

**Minnesota Public Utilities Commission**  
*Staff Briefing Papers*

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Meeting Date: **August 28, 2014** ..... \*Agenda Item **# 2**

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**Companies:** All Local Service Providers

**Docket No.** **P999/CI-14-470**

In the Matter of the Telephone Assistance Plan (TAP) Annual Review

- Issues:**
1. Should the Commission accept the TAP reports?
  2. What if any changes should the Commission make to the benefit and/or surcharge levels?

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***Relevant Documents***

Order Accepting Establishing New Credit and Surcharge Levels (13-213).....July 10, 2013

***Attachment***

TAP Reports for CY 2013

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

**This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 296-0406 (voice). Persons with hearing or speech disabilities may call us through Minnesota Relay at 1-800-627-3529 or by dialing 711.**

### ***Statement of the Issues***

1. Should the Commission accept the TAP reports?
2. What if any changes should the Commission make to the benefit and/or surcharge levels?

### ***Background***

The Telephone Assistance Plan (TAP) is a state program that gives financial support to eligible telephone subscribers through discounts or bill credits, currently at \$3.50 per month. TAP is funded through a monthly surcharge, now at \$0.03 per month, collected by local service providers on a per access line basis from their customers. Local service providers remit surcharge revenues to the Department of Public Safety, which deposits the funds into the state TAP Fund.

TAP complements the federal Lifeline program which gives a corresponding monthly credit up to \$9.25 to eligible subscribers. Lifeline is the low-income component of the federal Universal Service Fund, funded through contributions from Eligible Telecommunications Carriers (ETCs) and which are passed on to their customers. By law, TAP eligibility is identical to Lifeline's.

The Commission administers TAP, reimbursing local service providers for credits issued to subscribers and for reasonable administrative expenses. All local service providers are required to file reports at least annually detailing the number of lines served and surcharge revenues remitted, the number of TAP subscribers, credit disbursements, and associated expenses. These reports are now electronically compiled and provide the data source of the TAP report summarized in the Attachment.

Pertinent sections of Minnesota law related to TAP include:

#### 237.70 DEVELOPMENT OF TELEPHONE ASSISTANCE PLAN.

Subd. 1. Commission responsibility.

The commission shall develop a telephone assistance plan under this section.

Subd. 2.Scope.

The telephone assistance plan must be statewide and apply to local service providers that provide local exchange service in Minnesota.

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Subd. 4a. Household eligible for credit.

The telephone assistance plan must provide telephone assistance credit for a residential household in Minnesota that is eligible for the federal Lifeline telephone service discount.

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Subd. 6. Funding.

The commission shall provide for the funding of the telephone assistance plan by assessing a uniform recurring monthly surcharge, not to exceed ten cents per access line, applicable to all classes and grades of access lines provided by each local service provider in the state.

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Subd. 7. Application, notice, financial administration, complaint investigation.

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(d) The commission shall serve as the coordinator of the telephone assistance plan and be reimbursed for its administrative expenses from the surcharge revenue pool. As the coordinator, the commission shall:

(1) establish a uniform statewide surcharge in accordance with subdivision 6;

(2) establish a uniform statewide level of telephone assistance plan credit that each local service provider shall extend to each eligible household in its service area;

(3) require each local service provider to account to the commission on a periodic basis for surcharge revenues collected by the provider, expenses incurred by the provider, not to include expenses of collecting surcharges, and credits extended by the provider under the telephone assistance plan;

(4) require each local service provider to remit surcharge revenues to the Department of Public Safety for deposit in the fund; and

(5) remit to each local service provider from the surcharge revenue pool the amount necessary to compensate the provider for expenses, not including expenses of collecting the surcharges, and telephone assistance plan credits. When it appears that the revenue generated by the maximum surcharge permitted under subdivision 6 will be inadequate to fund any particular established level of telephone assistance plan credits, the commission shall reduce the credits to a level that can be adequately

funded by the maximum surcharge. Similarly, the commission may increase the level of the telephone assistance plan credit that is available or reduce the surcharge to a level and for a period of time that will prevent an unreasonable overcollection of surcharge revenues.

(e) Each local service provider shall maintain adequate records of surcharge revenues, expenses, and credits related to the telephone assistance plan and shall, as part of its annual report or separately, provide the commission and the Department of Commerce with a financial report of its experience under the telephone assistance plan for the previous year. That report must also be adequate to satisfy the reporting requirements of the federal matching plan.

(f) The Department of Commerce shall investigate complaints against local service providers with regard to the telephone assistance plan and shall report the results of its investigation to the commission.

### ***Commission Order of July 10, 2013***

In its Order dated July 10, 2013, the Commission decided to 1) increase the monthly credit to TAP subscribers from \$2.50 to \$3.50 in recognition of increases in local telephone rates due to changes in federal law, and 2) decrease the monthly per line surcharge from \$0.06 to \$0.03 due to decreased demand on the Fund Balance resulting from lower projected number of TAP subscribers. The changes, expected to draw down the TAP Fund, were implemented starting October 1, 2013.

