

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Ellen Gavin	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayner	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of Annual Certifications Related
to Eligible Telecommunications Carriers'
(ETCs) Use of Federal Universal Service
Support

ISSUE DATE: December 23, 2002

DOCKET NO. P-999/M-02-1403

ORDER CERTIFYING ETCs' USE OF
FEDERAL HIGH-COST SUBSIDY

PROCEDURAL HISTORY

On May 23, 2001, the Federal Communications Commission (FCC) issued new rules governing the distribution of federal funds to subsidize local telephone service in high-cost areas.¹ While the rules have been amended subsequently, the rules basically set forth the uses for these funds, and require states to certify annually that eligible telecommunications carriers (ETCs)² would use the funds for the provision, maintenance and upgrading of facilities and services for which the support is intended.

By August 30, 2002, the Commission had received petitions for certification from the 93 telecommunications service providers listed in the Attachment.³

¹*Federal-State Joint Board on Universal Service and Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 96-45, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice to Rulemaking, CC Docket No. 00-256, Report and Order (FCC 01-157, released May 23, 2001).

²An ETC is the "carrier of last resort" for providing telecommunications services in its designated service area. It must offer certain minimal services, advertise that it does so, and continue to do so until the Commission relieves it of its ETC duties. 47 U.S.C. § 214.

³Mid-State Telephone Company filed twice: once for Mid-State Telephone Company and once for KMP Telephone Company d/b/a Mid-State Telephone Company. In a letter received by the Commission on September 12, the Company explains that Mid-State and KMP merged into one operating company, but each retains separate study area codes.

On September 9, 2002, the Commission received comments from the Minnesota Department of Commerce (the Department) and the Residential and Small Business Utilities Division of the Minnesota Office of Attorney General (RUD-OAG).

The matter came before the Commission on September 17, 2002.

FINDINGS AND CONCLUSIONS

I. Background

The federal Telecommunications Act of 1996⁴ (the Act) triggered a revision of the federal subsidies for telecommunications service in high-cost areas.⁵ It articulated a goal that all Americans, including Americans in rural, insular and high cost areas, should have access to telecommunications services at rates that are reasonably comparable to rates charged for similar services in urban areas. 47 U.S.C. § 254(b)(3).

According to the rules implementing this part of the Act, no eligible telecommunications carrier in Minnesota may receive the federal high-cost support unless this Commission files –

an annual certification with the [Universal Service Administrative Company]⁶ and the [FCC] stating that all federal high-cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.⁷

II. Certification

Each petitioner filed an affidavit from a company official stating that the company would use the federal high-cost support received in 2003 only for its intended purposes. The telephone companies also filed data supporting their affidavits.

⁴ Pub. L. No. 104-104, 110 Stat. 56 (codified throughout title 47, United States Code).

⁵Federal subsidy programs for high-cost areas are codified at 47 C.F.R. §§ 54.301, 54.305, 54.307, 54.309, 54.311 and part 36, subpart F.

⁶The Universal Service Administrative Company is a private, not-for-profit organization responsible for administering the federal Universal Service Fund to promote access to affordable telecommunications services throughout the United States and its territories. 47 C.F.R. 54.5.

⁷47 C.F.R. § 54.313(a) (pertaining to non-rural carriers); 47 C.F.R. § 54.314(a) (pertaining to rural carriers).

The Department and RUD-OAG both recommend that the Commission approve the petitions. However, the Department recommends that future petitions receive greater scrutiny to determine whether petitioners truly need these subsidies.

The Commission has reviewed the affidavits, the supporting documents, and the recommendations of the Department and the RUD-OAG. On this basis, the Commission will grant the petitions and certify to the federal agencies that the attached list of ETCs will use the federal High-Cost Support received in 2003 only for the provision, maintenance and upgrading of facilities and services for which the support is intended.

III. Future Petitions

At the Commission's September 17 hearing, the Commission entertained consideration of a procedural schedule for future certification petitions, as follows:

- August 1 - Deadline for ETCs to file petitions. Each ETC filing must include an affidavit from a corporate officer of the ETC stating that any support received will be used only for its intended purposes. The filing must also include additional documentation pertaining to the previous year's Federal High-Cost support received and the ETC's operating and capital expenditures.
- August 20 - Deadline for comments by the Department, RUD-OAG, and other interested persons.
- August 30 - Deadline for replies.

