

November 20, 2025

Sasha Bergman  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce  
Docket No. P999/CI-25-355

Dear Ms. Bergman,

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

*In the matter of the Notice of Comment Period for the Telephone  
Assistance Plan Budget.*

The Department has included an attachment to the comments and the Department is available to answer any questions from the Minnesota Public Utilities Commission.

Sincerely,

/s/ Dr. SYDNIE LIEB  
Assistant Commissioner of Regulatory Analysis

DD/LG/AT/ar  
Attachment



## Before the Minnesota Public Utilities Commission

### Comments of the Minnesota Department of Commerce

Docket No. P999/CI-25-355

#### I. INTRODUCTION

The Department's comments in the current docket are filed in response to the Commission's October 21, 2025 Notice of Comment Period on TAP Budget in Docket No. P999/CI-25-355. Docket No. P999/CI-25-355 involves the annual review of TAP Budget revenues and expenditures as listed in the Commission's October 21, 2025 notice.

#### II. PROCEDURAL BACKGROUND

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|------------------|--|
| January 15, 2019 | The Minnesota Public Utilities Commission (Commission) issued its <i>Order Setting TAP Credit Amount and Surcharge Level and Requiring Local Service Providers to Include TAP Information on Their Websites</i> in Docket Nos. P999/CI-17-677 and P999/CI-18-112. In that Order, the Telephone Assistance Plan (TAP) credit increased from \$3.50 to \$7.00 per month. The monthly TAP surcharge, which funds the TAP program, increased from \$.03 to \$.10 per access line per month. The changes to the TAP credit and surcharge were implemented on July 1, 2019, or the first billing cycle thereafter. Prior to the issuance of the January 15, 2019 Order, the TAP surcharge and available credit were last changed by the Commission in its August 10, 2013 Order in Docket No. P999/CI-13-213. <sup>1</sup> |
| January 22, 2021 | The Commission issued its <i>Order Modifying Monthly TAP Program Credit and Surcharge and Reconvening Advisory Group</i> in Docket No. P999/CI- 20-665. In that Order, the TAP credit increased from \$7.00 to \$10.00 per month. The monthly TAP surcharge, which funds the TAP program, decreased from \$.10 to \$.07 per access line, to be effective on April 1, 2021. <sup>2</sup>  |
| July 20, 2021    | The Commission issued its Order requiring high-cost carriers to implement and report on best practices regarding outreach and advertising to persons eligible for the TAP benefit. Docket P999/CI-20-747 required that companies follow the best practices to the maximum possible extent, and that companies file a narrative of their Lifeline outreach efforts with their FCC Form 481 filings. <sup>3</sup>  |

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<sup>1</sup> *In the Matter of the Telephone Assistance Plan Review, Order Modifying Monthly TAP Program Credit and Surcharge and Reconvening Advisory Group*, January 22, 2021, Docket No. P999/CI-20-665, (eDockets) [20211-170111-01](#).

<sup>2</sup> *In the Matter of the Telephone Assistance Plan Review, Order Establishing New Credit and Surcharge Levels*, July 10, 2013, Docket No. P999/CI-13-213, (eDockets) [20137-88985-01](#).

<sup>3</sup> *In the Matter of a Commission Inquiry into the Advertising Outreach, and Offering of Lifeline by High-Cost ETCs, Order Establishing Best Practices and Requiring Filings*, July 20, 2021, Docket No. P999/CI-20-747, (eDockets) [20217-176339-01](#).

October 21, 2021	The Commission ordered in its annual certification of high-cost providers that each provider serving tribal lands must file a detailed plan on how it will engage with all the tribes it serves during the remainder of 2021 and the first half of 2022. <sup>4</sup>
December 29, 2022	The Commission issued its <i>Order</i> in Docket No. P999/CI-22-478. In that Order, the Commission did not change the TAP credit amount of \$10.00 per month. The TAP surcharge, which funds the TAP program, decreased from \$.07 to \$.03 per access line, to be effective on April 1, 2022. <sup>5</sup>
December 6, 2023	The Commission issued its <i>Order</i> in Docket No. P999/CI-23-49 in which it maintained the TAP credit amount of \$10.00 per month and TAP surcharge of \$.03, effective April 1, 2024. <sup>6</sup>
November 22, 2024	The Commission issued its Order in Docket No. P999/CI-24-253. In that Order, the TAP credit amount of \$10.00 per month and TAP surcharge of \$.03 were maintained. <sup>7</sup>
October 21, 2025	The Commission issued its Notice of Comment Period on the TAP budget. <sup>8</sup>
October 22, 2025	The Minnesota Telecom Alliance submitted comments responding affirmatively to the questions raised in the Commission's October 21, 2025 Notice of Comment Period. <sup>9</sup>

