

**Minnesota Public Utilities Commission**  
*Supplemental Briefing Papers*

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Meeting Date: **August 28, 2014** .....\*Agenda Item **#2**

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**Companies:** All Local Service Providers

**Docket No.** **P999/CI-14-470**

In the Matter of the Telephone Assistance Plan (TAP) Annual Review

**Issues:**

1. Should the Commission accept the TAP reports?
2. What if any changes should the Commission make to the benefit and/or surcharge levels?

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***Relevant Documents***

Order Accepting Establishing New Credit and Surcharge Levels (13-213).....July 10, 2013  
Briefing Papers..... August 5, 2014  
Notice of Comment Period ..... August 5, 2014  
Comments  
    Department of Commerce..... August 20, 2014  
    Minnesota Telecom Alliance ..... August 20, 2014

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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## ***Background***

On August 5, 2014, the Commission issued Staff's Briefing Papers and a Notice Soliciting Comments on whether the Commission should make any changes to the benefit and/or surcharge levels.

The Commission received Comments from the Department of Commerce (Department) and the Minnesota Telecom Alliance (MTA) on August 20, 2014.

## ***Comments Received***

### Department

The Department recommends that the Commission maintain the current TAP credit and surcharges levels, stating that a revisit of the issue is likely next year.

The Department cites these changes in federal laws that affect the price of local service and the number of TAP recipients:

1. The FCC's Universal Service Fund/Intercarrier Compensation Order (also called Connect America Fund)<sup>1</sup> – which put pressure on local service rates and make local service less affordable for low-income households; and
2. The Lifeline Reform Order<sup>2</sup> which amended 47 CFR §54.410 among others, requiring de-enrollment of Lifeline (and TAP) subscribers who either did not respond to the annual recertification survey or found to be ineligible for the benefits. The changes result in the reduced participation rates for Lifeline and TAP.

The Department notes that the fund balance depends on 1) the level of TAP subscribership which seems to have stabilized at about 40,000 households, and 2) the number of contributing landline telephones which has been declining for years –partly because some companies believe they are not subject to Commission jurisdiction and are discontinuing their collection and remittance of the TAM surcharge. The decline in the number of assessable access lines does not appear to warrant an adjustment to the surcharge or credit levels at this time.

### MTA

The MTA recommends that the Commission maintain the current TAP credit and surcharge levels.

The MTA states that the funding appears to be sufficient to meet current needs, and that it seems more prudent to wait until next year to review the full effects of last year's reduction in

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<sup>1</sup> FCC Report and Order and Further Notice of Proposed Rulemaking, released November 18, 2011

<sup>2</sup> FCC Report and Further Notice of Proposed Rulemaking released February 6, 2012

surcharge and increase in credit. The MTA also believes that the current level of credit is a significant benefit to eligible Minnesota subscribers.

***Staff's Recommendation***

After reviewing the Comments from interested parties, Staff now recommends that the Commission retain the current levels of benefit and surcharge at this time.