

December 17, 2015

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

RE: Commerce TAM FY 2014 Proposed Budget and Surcharge Recommendation  
Docket No. P999/M-13-138

Dear Mr. Wolf:

The Minnesota Department of Commerce (Commerce) Telecommunications Access Minnesota program (TAM) respectfully submits to the Minnesota Public Utilities Commission (Commission) the TAM Audit Report prepared by Examination Resources, LLC.

On June 4, 2013, in Docket No. P-999/M-13-138, the PUC issued an order that, among other things, asked TAM to develop a plan and budget for concluding an audit of the programs funded through the TAM fund.

On January 28, 2014, Commerce filed an audit proposal for PUC approval. On June 20, 2014, the PUC found the audit proposal to be well designed and directed Commerce to implement the proposal. The Commission requested that Commerce seek proposals with high, medium, and low levels of scrutiny, critical analysis, and verification of operations data (and the cost associated with each level). The PUC also directed Commerce to submit an audit budget to the Commission prior to awarding the contract.

On October 15, 2014, Commerce provided the PUC with a draft of the audit Request for Proposals (RFP) for approval. On October 29, 2014, the PUC accepted Commerce's draft RFP, with one small modification. On December 1, 2014, Commerce released an RFP for an audit of TAM programs.

A selection committee evaluated the proposals and on Feb. 25, 2015, TAM submitted a proposed audit budget to the PUC. The proposed budget included expenditures of approximately \$100,000 for a high-level audit, \$80,000 for a medium-level audit, and \$60,000 for a low-level audit. On April 17, 2015, the PUC approved an audit budget of \$100,000 for a high-level audit.

Commerce awarded the TAM audit contract to Examination Resources, LLC, and the audit commenced in May 2015.

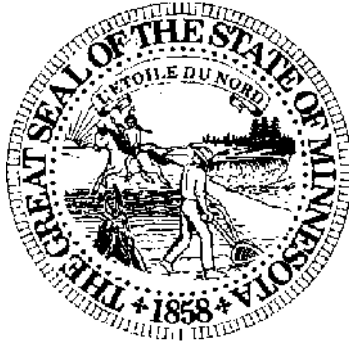
Sincerely,



Rochelle Garrow  
TAM Program Administrator  
651-539-1878  
[rochelle.garrow@state.mn.us](mailto:rochelle.garrow@state.mn.us)

Attachments

c: All parties of record



STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

ST. PAUL, MINNESOTA

PERFORMANCE  
AUDIT REPORT

OF

**TELECOMMUNICATION ACCESS MINNESOTA**

ST. PAUL, MINNESOTA

AS OF

JUNE 30, 2014

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## **SCOPE AND OBJECTIVES OF AUDIT**

The Public Utilities Commission of Minnesota (PUC) issued an order dated June 20, 2014 requesting a limited scope audit of the collection, remittance and use of Telecommunication Access Minnesota Program (TAM) funds for the following TAM funded programs: Minnesota Relay (a federally mandated Telecommunications Relay Services (TRS) program), Telephone Equipment Distribution (TED) Program, Rural Real-time Captioning (RRC) Program and Accessible News for the Blind (ANB) Program.

Not included in the scope of the audit, as specified in the request for proposal (RFP) are the following TAM fund appropriations passed by the legislature for the following entities: Commission of Deaf, Deafblind and Hard of Hearing Minnesotans, MN. IT Services, and Legislative Coordinating Commission.

The limited scope performance audit was conducted by Examination Resources, LLC (ER) as authorized by Julia Dayton Klein, Minnesota Department of Commerce (Commerce) General Counsel and State Authorized Representative.

The objective of the limited scope performance audit is to assess the effectiveness of the TAM fund program activities surrounding the collections, remittance and use of funds, which includes assessing whether:

- Carriers are properly collecting and remitting surcharges as specified by Minnesota State Statutes;
- Surcharges are properly transferred to the TAM fund;
- Retailers are properly collecting and remitting prepaid wireless fees;
- Prepaid wireless fees are properly transferred to the TAM fund;
- Consumers receiving equipment/services meet established eligibility requirements;
- Adequate equipment inventory maintenance and distribution oversight exists;
- Proposed budgets for the fund activities use adequate allocation basis methods, provide adequate detail of program activities and contain adequate documentation and support;
- TAM program incurred costs have appropriate supporting documentation;
- TAM program incurred costs are adequately monitored and approved;

- Sensitive information is appropriately safeguarded against unauthorized acquisition, use, or disposition;
- Services are adequately complying with Federal or State minimum requirements; and
- Sound procurement practices are followed.

## **TAM KEY PROGRAM ACTIVITIES**

The purpose of the risk-focused audit process is to identify areas of high risk for concentration of efforts in order to enable more efficient use of auditor resources. The key program activities in scope for the audit are as follows:

- Collections;
- Budget/Expenditures;
- Minnesota Relay;
- TED;
- RRC; and
- ANB.

## **METHODOLOGY**

All accounts and activities of TAM that were reviewed, were considered in accordance with the risk-focused based approach and were reviewed with consideration given to applicable federal regulations and Minnesota statutes.

ER staff obtained data through responses to document requests, on-site interviews, and correspondence with key TAM personnel.

ER identified and documented the risks associated with each of the program activities based upon the specified audit objectives. ER assessed the risks while performing the interviews with staff, and reviewing documentation supporting the program activities. ER utilized professional judgment to assess the risk by determining the likelihood of occurrence and magnitude of impact to obtain the overall inherent risk assessment and determine the detailed procedures to perform.

ER staff examined and assessed TAM's operations, including its organizational structure, staff functions, field operations, policies and procedures, practices, processes and controls, and to identify areas where improvement may be necessary. The audit included compiling and analyzing data from TAM and its related contractors to determine the adequacy of TAM's operations in providing various services. ER staff also examined operational documents as well as policies and procedures.

## **PROGRAM HISTORY**

In 1987, the Minnesota Legislature passed legislation creating the Telecommunications Access for Communication Impaired Persons (TACIP) Board for the purpose of enabling people who have difficulty hearing or speaking on the telephone to talk to standard voice telephone users. Two programs were established to accomplish this goal: Minnesota Relay, which began service on March 1, 1989; and the TED Program, which began as a pilot program on October 1, 1988.

Minnesota Relay is a federally mandated TRS program that allows an individual who is deaf, hard of hearing, deafblind, or speech disabled to communicate over the telephone in a manner that is functionally equivalent to the ability of an individual who does not have hearing loss or a speech disability. Minnesota Relay must be in full compliance with the requirements and intent of Title IV of the Americans with Disabilities Act of 1990, 47 U.S.C. § 225, Federal Communications Commission (FCC) regulations at 47 C.F.R. §§ 64.601 through 64.606, and Minnesota Statute §§ 237.50 through 237.56.

The TED Program provides specialized telecommunications equipment to enable persons who are deaf, hard of hearing, deafblind, speech disabled, or physically disabled to access telecommunications services. Program participants must meet eligibility requirements.

In 1995, the Minnesota Legislature eliminated the TACIP Board and transferred the responsibility of Minnesota Relay to the Department of Public Service. In September 1999, The Department of Public Service was merged with Commerce, which now has responsibility for the TAM program. The Department of Human Services (DHS), through an interagency agreement with Commerce, operates the TED Program (Minnesota Statute § 237.51, Subdivision 1).

