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November 2, 2020

VIA E-FILING

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

**Re: In the Matter of Telephone Assistance Plan Review
Docket No. P999/CI-20-665**

Dear Mr. Seuffert:

Enclosed are the Comments of Minnesota Telecom Alliance regarding the above-referenced matter. Please feel free to let me know if there are questions about this filing.

Sincerely,

/s/ R. Cameron Winton

R. Cameron Winton

On behalf of the Minnesota Telecom Alliance

Enclosure

cc: Service List

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John Tuma	Commissioner

**In the Matter of
Telephone Assistance
Plan Review**

Docket No. P999/CI-20-665

COMMENTS OF MINNESOTA TELECOM ALLIANCE

INTRODUCTION

The Minnesota Telecom Alliance (“MTA”) submits the following comments in regard to the Commission’s review of the Telephone Assistance Plan (“TAP”). MTA is a trade association comprised of more than 70 telecommunications companies across Minnesota. MTA members range from family-owned companies and local cooperatives with storefronts on Main Street Minnesota to companies with multi-state operations. MTA’s members provide voice, video, and high-speed internet to Minnesotans in every area of the state.

MTA submits these comments to convey three points to the Commission: (1) the Commission should reduce the surcharge applicable to each access line in the state—and given the excessive TAP fund balance, the Commission has room to do so while still maintaining program benefits; (2) the Commission should take note of underlying market trends that are likely driving program results; and (3) the Commission should reconvene the TAP-Lifeline Advisory Group.

(1) The Commission should reduce the surcharge applicable to each access line in the state—and has room to do so.

Currently, a telephone subscriber must pay a monthly surcharge of \$.10 per access line. Order, Jan. 15, 2019, Dkt. No. P-999/CI-17-677. That amount is the maximum allowed under state law. Minn. Stat. § 237.70, subd. 6. (“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”)

The Department of Commerce and the Office of the Attorney General have both recommended that the Commission reduce the surcharge. The Department of Commerce proposes a surcharge of \$.07 per month. Comments, Oct. 22, 2020, page 4. The Office of the Attorney General does not specify a proposed reduced surcharge but states that it may do so in reply comments. Letter, Oct. 22, 2020, page 3.

MTA supports the proposals of the Department of Commerce and the Office of the Attorney General to reduce the per-access-line surcharge. Specifically, MTA supports reducing the surcharge at least to the \$.07/month level recommended by the Department and ideally to an even lower amount per month.

Even with the Department’s proposed reduction of the surcharge to \$.07/month, the balance sitting in the TAP fund would still be approximately \$1.9 million on June 30, 2022, according to the Department’s projections. Comments, Oct. 22, 2020, page 4 (“Assuming the projected line count, interest revenue and administrative costs stay the same, the TAP fund balance would be approximately \$1,899,784 on June 30, 2022 at these new credit and surcharge levels.”) There does not appear to be a policy rationale for maintaining any substantial balance in the TAP fund, let alone a balance of close to \$2 million. Furthermore, in

a budget-constrained environment, a balance of that size is a tempting target for others to raid for unrelated policy initiatives. The State faces a significant budget deficit in the 2021 legislative session. As the *Star Tribune* reported on October 28, 2020:

Gov. Tim Walz said he is considering every option as he stares down Minnesota's worst budget deficit in a decade. Reorganizing state government. Budget cuts. Tax increases. Draining reserves. Legalizing recreational marijuana. "The only way to do it is to put every possible scenario on the table," Walz said. He is preparing for an estimated \$2.3 billion gap in the current budget and potential \$5 billion hole the following two years, according to new state estimates.

