

2016 Changes in South Carolina's Universal Service Fund and Dual Party Relay 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.

Dual Party Relay Fund

- Act 181, “State Telecom Equity in Funding Act,” effective 5/25/2016 implemented a number of changes to the South Carolina Dual Party Relay Fund.
 - The Act adds CMRS providers, VOIP providers, and prepaid wireless sellers to the types of telecommunications providers that must collect the dual party relay (DPR) charge from their customers.
 - These collections, along with those already collected from landline telecommunications providers, fund the statewide program providing telephone access to persons who are speech or hearing impaired.
 - Telecommunications providers that do not have a certificate (CMRS providers and some VoIP providers) are required to remit their collections, less 2% allowed for collection activities, to the Department of Revenue (DOR), which must transfer the funds to the statewide program’s operating fund.
 - The amount of the dual party relay charge is established by the Public Service Commission (PSC), and pursuant to this legislation, may not exceed ten cents.
 - For wireless and wireline telecommunications providers, the charge is applied to each connection from a particular telephone subscriber’s premises to their service supplier’s cellular, VoIP, or landline telephone system.
 - For prepaid wireless sellers, the charge is applied to each retail transaction at the point of sale. Prepaid wireless sellers must remit all collections, less 3%, to the DOR.
 - Telecommunications providers that have a certificate will continue to remit their invoiced amounts, less 2%, to ORS.
- On 9/27/2016 the PSC issued Order No. 2016-637 in Docket No. 2016-248-C adopting several recommendations of ORS.
 - Beginning 1/1/2017 all incumbent and competitive local exchange companies, CMRS providers, VOIP providers, and prepaid wireless sellers must charge their customers the rate of \$0.06 per line, connection, or transaction in South Carolina.
 - The Commission also adopted the ORS request to require the registration of all wireless carriers and VoIP providers that do not have a Certificate of Public Convenience and Necessity in South Carolina.