The Commission's action considered the suggestions to reduce the surcharge or increase the credit level, or both, offered by the Department of Commerce (Department), Frontier Communications of Minnesota, Inc. and Citizens Telecommunications of Minnesota, LLC (Frontier), and the Minnesota Telecom Alliance (MTA).

### ***Inputs from Other Parties***

In this docket, Staff presents the TAP Reports for 2013 for Commission consideration if any changes in the levels of surcharge and/or credit are warranted.

Previous Commission decisions related to changes in TAP surcharge and/or credit have benefitted from informed positions presented by various advocates and interested parties. The Commission will similarly gain from parties' participation in the discussions regarding this matter. Staff intends to distribute the Briefing Papers with latest TAP data well ahead of Commission meeting date to allow interested parties the opportunity to form their positions.

If Staff receives any written comments from interested parties by August 21, 2014, Staff intends to write Supplemental Briefing Papers on those comments. The Commission may also wish to allow oral comments from parties during the meeting.

## DISCUSSION OF ISSUES

### Issue 1. Should the Commission accept the CY 2013 TAP reports?

#### *Staff Analysis*

The Commission's electronic database, first implemented in 2010, allows for easier administration and improved recording and reporting of required data from the local service providers to TAP. The database compiles the periodic reports (monthly, quarterly or annually) filed by local service providers, and is the source of the TAP Reports contained in the Attachment. It aggregates the companies' reports, plus includes the TAP Fund balance with comparisons with relevant data gathered from independent sources such as the state accounting system and remittance reports to the Department of Public Safety (DPS).

The highlights of the CY 2013 TAP report, with comparative data for the previous year, are:

<b>Description</b>	<b>Source of Data/Period</b>	<b>2013</b>	<b>2012</b>
No. of Access Lines	TAP database	1,948,566	2,073,415 (avg)
No. of TAP Subscribers	TAP database	40,412	72,213 (avg)
Amount of Surcharge	Jan-Sept	\$ 0.06	\$ 0.06
	Oct-Dec	\$ 0.03	\$ 0.06
Amount of Credit	Jan-Sept	\$ 2.50	\$ 2.50
	Oct-Dec	\$ 3.50	\$ 2.50
Fund Balance, end	Swift state accounting records	\$ 2,016,810	\$ 1,729,763

Staff has reviewed the numbers and is confident of the validity and robustness of the data compiled in the database. The number of access lines, for instance, is consistent with industry trends and reports. The number of TAP subscribers follows the huge de-enrollment numbers seen from last year's initial implementation of a new ruling from the Lifeline Reform Order,<sup>1</sup> where 100 percent of Lifeline (and similarly TAP) subscribers were re-certified as to their eligibility. The Fund balance closely tracks the state accounting records and the remittances

<sup>1</sup> FCC REPORT AND ORDER AND FURTHER NOTICE OF PROPOSED RULEMAKING released February 6, 2012 in FCC 12-11.

records from the Department of Public Safety. Staff believes that a full year impact (instead of 3 months from October to December 2013) on the Fund Balance of the Commission's actions to reduce the surcharge and increase the credit could have reduced the CY 2013 end Fund Balance by about \$1 million.

The TAP administrator's notes, on page 2 of the TAP Reports, explain any discrepancy between the TAP results and other sources such as the state accounting records, the DPS records, and similar sources.

***Commission Options on Issue 1: Should the Commission accept the TAP reports?***

- 1.a. Accept the TAP reports.
- 1.b. Other action recommended by parties.
- 1.c. Other action determined by the Commission

***Staff Recommendation***

Staff recommends 1.a.

**Issue 2. What if any changes should the Commission make to the benefit and/or surcharge levels?**

***Staff Analysis***

In overseeing TAP, the Commission's overarching objectives, as reflected in its past decisions, are to ensure that the program meets its goal of helping low-income telephone subscribers pay their telephone bills, as well as to implement the program in a manner that is prudent, sustainable and effective within the financial and logistical conditions prescribed in the statutes.

To satisfy these goals, the Commission periodically reviews TAP's credit and surcharge levels, and the impact of any changes thereof to the fund balance.

**A. What if any change should the Commission make to the Credit Level?**

When the Commission initially set the credit at \$3.50 when TAP started in 1988, it was partly to get the maximum leverage from the federal Lifeline support. The old Lifeline benefit was in part based on the amount of the state credit. The TAP credit had been in the \$1.75 to \$3.50 range since the program's inception.

In determining whether to adjust the credit level, the Commission may want to consider the following factors:

1) Whether the current benefit sufficiently help the intended recipients

The TAP credit is currently at \$3.50 per household. TAP is given on top of the federal Lifeline benefit which is now \$9.25. Thus, the combined low-income support for eligible Minnesotans is \$12.75 per household. That is about 80 percent of a \$16 monthly telephone bill.