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<sup>4</sup> *In the Matter of the Annual Certification Related to Eligible Telecommunications Carriers' (ETCs) Use of Federal Universal Service Support Required Pursuant to C.F.R. § 54.313, Order Certifying Eligible Telecommunications Carriers' Use of Federal High-Cost Funds*, October 21, 2021, Docket No. P999/PR-21-8 (eDockets) [202110-179001-0](#).

<sup>5</sup> *In the Matter of Telephone Assistance Plan Review, Order*, December 29, 2022, Docket No. P999/CI-22-478, (eDockets) [202212-191681-01](#).

<sup>6</sup> *In the Matter of Telephone Assistance Plan Review, Order*, December 6, 2023, Docket No. P999/CI-23-49, (eDockets) [202312-201015-01](#).

<sup>7</sup> *In the Matter of the Telephone Assistance Plan Review, Order*, November 22, 2024, Docket No. P999/CI-24-253, (eDockets) [202411-212329-01](#).

<sup>8</sup> *In the Matter of the Telephone Assistance Plan Review, Notice of Comment Period on TAP Budget*, October 21, 2025, Docket No. P999/CI-25-355, (eDockets) [202510-224156-01](#).

<sup>9</sup> *In the Matter of the Telephone Assistance Plan Review, Minnesota Telecom Alliance, Comments*, October 22, 2025, Docket No. P999/CI-25-355, (eDockets) [202510-224199-01](#).

Topic(s) open for comment:

- Notice Topic 1: Should the Commission accept the Telephone Assistance Plan (TAP) Fund Review, submitted on October 15, 2025, for the six-month period ending June 30, 2025?
- Notice Topic 2: Should the Commission take action to reduce the surplus in the fund, such as reducing the TAP surcharge to \$0?

### III. DEPARTMENT ANALYSIS

#### A. TAP FUND CREDIT AND SURCHARGE

The Department reviewed a Commission Memorandum<sup>10</sup> prepared by Commission staff for the six-month period ending on June 30, 2025, and issued on October 14, 2025. The data contained in the memorandum was used by the Department in preparing Attachment A, which estimates the impact on the fund balance through the end of the current fiscal year of various levels of TAP surcharges, assuming the TAP credit of \$10.00 is maintained. The estimates included in the spreadsheet do not account for monthly variations in TAP subscribership, variances between the dates on which carriers collect TAP fees from landline customers and the dates that carriers remit TAP funds to the Minnesota Department of Public Safety, and the dates on which the carrier remittances are placed in the TAP Fund. While the spreadsheet has limitations, it indicates that the fund balance will be reduced over the next year if no increase is made to the existing TAP surcharge. **The Department recommends that the Commission accept the October 15, 2025 Memorandum on the TAP Fund for the six-month period ending on June 30, 2025.**

Attachment A shows that the TAP Fund balance was approximately \$3.20 million as of June 30, 2024. The current balance as of June 30, 2025, is approximately \$3.12 million, which represents a \$82,906 decrease in available funds (or a 2.6% decrease). The level of the Fund balance may support a further a reduction in the TAP surcharge.<sup>11</sup> Even with a \$0.00 surcharge, the TAP Fund balance is projected to significantly exceed the threshold level necessary to cover the projected credits and expenses of administering the TAP fund. If no changes are made to the TAP surcharge and credit, the fund balance will likely decline by approximately \$139,408 by June 30, 2026. According to the Department's estimates, the TAP fund balance would increase through the end of the current fiscal year if the TAP surcharge is increased anywhere from \$.04 to \$.10 per month.

