

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
David C. Boyd	Commissioner
Marshall Johnson	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner

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

ISSUE DATE: October 1, 2007

DOCKET NO. P-999/M-07-558

ORDER CERTIFYING ETCs' USE OF
FEDERAL HIGH-COST SUBSIDY

PROCEDURAL HISTORY

On July 21, 2005, the Commission issued an Order Setting Filing Requirements and Opening Proceeding to Consider Adopting Federal Communication Commission (FCC) Standards for Designating Eligible Telecommunications Carriers.¹ The Commission adopted the FCC's annual process under 47 U.S.C. § 254(e) for certifying Eligible Telecommunications Carrier (ETC) eligibility for the Federal Universal Service Fund support.² Without the state certification, carriers will not receive universal service subsidies.

The Commission adopted the FCC filing requirements -- commencing with filings in 2006 for year 2007 certifications -- with two adaptations to more accurately reflect the needs of Minnesota carriers. The Commission also adopted a procedural schedule:

- 1) June 1 - filing of ETC certification petitions;
- 2) August 1 - Initial Comments;
- 3) August 20 - Reply comments; and
- 4) October 1 - Commission certification to the FCC.

By June 1, 2007, a total of 93 ETCs filed the 2008 ETC certification petitions. Additional documentation was later received from WWC Holding Company.

¹ Docket No. P-999/M-05-741.

² State certifications relate to specific federal support elements such as local switching support, safety valve loop support, high-cost loop support and safety net additive support.

On August 1, 2007, the Department of Commerce (the Department) filed comments, recommending Commission certification, but also recommending that the Commission require identified companies³ to submit a compliance filing.

On August 30, 2007, and September 14, 2007, the Minnesota Independent Coalition (MIC) submitted late-filed reply comments, requesting that the Commission make certain changes to the ETC certification procedures, but ultimately agreeing to provide the additional information requested by the Department.

On September 20, 2007, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Background

On March 17, 2005, the FCC revised its rules governing the distribution of federal funds to subsidize local telephone service in high-cost areas. These rules set forth the uses for these funds and require states to certify annually that ETCs will use the funds only for the provision, maintenance and upgrading of facilities and services for which the subsidies are intended. The new rules added requirements that a carrier must meet before the FCC would designate the carrier as an ETC, and established more stringent annual reporting requirements for an ETC to qualify for subsidies. While states are not required to apply these requirements to ETCs within their jurisdiction, the FCC encouraged them to do so.

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

1. A progress report on the ETC's two-year service quality improvement plan, including maps detailing progress towards meeting its plan targets, an explanation of how much universal service support was received and how the support was used to improve signal quality, coverage, or capacity; and an explanation regarding any network improvement targets that have not been fulfilled. The information may be submitted at the study area level; (Changes from 5-year to 2-year plans, and from wire center level to study area level - See Ordering paragraph 1, Commission Order dated July 21, 2005 in docket 05-741).

Also, the Commission in its annual certification Orders starting with Docket 02-1403, required the ETCs to include an affidavit from a corporate officer stating that any support received would be used only for its intended purposes. The filings must also include additional documentation pertaining to the previous year's federal high-cost support received and the ETCs' operating and capital expenditures. (Orders in Docket Nos. 02-1403, 03-1211, 05-1092 and 06-1185).

³ Those companies from which the Department sought additional information were listed in Attachment 2 to its August 1, 2007 comments.

2. Detailed information on any outage, as that term is defined in 47 C.F.R. § 4.5, of at least 30 minutes in duration for any service area in which an eligible telecommunications carrier is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect (a) at least ten percent of the end users served in a designated service area, or (b) a 911 special facility (as defined in 47 C.F.R. § 4.5(e)). Specifically, the eligible telecommunications carrier's annual report must include information detailing: (a) the date and time of onset of the outage; (b) a brief description of the outage and its resolution; (c) the particular services affected; (d) the geographic areas affected by the outage; (e) steps taken to prevent a similar situation in the future; and (f) the number of customers affected.
3. The number of requests for service from potential customers within eligible telecommunications carrier's service areas that were unfulfilled for the past year. The carrier shall also detail how it attempted to provide service to those potential customers, as set forth in § 54.202(a)(1)(A).
4. The number of complaints per 1,000 handsets or lines.
5. Certification that it is complying with applicable service quality standards and consumer protection rules.
6. Certification that the ETC is able to function in emergency situations as set forth in § 54.201(a)(2).
7. Certification that the ETC is offering a local usage plan comparable to that offered by the incumbent LEC in the relevant service areas.
8. Certification that the carrier acknowledges that the Commission (*FCC, in this instance*) may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area.
9. Beginning with the 2006 filings, report on the results of the annual verification of the eligibility of subscribers participating in the Lifeline, Link-Up and Telephone Assistance Plan programs. (See Commission Order in Docket 05-741, dated July 21, 2005, Ordering paragraph 3, and Order dated June 10, 2005 in Docket 05-334.)

In its Order, the Commission added the following modifications to the FCC requirements:

1. Carriers may file progress reports based on two-year service quality improvement plans instead of five-year plans; and
2. Carriers may file information on a service-area basis instead of on a wire-center basis.

II. Commission Analysis and Action

A. ETC Certification

The Commission has reviewed the affidavits, the supporting documents, and the Department's recommendations. On that basis, the Commission will grant all of the petitions and certify⁴ to the federal agencies, based on the information provided, that all the petitioning ETCs will use the Federal High-Cost Universal Service Fund support received in 2008 only for the provision, maintenance and upgrading of facilities and services for which the support is intended. The Commission's certification includes the MIC companies and the CenturyTel companies who reached an agreement with the Department just prior to the Commission meeting on September 20, 2007.

