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June 9, 2017

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

RE: **Comments of the Minnesota Department of Commerce**
Docket No. P999/M-16-227

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce (Commerce) in the following matter:

In the Matter of the Department of Human Services – Telephone Equipment Distribution Program’s Request to Amend their Fiscal Year 2017 Line Item Budget.

The filing was submitted on June 9, 2017, by:

Sarah Maheswaran
TED Program Administrator
Minnesota Department of Human Services
444 Lafayette Road North
St. Paul, MN 55155-3814

Commerce recommends that the Commission determine whether the request by the TED Program should be approved.

I am available to respond to any questions the Minnesota Public Utilities Commission may have on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Rochelle Garrow".

Rochelle Garrow
TAM Program Administrator

Attachments

c: All parties of record



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. P999/M-16-227

I. BACKGROUND

Pursuant to Minnesota Statutes section 237.52, subdivision 2, the Minnesota Department of Commerce (Commerce) must submit an annual budget and surcharge recommendations for the Telecommunications Access Minnesota (TAM) fund to the Minnesota Public Utilities Commission (Commission) for approval. The Commission reviews the recommendations for reasonableness, and may modify the budget to the extent it is determined unreasonable.¹

On March 22, 2016, Commerce submitted the TAM FY 2017 Budget and Surcharge Recommendations to the Commission. On May 19, 2016, the Commission approved the TAM FY 2017 Budget and Surcharge Recommendations, which included the line item budget for the Minnesota Department of Human Services (DHS) – Telephone Equipment Distribution Program (TED Program).

Minnesota Statutes section 237.51, subdivision 1(1), requires Commerce to administer the TED Program through an interagency agreement with DHS. The TED Program line item budget, approved by the Commission annually, is incorporated into the interagency agreement.

In the TAM FY 2017 budget approved by the Commission, the TED Program included \$285,000 in the Equipment for Distribution² line item. Of that amount, \$90,300 was to be used for an iPad/iPhone pilot to determine if these enhanced wireless devices would provide increased communication access for persons with disabilities.

¹ Minn. Stat. § 237.52, subd. 2 (“The Public Utilities Commission shall review the budgets for reasonableness and may modify the budget to the extent it is unreasonable.”)

² The line item includes telecommunications devices and accessories distributed to new and existing TED Program clients.

On May 3, 2017, the TED Program notified Commerce that they went over budget for the iPad/iPhone pilot due to higher than anticipated demand, and requested permission to transfer \$40,000 from various line items into the Equipment for Distribution line item. In its request to the Commission, the TED Program has reduced the transfer amount requested to \$36,000.

II. STATEMENT OF ISSUES

- 1) Whether the Commission should allow the TED Program to exceed the \$90,300 budget for the iPad/iPhone pilot program by \$127,667.
- 2) Whether the Commission should approve the TED Program's request to exceed the \$285,000 budget for Equipment for Distribution.
- 3) If the budget for Equipment for Distribution can be exceeded, then determine the amount by which it can be exceeded.

III. LEGAL REFERENCES

Minnesota Statutes section 237.52, subdivision 2, require the Commission to determine the reasonableness of the TED Program budget and allows it to modify the budget to the extent it is unreasonable.

Clause 3.1(g) of Commerce's interagency agreement with DHS states that funds for expenditures specified in the TED Program line item budget may not be moved from one line item to another unless in accordance with specific requirements. The agreement requires that DHS seek approval from Commerce, *in advance*, for transfers that are:

- Less than ten percent of the amount in a line item to or from which funds are being transferred but which exceed \$10,000.
- In excess of 10 percent of the amount in a line item to or from which funds are being transferred.

Clause 3.1(g) of the interagency agreement allows Commerce to refer transfer requests in excess of 10 percent of the amount in a line item to or from which funds are being transferred to the Commission to review for reasonableness.

IV. ANALYSIS

The TED Program's transfer request exceeds \$10,000, and exceeds 10 percent of the amount in the Equipment for Distribution line item. The TED Program did not seek approval from Commerce to increase the Equipment for Distribution line item amount *in advance* of the additional funds being expended as it is required to do under the interagency agreement. Further, the request is based on the fact that the TED program spent \$217,967 on the

iPad/iPhone pilot, when only \$90,300 was approved by the Commission. This represents over two-thirds of the amount budgeted for equipment to be distributed.

FY 2017 Equipment for Distribution Line Item

	Approved Amount	Approx. Actual Expenditures	Variance
Landlines, Cell Phones (excluding iPhones), and Auxiliary Equipment	\$ 194,700	\$ 103,033	\$ (91,667)
iPad and iPhone Pilot	\$ 90,300	\$ 217,967	\$ 127,667
	\$ 285,000	\$ 321,000	\$ 36,000

Because the TED Program overspent the total amount budgeted for equipment distribution, and because it significantly overspent the amount allowed by the Commission for the iPad/iPhone pilot project, Commerce thought that the reasonableness of this request should be decided by the Commission based on its statutory obligation to do so.

Based on what the Commission decides, Commerce can amend the interagency agreement prior to the close of the fiscal year (June 30) and approve whatever reimbursement the Commission determines is reasonable for FY 2017, if necessary.

V. ALTERNATIVES

- 1) Whether the Commission should allow the TED Program to exceed the \$90,300 budget for the iPad/iPhone pilot program by \$127,667.
 - A. Grant the TED Program's request to exceed iPad/iPhone pilot program's \$90,300 budget by \$127,667.
 - B. Deny the TED Program's request to exceed iPad/iPhone pilot program \$90,300 budget by \$127,667.
 - C. Grant approval of the TED Program request to exceed the iPad/iPhone pilot program budget by less than the amount requested.
 - D. Other action the Commission deems appropriate.
- 2) Whether the Commission should approve the TED Program's request to exceed the \$285,000 budget for Equipment for Distribution.
 - A. Grant the TED Program's request to exceed the budget for Equipment for Distribution.

- B. Deny the TED Program's request to exceed the budget for Equipment for Distribution.
 - C. Other action the Commission deems appropriate.
- 3) Determine the amount by which the Equipment for Distribution budget can be exceeded.
- A. Grant the TED Program's request to exceed the budget for Equipment for Distribution by \$36,000.
 - B. Grant the TED Program's request to exceed the budget for Equipment for Distribution by some other amount.
 - C. Other action the Commission deems appropriate.

VI RECOMMENDATION

Commerce does not have a recommendation regarding the TED Program's request.

CERTIFICATE OF SERVICE

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, 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 ON DHS’ BUDGET AMENDMENT REQUEST

Docket Nos. **P999/M-16-227**

Dated this **9th** day of **June, 2017**.

/s/Linda Chavez

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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