

PUBLIC SERVICE COMMISSION OF WISCONSIN

Universal Service Fund Council

SUMMARY OF JUNE 1, 2010 MEETING

Meeting Date/Time: June 1, 2010, 9:30 a.m.

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

Universal Service Fund Council (USFC) members present: **Dick Schlimm** – WICAP (Council Chair) **Jill Collins-AT&T** (Council Vice-Chair), **Paulette Watford** – Community Advocates, **Paul Fuglie** – Verizon, **Bob Kellerman** – AgeAdvantage, **Jean Pauk** – TDS Telecom, **Chris Rasch** – Wis. Medical Society

USFC members absent: , : **Pam Holmes** – Ultratec, , **Cheryl Rue** – Tri-County Telephone Coop, **Gwen Jackson** – Red Cross, Telecom, **Kathy Schmitt** – DATCP, **Pamela Sherwood** – Time Warner

PSC personnel participating: Anita Sprenger, Jeff Richter, Joyce Dingman, Gary Evenson, Jane Zemlicka.

Other persons present: Emily Wieters – LAB, Jenny Nielsen – LAB, Jack Cassell – DOA, (by phone) Kelly Rehbeck- CCHD, Brad Dodson – Hitec, Laura Plummer - SVRI, Meta Cucinnotta - DHS

Introductions

Chair Schlimm opened the meeting at 9:35 a.m. A quorum was present (7 of 12).

The June 4, 2009 meeting minutes and December 9, 2009 record of proceedings were approved.

Chair Schlimm asked if there were any comments or presentations from public members. There were none.

Nominations for Chair for 2010 were opened. Watford nominated Schlimm for Chair; he accepted. No other nominations were received; Schlimm was elected chair for 2010.

Nominations for Vice-Chair for 2010 were opened. Pauk nominated Collins for Vice-Chair; she accepted. No other nominations were received; Collins was elected vice-chair for 2010.

Status of PSC 160 Administrative Code Revisions

The Commission sent the rules package to the legislature in December 8, 2009. A hearing of the Joint Energy and Utilities Committees for PSC 160 was held on Feb. 9, 2010. Subsequently, the Assembly Committee asked the Commission to consider making modifications to the rules. The Commission asked for specific recommendations and it received written comments from some telecommunications industry representatives. The staff and the Commission will consider those recommendations and respond to the Committee. The major issues are regarding ETC reporting requirements and data transmission speed requirements.

Budget

The FY2010 budget with expenditures to date was reviewed (see end of minutes for attachment). Program expenditures have tracked fairly closely with budgeted amounts. Some program expenditures are slightly over budget and some program expenditures are expected to come in under budget. The total FY2010 expenditures are expected to be about \$370,000, but is dependent on the final 12th and 13th month expenditures. The proposed budget for FY2011 reflects the adjustments for USF programs including not funding the payphone program which has closed and slightly lower expected expenditures for Link-Up, but slightly higher expenditures for Lifeline. We expect to be able to fund both grant programs as we did the fiscal current year. Paul Fuglie stated that the USF Council should discuss/take a position on USF assessments being diverted for non-USF purposes. Bob Kellerman made a motion that the budget as presented be approved/ seconded by Paulette Watford. The Council voted unanimously to approve the FY2011 USF budget.

Administrative Updates

Anita Sprenger summarized the changes that were in place for the TEPP website and the access PSC staff now has to financial reporting. A new TEPP website has made improvements to the process for voucher recipients, vendors and PSC and Wipfli staff. Financial data is also now directly accessible directly to PSC staff.

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Jeff Richter discussed the changes that were being made to the provider reimbursement filings for Lifeline/LinkUp/ two line VCO/high rate assistance programs. As of July 1st.all reimbursement requests would need to be made through the electronic filing system. Jeff stated he has been working with most providers so that they are set up administratively to file their requests. These new systems should increase efficiencies for providers and staff and ensure that filings are consistent with tariffs/price lists.

Broadband Presentation

Gary Evenson, Telecommunications Administrator at the PSC gave a presentation on state and federal activity regarding broadband deployment. Information was provided about the American Recovery and Reinvestment (ARRA) grants and loans including funding Wisconsin received for broadband mapping. NTIA and RUS grants and loans have been awarded for Round 1 (Wisconsin received 3) and applications have been solicited for Round 2.

Other business, next USF Council meeting and adjournment

Next meeting will be scheduled in fall 2010.

The meeting adjourned at 11:45 a.m.

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FY10 Projected Expenditures and FY11 Proposed Budget

USF PROGRAM	FY2009 Budget	Approved FY2010 Budget	FY2010 Estimated Expend.	FY2011 Proposed Budget	Comments
Telecom. Equipment Purchase Program		\$1,700,000	\$1,825,000	\$1,800,000	Estimate \$130,000/mo. for May and June 2010. Estimate \$150,000/mo. for FY 2010 based on projected slightly lower number of TEPP applicants.
High Rate Ceiling Credit		\$10,000	\$11,300	\$11,000	Highly dependent on FCC future decision on intercarrier compensation. Only very slight increase projected. PSC did not make the annual county median income change in fall 2009 due to economic climate.
Lifeline		\$2,230,000	\$1,950,000	\$2,391,000	Increased budget is due to AT&T increases in state Tier 3 Lifeline reimbursement. AT&T BLES increase in May 2010 will increase budget needs for FY 2011 by \$441,000 from FY 2010 estimated expenditures.
Link-Up		\$680,000	\$450,000	\$430,000	Decline in expenditures likely due to reduction in landlines.
Non-Profit Access Grant Program		\$500,000	\$500,000	\$500,000	FY 2010 grants were awarded in November 2009. 31 applications were received requesting a total of \$798,270. Offer the program late in the fiscal year with funding dependent on TEPP and Lifeline expenditures.
Telemed Equipment Grant Program		\$500,000	\$500,000	\$500,000	Application announcement was for two fiscal years. 37 applications were received requesting \$3.8 million. FY 2010 grants will be awarded in June 2010. Anticipate awarding FY 2011 grants in July 2010.
Public Interest Payphones		\$20,000	\$0	\$0	Closed program as of July 1, 2009. No funding was needed for final payments.
Two Line VCO		\$7,000	\$7,000	\$8,000	Expect moderate growth as CapTel phone becomes more widely used.
Administration		\$293,000	\$325,000	\$300,000	Some additional website improvement costs expected in FY 2011. LAB audit will cover two fiscal years. Other items are: Wipfli administrative fees, printing and DOR review and interpreter fees.
Transfer to General Fund as required by 2009 Wis. Act 2					Transfer to the General Fund as per Dept. of Administration to address FY09 budget shortfall.
TOTAL FOR THE FY		\$5,940,000	\$5,568,300	\$5,940,000	

Note: FY 2010 expenditures are from the Wipfli transfer data except for grant programs which reflect actual awards (in P.O.'s) made by the Commission; additional 13th month spending will occur and will be reflected in Wismart budget info. at the end of July.