Staff notes that both the federal and the state supports were designed to provide for discounted, but not free, telecommunications services. Staff believes that the present support is a significant benefit to eligible Minnesota subscribers.

2) The leverage of getting more federal support

With the changes brought about by the Federal Lifeline Reform, the Lifeline credit is tentatively set at \$9.25, regardless of the state credit. Thus, the leverage of increasing the state credit to get more federal support for eligible Minnesotans is no longer present.

3) The level of funding required by a change in the benefit level

If the Commission wishes to change the benefit level, the chart below shows the levels of expenditures expected at various levels of credit, assuming all other conditions such as subscription rates, contributing revenues and a \$0.03 surcharge level, remain the same.

<b>Credit Level</b>	<b>Est. Annual Credit Expenses</b>	<b>Est. Fund Balance after 1 year from change in credit level</b>
Decrease to \$3.25	\$1,576,068	\$1,050,526
<b>Current credit = \$3.50</b>	<b>\$1,697,304</b>	<b>\$ 929,290</b>
Increase to \$3.75	\$1,818,540	\$ 808,053
Increase to \$4.00	\$1,939,776	\$ 686,818
Increase to \$4.25	\$2,061,012	\$ 565,582
Increase to \$4.50	\$2,182,248	\$ 444,346

The calculation shows that a 25 cent change in the credit level results in a \$121,236 change in the Fund Balance.

B. What if any change should the Commission make to the surcharge level?

The surcharge level had ranged from 2 cents to 7 cents over the years.

The chart below presents the revenue proceeds if the Commission wants to change the surcharge, assuming all other conditions such as annual expenditures and other factors remain at the current levels.

Surcharge Level	Est. Annual Revenue	Est. Fund Balance after 1 year from change in surcharge level
Increase to 4 cents	\$ 935,312	\$ 1,163,118
<b>Current surcharge = 3 cents</b>	<b>\$ 701,484</b>	<b>\$ 929,290</b>
Reduce to 2 cents	\$ 467,656	\$ 695,461
Reduce to 1 cent	\$ 233,828	\$ 461,634

It shows that a 1-cent change in the surcharge results in a \$233,828 impact on the Estimated Fund Balance.

### C. Projected TAP Fund Balance

The following chart shows the projected fund balance for the end of CY 2014 if the Commission decides to retain the surcharge level at \$0.03, and the credit level at \$3.50 assuming that line counts and TAP subscription rates and other factors remain the same.

TAP Fund Balance, beginning CY 2014		\$2,016,810
Add: Revenues		
Surcharge Collections (at \$0.03)	\$ 701,484	
Other Revenues, Interest	\$ 10,710	
Total Revenues		\$ 712,194
Less: Expenditures		
Credits (at \$3.50)	\$1,697,304	
Companies' Administrative Exp.	\$ 50,600	
Other Expenses	\$ 51,810	
Total Expenditures		\$1,799,714
TAP Projected Fund Balance, end CY 2014		\$ 929,290

At current credit and surcharge levels, Expenditures exceed Revenues (\$1,799,714 - \$712,194) by \$1,087,520. If present conditions remain, the Fund may be in jeopardy by the 4<sup>th</sup> Quarter of 2015.

If the Commission wishes to change the credit and/or surcharge levels, the impact on the Fund Balance for each change are as shown above.

The Commission may, however, wish to postpone its decision to change the levels of benefit and/or surcharge for next year.



#### D. Trends and Developments

The Commission's surcharge and credit determinations would need to consider the inherent risks and program variability, including the following factors:

##### *A declining revenue base*

TAP is funded from a surcharge imposed on local access lines. Unlike the application of the surcharge on wireless carriers to fund 911 and TAM, only landlines contribute towards the TAP fund. The fact remains that despite a Commission clarification that non-basic access lines such as T1s, ISDN and Centrex services with trunk equivalents also contribute to the TAP fund<sup>2</sup>, the trend in the industry points to a declining contributing base due to the continued migration of telecommunication users to wireless and VoIP services. Wireless service has been deemed not subject to this Commission's jurisdiction, while VoIP's is still an open issue.

Staff believes that, at least for the near future, the revenue base for TAP remains on the decline.

##### *A large pool of eligible but non-participating households*

The estimation above on TAP Fund Balance is based on 40,412 Minnesota households receiving the state credit. That number is at the very low end of TAP participation and results mainly from the new re-certification process applicable to all Lifeline subscribers. The process, implemented to comply with the FCC's Lifeline Reform Order, may have reduced the incidences of abuse in the Lifeline and TAP programs, but may have also de-enrolled eligible participants who did not return the survey or produced documentation of eligibility within a required period. TAP participation in previous years ranged from 50,000 to 75,000 households.

Further, there are indications that many eligible households have not and are not currently participating in the program. A study conducted by the FCC in the early 2000<sup>3</sup> estimated that about 12.8 percent of Minnesota households can qualify for Lifeline. It appears that there is a large pool of eligible but non-participating households in Minnesota.