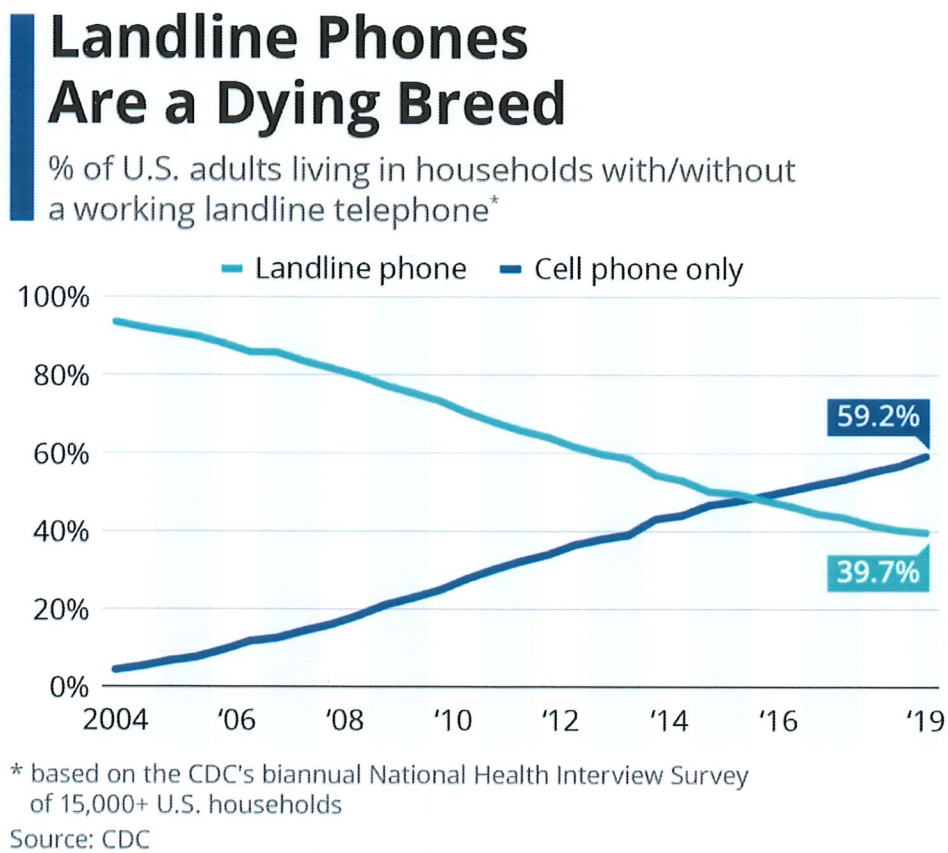
Jessie Van Berkel, "Every option on table for deficit, Gov. Tim Walz says," STAR TRIBUNE, October 28, 2020, <https://www.startribune.com/every-option-on-table-for-deficit-gov-tim-walz-says/572890541/>. Given this situation, the Commission should take care to avoid creating any fund balances that would likely be diverted from their intended purpose to plug a shortfall in the state budget.

MTA acknowledges that the reduction from \$.10/month to \$.07/month or some lower amount is a relatively small adjustment in the scale of a given household's budget. Nevertheless, reducing the surcharge is appropriate for two reasons. First, it is difficult to justify collecting the funds from consumers when the overall program those customers are funding is not achieving the desired policy outcome. Second, in the aggregate, the Commission's imposition of a surcharge has the effect of removing money from Minnesotans' wallets and putting it into a government-held account at the very time when our shared economic recovery from the COVID-induced recession depends on consumers having more, not less, money in their wallets.

In summary, the Commission should reduce the surcharge—and given the excessive TAP fund balance, the Commission has room to do so while still maintaining program benefits.

(2) MTA does not object to raising the TAP benefit, but the Commission should take note of underlying market trends that are likely driving program results.

MTA does not object to raising the TAP benefit, but the Commission should take note of the underlying market trends likely driving program results. Based on the observations of MTA’s members, it appears that demand for the TAP program is not as strong as policy-makers desire or expect because Minnesotans are choosing to switch from wireline service to wireless service, as illustrated in the chart below showing the unmistakable nationwide trend.



<https://www.statista.com/chart/2072/landline-phones-in-the-united-states/>

Given this sustained continuous drop in the number of customers with landline phones, MTA encourages the Commission to note that regardless of the level of customer benefit under the TAP program, a continued decrease in utilization of the TAP program will almost certainly continue.

(3) The Commission should reconvene the TAP-Lifeline Advisory Group.

MTA supports the recommendation of the Office of the Attorney General to reconvene the TAP/Lifeline advisory workgroup. MTA's President & CEO, Brent Christensen, serves on the workgroup and welcomes the opportunity to continue participating.

CONCLUSION

The Minnesota Telecom Alliance encourages the Commission (1) to reduce the surcharge applicable to each access line in the state; (2) take note of underlying market trends that are likely driving program results; and (3) reconvene the TAP-Lifeline Advisory Group. MTA appreciates the opportunity to submit these comments.

Dated this 2nd day of November, 2020.

MINNESOTA TELECOM ALLIANCE



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STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
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CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of November, 2020, I served the attached filing electronically on the attached service list via the Minnesota Public Utilities Commission's eFiling System.

/s/ R. Cameron Winton
R. Cameron Winton
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On behalf of the Minnesota Telecom Alliance

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Kristin	Berkland	kristin.berkland@ag.state.mn.us	Office of the Attorney General-RUD	445 Minnesota Street Bremer Tower, Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-665_Official
Scott	Bohler	scott.bohler@fr.com	Frontier Communications Corporation	2378 Wilshire Blvd Mound, MN 55364-1652	Electronic Service	No	OFF_SL_20-665_Official
Linda	Chavez	linda.chavez@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 55101-2198	Electronic Service	No	OFF_SL_20-665_Official
Brent	Christensen	brentc@mnta.org	Minnesota Telecom Alliance	1000 Westgate Drive, Ste 252 St. Paul, MN 55117	Electronic Service	No	OFF_SL_20-665_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-665_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-665_Official
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-665_Official
Jason	Topp	jason.topp@lumen.com	CenturyLink	200 S 5th St Ste 2200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-665_Official