

PUBLIC SERVICE COMMISSION OF WISCONSIN

Universal Service Fund Council

SUMMARY OF FEBRUARY 26, 2013 MEETING

Meeting Date/Time: February 26, 2013, 9:30 a.m.

Place: Public Service Commission Building, Flambeau River Conf. Rm. - Madison, WI

Council Members: Jean Pauk – USFC Chair (TDS), Jill Collins (AT&T), Kathy Schmitt (DATCP), Bob Kellerman (GWAAR), Robert Jones (WISCAP Assn.), Scott Bohler (Frontier Communications), Vanessa Johnson (New Concept Development Center) (by phone), David Byers (NEIT Wireless) (by phone), Pam Holmes (Ultratec), Jason Meyer (Avada Hearing and Audiology), Curt Pawlisch for Pam Hollick (tw telecom)

Commission staff: Jeff Richter, Joyce Dingman, Kathy Bakke, Peter Jahn, Gary Evenson

Others: Scott Girard (CenturyLink), Dave Chorzempa (AT&T), Bob Abrams (Kiesling Associates), Tim Vowell (Charter), Celeste Flynn (Time Warner), Jack Cassel (DOA/DET), Meta Cuccinata (DHS), Sandy Peplinski - ASL interpreter, Debra Gorra Barash - ASL interpreter

Chairperson Pauk called the meeting to order at 9:35 and welcomed those in attendance. Quorum was present. Self-introductions were done.

Jeff Richter oriented the members on the purpose of the meeting and possible outcomes.

The USFC reviewed and approved (with minor edits) the minutes of the following meetings: June 28, 2011; February 8, 2012; June 12, 2012.

The USFC reviewed the latest staff draft of the USF rules and discussed various items as follows:

| Section | Question asked or issue raised |
|--------------|--|
| 160.02(7) | In the definition of disability, could the word cognitive be changed to intellectual? |
| 160.02(9) | TDS said the ECC definition refers to a toll plan but it is really an expanded local calling plan. |
| 160.02(11) | Definition of federal-only ETC. NEIT suggested that a change is needed to recognize some federal only ETCs before Act 22. Staff agreed. |
| 160.03 | Is there a need to define enhanced 911? |
| 160.03(1)(f) | Why was the definition of interexchange service written as it was? |
| 160.03 | Should essential services include Next Generation 911? |
| 160.03 | Pam Holmes – the requirement for TTY intercept announcements should not be deleted from essential services. |
| 160.03 | Bob Jones suggested leaving in all current requirements absent a good explanation of why they should be dropped. Jeff Richter noted that some provisions were left in because they are current requirements. |

| Section | Question asked or issue raised |
|--------------------------------|---|
| 160.04 | AT&T argued that the call limitation mandate should only cover long distance and 900/976 calls and only be applied to lifeline customers. Jean Pauk noted that there are some administrative challenges to applying multiple types of limits simultaneously. |
| 160.04(4) | Frontier suggested that in 160.04(4) the word 'all' be removed from 'all reasonable efforts.' |
| 160.06 et al | Frontier asked if we mean low-income or lifeline throughout – the concern being that the company knows who is on lifeline; they do not know who may be low-income. Jeff Richter noted that the terms tend to be interchangeable for purposes of the rules; obviously the telcos only know whether any given customer is eligible for low-income services if that customer applies for such services. |
| various | tw telecom suggested clarification of the use of terms 'provider' and 'carrier.' |
| 160.06 | Timing of Homestead Tax verifications was discussed. Bob Jones asked if staff had considered use of earned income tax credit (EITC) as a qualifier. |
| 160.06(1)(a)1. and 2. | NEIT noted confusion on eligibility of the client versus the household. May need to insert a note with the FCC's definition for household. |
| 160.06(1)(c) | TDS noted that it asks applicants about all eligibility programs and does not use a two-step process as seems implied by the rule. |
| 160.06 | Could our rules use 'certify' rather than 'verify?' |
| 160.06.(2) | Is re-verification required by the FCC? Jeff noted that is an existing state provision and a new federal requirement. |
| 160.062(2)(a) and 160.09(2)(b) | Suggestion made that the rate elements included for lifeline be the same as noted in the high rate assistance credits section. A question was raised about including the Access Recovery Charge. |
| 160.06(4)(b) | Frontier suggested the responsibility of the carrier in this section is confusing. |
| 160.062(1r) | Frontier was concerned about the offer to 'all low-income customers" since they do not know all such customers, just those who have lifeline. A suggestion was made to change the wording to 'all qualifying low-income customers.' |
| 160.062(1r)(a)2 | Jeff noted that this internet reference was added to address needs of some low-income disabled customers. NEIT noted that this may give a false impression to some customers because all LECs are not the providers of the internet the customer may have. Jeff noted that although this may be true - the provision imposes no obligation to provide internet. Frontier raised an issue of whether the FCC would reimburse for discounts on internet. Also, noted that maybe this would be more appropriate in the TEPP section. |
| 160.062(2) | TDS wondered if it was necessary to include the federal USF fee in the lifeline base rate, as it changes quarterly and causes very small rate changes at considerable administrative hassle. CenturyLink suggested that the federal USF fee was not to be charged to lifeline customers anyway. |
| 160.062(4m)(a) | TDS asked if the 60 day notice of lifeline termination could be 30 days, not 60. |
| 160.062(6)(a) | Frontier thought the phrase 'eligible for lifeline' is confusing, should be 'receives lifeline.' |
| 160.071(1m)(e) | This section on the availability of forms is confusing to some. |
| 160.071(4), (5) and (6) | AT&T suggested that Act 22 may take away the ability of the PSC to require waivers of fees for Directory Assistance, Operator Service and Custom Calling Services. It was suggested that if these waived fees could be reimbursed from the USF, objections and arguments about jurisdiction may be lessened. |
| 160.071(6m) | Should this provision not apply to federal-only ETCs? |

