

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
David C. Boyd  
Nancy Lange  
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Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Department of  
Commerce/TAM's 2012 Annual Report

ISSUE DATE: June 4, 2013

In the Matter of the Department of  
Commerce/TAM's FY 2014 Proposed Budget  
and Surcharge Recommendation

DOCKET NO. P-999/PR-13-5

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ORDER ACCEPTING 2012 ANNUAL  
REPORT, APPROVING PROPOSED  
FY 2014 BUDGET, RETAINING  
SURCHARGE, AND AUTHORIZING  
AUDIT

**PROCEDURAL HISTORY**

On January 30, 2013, the Minnesota Department of Commerce (DOC or the Department) filed the 2012 Annual Report on Telecommunications Access Minnesota (TAM) as required by Minn. Stat. § 237.55. The report indicated a fund balance of \$2.5 million at the end of Fiscal Year (FY) 2012, and projected a fund balance of \$1.3 million at the end of FY 2013.

On March 25, 2013, the DOC/TAM filed its FY 2013 budget proposal under Minn. Stat. § 237.52, subd. 2. DOC/TAM proposed a \$5.5 million budget for FY 2014, a nearly 20% decrease compared to its FY 2013 budget. DOC/TAM recommended maintaining the current monthly surcharge that finances TAM at \$0.06 for each wired and wireless telephone subscriber line in Minnesota.

The matter came before the Commission on May 2, 2013. At that time the Commission heard arguments from the Minnesota Telecom Alliance (MTA), an association of telephone companies throughout the state, proposing to reduce the size of the surcharge.

## FINDINGS AND CONCLUSIONS

### **I. Background**

The Legislature established TAM to make Minnesota's telecommunications system fully accessible to communications-impaired persons, and directed the Department to administer the program.<sup>1</sup>

The Commission reviews the reasonableness of DOC/TAM's proposed budget, and may modify the budget as necessary.<sup>2</sup> In addition, the Commission reviews DOC/TAM's annual report addressing the accessibility of telecommunications services to persons who have communication disabilities, services provided, revenues and expenditures for each aspect of the fund, and anticipated future operations.<sup>3</sup>

### **II. Telecommunications Access Minnesota's Funding and Programs**

As DOC/TAM reports, TAM derives its funding from a surcharge on wireless and wireline access lines, currently set at \$0.06 per month. DOC/TAM proposes to use these funds to finance the following programs:

- The Telephone Equipment Distribution (TED) Program provides the specialized telecommunications equipment required for eligible deaf, hard of hearing, speech-impaired, and mobility-impaired persons to have access to the telecommunications network.
- Minnesota Relay helps people with communication disabilities -- people who are deaf, deafblind,<sup>4</sup> hard of hearing, or speech disabled -- communicate with each other and the rest of the population through a variety of telephone relay services (hearing carry over, voice carry over, captioned telephone, etc.).
- Accessible News for the Blind provides electronic information for people who are blind or disabled.
- Rural Real-Time Captioning provides real-time closed captioning of certain local television news programs for people who are deaf, hard of hearing, or deafblind.
- The Commission of Deaf, DeafBlind, and Hard of Hearing Minnesotans (formerly the Minnesota Commission Serving Deaf and Hard of Hearing People) (MCDHH) works to ensure that Minnesotans who are deaf, deafblind, or hard of hearing have equal access to the services, programs, and opportunities available to others.

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<sup>1</sup> Minn. Stat. § 237.50 *et seq.*

<sup>2</sup> Minn. Stat. § 237.52, subd. 2(a).

<sup>3</sup> Minn. Stat. § 237.55.

<sup>4</sup> *Deafblind* means any combination of vision and hearing loss which interferes with acquiring information from the environment to the extent that compensatory strategies and skills are necessary; see Minn. Stat. § 237.50, subd. 4b.

Beyond these programs, DOC/TAM’s proposed budget reflects the assumption that the Legislature will continue appropriating funds --

- For the state chief information officer of the Office of Enterprise Technology (now the Office of MN.IT Services<sup>5</sup>) to coordinate technology accessibility and usability,
- For the Legislative Coordinating Commission (LCC) to provide captioning of live streaming of legislative activity on the LCC’s Web site, and
- For MCDHH to provide information on MCDHH’s Web site in American Sign Language, and provide technical assistance to state agencies.

