

UNIVERSAL SERVICE FUND FEE/PREPAID TELECOM PLANS

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Assumptions:

- Per JFO document dated 01/30/2018 total annual amount paid into the Universal Service Fund, on average over 4 years, is **\$6,291,000**.
- 65% of that amount is attributable to wireless telecom providers and 35% is attributable to wireline telecom providers.
- Of the amount paid into the USF attributable to wireless telecom providers, approximately 20% is attributable to prepaid telecom plans (voice and/data).
- Approximately 50% of sales of prepaid telecom plans are direct sales by the wireless telecom providers and the other 50% are by third party retailers.

Calculations:

- **Current 2% fee rate:**
 - Amount paid into USF attributable by wireless telecom providers: **\$4,089,150** ($\$6,291,000 \times 0.65$)
 - Amount attributable to prepaid telecom plans: **\$817,830** ($4,089,150 \times 0.20$)
- **Proposed 2.5% fee rate:**
 - Per JFO estimate the 0.005 rate increase will generate an additional \$1,550,000, thus increasing the annual amount paid into the USF to **\$7,841,000**.
 - Amount paid into USF attributable by wireless telecom providers: **\$5,096,650** ($\$7,841,000 \times 0.65$)
 - Amount attributable to prepaid telecom plans: **\$1,019,330** ($5,096,650 \times 0.20$)