Effective August 1, 2002, the name of the TACIP program changed to TAM. Commerce sought the name change at the request of consumers, who objected to the inclusion of the word “impaired” in the program name.

In 2005, the Minnesota Legislature passed legislation that created two new state programs, ANB and RRC that are funded via the TAM surcharge.

The ANB program provides accessible electronic information (news and other timely information) for people who are blind and disabled. This program is administered by the Commissioner of the Department of Employment and Economic Development (DEED), and has a maximum annual budget of \$100,000.

The RRC program provides real-time, captioning of certain local television news programs for people who are deaf, hard of hearing or deafblind. This program is administered by the Commissioner of the DHS, and has a maximum annual budget of \$300,000.

In 2013, the legislature passed legislation that imposes a TAM fee on each retail transaction for prepaid wireless telecommunications services in the amount of the monthly charge provided for in Minnesota Statute § 237.52, Subdivision 2. The prepaid wireless fee became effective on January 1, 2014.

On March 5, 2014, TAM issued a RFP for the provision of TRS. The TRS contract was awarded to Sprint Communications Company L.P. (Sprint) and is effective from July 1, 2014, through June 30, 2019.

Minnesota Relay local and intrastate minutes of service (including 49 percent of toll free and 900 minutes, and 89 percent of two-line Caption Telephone (CapTel minutes) are reimbursed through the TAM fund. Minnesota Relay interstate and international minutes of service (including 51 percent of toll free and 900 minutes, and 11 percent of two-line CapTel minutes) are reimbursed by the Interstate TRS Fund. In addition, Internet based relay services, which include Video Relay Service (VRS), Internet Protocol (IP) Relay, and Internet Protocol Captioned Telephone Relay Service (IP CTS), are currently under the FCC’s jurisdiction and are paid for by an Interstate TRS Fund.

## **TAM PROGRAM ADMINISTRATION**

TAM is managed by one full time Administrator and Commerce Telecommunications Manager who allocates a portion of his time to the TAM program.

Commerce administers the TAM fund and manages vendor contracts and interagency agreements. The following outlines the TAM activities and vendors/agencies responsible for providing the activity:

- TAM Administrator manages the budget process and oversees collections and expenses activity
- Sprint through a vendor contract provides TRS services for Minnesota Relay
- DHS through interagency agreements provide services for:
  - Minnesota Relay Outreach activity
  - TED Program activity
  - RRC
- DEED through an interagency agreement administers ANB activity
- Department of Public Safety (DPS) collects TAM surcharge revenue from wired and wireless carriers and remits TAM surcharge revenue to TAM
- Department of Revenue (DOR) through Minnesota statutes collects prepaid wireless fees and remits such fees to Commerce

## **FEDERAL REGULATIONS AND STATE STATUTES**

The following federal regulations and state statutes apply to the TAM fund and its activity:

- Telecommunications Relay Services are subject to Federal Regulations Title IV of the Americans with Disabilities Act of 1990, 47 U.S.C. § 225, FCC regulations at 47 C.F.R. §§ 64.601 through 64.606 and Minnesota Statute § 237.54;
- Administration of the TAM fund is subject to Minnesota Statute §§ 237.50 through 237.56;
- TED Program is subject to Minnesota Statute §§ 237.51 and 237.53;
- Collections of surcharges are subject to Minnesota Statutes §§ 237.52 Subdivision 3 and 403.11 Subdivision 1; and



- Fees for prepaid wireless telecommunications services are subject to Minnesota Statutes §§ 237.52 Subdivision 3a and 403.161.

## **TAM COLLECTIONS**

There are two primary TAM funding sources: a monthly surcharge on all wired and wireless telephone access lines in the state of Minnesota, and a fee on each Minnesota retail transaction for prepaid wireless telecommunications services. In June 2014, the PUC approved increasing the surcharge from \$.0.06 per access line to \$0.08 for fiscal year 2015. The monthly surcharge is capped at \$0.20 per access line.

Service providers operating in Minnesota that offer wired or wireless telecommunications are required to collect a monthly surcharge on any access line that is capable of originating a TRS call. The surcharges collected by the service providers, which cover both 911 emergency telecommunications service and TAM programs, are remitted to the Commissioner of DPS, as specified in Minnesota Statute § 403.11 Subdivision 1, on a monthly, quarterly or annual basis, depending on the amounts due. The DPS subsequently transfers to Commerce the TAM surcharges remitted by the service providers.

Retail transactions of prepaid wireless services are subject to TAM fees, as specified in Minnesota Statute § 403.161 Subdivision 1. Retailers are required to submit to the DOR prepaid wireless E911 and TAM fees collected. The DOR is required to deposit the collected TAM fees in the TAM fund within 30 days of receipt. Sellers may deduct and retain three percent of the TAM fees collected.

### Transfer of Fees

The DPS processes collections on a daily basis. A daily report detailing the deposits received is prepared which breaks down the amount collected from each company by fee type. The DPS codes and posts the amounts collected to the appropriate fund account in the State Wide Integrated Financial Tools (SWIFT) system. SWIFT is the financial, procurement, and reporting system used by the State of Minnesota. The DPS provides Commerce's Finance division a collections report on a weekly basis. Commerce's Finance personnel do not validate the weekly collections report to the amounts entered into the SWIFT system.

**Findings:**

**1. Based upon discussions with DPS personnel and review of documentation, one coding error into the SWIFT program was noted, resulting in an incorrect amount transferred to the TAM program. While the error was identified by Commerce Finance personnel in a subsequent period and corrected, there is not an adequate control in place to mitigate the risk of potential coding errors and ensure that the surcharge amounts collected by the DPS are accurately transferred to the TAM account.**

**2. The spreadsheets used by DPS to record collections and calculate the amounts to be transferred to TAM are not password protected. As a result, there is a potential that balances recorded or formulas on the spreadsheet may be inadvertently changed.**

Collection of Surcharges

As of the end of June 2014, there were 56 wireless carriers and 175 wired carriers. The total surcharges collected for 2014 was \$4,352,054.12 for wireless and wireline access lines and \$144,317.75 for prepaid wireless transactions.

Carriers are required to submit a remittance form that specifies the number of access lines provided and surcharges collected. Cable and other Fixed/Static Providers of Voice over Internet Protocol (VoIP) are to report surcharges as wired lines. In addition, carriers that provide trunk lines are to calculate the trunk line equivalencies as specified in PUC Order P999/CI-07-617.

In 2015, DPS implemented a semi-annual request for subscriber line count from Minnesota carriers. While the report was implemented to meet Minnesota State Statute 403.11 subdivision 6 requirements, which specifies that prepaid wireless telecommunications services are required to provide prepaid wireless and wireless subscriber line count information, DPS is requesting wireline and VoIP carriers to provide the subscriber line count information on a voluntary basis as well.