Finally, the TAM proposed budget also covers the cost of administration and consumer relations, including efforts to publicize Minnesota Relay and to handle customer complaints.

### III. FY 2014 TAM Budget Proposal

The main components of the FY 2014 Budget, with comparative figures for the previous year, are as follows:

	<b>FY 2014 Proposal</b>	<b>FY 2013 Proposal</b>	<b>Change in Budgeted Amt</b>
Minnesota Relay	2,680,600	2,833,428	( 152,828)
Tel Eqpt. Distribution	1,530,825	1,533,350	( 2,525)
Minnesota Relay Outreach	1,000	10,750	( 9,750)
DHS Captioning	300,000	300,000	-
DEED – News for Blind	100,000	100,000	-
MCDHH	300,000	300,000	-
Office of Enterprise Tech./MN.IT	230,000	230,000	-
Legislative Coord. Comm.	150,000	150,000	-
MCDHH Website content	20,000	20,000	-
Transfer to General Fund	-	1,100,000	(1,100,000)
TAM Administration	\$ 153,120	\$ 165,250	\$( 12,130)
<b>Total</b>	<b>\$5,465,545</b>	<b>\$6,742,778</b>	<b>\$(1,277,233)</b>

DOC/TAM’s proposed TAM budget is nearly 20% smaller than the FY 2013 budget. The difference primarily reflects the fact that the Legislature transferred \$1.1 million from the TAM fund to the general fund for FY 2013, but proposed no corresponding transfers for FY 2014. In most other respects, DOC/TAM’s FY 2014 budget reflects an assumption that the sums appropriated for FY 2013 would continue for FY 2014.<sup>6</sup>

<sup>5</sup> 2013 Minn. Laws, Chap. 134, Sec. 21.

<sup>6</sup> See, for example, Fiscal Year 2014 Budget and Surcharge Recommendation (March 25, 2013), Attachment C.

#### **IV. The Surcharge Proposal**

DOC/TAM recommends that the Commission retain the surcharge level of \$0.06 per month per customer access line. DOC/TAM estimates that this surcharge level, combined with interest on the TAM fund, should generate revenues of \$4.6 million. This is less than the proposed FY 2014 budget, but DOC/TAM argues that the TAM fund's projected balance is more than sufficient to make up the difference.

MTA recommends that the Commission reduce the surcharge level in order to reduce the fund balance faster. MTA expresses concern that when the fund's balance exceeds its immediate needs, the Legislature may appropriate the excess for purposes other than funding TAM programs. However, MTA did not propose a specific new surcharge level.

#### **V. Commission Action**

The Commission finds that the TAM 2012 Annual Report fulfills the requirements of Minn. Stat. § 237.55, and will approve it. The report provides a timely review of the how well the current telecommunications system serves people with communication impairments, and how well the rest of the population can use the system to communication with people with communication impairments.

The Commission has also reviewed the proposed TAM budget for 2014. The Commission finds the budget to be well-supported, consistent with legislative mandate, and reasonable. Consequently the Commission will approve the budget as well.

Finally, the Commission has reviewed the DOC/TAM's recommendation to retain the monthly surcharge at \$0.06 per access line per month and finds it reasonable. The Commission is not persuaded of the need to reduce the surcharge levels in order to reduce the TAM fund balance. The Commission anticipates that the fund balance will decline in any event because TAM expenses are expected to exceed the revenues generated by a \$0.06 surcharge. Consequently the Commission will direct telecommunications firms to continue billing and collecting a \$0.06 TAM surcharge each month, and to remit the funds to the appropriate government agencies.

That said, the Legislature has charged the Commission with the duty to oversee TAM's budget and operations. Consistent with this duty, the Commission will initiate a review of the use of the TAM funds to date. Specifically, the Commission will ask the Department to develop a plan and budget for concluding an audit of the programs funded through the TAM fund no later than December 31, 2014.

#### **ORDER**

1. The Commission approves DOC/TAM's 2012 Annual Report, FY 2014 budget proposal, and proposal to retain the current surcharge of \$0.06 per line per month.

2. The Commission asks the Minnesota Department of Commerce to develop a plan and budget for concluding an audit of the programs funded through the TAM fund no later than December 31, 2014.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary



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