BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Proposed Modifications to the Missouri Universal Service Fund

Case No. <u>TO-2019-0346</u>

STAFF'S RESPONSE TO COMMISSION ORDER DIRECTING FILING

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COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Response* in this matter hereby states:

1. The Commission opened a docket May 15, 2019, in response to Staff's *Motion to Open Docket and Recommendations* regarding the Missouri Universal Service Fund. The Commission discussed Staff's recommendations at its June 19, 2019, agenda meeting; at which it determined that the Commission would need more information to reach a determination in this matter. Therefore, the Commission ordered Staff to file a document outlining certain scenarios which may result from Staff's recommendations in this docket.

2. Staff's Memorandum attached here as Attachment A outlines the various scenarios which the Commission considered in its Agenda discussions. The memorandum provides information as to the potential outcomes of each scenario. Staff prays that the Commission will find this information useful in its final determination in this matter.

WHEREFORE, Staff prays that the Commission will accept its *Memorandum*; and grant such other and further relief as the Commission considers just in the circumstances.

<u>/s/ Whitney Payne</u>

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 8th day of July, 2019, to all counsel of record.

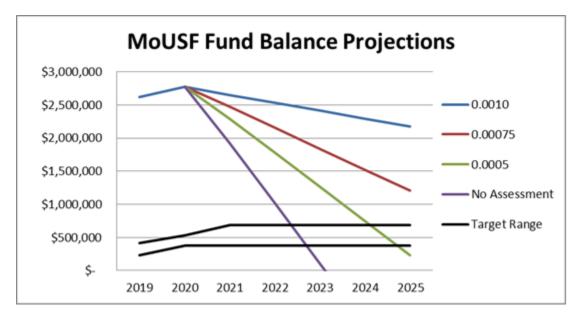
<u>/s/ Whitney Payne</u>

MEMORANDUM

TO:	Official Case File
	Case No. TO-2019-0346

- FROM: John Van Eschen, Manager Kari Salsman, Utility Policy Analyst I Telecommunications Department
- SUBJECT: Response to Order Directing Filing
- DATE: July 8, 2019

This memorandum is intended to comply with the Order Directing Filing instructing the Commission Staff to report on the likely impact of Staff's recommended support amounts under certain additional assessment levels.¹ The graph below is based on the same assumptions used in Staff's prior recommendation and shows Missouri USF fund balance projections using assessment levels of the current .001, and .00075, .0005, and no assessment:²



¹ Staff's May 10, 2019 recommendation is for Missouri USF support to increase from \$6.50 to \$14.75 for the Lifeline program and to \$24.00 for the Disabled program.

 $^{^{2}}$ In brief, Staff's assumptions are: September 2019 is when new support levels begin impacting the fund; An assessment change, if any, will occur on January 1, 2020; Assessable revenue will remain flat at the current level; The number of subscribers supported by the Missouri USF will not change rather than continue the trend of significant declines (-20.87%) of the past several years.

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As shown by the graph, all assessment levels are projected to reduce the fund balance. The fund balance will become negative in the following time frames: no assessment (March 2023); .0005. (July 2025); .0075 (November 2028); and .001 (May 2043).

Attachment A: Projections .0010 assessment Attachment B: Projections .00075 assessment Attachment C: Projections .0005 assessment rate Attachment D: Projections no assessment