Based on the agreement of the Department and the MIC Companies, the MIC will obtain the information requested by the Department and the Commission will so order. The Commission will, however, also require compliance filings from the 78 MIC Companies and the CenturyTel Companies listed in Attachment 2 of the Department of Commerce Comments to submit progress reports outlining the status of projects which they identified in Docket No. P-999/M-06-616 as priority projects for the years 2006-2007.

B. ETC Certification Process

In its August 1, comments, the Department stated that 68 of the MIC companies, and the three CenturyTel companies, did not provide information regarding the status of projects identified by the companies in their 2006 filing as "top priority."

In its August 30 comments, the MIC requested that the Commission further clarify the ETC certification process, asserting that prior to the Department's August 1 comments, the MIC was unaware of any perceived shortcomings in the information it provided in its 2006 filing regarding "top priority" projects for 2006-2007, or any request or need for additional information. MIC subsequently reached agreement with the Department to provide the information requested.

⁴ In a companion docket decided the same day (P-999/CI-07-557) concerning Lifeline Verification Survey Requirements, the Commission certified ETC status of the following companies and modified Lifeline verification procedures:

Arrowhead Communications Corporation, Callaway Telephone Company, Christensen Communications Company, Clara City Telephone Company, Eagle Valley Telephone Company, Felon Telephone Company, Inc., Granada Telephone Company, Halmstad Telephone Company, Loretel Systems, Inc., Manchester-Hartland Telephone Company, Midwest Telephone Company, Osakis Telephone Company, The Peoples Telephone Company of Bigfork, Pine Island Telephone Company, Sacred Heart Telephone Company, Sherburne County Rural Telephone Company, Sleepy Eye Telephone Company, Starbuck Telephone Company, Twin Valley-Ulen Telephone Company, Wikstrom Telephone Company, Inc., Zumbrota Telephone Company, American Cellular Corporation, RCC Minnesota, Inc. and Wireless Alliance LLC.

The Commission will not modify the process for ETC certification at this time. The existing requirements and procedures, while rigorous, are detailed and specific. Further, should questions arise regarding the process or its requirements, the Department has worked with companies to resolve procedural details.

ORDER

1. The Commission certifies, based on the information provided, that all the petitioning ETCs on the attached list will use the Federal High-Cost Universal Service Fund support received in 2008 only for the provision, maintenance and upgrading of facilities and services for which the support is intended.
2. The Commission requires the Companies listed in Attachment 2 of the Department's Comments to submit, within 30 days of the Commission's Order, a compliance filing consisting of a progress report, detailing the status of projects which they identified in Docket No. P-999/M-06-616 as priority projects for the years 2006-2007.
3. The Commission accepts MIC's late filing, but takes no action to change the ETC certification process.
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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**List of ETCs
Annual Certification
Company Name**

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

**List of ETCs
Annual Certification**

- 43 Integra Telecommunications of Minnesota, Inc. aka Scott-Rice Telephone Co.
- 44 Interstate Telecommunications Cooperative
- 45 Johnson Telephone Company
- 46 Kasson & Mantorville Telephone Company
- 47 Lakedale Telephone Company
- 48 Lismore Cooperative Telephone Company
- 49 Lonsdale Telephone Company
- 50 Loretel Systems, Inc.
- 51 Lowry Telephone Company, Inc.
- 52 Mabel Cooperative Telephone Company
- 53 Manchester-Hartland Telephone Company
- 54 Mankato Citizens Telephone Company
- 55 Melrose Telephone Company
- 56 Mid-Communications, Inc. d/b/a HickoryTech
- 57 Mid-State Telephone Company (including KMP)
- 58 Midwest Telephone Company
- 59 same as alltel
- 60 Minnesota Lake Telephone Company
- 61 Minnesota Valley Telephone Company
- 62 New Ulm Telecom, Inc.
- 63 Northern Telephone Company
- 64 Osakis Telephone Company
- 65 Park Region Mutual Telephone Company
- 66 Paul Bunyan Rural Telephone Cooperative
- 67 The Peoples Telephone Company of Bigfork
- 68 Pine Island Telephone Company
- 69 Polar Communications Mutual Aid Corp.(including Polar Telecommunications, Inc.)
- 70 RCC Minnesota, Inc. and Wireless Alliance LLC
- 71 Red River Rural Telephone Association
- 72 Redwood County Telephone Company
- 73 Rothsay Telephone Company, Inc.
- 74 Runestone Telephone Association
- 75 Sacred Heart Telephone Company
- 76 Sherburne County Rural Telephone Company
- 77 Sleepy Eye Telephone Company
- 78 Spring Grove Cooperative Telephone Company
- 79 Starbuck Telephone Company
- 80 Twin Valley-Ulen Telephone Company
- 81 Upsala Cooperative Telephone Association
- 82 Valley Telephone Company
- 83 WWC Holding Co. dba Alltel Communications
- 84 West Central Telephone Association
- 85 Western Telephone Company
- 86 Wikstrom Telephone Company, Inc.

List of ETCs
Annual Certification

- 87 Wilderness Valley Telephone Company
- 88 Winnebago Cooperative Telephone Association
- 89 Winsted Telephone Company
- 90 Winthrop Telephone Company
- 91 Wolverton Telephone Company
- 92 Woodstock Telephone Company
- 93 Zumbrota Telephone Company