### *Audit Questionnaire*

An audit questionnaire (questionnaire) (Exhibit A) was sent to a sample of 142 carriers. The sample selection included 67 VoIP carriers, 40 wired carriers and 35 wireless carriers. Of the 142 questionnaires sent, ER staff received 102 responses, representing a response rate of 72%. The following is a breakdown of the responses by carrier type:

	Sent	Received	Outstanding	% Received
Wired	40	33	7	83%
Wireless	35	22	13	63%
VoIP	67	47	20	70%
Total	142	102	40	72%

The questionnaire was sent to the selected carriers to verify information remitted to the DPS and to understand the methodology used in their remittance process. The questionnaire requested the carrier to respond to the following questions surrounding:

- Which remittance form they filed with the DPS (Monthly/Quarterly Wire-Line Minnesota Telephone Fees Remittance Form (Exhibit B), Monthly/Quarterly Wireless Minnesota Telephone Fees Remittance Form (Exhibit C) or Monthly/Quarterly Nomadic VoIP Minnesota Telephone Fees Remittance Form (Exhibit D));
- The number of lines reported on each FCC Form 477 “Broadband and Voice Service Data Filings” and the Minnesota form, explaining any differences; and,
- The reporting practices regarding the non collections from customers.

The response rates by carrier type were sufficient to gauge whether carriers are filing the correct remittance form, reporting access lines accurately, and reporting and remitting surcharge fees as required. There were a number of discrepancies noted in review of the responses. Table 1 below represents a summary of the discrepancies noted by carrier type:

**Table 1**

<b><u>Discrepancy</u></b>	<b><u>Wired</u></b>	<b><u>Wireless</u></b>	<b><u>VoIP</u></b>
1. The carrier indicated they provide wired service, which includes cable and other fixed/static VoIP service, but did not collect the TAM surcharge			7
2. Responses that contained inconsistencies between the number of access lines reported on the questionnaire and the number of access lines reported on the Minnesota form	1	1	5
3. The carrier identified an error in the line count reported on the Minnesota form as a result of responding to the questionnaire			2
4. The carrier responded that it did not provide a service directly to any end user customer that was capable of originating a TRS call, but does provide service through its unregulated VoIP <sup>1</sup>			4
5. The carrier could not explain the difference noted between the number of access lines reported on Form 477 and the number of access lines reported on the Minnesota form			2
6. The carrier calculates the Minnesota access line count by dividing the amount collected by the fee rate	8		1
7. The carrier noted that the difference between access line count on Form 477 and on the Minnesota form are due to different reporting requirements between the two reports, such as the difference in the calculation of trunk equivalencies	4	1	2
8. The carrier responded that the Minnesota form access line count was correct, however errors were noted in the Form 477 access line count	4		1
9. The carrier identified the difference in the access line count between Form 477 and the Minnesota form was due to timing differences	4		3
<b>Total discrepancies noted</b>	<b>21</b>	<b>2</b>	<b>27</b>

<sup>1</sup> The four VoIP discrepancies relate to a group of affiliated companies which contested that the services they provided were not subject to the surcharge fees. On July 28, 2015, the PUC issued a written order requiring the companies to comply.

**Findings:**

**3. As detailed in Table 1, there were 21 wired, 2 wireless and 27 VoIP discrepancies noted during the review of the questionnaire responses. The discrepancies identified indicate that some carriers may not be submitting the correct form based upon services provided, may not be accurately reporting the number of access lines provided, and/or may not be accurately calculating and remitting surcharge fees.**

- The VoIP carriers identified in discrepancy 1 may not be filing the correct Minnesota form. VoIP carriers that provide wired service should be filing the Monthly/Quarterly Wire-Line Minnesota Telephone Fees Remittance Form and should not be filing the Monthly/Quarterly Nomadic VoIP Minnesota Telephone Fees Remittance Form.**
- The VoIP carriers listed in Discrepancy 2 pertain to five affiliated companies that have significant differences between the access lines reported on the Minnesota forms and the amounts reported on the questionnaire.**
- The questionnaire results support the notion that the potential for reporting errors is present. Discrepancy 3 reflects carriers that identified errors during the questionnaire process, and Discrepancy 5 reflects carriers that could not explain differences reported. In addition, while Discrepancy 8 reflects carriers that identified reporting errors on Form 477 which does not impact the TAM program, it does increase the concern that errors with carriers not sampled in the questionnaire process may exist and the potential of future errors in carriers' reporting process may occur.**
- Discrepancy 6 indicates that some carriers are not calculating the surcharge fee correctly. Based upon the response of nine carriers, access line counts are calculated by dividing the amount collected by the fee rate. The result may or may not be accurate. Exhibit B specifies that the fee remittance is calculated by applying the total access lines by the surcharge fee rate. There is no assurance that backing into the number of access lines will provide the same result. For example, if a customer makes a partial payment and the carrier calculates the**

**number of access lines based upon the amount collected divided by the fee rate, then the number of access lines calculated will be incorrect.**

#### Collection of Prepaid Wireless Fees

The DOR does not provide detail support of the prepaid wireless fees collected. The Minnesota state statutes do not provide TAM direct authority to request information from the DOR regarding the collection and remittance of prepaid fees. TAM must request such data from DPS who in turn must request the data from DOR.

The DOR requires a data exchange agreement be in place with authorized parties before taxpayer data can be disclosed for the purpose of and to the extent necessary to administer the program. As of the examination period, the DPS has not entered into an interagency agreement with the DOR. As a result, examiners were unable to validate whether retailers or Eligible Telecommunications Carriers (ETC) are properly collecting and remitting prepaid wireless fees.

#### **Findings:**

**4. The DOR does not provide supporting documentation for the amount of prepaid wireless fees collected and remitted. There is no method to ensure whether retailers are accurately calculating and remitting the prepaid wireless fees.**

**In addition, TAM does not have the ability to directly communicate with the DOR. TAM must go through the DPS to request documentation or responses from the DOR on inquiries. The DOR is unwilling to provide any detail documentation to the DPS related to the prepaid wireless fees collected until an interagency agreement is signed between the DOR and the DPS.**

## **TAM BUDGETING AND EXPENDITURES**

TAM is required to submit an annual budget and surcharge recommendation to the PUC for approval. The PUC reviews the recommendation for reasonableness, may modify the budget to the extent it is determined unreasonable, and sets the annual TAM surcharge amount.

The TAM Administrator receives budget information from the various agencies involved in administering the TAM program activities. The program activity budgets are reviewed prior to being rolled up into the overall TAM budget. ANB and RRC budgets are capped as per state statutes.

Programs are paid on different schedules based on the respective interagency agreement. However, ANB and RRC receive quarterly disbursements and they submit invoices for the transfer of money to the TAM Administrator who authorizes the payment and gives to Commerce Finance to execute the transfer of the funds. At the end of the fiscal year, if there are unexpended funds, the programs will reimburse the unexpended funds back to the TAM fund. The program provides the TAM Administrator with a line item report showing total line item dollar amounts and the amount transferring back.

The TAM administrative, Minnesota Relay Outreach, TRS, and TED Program budgets are compared monthly by the TAM Administrator to actuals to ensure they stay within program budgets. TED Program, Minnesota Relay Outreach, and TRS invoices and reports are submitted to the TAM Administrator monthly for review and approval of payment. ANB and RCC submit quarterly payment invoices for one-fourth of their annual budgeted amount to the TAM Administrator for approval of payment. These programs submit a report at the close of the fiscal year that provides some detail on their line item expenditures.

Based upon review of the budget and expense processes, adequate detail and support of program activities is obtained in the budgeting process. In addition, expenses incurred are adequately monitored and approved.

## **MINNESOTA RELAY**

TAM contracts with Sprint to provide TRS. The contract is effective from July 1, 2014, through June 30, 2019. Sprint TRS services are supported by six geographically-dispersed centers including the Moorhead center.

