



85 7TH PLACE EAST, SUITE 500
SAINT PAUL, MINNESOTA 55101-2198
MN.GOV/COMMERCE
651.539.1500 FAX: 651.539.1547
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August 8, 2016

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Reply Comments of the Minnesota Department of Commerce
Docket No. P999/CI-16-302

Dear Mr. Wolf:

Attached are the Reply Comments of the Minnesota Department of Commerce in response to the Minnesota Public Utilities Commission's June 23, 2016 Notice of Extended Comment Period concerning the Telephone Assistance Plan Review.

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ DIANE DIETZ
Rate Analyst

DD/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**REPLY COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE**

DOCKET No. P999/CI-16-302

I. BACKGROUND

On May 25, 2016, the Minnesota Public Utilities Commission (Commission) issued a Notice of Comment Period in Docket No. P999/CI-16-302. In its Notice of Comment Period, the Commission asked the following four questions:

- Should the Commission issue any clarifications with respect to Telephone Assistance Plan (TAP) eligibility?
- Should the Commission issue any other clarifications in an Order regarding the Telephone Assistance Plan?
- If any clarifications should be made, please cite to relevant portions of Minnesota Statutes Chapter 237 and other relevant law.
- Should other changes to the Telephone Assistance Plan, its administration, participation rates, or funding levels be considered as a result of the FCC Lifeline Modernization Order? If so, what specific steps would be required to make any such change?

On June 21, 2016, AT&T Corporation filed comments.

On June 23, 2016, the Commission issued a Notice of Extended Comment Period in Docket No. P999/CI-16-302.

On June 27, 2016, MCImetro Access Transmission Services, LLC d/b/a Verizon Access Transmission Services filed comments.

On July 26, 2016, Citizens Telecommunications Company of Minnesota, LLC and Frontier Communications of Minnesota, Inc. (Citizens/Frontier) filed comments.

On July 27, 2016, comments were filed by the Minnesota Department of Commerce (Department), the Minnesota Cable Communications Association (MCCA), and Qwest Corporation d/b/a CenturyLink QC.

II. REPLY COMMENTS

These reply comments are not intended to address all of the issues in the comments of other parties, but are only intended to clarify a couple of points that have been raised. The lack of a reply to another party's comments should not be interpreted to mean that the Department is in agreement.

The "federal matching plan" was referenced by both Frontier/Citizens and the MCCA. In their July 26, 2016 comments, Citizens/Frontier cited Minnesota Statute section 237.70, subd. 4a, which states that "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." Citizens/Frontier interprets the language in Minnesota Statute section 237.70, subd. 4a to support their recommendation that "a stand-alone broadband customer could be eligible for the federal Lifeline credit, and thus should be eligible for the state TAP credit as well."¹ With a similar argument, the MCCA states that TAP credits may be provided "up to the amounts available under the federal matching plan." The MCCA then notes that, if the level of standalone Lifeline voice support for most areas of Minnesota is headed toward zero over the next several years, under the FCC's *Lifeline Modernization Order*, the "amount available [for the TAP credit] under the federal matching plan" will also head toward zero.²

The Department notes that "federal matching plan" was eliminated by the FCC in its January 31, 2012 Order wherein it set the Lifeline credit at a flat rate of \$9.25 per month, per line.³ As a result, the level of the TAP credit and the level of the Lifeline credit are no longer linked. Minnesota statutes simply have not been updated to reflect that a federal matching plan no longer exists. Thus, the arguments of Citizens/Frontier and the MCCA with respect to the "federal matching plan" appear to be moot.

The other issue that may not be well understood concerns what the FCC refers to as the "National Verifier." The MCCA suggests that Minnesota's TAP application will no longer be necessary if Minnesota relies upon the National Verifier to certify eligibility for the TAP program.⁴ It is the Department's understanding that the processes involving the National Verifier program have not been fully established. No date has yet been set for the National Verifier program to become operational in Minnesota. Since future events will provide guidance as they pertain to the National Verifier, the Department recommends that the Commission take no action concerning the National Verifier program at this time.

¹ July 27, 2016 comments of Citizens and Frontier, page 2.

² July 27, 2016 comments of the MCCA, page 10.

³ January 31, 2012 Report and Order and Further Notice of Proposed Rulemaking in FCC 12-11 in the matter of Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal – State Joint Board on Universal Service and Advancing Broadband Availability Through Digital Literacy Training, paras. 4, 14 and 396. Paragraph 396, footnote 1028 cites to the FCC's May 7, 1997 Report and Order in FCC 97-157 in the matter of Federal – State Joint Board on Universal Service, para. 326.

⁴ July 27, 2016 comments of the MCCA, page 9.

III. DEPARTMENT RECOMMENDATION

The Department continues to recommend that the Commission adopt Alternative A.1., B.2 and C1 from its July 27, 2016 comments.

- A. 1. Issue an Order clarifying the revisions in the eligibility requirements for the TAP program.
- B. 2. Find that TAP credits may only be provided for telephone service under existing statute and that stand-alone broadband customers will not be eligible for the TAP credit.
- C. 1. Maintain the current TAP credit and surcharge levels.

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
Reply Comments**

Docket No. P999/CI-16-302

Dated this 8th day of August 2016

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_16-302_Official
Karl	Anderson	ka1873@att.com	AT&T	225 W Randolph St FL 25D Chicago, IL 60606-1838	Electronic Service	No	OFF_SL_16-302_Official
Scott	Bohler	scott.bohler@ftr.com	Frontier Communications Corporation	2378 Wilshire Blvd Mound, MN 55364-1652	Electronic Service	No	OFF_SL_16-302_Official
Linda	Chavez	linda.chavez@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 55101-2198	Electronic Service	No	OFF_SL_16-302_Official
Ron	Elwood	relwood@mnlsap.org	Mid-Minnesota Legal Aid	2324 University Ave Ste 101 Saint Paul, MN 55114	Electronic Service	No	OFF_SL_16-302_Official
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_16-302_Official
Deborah L.	Kuhn	deborah.kuhn@verizon.com	Verizon Wireless	205 N Michigan Ave FL 7 C/O VERIZON Chicago, IL 60601	Electronic Service	No	OFF_SL_16-302_Official
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_16-302_Official
Anthony	Mendoza	tony@mendozalawoffice.com	Mendoza Law Office, LLC	1000 University Ave Ste 222 Saint Paul, MN 55104	Electronic Service	No	OFF_SL_16-302_Official
William	Phillips	wphillips@aarp.org	AARP	30 E. 7th St Suite 1200 St. Paul, MN 55101	Electronic Service	No	OFF_SL_16-302_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_16-302_Official