

2016 Changes in South Carolina's Universal Service Fund

SC State Universal Service Fund (State USF).

- On 1/26/2016 the SC PSC issued Order No. 2016-22, in Docket No. 2015-290-C, ordering that “wireless retail carriers operating in South Carolina are, therefore required, pursuant to S.C. Code Ann. Section 58-9-280(E)(2), to contribute to the State USF in the same manner that other telecommunications service providers contribute.”
- Act 181, “State Telecom Equity in Funding Act,” effective 5/25/2016 implemented a number of changes to the South Carolina Universal Service Fund.
 - The Act merges the Interim Local Exchange Carrier (LEC) Fund into the State USF and essentially caps the state high-cost support of the State USF at roughly \$42 million, the level of disbursements to providers from the two funds combined during 2015.
 - Persons and entities that sell prepaid wireless telecommunications service to consumers must collect a USF fee and remit the sum to DOR.
 - The Office of Regulatory Staff (ORS) is required to set the contribution amount for prepaid wireless sellers each year as a fixed per-transaction fee for each point of sale transaction.
 - The 2017 per-transaction fee for prepaid sellers has been set at \$0.50 per transaction and DOR will collect this fee through its Form ST-406. Sellers may retain a 3% administrative fee.
 - As required by PSC Order No. 2016-22, wireless carriers are required to contribute to the State USF and remit to DOR.
 - ORS has established each carrier’s (wireline and wireless) contribution amount and ORS or DOR will invoice carriers this amount on a monthly basis. DOR will be sending invoices to wireless carriers and ORS will be sending invoices to regulated/certificated wireline carriers.
 - DOR is required to transfer the collections, less an amount equal to DOR’s actual incremental increase in administrative cost, to the State USF.
- On 10/19/2016 the PSC issued Order No. 2016-756 in Docket No. 1997-239-C establishing Guidelines for administering the USF.
- On 11/1/2016 ORS published on its website a Public Notice announcing the 2017 USF contribution factor of 1.85%.
 - ORS has established the 2017 Universal Service Fund Contribution Factor for all carriers at 1.85% and this is the highest rate that wireless and wireline carriers can use to recover USF fees from their customers.
 - Smaller carriers, identified as de minimis, will not receive a USF bill from ORS or DOR.
 - ORS has notified those carriers identified as de minimis for 2017.
 - De minimis carriers must not assess (or collect) USF from their customers as they are not required to contribute to USF for the year.
- On 12/15/2016 the PSC issued Order No. 2016-837 in Docket No. 2016-267-C ordering all interconnected VoIP service providers, “regardless of whether they hold a Certificate of Public Convenience and Necessity issued by the Commission,” to contribute to the State USF based on their retail voice communications services.

- Interconnected VoIP service providers not currently contributing were directed to contribute on a prospective basis and to submit appropriate information to the USF Administrator (ORS) in the next reporting cycle.
- Based on the Order VoIP service providers will begin reporting with the next USF Worksheet due August 1, 2017, and will begin USF contributions in January 2018.