There are two categories of Telecommunications Relay Services:

- Non-Internet based relay services, which include teletypewriter (TTY), captioned telephone, and Speech-to-Speech, which are administered and funded on a state level and are covered under the TAM program for Minnesota Relay calls.
- Internet based relay services, which include Video Relay Service (VRS), Internet Protocol (IP) Relay and Internet Protocol Captioned Telephone Relay Service (IP CTS), which are paid for by an Interstate TRS Fund.

Total expenditure for relay services was \$2,290,747.91 in 2014, which represented 42% of total TAM fund expenditures. The total number of Minnesota Relay calls made was approximately 558,538 for 2014. There is an overall continual downward trend in call center service activity and volume.

#### Adequacy of Services Provided

A trained communications assistant (CA) facilitates the telephone conversation between a person who has hearing loss or a speech disability and other individuals. Training of CA's is ongoing to ensure that they continually meet the federally required minimum requirements. In addition, monitoring of CA activity is in place which includes periodic testing of each CA's activity and quality review process.

Customer service representatives process all complaints received. When a complaint is received at the relay center level, the complaint is entered into a software system from Sprint. From this system a monthly report is generated and sent to the TAM Administrator.

There were no issues identified during the review of the adequacy of the relay services provided and the complaint process. There appears to be adequate mitigating controls in place to ensure that the CA's and the relay services are meeting the federal minimum requirements, and complaints are handled adequately.

#### Data Security

Employees are bound to security requirements regarding confidential information they generate or to which they have access. ER staff inquired with the Sprint IT/Internal Audit department and obtained information surrounding the information technology general controls and physical security controls in place at the relay centers, including corporate access control policies with



respect to physical access, virtual private network (VPN) access, workstation login's, Hewlett-Packard HP Service Manager, and many other systems.

There were no issues identified during the review of the adequacy of the security controls in place at the relay service centers. There appears to be adequate mitigating controls in place to ensure that confidential information is safeguarded.

## **TELEPHONE EQUIPMENT DISTRIBUTION (TED) PROGRAM**

TAM contracts through an interagency agreement with the DHS to administer the TED Program. The TED Program is responsible for distributing specialized telecommunications devices to income eligible Minnesotans, informing the public of services available through the program, and providing training for the use of distributed equipment. DHS's Deaf and Hard of Hearing Services Division (DHHS or TED Program Administrator) is given the responsibility to administer the TED Program.

### Eligibility

A component of the administration process of the TED Program is to verify the eligibility of applicants. There were 763 new program participants of the TED Program in 2014.

In order to maintain the applications and customer information, DHHS utilizes a database called "Magic" which is a SQL database that is online and requires a username/password to administer the TED Program. The clerical staff receives a call and enters the information into Magic. Once the application is received, the remaining information is entered into Magic by the clerical staff and all the supporting documentation is scanned into the FileNet content management system. Upon receiving all required information, program specialists utilize the current procedural manual to ensure the application processing procedures are followed.

There are processes and procedures in place documenting the eligibility requirements and the procedures for verifying the application information. Regional managers supervise the program specialists in their regional office. Managers perform a file review every quarter of the applications. Four to five files are selected for review every quarter. There is a formal checklist that the managers complete as they perform the review to verify all pieces are included in the

application review/file. The TED Program Administrator performs a review of the data in Magic to make sure data was entered correctly. The TED Program Administrator does not perform a “re-evaluation” of eligibility requirements every year. Once the customer passes eligibility, they are in the program for life.

There were no issues identified during the review of the application process and verification of the eligibility of applicants.

### Equipment Management

Annual equipment expenditure for 2014 totaled \$177,513, which represented 12% of total TED Program expenditures. There were 4,380 telecommunications and auxiliary devices delivered in that period.

DHHSD performed a cost analysis to determine if it would be more economical to maintain the inventory of devices in house or outsource the administration of inventory to an outside vendor. Based upon the analysis, DHHSD determined that it was more economical to outsource the administration of the inventory maintenance process.

Through a RFP process, DHHSD entered into a vendor contract with Teltex, Inc. (Teltex) to provide the TED Program with devices and administer its inventory process. As of April 1, 2015, equipment is purchased as needed. TED maintains only a small inventory of equipment for staff in the Metro office for home visits. The vendor is responsible for processing customer orders. Customers contact the Central Repair Specialist for repair services. The Central Repair Specialist determines if the device needs to be serviced or replaced. The Central Repair Specialist also determines if the product is under warranty, or if it may be refurbished or recycled. Teltex tracks the TED Program’s inventory of refurbished/returned items as well. These items are utilized for current customers, not new customers, and prior to purchasing new equipment. Teltex sends an updated inventory list weekly to DHHSD.

DHHSD previously maintained the equipment inventory. One staff member was responsible for managing inventory and another staff member was responsible for shipping and receiving. DHHSD ordered devices in bulk based upon estimated needs for the quarter. Part of the inventory management process included overseeing the return of devices and determining those that could be refurbished.

DHHS contracted with Weitbrecht Communications to provide CapTel phones for the TED Program. DHHS is in the process of amending the contract requesting Weitbrecht Communications to ship new devices directly to clients. Any equipment that needs servicing will be picked up from the client's home and shipped to directly to the manufacturer for repair or refurbishing.

DHHS entered into a contract on March 31, 2015 with Great Call to provide Jitterbug phones and accessories for the TED Program. The Jitterbug phones and accessories are ordered on an as needed basis. Great Call ships the product directly to the client. If the phone needs to be repaired, DHHS replaces it for the client.

In reviewing the fiscal year 2016 budget, the TED Program Administrator plans to issue iPhones and iPads to eligible participants on a test basis. Currently, DHHS is currently working on issuing a RFP for the supplying and servicing iPhone and iPads. The iPhones and iPads are expected to be ordered on an as needed basis. DHHS plans on restricting devices to access applicable apps only.

The TED Program distributes a variety of special communication devices including amplified telephones, captioned telephones, speaker phones, cell phones, TTYs and other telecommunication devices. The main telephone product provided to customers is an amplified phone, representing approximately 64% of all equipment distributed.

**Findings:**

**5. There were a few instances in the SWIFT report, which reflects all the invoices entered by Finance and coded, whereby expenses were incorrectly classified by Finance or incorrectly allocated to the TED Program. All errors have been identified by the TED Program Administrator and fixed timely and appropriately.**

Maintenance, Refurbishes, and Equipment Service

Total expenditures for maintenance, refurbishes and equipment service was \$3,459 for 2014.

When customers call with device problems, the TED Program Administrator's program specialist will attempt to troubleshoot the problem. If the problem cannot be resolved, the repair specialist will make arrangements to pick up the equipment and ask Teltex to send out a replacement unit. If the program specialist determines that the equipment is not salvageable, he or she may request the customer to recycle the device at a local recycle center.

TED does not track customers that may have moved out of state or no longer need the device. A customer's status is updated only when the customer contacts TED and notifies them of any change. The TED inventory is tracked in Magic including equipment that was disposed of, recycled, exchanged or distributed.

