been thoroughly reviewed and considered by the MPSC. Finally, the contribution base for the state USF should not be expanded to include wireless because expansion would require a legislative change and may raise the average

combined state and federal taxes, fees and surcharges already imposed on Missouri's wireless consumers.

II. BACKGROUND

2. On July 17, 2013, this docket was opened to gather information about the Lifeline Program and to evaluate the purposes and goals of the Missouri Universal Support Fund. On December 18, 2013, an order was issued expanding the case to gather information about the possible implementation of a Missouri USF High-Cost Support Program. On January 15, 2014, the Commission issued its request for interested parties to comment on eleven questions set out in the Invitation. The comments below will reference in italics the question from the Commission's Invitation that the comment is intended to address.

III. COMMENTS

3. For the reasons discussed below, CTIA does not support expansion of the Missouri USF to include a state high-cost USF fund, or to include wireless in its assessments.

4. Creation of a high-cost USF is unnecessary.¹ Missouri consumers have a range of choices to meet their communications needs now even without a state high-cost fund. The Commission should consider the fact that more and more consumers are adopting wireless for their communications needs and those consumers do not benefit from a high-cost fund dedicated to wireline services.²

5. The goal of the Missouri USF statute is to facilitate and ensure the provisioning of reasonably comparable essential local telecommunications service at an affordable price to

¹ *Question 1.*

² In Missouri, the most recent FCC Mobile Competition Report lists 5.65 million wireless subscriptions at the end of 2011, a gain of 16.9% in three and a half years. *See* Sixteenth Report ("FCC Sixteenth Annual Mobile Competition Report"), 28 FCC Rcd 3700 (March 21, 2013) at Table B-2, page 280.

Missouri citizens.³ A high-cost fund is unnecessary to obtain these policy goals given the increasing number of Missouri wireless consumers, including those who are wireless-only, in the absence of a state high-cost fund.⁴

6. Finally, it would be premature to take action on high-cost support under the state USF before the FCC's reforms to the federal USF high-cost program have been thoroughly reviewed and considered by the MPSC.⁵ The FCC's reforms to the federal USF are focused on addressing many of the issues raised by the Commission's questions.⁶ As the FCC's federal USF reforms continue to take effect, it would be premature for the Commission to create a high-cost fund without first knowing the impact of the federal USF support in Missouri.

7. In addition to opposing the creation of a state high-cost fund, CTIA also opposes expanding the contribution base for the state USF to include wireless in order to support a high-cost fund.⁷ State law does not currently permit assessment of wireless for state USF support.⁸ Such expansion would require a legislative change that would, no doubt, meet heavy resistance by consumers already paying local, state, and federal taxes, fees, and surcharges on wireless service.

³ RSMo 392.248.

⁴ According to data from the Centers for Disease Control, 41.4% of Missourians over the age of 18 live in wireless-only households. See Blumberg, Stephen *et al.*, "Wireless Substitution: State-level Estimates from the National Health Interview Survey, 2012" *National Health Statistic Reports*, Number 70, at 5 (December 18, 2013), available at <http://www.cdc.gov/nchs/data/nhsr/nhsr070.pdf>.

⁵ *Question 1.*

⁶ See Report and Order and Further Notice of Proposed Rulemaking ("Connect America Fund *etc.*"), 22 FCC Rcd 17663 (November 18, 2011), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-11-161A1.pdf.

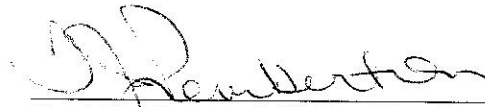
⁷ *Questions 7 & 9.*

⁸ RSMo 392.248.3 states that, "The universal service fund shall be funded through assessments on all *telecommunications companies* in the state ..." The definition of telecommunications company is "... every corporation, company, association, joint stock company or association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, controlling or managing any facilities used to provide *telecommunications service* for hire, sale or resale within this state" (RSMo 386.020(52).) The definition of *telecommunications service* specifically exempts "the offering of radio communication services and facilities when such services and facilities are provided under a license granted by the Federal Communications Commission under the commercial mobile radio services rules and regulations". (RSMo 386.020 (54).)

8. Specifically, assessing wireless may raise the average combined local, state and federal taxes, fees and surcharges already imposed on Missouri's wireless consumers.⁹ Any expansion of the state USF contribution base to include wireless should consider that Missouri currently ranks as the 7th highest state in the average combined local, state and federal taxes, fees and surcharges placed on wireless consumers.¹⁰ Even without a Missouri USF fee or surcharge, the combined average rate of 20.18% imposed on Missouri's wireless consumers is more than twice the 8.08% tax on other goods and services. Expanding the contribution base for the state USF to include wireless to support the high-cost fund would have a negative impact on consumers increasingly adopting wireless services for their communications needs.

WHEREFORE CTIA submits that the MPSC should not expand the Missouri USF to include a high-cost fund or to include wireless in its assessments. CTIA respectfully requests the MPSC consider these comments in its deliberations on this matter.

Respectfully submitted,



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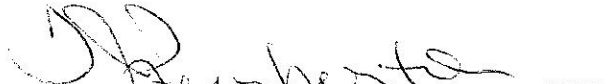
Counsel for CTIA – The Wireless Association®

⁹ Questions 7 & 9.

¹⁰ See <http://www.mywireless.org/state-issues/state-tax-rankings/> (last visited Feb. 13, 2014).

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing was served by email transmission upon the parties identified on the attached service list on this 14th day of February, 2014.



Terri Pemberton