BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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

Comments of T-Mobile Central, LLC

T-Mobile Central, LLC (T-Mobile) respectfully submits the following Comments in response to Missouri Public Service Commission's invitation to comment on the possible expansion of the Missouri Universal Service Fund ("USF") to include a High Cost Fund ("HCF").

T-Mobile limits its comments to the gating question asked by the Commission – does Missouri need a state high cost fund ("HCF"). For the reasons stated below, T-Mobile believes that Missouri does not need a state HCF. However, in the event the Commission continues to investigate the creation of a Missouri HCF, T-Mobile respectfully asks for an opportunity to provide additional or reply comments.

DISCUSSION

According to the Missouri Universal Service Fund ("USF") website, the Missouri USF was established on March 31, 2002, to help Missourians receive "basic local telephone service." (emphasis added). At the time the state USF was created in 2002, Missouri had a population of 5.672 million. Missouri incumbent local exchange carriers served 92% of the 3,482 million switched access lines in Missouri. Missouri had only 2,246 million wireless subscribers. The

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most recently reported Missouri line counts support a conclusion that the telecommunications landscape in 2014 is much different than in 2002.

As of year-end 2012, the US Census Bureau estimated Missouri's population to be just over six (6) million. The FCC's report for 2012 indicates that Missouri wireless subscribership had ballooned to more than 5,668,000 subscribers. When one adds on Missouri's wireline switched access lines totaling 1.8 million at year end 2012, that means there were more wireless and wireline lines in service than there were Missourians at year end 2012. Indeed, the FCC's Universal Service Monitoring Report states that 97.2 percent of Missouri households had telephone service at year end 2012.

It would appear that the competitive telecommunications market engendered by the federal 1996 Telecom Act and Missouri telecommunications laws, as implemented by the Commission, has provided Missourians multiple choices of providers through which they can communicate using a wide variety of services. T-Mobile submits the subsidization of one industry segment to serve high cost areas using dated, narrow-band technology to ensure telecommunications connectivity in Missouri has outlived its usefulness. Missourians are able to connect with existing USF programs and the options made available by the competitive market. A high cost fund is not necessary to provide Missourians access to basic communications services.

An equally compelling reason against implementing a Missouri HCF is because the Commission would be unable to make a fully informed determination that a Missouri HCF is actually needed. In 2011, the FCC adopted a comprehensive overhaul of federal universal service and intercarrier compensation regimes.[1] The FCC's order explained that the reform of federal USF programs was necessary, in part, because legacy USF programs failed to reflect the evolving nature of communications networks and services and the competitive landscape.[2] Moreover, while some of the FCC's USF reforms have been implemented, others will be implemented over time, while additional reforms require further decisions on the implementation details.

That ongoing process necessarily means that the ultimate impact of the FCC's reforms is unknown at this time and will not be known with any degree of certainty in the near future. That lack of certainty is especially true with respect to high cost programs in rural exchanges. In its *USF/ICC Transformation Order,* the FCC created the Connect America Fund ("CAF") to replace all existing high-cost support mechanisms. Although CAF Phase I funding was capped at $4.5 billion annually, the FCC has indicated that additional CAF funding will be forthcoming. Accordingly, it would be premature for the Commission to take action on implementing high-cost support using a state USF before the full effects of the FCC's reforms and CAF funding availability in Missouri is known.

Last but not least, it would be inappropriate for the Commission to implement a high cost fund without giving due consideration to the impact of such funding on competitive choices available to Missourians. T-Mobile submits that government directed subsidies to a single provider in high cost exchanges distorts the competitive market for telecommunications services. While making subsidies available to support service providers serving low income customers

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[1] *Connect America Fund*, WC Docket No. 10-90, *et al,* Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, 26 FCC Rcd 17663 (2011) ("*USF/ICC Transformation Order*").

[2] *USF/ICC Transformation Order*, at ¶ 6.

may be good public policy, it is not good policy to subsidize a single carrier in an exchange where other competitive carriers are offering service in that same exchange without a subsidy.

Conclusion

The Commission should decline to pursue expansion of the Missouri USF to include a high cost fund to subsidize a limited set of carriers in high cost exchanges at this time.

Respectfully submitted this18th day of February, 2014.

T-Mobile Central, LLC

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