**Findings:**

**6. The TED Program does not perform a periodic review for any changes in a customer's status to determine whether their equipment should be returned. The customer may no longer use or need the equipment, or the customer may have moved out of state. In these instances, the equipment should be returned to TED and incorporated into its inventory management process.**

Outreach

In addition to administering the TED Program, DHHS is contracted to perform outreach services to promote both the TED Program and Minnesota Relay Services. The Statewide Outreach Coordinator and each regional office are responsible for performing outreach activities through the year promoting the TED Program and Minnesota Relay services.

The total budget established for Minnesota Relay outreach was \$1,000 in 2014. The TED Program budget does not separate out the outreach expenditures in separate line items. Outreach expenditures, such as travel, materials, brochures and signage, are included with other TED expenditures. This activity is performed by the program specialists in each regional office and is incorporated into their normal responsibilities and duties.

**Findings:**

**7. Outreach for both Minnesota Relay and the TED Program is not well defined nor are formal plans and goals set for the fiscal year. The year end results are not compared to the**

**beginning of the year goals/plans to determine if the Program Administrator is effectively performing outreach activities.**

## **RURAL REAL-TIME CAPTIONING PROGRAM**

Rural Real-Time Captioning (RRC) Program has a \$300,000 budget cap which was passed by legislation. TAM contracts with DHHS to administer RRC. DHHS contracts with local TV stations to make live local news accessible (captioning). TAM pays RRC to refund the TV station for the cost of the captioning services, as well as reimburses DHS for program administration costs.

The market is limited to stations that desire to provide real-time captioning of news services for their viewers. Smaller markets are not regulated by the FCC. RRC issues a RFP every five years requesting rural stations not covered under the federal guidelines to request real-time captioning services. In 2011, RRC published a RFP for bids. RRC worked with the DHS internal contracts unit to establish the agreements. There are currently four contracts with rural stations. The RRC Contract Manager oversees the contracts and tracks the hours of captioning, accuracy, and complaints.

RRC Contract Manager creates quarterly reports detailing how many hours of captioning, times of days showing captioning, and the number of complaints received. TV stations are contracted to clearly post the resources for reporting a complaint. TV stations are required to respond to the complaint within two days and to report to RRC on how the complaint was resolved.

RRC also receives statistics on captioned services. RRC reviews the quality of the work provided. Complaints received also indicate issues with the quality of service provided. If the captioning service is inaccurate or poor quality, the likelihood of complaints would increase.

During the review of the complaint process, it was noted that one of the rural stations currently under contract only had a general comments section on their website and did not have a specific location for consumers to report captioning errors.

There were no other issues identified during the review of DHHSD's compliance with the interagency agreement and Minnesota state statutes, as well as the review of RRC's expense request and RFP processes.

## **ACCESSIBLE NEWS FOR THE BLIND PROGRAM**

Accessible News for the Blind (ANB) Program has a \$100,000 budget cap which was passed by legislation. ANB Program provides accessible electronic information (news and other timely information) for people who are blind and disabled. This program is administered by the Commissioner of the Department of Employment and Economic Development (DEED) through an interagency agreement.

A review of the DEED's verification of eligibility in the application process for the ANB Program could not be performed. The examiners requested DEED to provide a sample of applications in order to verify the eligibility review process is adequately performed. DEED's Assistant Director of Government Affairs provided the following response which indicated that external auditors do not have the right to access private data gathered by DEED in the application process.

"Per Minn. Stat. 116J.401, any data collected on individuals pursuant to a program operated by DEED are private data. As such, the applicant names and applications you describe are private data and should not be released except as permitted by law. As far as whether Examination Resources has the legal right to access these private data, I confirmed with Admin that they do not. Though the Office of the Legislative Auditor is able to access essentially any private data it needs, a private auditor engaged by Commerce does not have the same standing. We should not provide the requested applicant names or applications."

As a result, ER was not able to test the eligibility of the ANB program at this time due to data privacy issues.

No issues were identified during the review of DEED's compliance with the interagency agreement and Minnesota state statutes, as well as the review of ANB's expense request processes.

## SUMMARY OF FINDINGS, COMMENTS AND RECOMMENDATIONS

ER audit staff identified the following findings to improve TAM's program activities:

1. Based upon discussions with DPS personnel and review of documentation, one coding error into the SWIFT program was noted, resulting in an incorrect amount transferred to the TAM program. While the error was identified by Commerce Finance personnel in a subsequent period and corrected, there is not an adequate control in place to mitigate the risk of potential coding errors and ensure that the surcharge amounts collected by the DPS are accurately transferred to the TAM account.

### **Recommendation:**

A monthly reconciliation should be performed between the amounts reported on the cash collections report to the TAM SWIFT Account balance.

### **Commerce Response:**

Commerce agrees with the finding. Monthly reconciliations of the revenue amounts have begun. Revenue amounts will be reconciled by comparing the transfer amounts in SWIFT to the reports provided by DPS. The department considers this finding as a closed issue.

2. The spreadsheets used by DPS to record collections and calculate the amounts to be transferred to TAM are not password protected. As a result, there is a potential that balances recorded or formulas on the spreadsheet may be inadvertently changed.

### **Recommendation:**

Spreadsheets used that are critical in gathering and or calculating data should be password protected.

### **DPS Response:**

A recommendation that spreadsheets shared from DPS to Commerce be password protected was identified in the TAM Audit. Accordingly, DPS will password protect spreadsheets prior to their distribution to prevent recorded balances or formulas from inadvertently being changed.

3. As detailed in Table 1, there were 21 wired, 2 wireless and 27 VoIP discrepancies noted during the review of the audit questionnaire responses. The discrepancies identified indicate that some carriers may not be submitting the correct form based upon services provided, may not be accurately reporting the number of access lines provided, and/or may not be accurately calculating and remitting surcharge fees.

- The VoIP carriers identified in discrepancy 1 may not be filing the correct Minnesota form. VoIP carriers that provide wired service should be filing the Monthly/Quarterly Wire-Line Minnesota Telephone Fees Remittance Form and should not be filing the Monthly/Quarterly Nomadic VoIP Minnesota Telephone Fees Remittance Form.
- The VoIP carriers listed in Discrepancy 2 pertain to five affiliated companies that have significant difference between the access lines reported on the Minnesota forms and the amounts reported on the questionnaire.
- The questionnaire results support the notion that the potential for reporting errors is present. Discrepancy 3 reflects carriers that identified errors during the questionnaire process, and Discrepancy 5 reflects carriers that could not explain differences reported. In addition, while Discrepancy 8 reflects carriers that identified reporting errors on Form 477 which does not impact the TAM program, it does increase the concern that errors with carriers not sampled in the questionnaire process may exist and the potential of future errors in carriers' reporting process may occur.
- Discrepancy 6 indicates that some carriers are not calculating the surcharge fee correctly. Based upon the response of nine carriers, access line counts are calculated based upon the amounts collected divided by the fee rate. The result may or may not be accurate. Exhibit B specifies that the fee remittance is calculated by applying the total access lines by the surcharge fee rate. There is no assurance that backing into the number of access lines will provide the same result. For example, if a customer makes a partial payment and the carrier calculates the number of access lines based upon the amount collected divided by the fee rate, then the number of access lines calculated will be incorrect.
- While Discrepancy 7 and 9 do not necessarily raise concerns of reporting errors, it may be beneficial for TAM to review the Form 477 reporting requirements and determine whether



it is possible to modify the Minnesota form reporting requirements to allow a reconciliation between the two reports and gauge for consistency in reporting.

