

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: September 18, 2014*Agenda Item #1

Company: Local Exchange Companies, Eligible Telecommunications Carriers

Docket Nos. P999/PR-14-8
In the Matter of Annual Certifications related to Eligible Telecommunications Carriers' (ETCs) Use of the Federal Universal Service Support required pursuant to C.F.R. §54.313

Issue: Should the Commission approve all petitioning ETCs' requests for certification?

Staff: Lillian A. Brion..... lillian.brion@state.mn.us; 651-201-2216

Relevant Documents

PUC ORDER SETTING FILING REQUIREMENTS (05-741).....July 21, 2005
PUC ORDER MODIFYING ANNUAL CERTIFICATION SCHEDULE April 11, 2014
Filings for High-Cost Certifications, 14-8 (as summarized in Attachment A).....
..... June 18 through July 1, 2014
DOC Comments September 2, 2014

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.

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 296-0406 (voice). Persons with hearing or speech disabilities may call us through their preferred Telecommunications Relay Service.

Statement of Issues

Should the Commission approve all petitioning Eligible Telecommunications Carriers' (ETCs') requests for certification?

Background

The state commissions have the primary responsibility for designating ETCs as provided under 47 U.S.C. §214(3)(2) of the Telecommunications Act. Only designated ETCs are qualified to receive subsidies from the federal universal service funds (e.g. High-Cost Support and Low-Income or Lifeline), and from any state universal service funds. In numerous cases since 1997, the Minnesota Public Utilities Commission (Commission) had designated all incumbent local exchange companies, some competitive LECs and some wireless telephone service providers as Minnesota ETCs.

On May 23, 2001, the Federal Communications Commission (FCC) released an Order which, among others, concluded that states should file annual certifications with the FCC to ensure that all ETCs use High-Cost universal service support "only for the provision, maintenance and upgrading of facilities and services for which the support is intended" consistent with section 254(e) of the Telecommunications Act of 1996.¹ The Commission approved a set of requirements for certifying ETC's use of federal High Cost support that included the filing of affidavits, and submission of operating and capital investment documentation; the mechanics of which were cited by the Joint Board on Universal Service as an example of what other states can follow.²

On March 17, 2005, the FCC issued an Order mandating the requirements for the ETCs' annual certifications.³ The Commission later adopted, with modifications, all the requirements contained in the FCC Order. On July 21, 2005, the Commission issued an Order incorporating, with modifications, the certification requirements directed by the FCC in Docket 96-45, FCC 05-45.⁴

In November 2011, the FCC issued its New USF Order (also called CAF Order, FCC 11-161, Report and Order and Further Notice of Proposed Rulemaking in WC Docket No. 10-90 et al). The USF Order provided for significant reforms, including a thorough review of the annual reporting requirements from ETCs and required a national standardized reporting framework pursuant to C.F.R. §54.313.

¹ *FCC's Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256*, issued May 23, 2001.

² *Recommended Decision, Federal-State Joint Board on Universal Service, FCC 04J-1, CC Docket No. 96-45*, issued on February 27, 2004.

³ *Report and Order in the Matter of the Federal-State Joint Board on Universal Service*, issued on March 17, 2005.

⁴ *Order Setting Filing Requirements and Opening Proceeding to Consider Adopting FCC Standards for Designating Eligible Telecommunications Carriers, Docket No. P999/M-05-741, In The Matter Of Possible Changes To The Commission's Annual Certification Requirements Related To Eligible Telecommunications Carriers' (ETCs) Use Of The Federal Universal Service Fund* issued on July 21, 2005.

The USF Order directed all ETCs to file with the FCC and the respective state commissions by April 1 of each year. The deadline was later moved to July 1 of each year.⁵ The FCC also clarified that the USF Order did not intend to change state reporting requirements as long as they do not create burdens. The Wireline Competition Bureau pursuant to delegated authority, also waived and clarified certain §54.313 requirements, and required carriers to use FCC Form 481 in filing annual ETC certifications.⁶

Procedural History

On April 11, 2014, the Commission modified the schedule for 2014 and future annual certifications as follows⁷:

ETC's Petitions for Certification:	July 1
Initial Comment Period:	September 1
Reply Comment Period:	September 8

From June 18, 2014 through July 1, 2014, ETCs filed their Form 481s to comply with the Commission and FCC requirements.