Staff believes that, with the stabilization of the re-certification process and a stronger education and outreach program, there is a reasonable possibility that TAP subscribership could grow back in the future.

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<sup>2</sup> Order Assessing Surcharges to Certain Services, Authorizing Procedure to Request Waivers and Extensions, and Opening New Docket Regarding VoIP Services, dated February 20, 2009. *In the Matter of a Commission Investigation of How Carriers Assess 911, TAP, and TAM Surcharges on Various Telecommunications Service*, Docket No. P999/CI-07-617.

<sup>3</sup> FCC 04-87 dated April 29, 2004, Report and Order and Further Notice of Proposed Rulemaking in WC Docket 03-109, *In the Matter of Lifeline and Link-Up*

***Commission Options on Issue 2: What if any changes should the Commission make to the benefit and/or surcharge levels?***

2.a. Retain the current levels of benefit and surcharge at this time.

2.b. Other action determined by the Commission. If the Commission determines that a change in either credit or surcharge is warranted, set an implementation date that coincides with the TAM surcharge change. (Staff has learned that there is no 911 surcharge change planned for this year). TAM's new surcharge will be implemented no later than December 1, 2014.

***Staff Recommendation***

Staff has no recommendation on this issue.

# MEMORANDUM

**To:** Lillian Brion, Telecom Rates Analyst  
**From:** Theresa Staples, TAP Administrator  
**Date:** July 31, 2014  
**Subject:** TAP Annual Review, CY2013

As you requested, I have completed the data needs for TAP's Annual Review of CY2013. Supporting spreadsheets of the following data can be found in the attachments. Additional spreadsheets are available at your request. I am available for any questions you may have.

<b>SWIFT (from state accounting records)</b>	
<b>TAP funds CY2013</b>	
1. Fund balance as of 12/31/2012	\$1,729,763
2. <b>Revenues</b> remitted by companies thru DPS	\$1,266,940
3. Other revenues, interest etc.	\$10,710
4. <b>Expenditures</b> to companies	\$938,793
5. Other disbursements, administrative, etc.	\$51,810
6. Fund balance as of 12/31/2013	\$2,016,810

<b>TAP (from PUC's TAP database)</b>	
1. (4a) Total Access Lines: <b>(last report period rec'd)</b>	1,948,566
<b>Revenues/Collections</b>	
2. (4b) Total Surcharge Revenues Collected, \$ <b>(CY2013)</b>	\$1,262,006
3. (4c) Total Deposits made to 911 program, \$ <b>(CY2013)</b>	\$1,261,947
(6. Fees Remittance Form: <i>Prorated Adjustments, 4b minus 4c</i> )	\$59
<b>Expenditures</b>	
1. (5a) Total No. of TAP subscribers: <b>(last report period rec'd)</b>	40,412
2. (5c) Total Credits Reimbursed <b>(CY2013)</b>	\$936,737
3. (7e) Total Admin. Expenses <b>(CY2013)</b>	\$50,600
4. (8) Total Reimbursement Requested <i>(calculates 5c + 7e) (CY2013)</i>	\$987,337

<b>DPS (from DPS records)</b>	
Wirelines: <b>(Dec 2013)</b>	1,983,066
Surcharge Collected: <b>CY2013</b> (fee yr mo)	\$1,266,324

1) REVENUES:

SWIFT (from state accounting records)

2. Revenues remitted by companies thru DPS	\$1,266,940
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TAP (from PUC's TAP database)

3. (4c) Total Deposits made to 911 program, \$ (CY2013)	\$1,261,947
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DPS (from DPS Surcharge Collected)

Surcharge Collected: <b>CY2013</b> (fee yr mo)	\$1,266,324
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\$4,993	SWIFT greater than TAP <sup>1</sup>
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\$616	SWIFT greater than DPS <sup>2</sup>
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\$4,377	DPS greater than TAP <sup>3</sup>
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2) EXPENDITURES:

SWIFT (from state accounting records)

4. Expenditures to companies	\$938,793
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TAP (from PUC's TAP database)

5. (8) Total Reimbursement Requested (calculates 5c + 7e) (CY2013)	\$987,337
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\$48,544	TAP greater than SWIFT <sup>4</sup>
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3) LINES:

TAP (from PUC's TAP database)

1. (4a) Total Access Lines: (last rpt period rec'd)	1,948,566
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DPS (from DPS records)

Wirelines: (Dec 2013)	1,983,066
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34,500	DPS greater than TAP <sup>5</sup>
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<sup>1</sup> **SWIFT greater than TAP** - SWIFT receives revenue from DPS. There is a lag in TAP revenue as the TAP form asks the Company to show what **was reported to DPS**. TAP lags in revenue amounts to SWIFT, so SWIFT would show an excess of revenue in TAP.

<sup>2</sup> **SWIFT greater than DPS** - DPS deposits revenues to SWIFT. SWIFT shows a greater amount than DPS. This could be due to a delay in data entry of when DPS enters data into SWIFT.