**Recommendation:**

TAM should consider the following:

- TAM should perform a follow up with the carriers identified in discrepancy 1 and 2 to ensure the carriers are accurately reporting access lines on the Minnesota form and remitting the correct TAM surcharge fees.
- TAM may consider selecting a sample of carriers to review on an annual basis to ensure the carrier is accurately reporting the number of access lines and remitting the correct TAM surcharge amount. Among other requested information, TAM may request the carrier to confirm the amounts reported, compare the number of access lines reported on the FCC Form 477 to the number of access lines reported on the Minnesota form, and describe the TAM surcharge calculation method.
- TAM may consider issuing a directive providing guidance on the Minnesota forms for determining the number of access lines and the method for calculating the surcharge amount. In addition, the directive should provide guidance on how to adjust for non collections from customers.

**Commerce Response:**

Commerce agrees with the finding and has opened Docket 15-746 to investigate the proper collection and remittance of TAM and Telephone Assistance Plan (TAP) surcharge revenue. Commerce will also work with DPS and the Minnesota Public Utilities Commission to educate and audit telecommunications carriers in order to facilitate accurate collection, remittance, and reporting of TAM, E911, and Telephone Assistance Plan surcharge revenue.

4. The DOR does not provide supporting documentation for the amount of prepaid wireless fees collected and remitted. There is no method to ensure whether retailers or Eligible Telecommunications Carriers (ETC) are accurately calculating and remitting the prepaid wireless fees.

In addition, TAM does not have the ability to directly communicate with the DOR. TAM must go through the DPS to request documentation. There is no interagency agreement between DPS and DOR. The DOR specified it cannot provide any detail documentation to the DPS related to the prepaid wireless fees collected until an interagency agreement is signed between the DOR and the DPS.

**Recommendation:**

In order to verify that retailers and ETCs are adequately collecting and remitting prepaid fees, supporting documentation should be obtained from the DOR. In addition to the DPS entering into an interagency agreement with the DOR, an agreement should be included in which TAM has direct authority to communicate with the DOR for obtaining supporting documentation for prepaid fees collected, along with the ability to inquire directly to the DOR on any related question and issues.

**Commerce Response:**

Commerce agrees with the finding.

5. There were a few instances in the SWIFT report, which reflects all the invoices entered by DPS Finance and coded, whereby expenses were incorrectly classified by DPS Finance or incorrectly allocated to the TED Program. All errors have been identified by the TED Program Administrator and fixed timely and appropriately.

**Recommendation:**

It is recommended that the TED Program create an expense allocation guide for DPS Finance to follow to ensure expenses are being classified correctly which also makes the reconciliation processes more streamlined.

**DHS Response:**

DHS does not agree with the recommendation as stated. The TED Program has provided an expense allocation guide for DPS Finance in the past.

6. The TED Program does not perform a periodic review for any changes in a customer's status to determine whether their equipment should be returned. The customer may no longer use or

need the equipment, or the customer may have moved out of state. In these instances, the equipment should be returned to TED and incorporated into its inventory management process.

**Recommendation:**

It is recommended that DHS should create a process to periodically monitor a customer's status and clearly state the procedures for customers that no longer need/want equipment or move out of state. The policy should cover all equipment issued. Once the policy is drafted, a copy should be provided to TAM for review to ensure tracking and maintenance of equipment is adequate.

**DHS Response:**

DHS concurs with the finding and recommendation. The TED Program will develop policies and procedures to address this and provide a copy to TAM.

7. Outreach for both Minnesota Relay and the TED Program is not well defined nor are formal plans and goals set for the fiscal year. The year end results are not compared to the beginning of the year goals/plans to determine if the Program Administrator is effectively performing outreach activities.

**Recommendation:**

The TED Program Administrator should establish metrics for the outreach plan that can be measured. At the end of the fiscal year an assessment should be performed to determine the effectiveness of the outreach plan activity.

**DHS Response:**

DHS agrees with the finding. DHS will be requiring well defined formal plans and goals for the fiscal year and collect data to determine effectiveness of the outreach activities.

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## CLOSING

Examination Resources, LLC would like to thank the TAM Administrator, the Commerce Telecommunications Manager, the State Authorized Representative, the Department of Public Safety, the Department of Employment and Economic Development, the Department of Human Services, Sprint and all others who were subject to the performance audit for their cooperation. We have taken into consideration all comments received in finalizing this report.

Examination Resources, LLC

*Examination Resources, LLC*

December 16, 2015

## EXHIBIT A - Questionnaire



85 7TH PLACE EAST, SUITE 900  
SAINT PAUL, MINNESOTA 55101-2198  
MN.GOV/COMMERCE  
651.539.1500 FAX: 651.539.1547  
AN EQUAL OPPORTUNITY EMPLOYER

Carrier Name:

### 1. Report Filed With the Department of Public Safety

As specified in Minnesota Statute 237.52 (3) "Every provider of services capable of originating a TRS call, including cellular communications and other non-wire access services, in this state shall collect the charges established by the commission".

The Department of Public Safety (DPS) has three forms for remitting 911, TAM and TAP fees:

- Wireless
- Wire Line (Wireline includes Cable and other Fixed/Static Providers of VoIP)
- Nomadic VoIP

Please respond to the following questions based upon the reporting method used as of June 30, 2014. If the reporting method changed after June 30, 2014, please specify the change.

- a) Do you provide Wire Line service, which includes Cable and other fixed/static VoIP service?
- b) If yes, were customers assessed the TAM fee for these Wire Line services?
- c) If you provide telephone service via Cable or other fixed/static VoIP technology, which of the DPS forms did you use to remit the fees collected from customers?
- d) If you are a Wire Line service provider and collected the 911/TAM/TAP fees from customers, but used the Nomadic VoIP form to remit the fees collected, which of the following practices were used:
- Fees were remitted as 911 fee collections and the number of access lines was derived by dividing the total fees collected by the 911 fee.
- Fees for 911 were remitted on the Nomadic VoIP form and fees for TAM and TAP were handled separately. (EXPLAIN).
- Other. (EXPLAIN).

## 2. Reported Lines

Please provide the following access line information as filed on the Federal Communications Commission Form 477 (FCC Form 477) for June 30, 2014, and the access line information reported on the Minnesota Department of Public Safety Telephone Fees Remittance Form (Minnesota Form) for June 30, 2014.\*

<u>Wire Lines</u>	FCC Form 477	Minnesota Form	Difference**
Wire-Line ILEC			
Wire-Line CLEC			
Cable/Fixed Static VOIP			
<u>VoIP</u>			
Nomadic VOIP			
<u>Wireless</u>			
Contract Subscribers			
Prepaid Transaction Sales			
ETC/Lifeline Prepaid Sales			
<u>Trunks</u>			
Total Trunks Assessed			
Access Lines Based on Trunk Equivalency Ratio			

\* If a date other than June 30, 2014, is used, please specify the reason below for not reporting the data for the requested reporting period. In addition, if the FCC Form 477 data or the data reported to DPS cannot be provided as of June 30, 2014, please ensure that any alternative date used is consistent for both the State and Federal data provided.