On September 2, 2014, the Department of Commerce (Commerce) filed Comments recommending that the Commission certify all petitioning ETCs in Docket 14-8 have used Federal High Cost Universal Service support received in 2012, and will use Federal High Cost Universal Service support used in the current year, only for the provision, maintenance, and upgrading of facilities and services for which received.

No party filed Reply Comments as of the scheduled deadline of September 8, 2014.

The Department's Comments

The Department cites pertinent laws affecting ETCs' annual certification and requirements, notably 47 C.F.R §54.313 and 47 C.F.R. §54.314.

The Department's analysis on pages 7 through 10 shows how the petitioners have addressed the current applicable requirements. The Department believes that all the petitioning carriers have generally provided adequate information and a sufficient level of detail as to how high cost funds have been used, and how they will be used to improve service quality and/or coverage in their respective designated ETC service areas.

⁵ FCC's *Third Order on Reconsideration*, FCC 12-52 released on May 14, 2012.

⁶ FCC's *Public Notice DA 13-1707, WC Docket Nos. 10-90 and 11-42*, released on August 6, 2013.

⁷ Order Revising Schedule for Annual Certifications, dated April 11, 2014, *In the Matter of Annual Certifications Related to Eligible Telecommunications Carriers' Use of Federal Universal Service Support*, Docket P999/PR-14-8.

The Department's filing contains Attachment A listing all the ETCs petitioning for High-Cost Certification with their corresponding Study Area Code/s.

Staff Analysis

The High Cost Program of the USF was created to enable consumers in all regions of the country to have access to and pay rates for telecommunications services that are reasonably comparable to those available in the urban areas. Funding of USF, through revenue-based assessments on interstate and international telecommunications revenues, is generally passed on by the carriers to the end-users. The Universal Service Administrative Company, or USAC, is the administrator of the Federal USF designated by the FCC.

47 C.F.R. §54.313 details the new reporting requirements for High-Cost ETCs. The required data include outages, unfulfilled service requests, complaints, price offerings, company affiliations and brands, financial reports and a number of certifications.

The DOC finds that the ETCs seeking High-Cost certifications as listed in Attachment A all submitted documentation as required by the Commission in previous years and as required under 47 C.F.R. §54.313 for this year's filings.

Staff worked with industry representatives and with DOC, FCC and USAC about the requirements and procedures related to the annual certifications. Staff has reviewed the reports filed by the ETCs and believe they satisfy both the Commission's and the FCC's requirements with Form 481.

47 C.F.R. §54.314 provides that States that desire eligible ETCs to receive support pursuant to high-cost program must file an annual certification with USAC and the FCC 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 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. The filing due date is October 1 of each year.

Starting this year, USAC recommends the use of online eFiling to submit the §54.314 certification. The online process requires states to check boxes corresponding to individual service area codes (SACs) for each carrier being certified. USAC's online system will provide the certification letter that the Commission can use to file with the FCC.

Commission Options:

1. Certify that all the petitioning ETCs listed in Attachment A have used High-Cost Support received in 2013, and will be used in the coming calendar year 2015 only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

- 2.. Another action determined by the Commission.

Staff Recommendation

Staff recommends Option 1.