<sup>3</sup> **DPS greater than TAP** - A sampling of companies show TAP (4c) Total Deposits made to 911 (surcharge) and DPS Surcharge Collected to be essentially the same amounts. What could account for DPS revenue being greater than TAP is that the TAP revenue is recorded after a lag - the TAP form asks the Company to show what **was reported to DPS**.

<sup>4</sup> **TAP greater than SWIFT** - SWIFT records expenditures **after TAP has been reviewed and approved for payment**. SWIFT expenditures would show a delay; TAP revenue would be greater than SWIFT.

<sup>5</sup> **DPS greater than TAP** - DPS lines show greater than TAP. This could be due to the non-filing of TAP reports, and/or if companies are reporting to DPS and not to TAP.

**TAP Database Report CY2013**

<b>Service Provider</b>	<b>4a Access Lines (last rpt period rec'd in CY2013)</b>	<b>5a Subscribers (last rpt period rec'd in CY2013)</b>	<b>4b Surcharge Rev Collected (CY2013)</b>	<b>4c Deposits to 911 (CY2013)</b>	<b>5c Credits Reimb (CY2013)</b>	<b>7e Admin Exps Reimb (CY2013)</b>	<b>8 (5c 7e) Total Reimb (CY2013)</b>
360networks (USA) inc.	0	0					
Access Communications, Inc.	0	0					
Ace Link Telecommunications, Inc.	1,133	148	\$727	\$727	\$2,018	\$240	\$2,258
Ace Telephone Association	8,632	586	\$5,610	\$5,610	\$7,261	\$240	\$7,501
ACN Communication Services, Inc.	354	0	\$213	\$213			
Advanced Integrated Technologies Inc.	379	0	\$95	\$95			
Albany Mutual Telephone Association	3,142	42	\$1,801	\$1,801	\$2,215		\$2,215
Alexandria Light and Power(P)	0	0					
Alliance Communications Cooperative, Inc.	700	76	\$443	\$443	\$864		\$864
Arrowhead Communications Corp.	411	39	\$294	\$293	\$540	\$110	\$650
Arvig Telephone Company	8,624	769	\$5,898	\$5,898	\$9,747		\$9,747
AT&T Communications of the Midwest, Inc.	0	108			\$1,318		\$1,318
ATC Outdoor DAS, LLC	0	0					
Bandwidth.com CLEC, LLC	0	0					
Barnesville Municipal Telephone Company	1,056	125	\$673	\$673	\$1,265		\$1,265
BBY Networks, Inc.	0	0					
BCN Telecom, Inc.	0	0					
BellSouth Long Distance, Inc.	0	0					
Benton Cooperative Telephone Company	3,654	196	\$2,352	\$2,352	\$2,576	\$200	\$2,776
BEVCOMM, Inc. dba BEVCOMM	0	0					
Blue Earth Valley Telephone Company dba BEVCOMM	4,993	737	\$3,211	\$3,211	\$7,890	\$300	\$8,190
Bridge Water Telephone Company	4,487	224	\$2,848	\$2,848	\$2,792		\$2,792
Broadband Dynamics, L.L.C.	35	0	\$6	\$6			
Broadview Networks, Inc.	130	0	\$113	\$113			
Broadvox-CLEC, LLC	0	0					
Broadwing Communications, LLC	0	0					
BT Communications Sales LLC	0	0					
BullsEye Telecom, Inc.	1,444	0	\$858	\$858			
Callaway Telephone Company	247	9	\$160	\$160	\$354	\$915	\$1,269
Cannon Valley Telecom, Inc.	1,376	155	\$893	\$893	\$1,623	\$300	\$1,923
Cbeyond Communications, LLC	4,553	0	\$3,459	\$3,459			
Central Transport Group, LLC	0	0					
CenturyLink (Qwest Corporation)	668,101	13,976	\$446,061	\$446,061	\$491,958	\$21,246	\$513,204
CenturyTel Acquisition LLC dba CenturyLink Acquisition	1,977	0	\$1,362	\$1,362			
CenturyTel of Chester, Inc. dba CenturyLink	27	4	\$20	\$20	\$10	\$25	\$35
CenturyTel of Minnesota, Inc. dba CenturyLink	19,784	1,169	\$12,568	\$12,568	\$13,447	\$100	\$13,547
CenturyTel of Northwest Wisconsin, LLC dba CenturyLink	130	9	\$82	\$82	\$87	\$100	\$187
Charter Fiberlink CC VIII, LLC	14,882	717	\$11,890	\$11,890	\$1,793		\$1,793
Charter Fiberlink CCO, LLC	3,929	0	\$3,120	\$3,120			
Christensen Communications Company	1,258	22	\$821	\$821	\$493	\$805	\$1,298

