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March 21, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Annual Certifications Related to Eligible Telecommunications Carriers' Use of Federal
Universal Service Support
Docket No. P999/PR-14-8

Dear Dr. Haar:

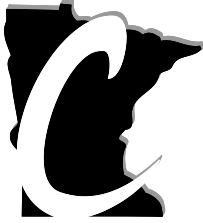
Attached are the comments of the Minnesota Department of Commerce (Department) in the
above referenced matter.

The Department recommends that the Commission amend its schedule for the filing and review
of ETCs' petitions for annual certifications related to the appropriate use of federal high-cost
funds for 2014 and future annual certifications. The Department is available for any questions
the Commission may have.

Sincerely,

Katherine Doherty
Rates Analyst

KD/sm
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. P999/PR-14-8

I. BACKGROUND

On May 23, 2001, the FCC issued its Fourteenth Report and Order in CC Docket No. 96-45 & 00-256, and adopted rules governing the distribution of support to eligible telecommunications carriers operating in high-cost areas. The FCC adopted 47 C.F.R. §54.314 which delegates to state commissions the responsibility to certify that federal universal service support funding will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

On March 17, 2005, the Federal Communications Commission released a Report and Order in the Matter of the Federal-State Joint Board on Universal Service. In the Order, the FCC adopted additional “mandatory requirements for ETC designation proceedings in which the [Federal Communications] Commission acts pursuant to section 214(e) (6)¹ of the Communications Act of 1934, as amended.”²

On July 21, 2005, in Docket No. P999/M-05-741, the Commission issued an Order incorporating into its future annual certification process (beginning with petitions filed by ETCs in 2006) the filing requirements set forth by the FCC in its March 17, 2005 Order with modifications.

¹ Section 214(e) (6) provides for FCC designation of eligible telecommunications carriers in cases in which the carriers are not subject to the jurisdiction of a state commission.

² In the Matter of the Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report and Order*, March 17, 2005, para.1.

In addition, the Commission established a procedural schedule (to begin in 2006) as follows:

June 1	Deadline for ETCs to file petitions and supporting documentation
August 1	Deadline for comments by the Department, RUD-OAG, and other interested persons.
August 20	Deadline for replies

The Commission has retained the above Minnesota-specific procedural schedule in Annual Certifications from 2005 to the present.³

On November 18, 2011, the FCC released its Report and Order and Further Notice of Proposed Rulemaking, In the Matter of Connect America, et al. in WC Dockets No. 10-90, 07-135, 03-109, and 10-208, GN Docket No. 09-51, CC Dockets 09-92 and 96-45, and WT Docket No 10-208 (CAF-ICC Order), which comprehensively reformed universal service and intercarrier compensation mechanisms. Among other things, the CAF-ICC Order addressed annual certification by states (with respect to the ETCs they have designated). The FCC extended its current reporting requirements to all ETCs, including those designated by states, and incorporated new reporting requirements in section 54.313 of its rules. The FCC retained the requirement, codified in 47 CFR §54.314 that:

States that desire eligible telecommunications carriers to receive support pursuant to the high-cost program must file an annual certification with the Administrator and the Commission stating that all federal high-cost support provided to such carriers within that State was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. High-cost support shall only be provided to the extent that the State has filed the requisite certification pursuant to this section.

II. DEPARTMENT COMMENTS

FCC rules require that ETCs file all information and certifications required by 47 C.F.R. 54.313 by July 1, 2014, and by July 1 in subsequent years, with the FCC, the Universal Service Administrative Company (USAC), and relevant state commissions. USAC has created a detailed

³ In 2013, the Commission revised portions of its schedule to accommodate deadlines which were revised by the FCC.

and comprehensive form (Form 481)⁴ for this purpose, which ETCs are required to use for their annual filings submitted on July 1. States are required to file certifications pursuant to 47 CFR §54.314 by October 1.

The Department believes that with the modifications made to the FCC's annual reporting rules and deadlines, the Commission's established June 1 filing deadline is no longer appropriate, and may be unnecessarily burdensome for ETCs. Further, the information provided on Form 481 *includes* information typically submitted by ETCs in their June 1 filings in prior years.⁵

The Department therefore recommends that the Commission amend its schedule for annual certification related to ETCs' use of high cost funds for 2014 and future annual certifications as follows:

July 1	Deadline for ETCs to file petitions and supporting data using Federal Form 481.
September 1	Deadline for comments by the Department, OAG, and other interested persons.
September 8	Deadline for replies

Although the Commission may wish to solicit comments with respect to the Department's proposal prior to establishing a schedule for 2014 and future annual certifications, it would not appear to be necessary to do so. The Department's proposed schedule will make filing requirements less burdensome for the ETCs and no objection is anticipated. Any ETC or other interested person that desires to comment or appear before the Commission to advocate for a different schedule should be permitted to do so.

⁴ See High Cost Forms at <http://www.usac.org/about/tools/forms.aspx>

⁵ For example, in prior years' annual certifications ETCs have submitted information about selected significant projects contemplated for the coming year as well as an update on the previous year's contemplated projects. Form 481 (and 47 C.F.R 54.313(a)(1)) requires a five year service improvement plan that details proposed improvements or upgrades to the applicant's network throughout its proposed service area, and an estimate of the area and population that will be served as a result of the improvements.

III. COMMISSION OPTIONS

A. Modify the schedule for 2014 and future annual certifications as follows:

July 1	Deadline for ETCs to file petitions and supporting documentation (including the information required by federal form 481.
September 1	Deadline for comments by the Department, OAG, and other interested persons.
September 8	Deadline for replies

B. Take no action with respect to the schedule for annual certifications established in Docket P999/M-05-741

C. Other action of the Commission's choosing

IV. DEPARTMENT RECOMMENDATION

The Department recommends Alternative A. The Commission should modify the schedule for 2014 and future annual certifications as outlined above.

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