	ETCs Seeking High-Cost Certification	Study Area Code (s)
1	Ace Telephone Association	361346
2	Albany Mutual Telephone Association	361347
3	Alliance Communications Cooperative	361405; 391405; 391657
4	Arrowhead Communications Corporation	361374
5	Arvig Telephone Company dba TDS	361350
6	Benton Cooperative Telephone Company	361356
7	Blue Earth Valley Telephone Company	361358
8	Bridge Water Telephone Company dba TDS	361362
9	Callaway Telephone Company Inc.	361365
10	Cannon Valley Telecom	361440
11	CenturyTel of Minnesota dba CenturyLink	361445
12	CenturyTel of NW Wisconsin dba CenturyLink	330950
13	CenturyTel of Chester dba CenturyLink	351126
14	Christensen Communications Company	361425
15	Citizens Telecommunications Company	367123 ; 361123
16	City of Barnesville Municipal Telephone	361353
17	Clara City Telephone Exchange Company	361370
18	Clements Telephone Company	361372
19	Consolidated Telephone Company	361373
20	Crosslake Communications	361499
21	Dunnell Telephone Company	361381
22	Eagle Valley Telephone Company	361383
23	East Otter Tail Telephone Company	361385
24	Easton Telephone Company	361384
25	Eckles Telephone Company	361386
26	Embarq Minnesota dba CenturyLink	361456
27	Emily Cooperative Telephone Company	361387
28	Farmers Mutual Telephone Company	361389
29	Federated Telephone Cooperative	361390; 361403
30	Felton Telephone Company, Inc.	361391
31	Frontier Communications of Minnesota, Inc.	361367
32	Garden Valley Telephone Company	361395
33	Gardonville Cooperative Telephone Association	361396
34	Granada Telephone Company	361399
35	Halstad Telephone Company	361401
36	Harmony Telephone Company	361404
37	Home Telephone Company	361408
38	Hutchinson Telephone Company	361409
39	Interstate Telecommunications Cooperative, Inc.	361654
40	Johnson Telephone Company	361410
41	Kasson & Mantorville Telephone Company	361412
42	Lismore Telephone Cooperative	361419
43	Lonsdale Telephone Company, Inc.	361422
44	Loretel Systems, Inc.	361443
45	Mabel Cooperative Telephone Company	361424
46	Manchester-Hartland Telephone Company	361426
47	Mankato Citizens Telephone Company	361427
48	Melrose Telephone Company	361430
49	Mid-Comm HickoryTech	361375
50	Mid-State Telephone Company, dba TDS Telecom	361433 ; 361413
51	Midwest Telephone Company	361431
52	Minnesota Valley Telephone Company	361439
53	New Ulm Telecom, Inc.	361442
54	Northern Telephone Company	361500

ATTACHMENT A
Docket No. P999/PR-14-08

55	Osakis Telephone Company	361448
56	Park Region Mutual Telephone Company	361450
57	Paul Bunyan Rural Telephone Cooperative	361451
58	The Peoples Telephone Company of Bigfork	361453
59	Pine Island Telephone Company	361454
60	Polar Communications Mutual Aid Corporation	381630; 381614
61	Qwest Corporation dba CenturyLink	365142
62	Red River Rural Telephone Association	381631
63	Redwood County Telephone Company	361472
64	Rothsay Telephone Company, Inc.	361474
65	Runestone Telephone Association	361475; 361423
66	Sacred Heart Telephone Company	361476
67	Scott-Rice Telephone Company, d/b/a Integra Telecom	361479
68	Sleepy Eye Telephone Company	361483
69	Spring Grove Communications	361485
70	Starbuck Telephone Company	361487
71	T-Mobile Central, LLC	369014
72	Twin Valley-Ulen Telephone Company	361491
73	Upsala Cooperative Telephone Association	361494
74	Valley Telephone Company	361495
75	West Central Telephone Association	361501
76	Western Telephone Company	361502
77	Wikstrom Telephone Company, Inc.	361505
78	Windstream Lakedale Inc.	361414; 361482
79	Wilderness Valley Telephone Company	361348
80	Winnebago Cooperative Telephone Association	361337
81	Winsted Telephone Company d/b/a TDS Telecom	361507
82	Winthrop Telephone Company	361508
83	Wolverton Telephone Company	361512
84	Woodstock Telephone Company	361510
85	Zumbrota Telephone Company	361515