C-I Communications, Inc.	704	159	\$323	\$323	\$1,407	\$75	\$1,482
Cincinnati Bell Any Distance Inc.	198	0	\$182	\$182			
Citizens Telecommunications Company of MN,LLC	78,090	1,412	\$52,961	\$52,961	\$53,029	\$840	\$53,869
City of Buffalo	0	0					
City of Detroit Lakes Public Utilities Dept.	0	0					
City of Windom	1,140	45	\$725	\$725	\$475	\$160	\$635
Clara City Telephone Exchange Company	1,149	43	\$727	\$727	\$1,488	\$227	\$1,715
Clements Telephone Company, Inc.	143	1	\$93	\$93	\$53	\$240	\$293
Comcast Phone of Minnesota, Inc.	288,997	0	\$174,642	\$174,642			
Common Point LLC	0	0					
Consolidated Telephone Company	6,775	505	\$4,431	\$4,424	\$5,555	\$100	\$5,655
Crosslake Communications	1,747	17	\$1,079	\$1,080	\$680		\$680
Crystal Communications, Inc.	0	852			\$9,085	\$581	\$9,665
Cypress Communications Operating Company, LLC	3,789	0					
dishNET Wireline, LLC	1,568	0	\$699	\$699			
Dunnell Telephone Company, Inc.	166	1	\$66	\$66	\$19	\$150	\$169
Eagle Valley Telephone Company	524	172	\$347	\$346	\$2,203	\$103	\$2,306
East Otter Tail Telephone Company	14,305	543	\$9,423	\$9,429	\$19,448	\$2,455	\$21,903
Easton Telephone Company dba BEVCOMM	756	74	\$353	\$353	\$659	\$225	\$884
Eckles Telephone Company dba BEVCOMM	3,439	163	\$2,206	\$2,206	\$1,811	\$300	\$2,111
Electric Lightwave, LLC	0	0					
Embarq Minnesota, Inc. dba CenturyLink	83,350	2,650	\$52,995	\$52,995	\$30,570	\$100	\$30,670
Emily Cooperative Telephone Company	1,129	115	\$754	\$754	\$1,383	\$113	\$1,495
Entelegant Solutions, Inc.	0	0					
Enventis Telecom, Inc.	0	0					
Eschelon Telecom of Minnesota, Inc.; also dba Eschelon	13,924	0	\$9,495	\$9,495			
Evercom Systems, Inc. (Securus Technologies, Inc)	0	0					
ExteNet Systems, Inc.	0	0					
Farmers Mutual Telephone Company	0	33	\$700	\$700	\$1,076	\$110	\$1,186
Federated Telephone Cooperative	0	138	\$2,790	\$2,790	\$4,802	\$130	\$4,932
Felton Telephone Company, Inc.	485	30	\$317	\$317	\$350	\$120	\$470
First Communications, LLC	439	12	\$306	\$306			
France Telecom Corporate Solutions L.L.C.	0	0					
Frontier Communications of America, Inc.	0	0					
Frontier Communications of Minnesota, Inc.	58,672	971	\$38,855	\$38,855	\$35,801	\$677	\$36,478
G.C. Pivotal	0	0					
Garden Valley Telephone Company - Coop	12,610	303	\$8,002	\$7,864	\$10,550	\$233	\$10,783
Gardonville Cooperative Telephone Association	2,535	158	\$1,627	\$1,618	\$1,783	\$100	\$1,883
Global Connection Inc. of America	0	0					
Granada Telephone Company	126	18	\$76	\$76	\$271	\$300	\$571
Granite Telecommunications, LLC	18,063	0	\$1,640	\$1,640			
Halstad Telephone Company	1,729	129	\$1,086	\$1,086	\$1,412	\$220	\$1,632
Harmony Telephone Company	811	103	\$511	\$511	\$1,203	\$300	\$1,503
Hiawatha Broadband Communications, Inc.	0	0	\$6,354	\$6,352	\$2,504		\$2,504
Home Telephone Company	1,435	49	\$924	\$924	\$1,578	\$480	\$2,058