\*\* Please explain the reason for the difference:

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- a) To determine the surcharge to assess to multi-channel trunks, has your company been assessing fees consistent with the Minnesota Commission's February 20, 2009, Order in Docket Nos. P999/CI-07-617 and P999/CI-09-157?  
(For a copy of the order go to: <https://www.edockets.state.mn.us/eFiling/search.jsp>. Under *Docket Number* enter the year 09 and the number 157 and click on "Docket Lookup". Under the *Received Date* column, scroll down to the 02/20/2009 Order.)
- b) If fees were not assessed for multi-channel trunks consistent with the Commission's Order, please explain how were the fees determined for these customers?
- c) Are there any services not specifically addressed by the Commission's Order where there is confusion over what fees apply? If yes, explain.
- d) Are access lines based on a trunk equivalency ratio included in the Wire Line count in the table above for the Minnesota Form?  
YES \_\_\_\_ NO \_\_\_\_
- e) Are access lines based on a trunk equivalency ratio included in the Wire Line count in the table above for FCC Form 477?  
YES \_\_\_\_ NO \_\_\_\_

### 3. Reporting Method for Non Collections from Customers

Please provide responses to the following, where applicable. Please specify N/A if not applicable:

- a) Are the number of lines reported adjusted in any way for non collections from customers, if so how?
- b) If lines are adjusted for non collections from customers, how are recoveries from customers reported?

The above information is complete and accurate to the best of our knowledge and belief.

**Prepared by**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

CONFIDENTIAL



## EXHIBIT B - Monthly/Quarterly Wire-Line Minnesota Telephone Fees Remittance Form

MONTHLY/QUARTERLY WIRE-LINE MINNESOTA TELEPHONE FEES REMITTANCE FORM			
***Wireline includes Cable and other Fixed/Static Providers of VoIP***			
FORM TO REMIT WITH 911, TAM AND TAP FEES COLLECTED MONTHLY OR QUARTERLY BEGINNING THE FIRST BILLING CYCLE ON OR AFTER 10/01/2014 (Fee 87 Cents) AND FEE CHANGE 11/01/2014 (Fee 89 Cents)			
FEE REMITTANCE DUE DATE:			
Fees are due to the Minnesota 911 Program before the 25th of the month following the month(s) of collection [MN Statutes 403.11, Subd.1 (c)] Fees remitted after the due date are subject to a collection penalty [MN Statutes 16D.11].			
COMPLETE ITEMS 1 - 7			
<b>1.a COMPANY INFORMATION</b>	Company Name		
Telephone Carrier Contact Information	Contact Name		
	E-Mail address		
<b>1.b SUBMITTED BY</b>	Company Name		
Complete this section if submitting as a representative on behalf of the carrier.	Contact Name		
	E-Mail Address		
	Phone #		
<b>2. CHECK ONE BOX per form, using a separate form for each category that applies.</b>			
Wire-line ILEC	911 - 78¢	TAM - 8¢	TAP - 3¢
Wire-line CLEC	911 - 78¢	TAM - 8¢	TAP - 3¢
Cable/Fixed/Static VoIP	911 - 78¢	TAM - 8¢	TAP - 3¢
			(Combined 911 TAM TAP fee amount 89¢)
			(Combined 911 TAM TAP fee amount 89¢)
			(Combined 911 TAM TAP fee amount 89¢)
<b>3. ENTER THE PERIOD FEES WERE COLLECTED</b>			
mm/yyyy (example: 10/2014)	Quarterly collection less than \$250/month (example: 10/2014 - 12/2014)		
<b>4. CUSTOMER ACCESS LINES (Include customer access lines where fees are adjusted on Line 5.)</b>			
4.a Number of access lines			4.a
4.b Number of access lines based on Trunk Equivalency ratio _____; _____ (Refer to PUC Order P999/CI-07-617 to determine what trunk equivalents to apply)			4.b
TOTAL ALL ACCESS LINES (4.a + 4.b.)			
<b>5. UNADJUSTED FEE REMITTANCE</b>			
Amount of unadjusted 911 TAM TAP fees combined - .89 x total access lines from section 4			
<b>6. PRORATED ADJUSTMENTS (See FAQ #3)</b>			
6.a. Add number of New Customers (## divided by total # of days in month x 15 days)	_____ x \$.89 =		
6.b. Subtract number of Exiting Customers (## divided by total # of days in month x 15 days)	_____ x \$.89 =		
6.c. Add dollar amount from 6a., subtract dollar amount from 6b., enter net result			(total adjustments)
<b>7. TOTAL AMOUNT OF FEES REMITTED</b>			
I certify that I am a manager or officer of this telecommunications company and that this report is accurate and true and reflects the appropriate customer access line count including trunk equivalents, adjustments, and fee amount.			
Certified by: _____	Date signed: _____		
(signature of telecommunications company manager or officer)			
Printed name: _____			
Phone #: _____	Email: _____		
CHECKS SHOULD BE MADE PAYABLE TO: MINNESOTA 9-1-1 PROGRAM			
REMIT FEES TO: Department of Public Safety, ECN Division, 445 Minnesota Street, Suite 137, St. Paul, MN 55101-5137 (Questions - contact Carol Schmidt at 651-201-7549 or email carol.schmidt@state.mn.us)			
-- DO NOT WRITE BELOW THIS LINE - STATE OF MINNESOTA OFFICE USE ONLY --			
Check #	_____	EB-1-1 \$	_____
Amount	_____	TAM \$	_____
Date received	_____	TAP \$	_____
Deposit #	_____		

# EXHIBIT C - Monthly/Quarterly Wireless Minnesota Telephone Fees Remittance Form

<b>MONTHLY/QUARTERLY WIRELESS MINNESOTA TELEPHONE FEES REMITTANCE FORM</b>			
<b>FORM TO REMIT WITH 911 AND TAM FEES COLLECTED BEGINNING THE FIRST BILLING CYCLE ON OR AFTER 10/01/2014 (Fee 84 Cents) AND FEE CHANGE 11/01/2014 (Fee 86 Cents)</b>			
<b>FEE REMITTANCE DUE DATE:</b>			
Fees are due to the Minnesota 911 Program before the 25th of the month following the month(s) of collection [MN Statutes 403.11, Subd.1 (c)]. Fees remitted after the due date are subject to a collection penalty [MN Statutes 16D.11].			
<b>COMPLETE ITEMS 1 - 7</b>			
<b>1.a COMPANY INFORMATION</b>	Company Name		
Telephone Carrier Information	Contact Name		
	E-Mail address		
	<b>1.b SUBMITTED BY:</b>		
Complete this section if submitting a representative on behalf of the carrier.	Company Name		
	Contact Name		
	E-Mail Address		
	Phone #		
<b>2. CHECK BOX TO VERIFY THE AMOUNT COLLECTED AND REMITTED FOR 911 AND TAM FEES</b>			
Wireless <input type="checkbox"/> 911 - 78¢ TAM - 08¢      (Combined 911 and TAM Fee 86¢)			
Prepaid wireless phones and calling cards: Starting January 1, 2014, the Department of Revenue will administer the E911 fee and TAM fee that are collected by prepaid wireless providers. Note: It is the responsibility of retailers to monitor the department's website for notice of fee changes. <a href="http://www.revenue.state.mn.us">www.revenue.state.mn.us</a> 651-296-6181 or 800-657-3777			
<b>3. ENTER THE PERIOD FEES WERE COLLECTED</b>			
mm/yyyy (example: 10/2014)		Quarterly collection less than \$250/month (example: 10/2014 - 12/2014)	
<b>4. WIRELESS MINNESOTA CUSTOMER COUNTS (include customers where fees are adjusted on Line 5.)</b>			
Total number of Minnesota wireless customers			
<b>5. UNADJUSTED FEE REMITTANCE</b>			
Total unadjusted 911 and TAM fees combined = 86¢ x total customers from section 4.			\$ -
<b>6. PRORATED ADJUSTMENTS (See FAQ #3)</b>			
6.a. Add number of New Customers (#/# divided by total # of days in month x 15 days)		\$ .86	-
6.b. Subtract number of Exiling Customers (###/### divided by total # of days in month x 15 days)		\$ .86	-
6.c. Add dollar amount from 6.a., subtract dollar amount from 6.b., enter net result		\$	-
<b>7. TOTAL AMOUNT OF FEES REMITTED</b>			<b>\$ -</b>
I certify that I am a manager or officer of this wireless service provider and that this report is accurate and true and reflects the appropriate Minnesota customer counts, adjustments, and fee amount.			
Certified by:		Date signed	
(signature of wireless service provider manager or officer)			
Printed name:			
Phone #:		Email:	
CHECKS SHOULD BE MADE PAYABLE TO: MINNESOTA 9-1-1 PROGRAM REMIT FEES TO: Department of Public Safety, ECN Division, 445 Minnesota Street, Suite 137, St. Paul, MN 55101-6137 (Questions - contact Carol Schmidt at 651-201-7549 or email carol.schmidt@state.mn.us)			
- DO NOT WRITE BELOW THIS LINE - STATE OF MINNESOTA OFFICE USE ONLY -			
Check #	_____	E9-1-1 \$	_____
Amount	_____	TAM \$	_____
Date received	_____		
Deposit #	_____		