Through the end of the current fiscal year, the TAP fund balance will increase due to the estimated interest accrued by the fund even though the applicable interest rate on the TAP fund balance has declined recently. At the current TAP surcharge and credit, the interest earned on the TAP fund balance during the fiscal year ending in June 2025 to the June 2026 fiscal year has declined to \$139,479. This change represents a 12.9% decrease in annual interest payments.

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<sup>10</sup> *In the Matter of the Telephone Assistance Plan Review, Memorandum from Andrew Olson, TAP Administrator, to Commission Staff*, October 15, 2025, Docket No. P999/CI-25-355, (eDockets) [202510-223954-01](#).

<sup>11</sup> Minn. R. 7817.0500 states that the TAP credits must not exceed the amount of credit available under the federal matching plan, so, in the absence of a waiver, existing Minnesota law does not contemplate an increase in the TAP credit in excess of \$10.00.

Administrative and other expenses have been relatively constant in recent years. For fiscal years 2024 and 2025, administrative expenses range between 5% and 6 % of total expenditures. The Department has no concerns with the calculations of administrative and other expenses in the Commission staff's TAP memo of October 14, 2025 for the six-month period ending June 30, 2025.

The balance in the TAP Fund is significant enough to sustain approximately three years' worth of TAP credits at the existing TAP subscribership level, with no TAP surcharge, while maintaining a reasonable TAP fund balance. The Commission was faced with this same situation in Docket P999/CI-22-478 and ordered a reduction in the TAP surcharge from \$.07 per line to \$.03 per line in its December 29, 2022 Order.<sup>12</sup> The reduction in the TAP surcharge to \$.03 per line went into effect on April 1, 2023.

Ideally, the combination of TAP credit and surcharge should result in a stable fund balance, but given the size of the current fund balance, consideration could be given to further decreases in the surcharge. The projected TAP fund balance is expected to drop marginally by June 30, 2026 if the current credit and surcharge levels are maintained. However, given the significant balance in the TAP fund, the Department believes the TAP program could both maintain liquidity and reduce the fund balance by continuing to apply the current TAP credit of \$10 per month and simultaneously reducing the TAP surcharge.

While the TAP fund could sustain the existing subscribership for three years with no further contributions, the Department believes that maintaining a *de minimus* contribution is prudent due to the changing telecommunications environment. The existing statutory language states that the TAP benefit applies only to access lines to the switched telecommunications network ("Plain Old Telephone Service" or POTS).<sup>13</sup> Voice over Internet Protocol (VoIP) is quickly replacing POTS across the state,<sup>14</sup> indicating that fewer people will be eligible for TAP regardless of need. VoIP service requires an internet connection in addition to the cost of the voice service; people who use POTS and do not maintain an internet connection will need to pay for two services rather than one, which may increase their telecommunications costs. As a result, the number of people who need the benefit will remain the same or increase. The Minnesota State Legislature may consider expanding access to the TAP benefit in the future by updating program eligibility to VoIP service. If eligibility expands, so will the demand for the benefit and the current surplus may be quickly depleted.

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<sup>12</sup> *In the Matter of Telephone Assistance Plan Review, Order*, December 29, 2022, Docket No. P999/CI-22-478, (eDockets) [202212-191681-01](#).

<sup>13</sup> [Minn. Rule 7817.0100, Subp. 2](#), "Access line" means facilities owned by a local service provider furnished to permit switched access to the telecommunications network that extend from a central office to the demarcation point on the property where the subscriber is served. The term includes access lines provided to residential and business subscribers and includes centrex access lines on a trunk equivalent basis, but does not include private non-switched or wide area telephone service access lines.

<sup>14</sup> Minn. Stat. 237.181 (2025) will allow incumbent local exchange carriers to end carrier of last resort (COLR) service in places where VoIP is available as an option. The Department expects the law to accelerate the transition away from POTS to VoIP. Those who are currently eligible for TAP will lose access to the benefit unless and until Minn. Stat. 237.181 is updated to include VoIP connections.