Hypercube Telecom, LLC	0	0					
IdeaOne Telecom Group LLC	0	0					
IDT America, Corp.	0	0					
inContact, Inc. dba UCN	0	0					
iNetworks Group, Inc..	0	0					
Integra Telecom of Minnesota, Inc.	84,652	0	\$55,620	\$55,620			
Interstate Telecommunications Cooperative, Inc..	1,404	135	\$905	\$905	\$1,498		\$1,498
Intrado Communications Inc.	0	0					
Ionex Communications North, Inc.	0	0					
IPC Network Services, Inc.	0	0					
Jaguar Communications, Inc.	4,637	78	\$2,716	\$2,716	\$1,006	\$120	\$1,126
Johnson Telephone Co.	1,486	393	\$973	\$968	\$4,451		\$4,451
Level 3 Communications, LLC	25,747	0	\$13,683	\$13,683			
LH Telecom, Inc.	0	0					
LightNet, L.L.C.	0	0					
Lismore Cooperative Telephone Company	306	13	\$193	\$193	\$158		\$158
Local Access Network, LLC dba Milaca Local Link	699	81	\$461	\$461	\$1,014	\$200	\$1,214
Lonsdale Telephone Company	1,621	74	\$1,016	\$1,016	\$844		\$844
Loretel Systems, Inc.	8,347	879	\$5,563	\$5,563	\$10,027	\$120	\$10,147
Mabel Cooperative Telephone Company	669	30	\$429	\$429	\$1,025	\$600	\$1,625
Mainstreet Communications, LLC	1,673	53	\$1,089	\$1,089	\$1,884	\$915	\$2,799
Manchester-Hartland Telephone Co.	512	37	\$321	\$320	\$365	\$125	\$490
Mankato Citizens Telephone Company dba HickoryTech	0	2,513			\$27,823	\$1,112	\$28,935
Matrix Telecom, Inc. d/b/a Matrix Business Technologies	1,325	0	\$802	\$802			
MCC Telephony of Minnesota, LLC dba Mediacom	0	0					
McGraw Communications, Inc.	0	0					
MCImetro Access Transmission Services LLC	12,090	0	\$3,705	\$3,705			
McLeodUSA Telecommunications Services, Inc.	14,385	20	\$9,695	\$9,696	\$729		\$729
Melrose Telephone Company	7,557	349	\$4,904	\$4,900	\$12,137	\$1,571	\$13,708
Metropolitan Telecommunications of Minnesota, Inc. db	2,396	0	\$1,119	\$1,118			
Mid-Communications, Inc.	0	792			\$8,742	\$401	\$9,143
Midcontinent Communications	18,603	203	\$9,395	\$9,395	\$5,071		\$5,071
Mid-State Telephone Company	6,091	469	\$4,107	\$4,107	\$5,774		\$5,774
Midwest Information Systems, Inc.	0	0					
Midwest Telephone Company	2,091	117	\$1,355	\$1,354	\$4,038	\$220	\$4,258
Minnesota Valley Telephone Company	612	39	\$335	\$335	\$305	\$105	\$410
Mitel NetSolutions, Inc.	336	0	\$223	\$223			
Moorhead Public Service (P)	0	0					
Mosaic Networx LLC dba MX NETWORK	0	0					
Mustang Communications Corporation	0	0					
Nebraska Technology & Telecommunications, Inc.	2,776	61	\$1,505	\$1,506	\$1,099	\$453	\$1,552
Network Innovations, Inc.	0	0					
Network Operator Services, Inc	0	0					
Neutral Tandem-Minnesota, LLC	0	0					
New Edge Network, Inc. dba New Edge Networks	0	0					

New Ulm Telecom, Inc.	7,930	691	\$5,104	\$5,104	\$7,931	\$810	\$8,741
NewPath Networks, LLC	0	0					
Nextera Communications, LLC	0	0					
NextG Networks of Illinois, Inc.	0	0					
Nextlink Wireless, Inc.	0	0					
Norlight, Inc.	0	0					
Northeast Service Cooperative	0	0	\$15	\$15			
Northern Iowa Telephone Company	36	0	\$3	\$3			
Northern Telephone Co.	34	27	\$22	\$22	\$99		\$99
NOS Communications Inc.	3	0	\$2	\$2			
NU-Telecom - Hutch	6,571	387	\$4,259	\$4,259	\$4,457	\$312	\$4,769
NU-Telecom - Litch	1,934	249	\$1,260	\$1,260	\$2,894	\$368	\$3,262
O.U. Connection, Inc.	0	0					
Onvoy, Inc.	437	0	\$256	\$256			
OrbitCom, Inc.	1,235	0	\$823	\$823			
Osakis Telephone Company	1,359	56	\$881	\$881	\$2,029	\$300	\$2,329
Otter Tail Telcom, LLC	4,825	22	\$3,150	\$3,150	\$976	\$600	\$1,576
Pac-West Telecomm, Inc.	0	0					
PaeTec Communications, Inc.	0	0					
Park Region Mutual Telephone Co. - Coop	3,065	27	\$2,004	\$2,004	\$1,125	\$600	\$1,725
Paul Bunyan Rural Telephone Coop	28,816	1,106	\$18,093	\$17,990	\$12,884	\$144	\$13,028
Peerless Network of Minnesota, LLC	0	0					
Peoples Telephone Company	1,708	67	\$1,151	\$1,150	\$2,313	\$720	\$3,033
Pine Island Telephone Company	2,361	108	\$1,545	\$1,545	\$1,221	\$300	\$1,521
Polar Communications Mutual Aid Corporation	96	4	\$61	\$61	\$64		\$64
POPP.com, Inc.	29,997	0	\$18,791	\$18,791			
Preferred Long Distance, Inc.	0	0					
QuantumShift Communications, Inc.	89	0	\$77	\$77			
Red River Rural Telephone Association	1,041	49	\$526	\$528	\$375	\$68	\$443
Redwood County Telephone Company	4,823	80	\$3,109	\$3,109	\$2,932	\$240	\$3,172
Reliant Communications, Inc.	0	0					
Rothsay Telephone Company	430	31	\$278	\$277	\$344	\$80	\$424
Runestone Telephone Association	3,743	190	\$2,381	\$2,381	\$6,215		\$6,215
Sacred Heart Telephone Company	360	14	\$229	\$229	\$455	\$227	\$682
Scott-Rice Telephone Company	10,260	266	\$6,739	\$6,739	\$3,101	\$140	\$3,241
Sleepy Eye Telephone Co.	4,536	188	\$2,500	\$2,500	\$1,463	\$150	\$1,613
Sound Choice Communications, LLC	0	0					
South Dakota Network, LLC	0	0					
Spring Grove Communications	1,155	180	\$742	\$742	\$1,910		\$1,910
Sprint Communications Company L. P.	263	0	\$182	\$182			
St. Olaf College	659	0	\$417	\$415			
Starbuck Telephone Company	1,043	70	\$675	\$675	\$2,431	\$227	\$2,658
TCG Minnesota, Inc./Teleport Communications America,	0	0					
Tekstar Communications, Inc.	15,193	509	\$9,969	\$9,967	\$18,205	\$2,318	\$20,523
Telcologix, LLC	0	0					