| Section | Question asked or issue raised |
|------------------|---|
| 160.071(6m) | Should reimbursement for "an equivalent service" be capped at the rate for a second line? |
| 160.13(2)(a)2.b. | Is it necessary that the ETC advertise its prices? |
| 160.16 | Suggestion that the audit language used here match the statutory language. |
| 160.17(3) | Should the phrase 'retail voice' be removed? |
| 160.19(2) | Suggestion from tw telecom that the description of providers be rewritten. |

A motion was made, seconded and passed to extend the USFC Council meeting beyond the noticed 12:00 noon end time.

Motion was made, seconded and passed to direct staff to review all the Council's issues; make the agreed-upon changes, summarize the non-consensus items, provide a written explanation to the USFC of any issues where suggested changes were not made, and send it back to the Council members for edits before sending it to the Commission for consideration in its formal action on the rules. .

Jeff Richter noted the following:

- Progress has been made on the National Deaf-Blind Equipment Distribution Program.
- The LAB audit of the USF for FY11 and FY 12 is almost completed.
- In the Governor's budget there is a provision for \$4.7M to be taken from the USF surplus to fund a broadband grant program administered by DOA.
- There is a problem in the CALER portal to the CARES system for Lifeline verifications—if customers only qualify via LIHEAP they are being rejected. This programming error is being corrected and providers may use alternative methods of verification of LIHEAP recipients until then.

The USFC adjourned at 12:35 pm.

DL:\UNISERV\MINUTES\2013 USFC Minutes\USFC Minutes Meeting 2-26-2013.docx

Attachment: Staff's responses to questions and issues from 2-26-13 meeting.

USFC Review of the Draft USF Rules and Staff's Responses

The USFC reviewed the latest staff draft of the USF rules at its February 26, 2013 meeting. The items discussed and staff's responses are summarized as follows:

| Section | Question asked or issue raised | Response |
|----------------|--|--|
| 160.02(7) | In the definition of disability, could the word cognitive be changed to intellectual? | Staff is leaving "cognitive," but provides a definition. |
| 160.02(9) | TDS said the ECC definition refers to a toll plan but it is really an expanded local calling plan. | Change made. |
| 160.02(11) | Definition of federal-only ETC. NEIT suggested that a change is needed to recognize some federal only ETCs before Act 22. Staff agreed. | Change made. |
| 160.03 | Is there a need to define enhanced 911? | E911 is defined in s. 160.02. |
| 160.03(1)(f) | Why was the definition of interexchange service written as it was? | Following the 2010 FCC definition as required in Act 22. |
| 160.03 | Should essential services include Next Generation 911? | Staff used the 2010 FCC definition as required in Act 22. |
| 160.03 | Pam Holmes – the requirement for TTY intercept announcements should not be deleted from essential services. | Staff used the 2010 FCC definition as required in Act 22. |
| 160.03 | Bob Jones suggested leaving in all current requirements absent a good explanation of why they should be dropped. Jeff Richter noted that some provisions were left in because they are current requirements. | Existing provisions that did not conflict with Act 22 were generally retained. Those in conflict were eliminated. |
| 160.04 | AT&T argued that the call limitation mandate should only cover long distance and 900/976 calls and only be applied to lifeline customers. Jean Pauk noted that there are some administrative challenges to applying multiple types of limits simultaneously. | Changes were made to refer to toll calls as in federal rules and eliminate ECC. Three items are retained because they are part of the Toll Billing Exclusion database. Changes were made to clarify that these requirements apply to all ETCs except federal-only. |
| 160.04(4) | Frontier suggested that in 160.04(4) the word 'all' be removed from 'all reasonable efforts.' | Change made and language clarified. |
| 160.06 et al | Frontier asked if we mean low-income or lifeline throughout – the concern being that the company knows who is on lifeline; they do not know who may be low-income. Jeff Richter noted that the terms tend to be interchangeable for purposes of the rules; obviously the telcos only know whether any given customer is eligible for low-income services if that customer applies for such services. | Some changes made, however, there still are some requirements for low-income customers that do not require the customer to have Lifeline with the company. |
| various | tw telecom suggested clarification of the use of terms 'provider' and 'carrier.' | 'Provider' is defined and changes were made in some instances for clarification. |