No party spoke in opposition to this proposal.

The parties and the Commission have now gained several years of experience with filing and reviewing petitions for certification.⁸ On the basis of that experience, the Commission is persuaded that a regular schedule would help facilitate the administration of this annual event.

The Commission concludes that the proposed schedule should provide commentors with adequate time to review petitions, petitioners with adequate time to respond to comments, and the Commission with adequate time to review the record, hold any necessary hearings and act on the petitions before the federal deadline of October 1. Therefore the Commission will adopt it and will direct the parties to conform to this schedule for future certification filings.

⁸*In the Matter of Annual Certifications related to Eligible Telecommunications Carriers' (ETCs) Use of the Federal Universal Service Support*, Docket No. P-999/M-01-1219 ORDER CERTIFYING ETC's USE OF FEDERAL HIGH-COST SUBSIDY (October 9, 2001).

The Commission will so order.

ORDER

1. The petitions for certification are granted.
2. The Commission certifies to the FCC and the Universal Service Administrative Company, based on the affidavits from the ETCs and on additional materials, that the petitioning ETCs will use the federal High-Cost Support received in 2003 only for the provision, maintenance and upgrading of facilities and services for which the support is intended. The certification letter, including the list of petitioning ETCs, is attached.
3. The parties shall make future filings for certification, and comment on those filings, according to the following schedule:
 - August 1 - Deadline for ETCs to file petitions. Each ETC filing must include an affidavit from a corporate officer of the ETC stating that any support received will be used only for its intended purposes. The filing must also include additional documentation pertaining to the previous year's Federal High-Cost support received and the ETC's operating and capital expenditures.
 - August 20 - Deadline for comments by the Department, RUD-OAG, and other interested persons.
 - August 30 - Deadline for replies.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

September 20, 2002

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 - 12th Street, SW
Washington, D.C. 20554

Irene Flannery
Universal Service Administrative Company
2120 L Street, NW - Suite 600
Washington, D.C. 20037

RE: In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45,
(Minnesota PUC Docket No. P999/M-02-1403)

Dear Ms. Dortch and Ms. Flannery:

Pursuant to FCC 01-157 and 47CFR §§ 54.313 and 54.314, the FCC requires states that wish to receive Federal High-Cost support for ETCs to file certification that funds will be used for the provision, maintenance and upgrading of facilities and services for which the support is intended. The Minnesota Public Utilities Commission hereby files this certification to allow all ETCs listed in the Attachment to receive Federal High-Cost support for 2003 consistent with §254(e) of the Communications Act.

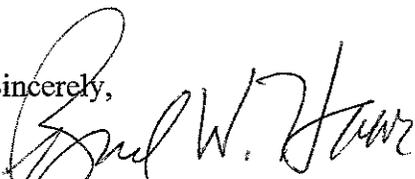
The MPUC has obtained affidavits provided by a corporate officer of each ETC including a sworn statement that support that will be received will only be used for the intended purposes. The MPUC also required and received additional documentation pertaining to Year 2001 Federal High-Cost support received and company operational and capital expenditures. Beyond those procedures, the MPUC has not undertaken further processes to assure that future federal support received will be used for the provision, maintenance and upgrading of facilities and services for which the support is intended. Our certification is based on those affidavits and additional documentation. We believe that this complies with the FCC requirement.

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If you have questions, please call Commission staff Lillian Brion at 651-297-7864, or email at lillian.brion@state.mn.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Burl W. Haar". The signature is written in a cursive style with a large initial "B" and "H".