Additionally, providers currently have billing processes in place and, should the surcharge be eliminated now but need to be reinstated in the future, the potential for disruption could jeopardize the TAP program. While Minn. R. 7817.0800<sup>15</sup> describes the adjustment process of the surcharge and credits, there is no administrative direction for reducing the surcharge to \$.00.

To preserve the fund and the processes providers use to collect the surcharge, **the Department recommends preserving the TAP surcharge, but reducing it from \$0.03 to a *de minimus* amount of \$0.005.**

#### **B. INCREASING TAP FUND SUBSCRIBERSHIP**

A known challenge to increasing subscribership is a need for increased program information for unenrolled eligible individuals. Potential subscribers may be unaware of TAP, the amount of program benefits available, how they may qualify, and how TAP intersects with its federal counterpart program, Lifeline. While TAP is only available to landline customers, the Lifeline program has the advantage of being available to support newer technologies (i.e., mobile wireless and Internet). The Department notes that the Minnesota statute that created TAP was enacted in 1987 and has had minor updates since that time but has never been fundamentally updated to reflect technological changes that have taken effect since 1987.<sup>16</sup>

The Department encourages Minnesota carriers to consider focused outreach measures for low-income Minnesotans, particularly to individuals who choose not to subscribe to Internet service. In addition, outreach on Tribal lands may assist with the enrollment uptake for another demographic group.

#### **IV. DEPARTMENT RECOMMENDATIONS**

The Department recommends that the Commission:

- (1) accept the October 15, 2025 Commission staff memorandum on the TAP Fund for the six-month period ending on June 30, 2025;
- (2) maintain the current TAP credit at \$10.00 per month per subscriber; and
- (3) reduce the TAP surcharge to a *de minimus* amount of \$.005 per access line.

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<sup>15</sup> [7817.0700 ADJUSTMENT TO LEVEL OF SURCHARGE AND CREDITS](#). When it appears to the commission that the revenue generated by the maximum level of surcharge permitted under part 7817.0300 will be inadequate to fund a particular level of telephone assistance credits, the commission by official order and on 30 days' notice to the local service providers, shall reduce the credits to a level that can be adequately funded by the maximum level of surcharge. Similarly, the commission by official order and on 30 days' notice to the local service providers, may increase the level of the telephone assistance credits that are available or reduce the surcharge to a level and for a period of time that will prevent an unreasonable overcollection of surcharge revenues.

<sup>16</sup> [Minn. Stat. 237.69 - .71](#) (2025).

## **CERTIFICATE OF SERVICE**

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

**Minnesota Department of Commerce**  
**Comments**

**Docket No. P999/CI-25-355**

Dated this 19<sup>th</sup> day of **November 2025**

**/s/Sharon Ferguson**

<b>First # Name</b>	<b>Last Name</b>	<b>Email</b>	<b>Organization</b>	<b>Agency</b>	<b>Address</b>	<b>Delivery Method</b>	<b>Alternate Delivery Method</b>	<b>View Trade Secret</b>	<b>Service List Name</b>
1	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission	Electronic Service		Yes	25-355 Official
2	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service	Yes	25-355 Official
3	Thomas	Campbell	tcampbell@otcpas.com	Olsen Thielen		2675 Long Lake Road St. Paul MN, 55309 United States	Electronic Service	No	25-355 Official
4	Brent	Christensen	brentc@mnta.org	Minnesota Telecom Alliance		1000 Westgate Drive, Ste 252 St. Paul MN, 55114 United States	Electronic Service	No	25-355 Official
5	Sheri	Comer	sher.comer@ftr.com	Frontier Communications Corporation		1500 MacCorkle Ave SE Charleston WV, 25396 United States	Electronic Service	No	25-355 Official
6	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service	Yes	25-355 Official
7	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service	Yes	25-355 Official
8	Jason	Topp	jason.topp@lumen.com	Qwest Communications Company, LLC.		200 S 5th St Ste 2200 Minneapolis MN, 55402 United States	Electronic Service	No	25-355 Official
9	Nicole	Westling	nicole.westling@state.mn.us		Department of Commerce	85 7th Place E Suite 280 St Paul MN, 55001 United States	Electronic Service	No	25-355 Official