Telenational Communications	0	0						
Telephone Associates of Minnesota, Inc.	0	0						
Telephone Associates, Inc.	3,580	126	\$2,327	\$2,326				
TeleQuality Communications, Inc.	0	0						
TNCI Operating Company, LLC	260	0	\$8	\$8				
TTM Operating Corporation, Inc.	0	0						
TW Telecom of Minnesota LLC	17,646	0	\$10,383	\$10,383				
Twin Valley-Ulen Telephone Co.	2,823	125	\$1,832	\$1,830	\$4,460	\$930	\$5,390	
Unity Telecom, LLC fka dPi Teleconnect, LCC	0	0						
Upsala Cooperative Telephone Association	757	42	\$445	\$444	\$1,268		\$1,268	
USLink, Inc. dba TDS METROCOM	29,600	0	\$19,784	\$19,784				
VAL-ED Joint Venture, LLP dba 702 Communications	1,994	9	\$1,252	\$1,252	\$305		\$305	
Valley Telephone Company	353	38	\$247	\$247	\$438	\$200	\$638	
Velocity Telephone, Inc.	4,289	12	\$2,428	\$2,428	\$323	\$875	\$1,198	
Verizon Select Services, Inc.	0	0						
West Central Telephone Assoc	3,436	97	\$2,194	\$2,194	\$3,177	\$172	\$3,349	
Western Telephone Co.	1,488	167	\$962	\$962	\$1,892	\$200	\$2,092	
Wholesale Carrier Services, Inc.	0	0						
Wikstrom Telephone Company	5,648	738	\$3,527	\$3,527	\$8,416		\$8,416	
Windstream En-tel, LLC	1,053	15	\$762	\$762	\$525	\$600	\$1,125	
Windstream Lakedale Link, Inc.	1,642	22	\$1,126	\$1,126	\$907		\$907	
Windstream Lakedale, Inc.	20,775	320	\$13,653	\$13,653	\$10,911	\$825	\$11,736	
Windstream NorthStar, LLC	4,451	39	\$3,085	\$3,085	\$1,222		\$1,222	
Winnebago Coop. Telecom Assoc.	874	11	\$504	\$504	\$391		\$391	
Winsted Telephone Company	1,123	68	\$728	\$728	\$846		\$846	
Winthrop Telephone Company	692	37	\$382	\$382	\$255	\$105	\$360	
Wisconsin Independent Network, LLC	0	0						
Wolverton Telephone Company	127	15	\$86	\$86	\$130		\$130	
Woodstock Telephone Company	976	30	\$621	\$621	\$975		\$975	
XO Communications Services, Inc.	0	0						
YMax Communications Corp.	0	0						
Zayo Enterprise Networks, LLC	10,490	0	\$5,420	\$5,420				
Zayo Group, LLC	0	0						
Zone Telecom, Inc.	0	0						
Zumbrota Telephone Company	1,572	37	\$1,005	\$1,005	\$1,338	\$227	\$1,565	
<b>Grand Total Public</b>	<b>1,803,902</b>	<b>40,412</b>	<b>\$1,158,386</b>	<b>\$1,158,116</b>	<b>\$936,618</b>	<b>\$50,600</b>	<b>\$987,218</b>	
<b>Trade Secret Total</b>	<b>144,664</b>	<b>0</b>	<b>\$103,620</b>	<b>\$103,831</b>	<b>\$119</b>	<b>\$0</b>	<b>\$119</b>	
<b>Public and Trade Secret Total</b>	<b>1,948,566</b>	<b>40,412</b>	<b>\$1,262,006</b>	<b>\$1,261,947</b>	<b>\$936,737</b>	<b>\$50,600</b>	<b>\$987,337</b>	