

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

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

ISSUE DATE: September 8, 2014

DOCKET NO. P-999/CI-14-470

ORDER ACCEPTING 2013 TAP
REPORTS AND RETAINING BENEFIT
AND SURCHARGE LEVELS

PROCEDURAL HISTORY

On August 5, 2014, the Commission solicited comments on what changes, if any, it should make to the benefit and surcharge levels of the Telephone Assistance Plan (TAP), a program that provides monthly credit to low-income households to partially offset the cost of local telecommunications service.

On August 20, 2014, the Commission received comments from the Minnesota Department of Commerce (the Department) and the Minnesota Telephone Alliance (MTA).

On August 28, 2014, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Background

The Legislature established the Telecommunications Assistance Plan to provide a bill credit for low-income households that subscribe to local exchange telephone service.¹ To fund the credit, local service providers collect a monthly surcharge from their customers. Local service providers remit surcharge revenues to the Department of Public Safety, which deposits the funds into the state treasury's Telephone Assistance Fund (TAP Fund).²

¹ Minn. Stat. § 237.69 *et seq.*; Minn. Rules Chap. 7817.

² Minn. Stat. § 237.701.

The Commission administers the TAP Fund to reimburse local service providers for credits issued to eligible subscribers and for administrative expenses. The Commission also sets the amount of the surcharge and the credit.³ By statute, the Commission must not establish a monthly surcharge exceeding ten cents per line, or a monthly credit exceeding 50% of a customer's bill for local service.⁴

Local service providers must file reports detailing surcharge revenues, state and federal credit reimbursements, and associated expenses.⁵ Each local service provider's TAP report states the number of access lines from which the provider collects a TAP surcharge, the aggregate revenues, the number of subscribers receiving the TAP credit, the aggregate cost of the credits, and the cost of administering the programs.

On July 10, 2013, the Commission issued its Order Establishing New Credit and Surcharge Levels in Docket No. P-999/CI-13-213. The Commission's order set the monthly credit at \$3.50 per qualified household, and the monthly surcharge at \$0.03 per access line.⁶

II. Positions of the Parties

The Department projected the number of access lines in Minnesota for 2013 at 1,948,566. In 2013 local exchange carriers reported serving 40,412 TAP customers, down from 2012 when the number of customers was calculated at some 72,213. The record indicates that as of December 31, 2013, the TAP Fund had a balance of \$2,016,810.

The Department noted the decline in the number of landline telephones that form the basis of the TAP funding, but stated that it did not believe an adjustment to the TAP surcharge was warranted at this time. The Department recommended that the Commission maintain the current TAP credit and surcharge levels.

The Minnesota Telephone Alliance also filed comments, and agreed with the Department that no changes to the TAP surcharges or credits are necessary at this time.

III. Commission Action

The Commission finds that the TAP reports filed by the local service providers for 2013 and as compiled for the Commission's TAP database comply with the requirements of Minn. Stat. § 237.70, subd. 7(e) and Minn. R. 7817.0900, subd. 4 and accepts the reports.

The Commission recognizes that the balance in the TAP Fund fluctuates over time. Credit and surcharge levels must be adjusted periodically to align revenues and expenditures. The Commission finds, however, that no changes to the credit and surcharge levels are required at this time as funding appears to be sufficient to meet current needs.

³ Minn. R. 7817.0300 - .0500.

⁴ Minn. Stat. § 237.70, subds. 5, 6.

⁵ Minn. Stat. § 237.70, subd. 7(e) and Minn. R. 7817.0900, subp. 4.

⁶ These rates were implemented on October 1, 2013, or the first billing cycle thereafter.

Accordingly, the Commission will maintain for the present the current levels of TAP benefits and surcharges, recognizing that it may have to revisit the issue before the fourth quarter of 2015 should the fund balance drop to an unsustainable level.

ORDER

1. The Commission accepts the telephone service providers' TAP Reports for calendar year 2013.
2. The Commission will retain the current levels of TAP benefit and surcharges at this time.
3. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary



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