

October 31, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce**
Docket No. P999/CI-17-677

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce in response to the Minnesota Public Utilities Commission's October 4, 2017 Notice of Comment Period concerning the Telephone Assistance Plan Review.

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ DIANE DIETZ
Rate Analyst

DD/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. P999/CI-17-677

I. BACKGROUND

On July 10, 2013, the Minnesota Public Utilities Commission (Commission) issued its Order Establishing New Credit and Surcharge Levels in Docket No. P999/CI-13-213. In that Order, the TAP credit, available to eligible customers, increased from \$2.50 to \$3.50 per month. The monthly TAP surcharge reduced from \$.06 to \$.03 per access line. The rates were implemented on October 1, 2013, or the first billing cycle thereafter. The TAP surcharge and available credit have not changed since 2013.

On October 4, 2017, the Commission issued a Notice of Comment Period in Docket No. P999/CI-17-677. In its Notice of Comment Period, the Commission asked, what changes, if any, should the Commission make to the TAP benefit and/or surcharge levels? The Commission asked if it should use any of the TAP fund for outreach and promotion of the TAP program. The Commission requested comments on the amounts that should be expended, preferred methods of outreach, or organizations which might assist in such outreach.

On October 25, 2018, the Legal Services Advocacy Project (LSAP) filed comments in response to the Commission's October 4, 2017 Notice of Comment Period.

II. STATUTORY AUTHORITY

Minnesota Statutes Sections 237.69 - .711 govern the Telephone Assistance Plan (TAP).

Minnesota Rules Chapter 7817 establishes guidelines for the implementation of TAP.

III. COMMENTS

A. THE TAP SURCHARGE AND CREDIT LEVELS

At the present time, the Department recommends that the Commission maintain the existing TAP credit and surcharge levels. When the TAP surcharge and credit levels are revisited in 2018 it may be necessary to make adjustments to preserve the integrity of the program.

The attached exhibit provides the TAP fund balance for the fiscal year ending on June 30, 2017 and estimates of the June 30, 2018 TAP fund balance at TAP surcharges levels of \$.03 \$.04, \$.05 and \$.06 per line.

B. OUTREACH PROGRAMS

In its July 26, 2017 Order Initiating Investigation in the matter of a Commission investigation into the appropriate notice and outreach requirements for eligible telecommunications carriers under 47 U.S.C. section 214(3), in Docket No. P999/CI-17-509, the Commission discussed the importance of customer outreach requirements for Eligible Telecommunications Carriers offering Lifeline services in Minnesota and asked the Department to organize a taskforce of stakeholders to develop a proposed list of customer notice and outreach requirements for ETCs offering Lifeline in Minnesota. The initial meeting of the task force was held on October 25, 2017. If desired by the Commission, the ETC stakeholders could address the two questions raised in the Commission notice:

- If any of the TAP fund should be used for outreach and promotion of the TAP program.
- If TAP funds are used for outreach, the amounts that should be expended, preferred methods of outreach, and organizations which might assist in such outreach.

The October 25, 2017 comments filed by LSAP raise several important outreach-related questions that could be addressed by the ETC taskforce established in Docket No. P999/CI-17-509. Data cited by LSAP indicates that the TAP participation rate in Minnesota is significantly lower than that of most other states. The ETC taskforce should be directed to examine the reason for the low TAP participation rate and formulate efficient and effective outreach strategies targeted at maximizing the TAP participation rate in Minnesota.

IV. COMMISSION ALTERNATIVES

- A.
 1. Maintain the current TAP credit and surcharge levels.
 2. Modify the monthly TAP credit and/or surcharge.

- B.
 1. Direct the Taskforce of ETC stakeholders, organized in compliance with the July 26, 2017 Order in Docket No. P999/CI-17-509, to develop responses to the last two questions raised by the Commission in the October 4, 2017 Notice of Comment Period in the current docket.
 2. Take other action.

V. DEPARTMENT RECOMMENDATION

- A. 1. Maintain the current TAP credit and surcharge levels.
- B. 1. Direct the Taskforce of ETC stakeholders, organized in compliance with the July 26, 2017 Order in Docket No. P999/CI-17-509, to develop responses to the last two questions raised by the Commission in the October 4, 2017 Notice of Comment Period in the current docket.

/ja

ESTIMATE OF BALANCE IN TELEPHONE ASSISTANCE PROGRAM (TAP) FUND FOR VARIOUS DATES

Surcharge Amount	Projected Number of Access Lines		Annual Surcharge Revenue		Annual Projected Fund Interest		Monthly Credit	TAP Subscribers	Annual Projected Credits	Annual Admin Expenses	Projected Fund Balance	
	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018					6/30/2017	6/30/2018
\$ 0.03	1,697,468	1,641,303	\$ 611,088	\$ 590,869	\$ 6,047	\$ 6,031	\$ 3.50	23,456	\$ 985,152	\$ 41,886	\$ 1,096,478	\$ 666,356
\$ 0.04	1,697,468	1,641,303	\$ 611,088	\$ 787,825	\$ 6,047	\$ 6,031	\$ 3.50	23,456	\$ 985,152	\$ 41,886	\$ 1,096,478	\$ 863,312
\$ 0.05	1,697,468	1,641,303	\$ 611,088	\$ 984,782	\$ 6,047	\$ 6,031	\$ 3.50	23,456	\$ 985,152	\$ 41,886	\$ 1,096,478	\$ 1,060,269
\$ 0.06	1,697,468	1,641,303	\$ 611,088	\$ 1,181,738	\$ 6,047	\$ 6,031	\$ 3.50	23,456	\$ 985,152	\$ 41,886	\$ 1,096,478	\$ 1,257,225

Data provided in PUC Staff Memos of 4/6/2017 and 9/14/2017

Admin expenses for January - June 2017	\$	20,943
Fund Balance as of 12/31/2016	\$	1,124,301
Fund Balance as of 6/30/2017	\$	1,096,478
TAP subscriber count as of 6/30/2017		23,456
Total subscriber line count as of 12/31/2016 (PUC database)		1,811,065
Total subscriber line count as of 6/30/2017 (PUC database)		1,697,468
Interest on revenues for 6 month period ending on 6/30/2017	\$	6,047
Estimate of Interest rate on revenues		$\$6047 / (12/31/2016 \text{ fund bal} + 6/30/2017 \text{ fund bal}) / 2$ 0.55%

Subscriber Line Count Estimates for 6/30/2017 through 6/30/2018				
Date	No. of Subscriber Lines		Subscriber line change from previous month	Percent of change *
6/30/2017	1,697,468			-0.28%
7/31/2017	1,692,715		(4,753)	-0.28%
8/31/2017	1,687,975		(4,740)	-0.28%
9/30/2017	1,683,249		(4,726)	-0.28%
10/31/2017	1,678,536		(4,713)	-0.28%
11/30/2017	1,673,836		(4,700)	-0.28%
12/30/2017	1,669,149		(4,687)	-0.28%
1/31/2018	1,664,476		(4,674)	-0.28%
2/28/2018	1,659,815		(4,661)	-0.28%
3/31/2018	1,655,168		(4,647)	-0.28%
4/30/2018	1,650,533		(4,634)	-0.28%
5/31/2018	1,645,912		(4,621)	-0.28%
6/30/2018	1,641,303		(4,609)	-0.28%

* The percent of change in access lines per month is based on the Department's assumption of an annual 3.3% reduction in wirelines, as applied in the DOC's April 24, 2017 comments on the TAP budget in Docket 17-276.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. P999/CI-17-677

Dated this 31st day of October 2017

/s/Sharon Ferguson

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