Form revised 12/03/2014 \*\*\*ALL PREVIOUS EDITIONS OF THIS FORM ARE OBSOLETE\*\*\*

# EXHIBIT D - Monthly/Quarterly Nomadic VoIP Minnesota Telephone Fees Remittance Form

MONTHLY/QUARTERLY Nomadic VoIP MINNESOTA TELEPHONE FEES REMITTANCE FORM	
FORM TO REMIT WITH 911 FEES COLLECTED <u>MONTHLY OR QUARTERLY</u> BEGINNING THE FIRST BILLING CYCLE ON OR AFTER 10/01/2014 (Fee .78 Cents)	
FEE REMITTANCE DUE DATE:	
Fees are due to the Minnesota 911 Program before the 25th of the month following the month(s) of collection [MN Statutes 403.11, Subd.1 (c)] Fees remitted after the due date are subject to a collection penalty [MN Statutes 16D.11].	
COMPLETE ITEMS 1 - 7	
<b>1.a COMPANY INFORMATION</b>	Company Name _____
Telephone Carrier Contact Information	Contact Name _____
	E-Mail address _____
	_____
<b>1.b SUBMITTED BY</b>	Company Name _____
Complete this section if submitting as a representative on behalf of the carrier.	Contact Name _____
	E-Mail Address _____
	Phone # _____
	_____
2. CHECK BOX TO INDICATE NOMADIC VOIP TELECOMMUNICATIONS PROVIDER	
Nomadic VoIP (Non-Certified) <input type="checkbox"/> 911 - 78¢	
3. DESCRIBE ON THE LINE BELOW WHY THE COMPANY IS EXEMPT FROM COLLECTING FEES FOR TAM (Telecommunications Access Minnesota) AND TAP (Telephone Assistance Program)	
911 fee = 78 cents	
4. ENTER THE PERIOD FOR WHICH FEES WERE COLLECTED	
mm/yyyy (example: 10/2014)	Quarterly collection less than \$250/month (example: 10/2014 - 12/2014)
5. NUMBER OF MINNESOTA CUSTOMERS (Include customers where fees are adjusted on Line 5.)	
5.a Number of Minnesota customers	5.a _____
5.b Number of Minnesota customers based on Trunk Equivalency ratio _____: (Refer to PUC Order P999/CI-07-617 to determine what trunk equivalents to apply)	5.b _____
TOTAL CUSTOMERS (5.a + 5.b.) _____	
6. UNADJUSTED FEE REMITTANCE	
Amount of unadjusted 911 - .78 x total Minnesota customers from section 5	_____
7. PRORATED ADJUSTMENTS (See FAQ #3)	
7.a. Add number of New Customers (## divided by total # of days in month x 15 days)	x .78 _____
7.b. Subtract number of Exiting Customers (## divided by total # of days in month x 15 days)	x .78 _____
7.c. _____	Add lines 5.a & 6.b - Enter total here _____ (total adjustments)
8. TOTAL AMOUNT OF FEES REMITTED	
_____	
I certify that I am a manager or officer of this telecommunications company and that this report is accurate and true and reflects the appropriate Minnesota customer counts including trunk equivalents, adjustments, and fee amount.	
Certified by:	Date signed
(signature of telecommunications company manager or officer)	
Printed name:	
Phone #:	Email:
CHECKS SHOULD BE MADE PAYABLE TO: MINNESOTA 9-1-1 PROGRAM	
REMIT FEES TO: Department of Public Safety, ECN Division, 445 Minnesota Street, Suite 137, St. Paul, MN 55101-5137 (Questions - contact Carol Schmidt at 651-201-7549 or email carol.schmidt@state.mn.us)	
--- DO NOT WRITE BELOW THIS LINE - STATE OF MINNESOTA OFFICE USE ONLY ---	
Check # _____	E9-1-1 \$ _____
Amount _____	
Date received _____	
Deposit # _____	

## **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  
TAM Audit Report**

**Docket No. P999/M-13-138**

**Dated this 17<sup>th</sup> day of December 2015**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_13-138_13-138
Linda	Chavez	linda.chavez@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 55101-2198	Electronic Service	No	OFF_SL_13-138_13-138
Greg	Doyle	greg.doyle@state.mn.us	Department of Commerce	Suite 50085 Seventh Place East  St. Paul, MN 551012198	Electronic Service	No	OFF_SL_13-138_13-138
Rochelle	Garrow	rochelle.garrow@state.mn.us	Department of Commerce	85 7th Place East, Suite 600  St. Paul, MN 55101-3165	Electronic Service	No	OFF_SL_13-138_13-138
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_13-138_13-138
Sarah	Maheswaran	sarah.maheswaran@state.mn.us	Telephone Equipment Dist. Program	Dept. of Human Services 444 Lafayette Road North St. Paul, MN 551553814	Electronic Service	No	OFF_SL_13-138_13-138
Amy	McQuaid Swanson	Amy.mcquaid-swanson@state.mn.us	Department of Human Services	PO Box 64969  St. Paul, MN 55164-0969	Electronic Service	No	OFF_SL_13-138_13-138
Carol	Pankow	carol.pankow@state.mn.us	Services for the Blind	Suite 240 2200 University Avenue W St. Paul, MN 55104	Electronic Service	No	OFF_SL_13-138_13-138
Dana	Wahlberg	dana.wahlberg@state.mn.us	Department of Public Safety	Town Square Ste 137 444 Cedar St St. Paul, MN 551015126	Electronic Service	No	OFF_SL_13-138_13-138
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	OFF_SL_13-138_13-138