

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Dan Lipschultz
Matthew Schuerger
Katie J. Sieben
John A. Tuma

Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Telephone Assistance Plan
Review

ISSUE DATE: January 15, 2019

DOCKET NO. P-999/CI-17-677

DOCKET NO. P-999/CI-18-112

ORDER SETTING TAP CREDIT
AMOUNT AND SURCHARGE
LEVEL AND REQUIRING LOCAL
SERVICE PROVIDERS TO
INCLUDE TAP INFORMATION ON
THEIR WEBSITES

PROCEDURAL HISTORY

Under Minn. Stat. §§ 237.69–71, the Commission is the coordinator of the Telephone Assistance Plan (TAP), a program that provides monthly bill credits to low-income telephone subscribers. The bill credits are funded by a monthly surcharge on every access line in the state.

In its January 24, 2018 order in Docket 17-677, the Commission continued the current TAP credit and surcharge levels. Based on the recommendation of the Legal Services Advocacy Project (LSAP), the Commission also established a TAP/Lifeline¹ Working Group to address improving program effectiveness and to address questions raised by LSAP regarding potential causes of low TAP participation. Finally, the order sought to identify effective outreach methods for increasing participation in the TAP program and to make more efficient use of TAP funds.

On April 25, 2018, the Commission's TAP administrator filed her report in Docket 17-677 showing a TAP fund balance of \$1,122,343 as of December 31, 2017.

On August 28, 2018, the Commission's TAP administrator filed her report in Docket 18-112 showing the TAP fund balance at \$1,079,784 as of June 30, 2018.

¹ Lifeline is the low-income component of the federal Universal Service Fund, funded through contributions from Eligible Telecommunications Carriers that are passed on to eligible subscribers.

On October 3, 2018, the Commission issued a notice soliciting comments on whether any changes should be made to the TAP credit and/or surcharge levels and on whether any other actions should be taken related to enhancing the effectiveness of the TAP program.

By December 4, 2018, the Department of Commerce (the Department), the Office of the Attorney General-Residential Utilities Division (OAG-RUD), the Minnesota Telecom Alliance (MTA), LSAP, and Qwest Corporation d/b/a CenturyLink QC filed comments or reply comments.

On December 20, 2018, the Commission met to consider the matters.

FINDINGS AND CONCLUSIONS

I. Positions of the Parties

After comments were filed in this proceeding, the parties concurred that low and falling participation in the TAP program and the effectiveness of the program continue to need to be addressed, but disagreed as to the approach to be taken.

The OAG noted that the number of TAP participants has dropped significantly since 2013, from over 73,000 to fewer than 20,000 stemming from a variety of causes, including that the credit cannot be used for cellular or wireless telephone service and the credit is too low for customers to see the value in applying for the program. The OAG recommended increasing the TAP credit from \$3.50 to \$9.00, increasing the TAP surcharge from \$0.03 to \$0.10, and directing Commission staff to make outreach and promotional efforts without waiting for the TAP/Lifeline Working Group report.

LSAP supported the OAG's proposal for increased outreach, a \$9.00 credit and a \$0.10 surcharge, stating that participation in TAP has dropped by 58% since 2011. LSAP stated that social service studies indicate that program participation rises when benefits rise. Last, LSAP asserted that the de minimis increase in rates for all other customers of \$0.10 per month should pose no economic impact on them.

The Department recognized that the price of telephone service has increased and availability to low-income households has decreased. The Department, however, did not take a position on how the Commission should proceed with respect to the OAG recommendation.

The MTA recommended that the surcharge and the credit remain unchanged. The MTA opined that the TAP fund balance is stable with no imminent funding issues. The MTA noted that increasing the surcharge could pose a hardship for customers already struggling to pay their bills. The MTA also recommended that consideration of program enhancements could be directed to the TAP/Lifeline Working Group.

II. Commission Action

The Commission finds that identifying and using effective outreach methods for increasing participation in the TAP program is essential to effective use of the program. Accordingly the

Commission will direct Commission staff to work with other organizations to promote the TAP program and develop an updated outreach program and budget in consultation with the TAP/Lifeline Advisory Group. The Commission will also direct its staff to provide suggested program updates and budget recommendations to the Commission.

To accomplish this, the Commission will direct all local direct service providers to include TAP information on their websites and inform customers who are behind on bill payments about TAP. In conjunction with the requirement that local service providers include TAP information on their websites, the Commission will delegate authority to its Executive Secretary to determine the timing and content of the TAP information to be included on the local service providers' websites. Similarly, regarding the requirement to inform customers who are behind on bill payments about TAP, the Commission will delegate authority to the Executive Secretary to determine the timing and content of the TAP information to be provided.

Finally, having considered the various alternatives proposed for setting the surcharge and credit levels, the Commission believes that the best approach at this time is to increase the credit level awarded per month to \$7.00 per month with an increase in the surcharge level to \$0.10 per month. The effective date for the new surcharge and/or credit amount is July 1, 2019.

It is so ordered.

ORDER

1. The Commission hereby accepts the TAP fund 6-month reviews submitted on April 25, 2018 and August 28, 2018.
2. Commission staff will work with other organizations to promote the TAP program and develop an updated outreach program and budget in consultation with the TAP/Lifeline Advisory Group. Commission Staff will also provide suggested program updates and budget recommendations to the Commission by July 1, 2019, or at some later date at the direction of the Executive Secretary.
3. Local service providers shall:
 - A. Include TAP information on their websites; and
 - B. Inform customers who are behind on bill payments about TAP.
4. The Commission delegates authority to the Executive Secretary to determine:
 - A. the timing and content of the TAP information to be provided on the local service provider website; and
 - B. the timing and content of the TAP information to be provided by local service providers.
5. The Commission hereby sets the TAP credit amount at \$7.00 per month with a supporting surcharge amount of \$0.10.

6. The effective date for the new surcharge and/or credit amount is July 1, 2019.
7. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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