Burl W. Haar
Executive Secretary

Attachment - List of Companies, September 2002

ETC Name

- 1 Ace Telephone Association
- 2 Albany Mutual Telephone Association
- 3 Arrowhead Communications Corporation
- 4 Arvig Telephone Company
- 5 Barnesville Municipal Telephone Company
- 6 Benton Cooperative Telephone Company
- 7 Blackduck Telephone Company
- 8 Blue Earth Valley Telephone Company
- 9 Bridgewater Telephone Company
- 10 Callaway Telephone Company
- 11 Cannon Valley Telecom, Inc.
- 12 CenturyTel of Chester, Inc.
- 13 CenturyTel of Minnesota, Inc.
- 14 CenturyTel of Northwest Wisconsin, Inc.
- 15 Christensen Communications Company
- 16 Citizens Telecommunications Company of Minnesota
- 17 Clara City Telephone Exchange Company
- 18 Clements Telephone Company, Inc.
- 19 Consolidated Telephone Company
- 20 Crosslake Communications
- 21 Delavan Telephone Company
- 22 Dunnell Telephone Company, Inc.
- 23 Eagle Valley Telephone Company
- 24 East Otter Tail Telephone Company
- 25 Easton Telephone Company
- 26 Eckles Telephone Company
- 27 Emily Cooperative Telephone Company
- 28 Farmers Mutual Telephone Company
- 29 Federated Telephone Cooperative
- 30 Federated Utilities, Inc. fka Hancock
- 31 Felton Telephone Company, Inc.
- 32 Frontier Communications of Minnesota, Inc.
- 33 Garden Valley Telephone Company
- 34 Gardonville Cooperative Telephone Association
- 35 Granada Telephone Company
- 36 Halstad Telephone Company
- 37 Harmony Telephone Company
- 38 Heartland Telecommunications Company of Iowa
- 39 Hills Telephone Company

Attachment - List of Companies, September 2002

ETC Name

- 40 Home Telephone Company
- 41 Hutchinson Telephone Company
- 42 Interstate Telecommunications Cooperative, Inc.
- 43 Johnson Telephone Company
- 44 Kasson-Mantorville Telephone Company
- 45 Lakedale Telephone Company
- 46 Lismore Cooperative Telephone Company
- 47 Lonsdale Telephone Company
- 48 Loretel Systems, Inc.
- 49 Lowry Telephone Company
- 50 Mabel Cooperative Telephone Company
- 51 Manchester-Hartland Telephone Company
- 52 Mankato Citizens Telephone Company
- 53 Melrose Telephone Company
- 54 Mid-Communications, Inc.
- 55 Mid-State Telephone Company ☺
- 56 Midwest Telephone Company, all others listed as other affiliates
- 57 Minnesota Lake Telephone Company
- 58 Minnesota Valley Telephone Company
- 59 New Ulm Telecom, Inc.
- 60 Northern Telephone Company
- 61 Osakis Telephone Company
- 62 Park Region Mutual Telephone Company
- 63 Paul Bunyan Rural Telephone Company
- 64 Peoples Telephone Company of Bigfork
- 65 Pine Island Telephone Company
- 66 Polar Communications
- 67 Red River Rural Telephone Company
- 68 Redwood County Telephone Company
- 69 Rothsay Telephone Company
- 70 Runestone Telephone Association
- 71 Sacred Heart Telephone Company
- 72 Scott-Rice Telephone Company
- 73 Sherburne County Rural Telephone Company
- 74 Sioux Valley Telephone Company
- 75 Sleepy Eye Telephone Company
- 76 Splitrock Telecom Cooperative, Inc.
- 77 Spring Grove Cooperative Telephone Company
- 78 Sprint Minnesota, Inc.

Attachment - List of Companies, September 2002

ETC Name

- 79 Starbuck Telephone Company
- 80 Twin Valley-Ulen Telephone Company
- 81 Upsala Cooperative Telephone Association
- 82 Valley Telephone Company
- 83 West Central Telephone Company
- 84 Western Telephone Company
- 85 Wikstrom Telephone Company
- 86 Wilderness Valley Telephone Company, Inc.
- 87 Winnebago Cooperative Telephone Association
- 88 Winsted Telephone Company
- 89 Winthrop Telephone Company
- 90 Wolverton Telephone Company
- 91 Woodstock Telephone Company
- 92 Zumbrota Telephone Company
- 93 WWC Holding Company

⊕ a merged company composed of Mid-State Telephone Company (a cost company with study area code 361433) and KMP Telephone Company (an average schedule company with study area code 361413).