| Section | Question asked or issue raised | Response |
|--------------------------------|---|---|
| 160.06 | Timing of Homestead Tax verifications was discussed. Bob Jones asked if staff had considered use of earned income tax credit (EITC) as a qualifier. | Viewpoints noted. The EITC is more complex than a simple percent of federal poverty level or lower. The EITC needs more analysis and may be considered in future rulemakings. |
| 160.06(1)(a)1. and 2. | NEIT noted confusion on eligibility of the client versus the household. May need to insert a note with the FCC's definition for household. | The federal definition of household was added to the definition section. |
| 160.06(1)(c) | TDS noted that it asks applicants about all eligibility programs and does not use a two-step process as seems implied by the rule. | Viewpoint noted. The check of eligibility under federal programs is unnecessary and burdensome if the applicant qualifies under the state list. |
| 160.06 | Could our rules use 'certify' rather than 'verify?' | Viewpoint noted. 'Verification' is used to avoid confusion. Recertification is the term used for the federal annual requirement for ETCs and has involved a statistical method. |
| 160.06.(2) | Is re-verification required by the FCC? Jeff noted that is an existing state provision and a new federal requirement. | Staff found that an annual electronic re-verification is one of three methods allowed by the FCC as long as a proper signed form was previously obtained. |
| 160.062(2)(a) and 160.09(2)(b) | Suggestion made that the rate elements included for lifeline be the same as noted in the high rate assistance credits section. A question was raised about including the Access Recovery Charge. | Several changes made to both sections to maximize uniformity. The ARC was added to both. |
| 160.06(4)(b) | Frontier suggested the responsibility of the carrier in this section is confusing. | Changes made to clarify provider responsibility. |
| 160.062(1r) | Frontier was concerned about the offer to 'all low-income customers' since they do not know all such customers, just those who have lifeline. A suggestion was made to change the wording to 'all qualifying low-income customers.' | Change made. |
| 160.062(1r)(a)2 | Jeff noted that this internet reference was added to address needs of some low-income disabled customers. NEIT noted that this may give a false impression to some customers because all LECs are not the providers of the internet the customer may have. Jeff noted that although this may be true - the provision imposes no obligation to provide internet. Frontier raised an issue of whether the FCC would reimburse for discounts on internet. Also, noted that maybe this would be more appropriate in the TEPP section. | Viewpoints noted. Because this Lifeline provision is not tied to a TEPP purchase, it is properly placed in the Lifeline section. |

| Section | Question asked or issue raised | Response |
|-------------------------|--|--|
| 160.062(2) | TDS wondered if it was necessary to include the federal USF fee in the lifeline base rate, as it changes quarterly and causes very small rate changes at considerable administrative hassle. CenturyLink suggested that the federal USF fee was not to be charged to lifeline customers anyway. | The federal USF fee was removed from the list because it is not allowed to be charged to Lifeline customers under FCC rules. |
| 160.062(4m)(a) | TDS asked if the 60 day notice of lifeline termination could be 30 days, not 60. | Change made. |
| 160.062(6)(a) | Frontier thought the phrase 'eligible for lifeline' is confusing, should be 'receives lifeline.' | Clarification made. |
| 160.071(1m)(e) | This section on the availability of forms is confusing to some. | Clarifications made. |
| 160.071(4), (5) and (6) | AT&T suggested that Act 22 may take away the ability of the PSC to require waivers of fees for Directory Assistance, Operator Service and Custom Calling Services. It was suggested that if these waived fees could be reimbursed from the USF, objections and arguments about jurisdiction may be lessened. | Provision is made for payment for these waivers. |
| 160.071(6m) | Should this provision not apply to federal-only ETCs? | It should not apply to federal-only ETCs. Change made. |
| 160.071(6m) | Should reimbursement for "an equivalent service" be capped at the rate for a second line? | Changes made to clarify the credit for "equivalent service." |
| 160.13(2)(a)2.b. | Is it necessary that the ETC advertise its prices? | No. Change made to remove the words "the applicable charges." |
| 160.16 | Suggestion that the audit language used here match the statutory language. | Change made. |
| 160.17(3) | Should the phrase 'retail voice' be removed? | Yes. Change made. |
| 160.19(2) | Suggestion from tw telecom that the description of providers be rewritten. | Changes made. |