

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

**Comments of the Missouri Small Telephone Company Group and
the Missouri Independent Telephone Company Group**

In response to the Missouri Public Service Commission’s (Commission) invitation to comment on the future of the Missouri Universal Service Fund (MoUSF), the Missouri Small Telephone Company Group (STCG) and Missouri Independent Telephone Company Group (MITG)¹ offer the following comments:

Introduction

The STCG and MITG consist of thirty-five (35) small, Incumbent Local Exchange Carriers (ILECs), each serving between approximately 200 and 15,000 access lines in predominately rural areas within the state of Missouri. The STCG and MITG companies have a long history of providing excellent telecommunication service to rural Missouri. Many STCG and MITG members have been providing service for over 100 years, and the STCG and MITG companies continue to upgrade their networks to provide advanced telecommunications services, including broadband transmission services, in rural Missouri.

The STCG and MITG support Staff’s proposal to increase the MoUSF support amount to \$24.00 per month for qualifying Disabled customers and increase the low-income support in an amount that, when added to the federal Lifeline support, will total \$24 per month for qualifying, voice-only Lifeline customers. However, the STCG and

¹ See Attachment A.

MITG recommend that the MoUSF surcharge should be reduced, but not suspended, effective January 1, 2020.

STCG and MITG COMMENTS

A. Staff's proposal to increase MoUSF Disabled and Lifeline Support Amounts to \$24.00 is in the public interest and should be adopted.

In 2011, the FCC issued an order requiring rural telephone companies to raise their local service rates in order to continue receiving Federal USF high-cost support. Prior to the FCC's order, many of the STCG and MITG companies had local service rates below \$10.00 per line, per month. As a result of the FCC's local rate floor orders, most, if not all, of the STCG and MITG companies have raised their residential rates in accordance with FCC's scheduled increases to reach the FCC's local rate floor of \$18.00. When the residential rate is coupled with the federal subscriber line charge of \$6.50, the total bill for basic residential local service is over \$24.00. Thus, while rural rates have increased substantially due to the FCC's rate floor mandate, the MoUSF support amount for Disabled and Low-income customers has not kept pace. Low-income customers are the least able to withstand these significant monthly rate increases. Therefore, increasing the MoUSF support amount will ease the impact of the FCC's rate floor increases on qualifying Disabled and Low-income customers.²

Furthermore, increasing the MoUSF support amount is consistent with the MoUSF's statutory mandate: "To assist low-income customers and disabled customers in obtaining affordable telecommunications services." §392.248.2(2). MoUSF Funds

² In 2014 the PSC Staff recommended that the Commission increase MoUSF monthly support "**in order to help keep pace with rising rates for basic local telecommunications service.**" File No. TO-2014-0333, Staff Recommendation, filed July 8, 2014, p. 1 (emphasis added).

are available to satisfy the statute's mandate, so they should be used for that purpose. ("Funds deposited in the universal service fund are not state funds." 392.248.1)

Staff notes that the FCC will be eliminating the voice-only Lifeline support amount over the next two and one half years, beginning with a reduction from the current \$9.25 credit to \$7.25 on December 1, 2019. The federal voice-only support amount will be reduced again to \$5.25 on December 1, 2020, then eliminated entirely on December 1, 2021.³ Unless the FCC reverses its position, the STCG and MITG recommend an increase in the MoUSF support in an amount that, when added to the federal support, will total \$24 per month for qualifying, voice-only Lifeline customers. For example, the Commission should authorize an increase in the MoUSF Lifeline support to \$16.75 beginning on December 1, 2019 to offset the proposed decrease in the federal Lifeline support amount, thus providing a total support amount of \$24.00 per month for qualifying voice-only Lifeline subscribers. Thereafter, the Commission should also increase the MoUSF Lifeline support amount to \$18.75 and \$24.00 on December 1, 2020, and December 1, 2021, respectively.

B. The Missouri USF assessment should be reduced.

The STCG and MITG agree with Staff's proposal to reduce the balance in the MoUSF but believe the MoUSF surcharge should be reduced, not eliminated, effective January 1, 2020. While the MoUSF balance may currently be too high and a reduction at this time may be appropriate, there will always be a need for this fund if the Commission is to fulfill its statutory mandate to assist Low-income and Disabled

³ <https://www.fcc.gov/general/lifeline-program-low-income-consumers>, which provides summary information about Lifeline for consumers, based on the FCC Order to reform and modernize the Lifeline program (<https://www.fcc.gov/document/fcc-modernizes-lifeline-program-digital-age>).

customers in obtaining affordable telecommunications services. Furthermore, it confuses customers to see surcharges disappear and then reappear on their bills. The STCG and MITG also recommend that Staff recalculate the changes to their Schedule A based on the FCC Lifeline support amount reductions and the corresponding MoUSF increases and, if necessary, update their recommendation regarding the MoUSF assessment to ensure that the MoUSF meets its statutory purpose.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was delivered by first class mail, electronic mail or hand delivery, on this 4th day of June, 2019, to the following parties:

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/s/ Trip England

ATTACHMENT A

Missouri Small Telephone Company Group

BPS Telephone Company
Citizens Telephone Company of Higginsville, Mo.
Craw-Kan Telephone Cooperative, Inc.
Ellington Telephone Company
Farber Telephone Company
Fidelity Telephone Company
Goodman Telephone Company
Granby Telephone Company
Grand River Mutual Telephone Corporation
Green Hills Telephone Corporation
Holway Telephone Company
Iamo Telephone Company
Kingdom Telephone Company
K.L.M. Telephone Company
Le-Ru Telephone Company
Lathrop Telephone Company
Mark Twain Rural Telephone Company
McDonald County Telephone Company
Miller Telephone Company
New Florence Telephone Company
New London Telephone Company
Northeast Missouri Rural Telephone Company
Orchard Farm Telephone Company
Ozark Telephone Company
Peace Valley Telephone Company, Inc.
Rock Port Telephone Company
Seneca Telephone Company
Steelville Telephone Exchange, Inc.
Stoutland Telephone Company

Missouri Independent Telephone Company Group

Alma Communications Company d/b/a Alma Telephone Company
Chariton Valley Telephone Corporation
Choctaw Telephone Company
MoKAN DIAL Inc.
Oregon Farmers Mutual Telephone Company
Otelco Mid-Missouri, LLC