PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division **RESOLUTION T- 17366**
Consumer Programs Branch **July 12, 2012**

RESOLUTION

RESOLUTION T- 17366 - MODIFICATIONS TO THE CALIFORNIA LIFELINE PROGRAM RULES – GENERAL ORDER 153 - IN COMPLIANCE WITH THE FEDERAL COMMUNICATIONS COMMISSION'S LIFELINE/LINK-UP REFORM ORDER (FCC 12-11).

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I. SUMMARY:

In this Resolution, the California Public Commission (CPUC or Commission) modifies a number of California LifeLine Program (California LifeLine) rules and procedures as set forth in General Order (GO) 153 in order to comply with the recently-adopted Federal Communications Commission's (FCC) *Lifeline Reform Order*.[1]

We make the following changes to the California LifeLine Program rules:

1. Beginning June 1, 2012, consumers applying for the California LifeLine Program under the Program-Based criterion will be required to provide supporting documentation in order to qualify for the program;

2. A self-certification method will be instituted for the annual renewal process for all California LifeLine Program participants going forward;

3. The auditing (3% documentation verification sampling) of the annual renewal process will be eliminated;

4. The California LifeLine Program's definition of "Household" will be modified to mirror the FCC's definition of "Household" by elaborating the term "economic unit";

[1] *Lifeline and Link Up Reform and Modernization et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, FCC 12-11 (rel. Feb. 6, 2012) (*Lifeline Reform Order*).

5. The California LifeLine Program's annual renewal process will be suspended beginning June 1, 2012. The annual renewal process will resume by October 31, 2012;

6. Application and renewal forms will be modified to conform to the FCC's Lifeline program requirements.

7. Calculation of the California LifeLine's specific support amount (SSA) is clarified in light of the FCC's new federal flat rate support amount;

8. The California LifeLine's de-enrollment rules will be modified to conform to the FCC's de-enrollment rules[2];

9. Reimbursement of the service connection charge from the California LifeLine fund is clarified in light of the FCC's elimination of the federal Link-Up support; and

10. Carriers may recover incremental information technology (IT) -related expenses resulting from the CPUC's change of its California LifeLine Administrator.

II. BACKGROUND:

A. California LifeLine Program

Former State Assembly Member Gwen Moore sponsored Assembly Bill (AB) 1348 in 1983, which created the Moore Universal Telephone Service Act (Moore Act) of which the Legislature enacted on July 16, 1987. The purpose of the Moore Act is to provide low-income households with access to affordable basic residential telephone service. The Moore Act "was intended to offer high quality basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service." Prior to the Moore Act's enactment, in 1984, the CPUC established the Universal LifeLine Telephone Service Program in Decision (D.) 84-04-053.[3]

[2] This Resolution does not include all of the changes the CPUC plans to make to the California LifeLine Program to comply with the FCC's *Lifeline Reform Order*. FCC's Lifeline reforms not addressed in this Resolution will be addressed by the CPUC at a later time.

[3] Decision 84-11-028 established the original version of General Order 153.

About 20 years later, the Federal Communications Commission (FCC) adopted federal certification and verification procedures, requiring states, under certain circumstances, to also establish application and renewal procedures to minimize potential abuse of the federal Lifeline program.[4] In response, on April 7, 2005, the CPUC issued D.05-04-026 and adopted a process of income certification and annual verification, adopted means-tested program-based eligibility to facilitate participation in the program by all eligible consumers, authorized two options for low-income households - income documentation or program-based eligibility - to qualify for the California LifeLine Program, and determined that the application and renewal processes be performed by the California LifeLine Administrator. On July 1, 2006, the CPUC implemented new California LifeLine processes to determine consumers' eligibility for the California LifeLine discounts to comply with the FCC's rules and to continue to receive federal Lifeline/Link-Up funds.

In August, 2008, the CPUC adopted pre-qualification requirements in D.08-08-029 whereby consumers applying for their discounts must be approved for the program by the third-party administrator before they are eligible for the California LifeLine discounts. The CPUC made this policy change in response to back-billing issues that some consumers experienced. The CPUC discovered that many applicants that were denied from the California LifeLine Program incurred large back-bills, were unable to pay them and were forced to terminate their telephone service altogether as a result. In order to prevent this from occurring, consumers must now – under the pre-qualification rules - sign up for regular telephone service and pay for that service until they are approved for the California LifeLine Program. Once they are approved, carriers are required to refund back to those customers the difference between the regular rates that their customers paid and the California LifeLine discounted rates.

In D.08-08-029, the CPUC also required carriers to offer interest-free installment payment plans to help consumers pay for any applicable up-front costs (service installation fee and deposits) of establishing basic telephone service.

Two years later in November 2010, the CPUC issued D.10-11-033 in which it made additional changes to the California LifeLine Program and adopted the following measures:

- Adopted a new methodology for providing California LifeLine discounts to customers in response to technological advances and regulatory changes in the telecommunications industry;

[4] *FCC Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (released April 29, 2004.)

- Delinked the California LifeLine rates from AT&T's basic rate structure;
- Set a specific support amount at 55% of the highest basic rate of the State's uniform regulatory framework carriers of last resort;[5]
- Capped each phone company's LifeLine rates at no more than 50% of its basic service rate;
- Instituted a maximum California LifeLine rate of $6.84 for most consumers until December 31, 2012 and a minimum rate of $5 (Enhanced Lifeline participants can be charged less.);
- Expanded California LifeLine to include data services for consumers receiving wireless equipment via the Deaf and Disabled Telecommunications Program (DDTP); and
- Reiterated that non-traditional phone companies may offer LifeLine service on a voluntary basis.

As of May 2012, about 1,536,000 households participated in the California LifeLine Program while approximately 115,000 households participated in the federal Lifeline program for a combined total of roughly 1,651,000 households receiving landline or wireless phone discounts.[6]

B. FCC's *Lifeline Reform Order*

On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking for the federal Lifeline/Link-Up Program. The *Lifeline Reform Order* comprehensively reforms and modernizes the federal Lifeline program as follows: (1) substantially strengthens protections against waste, fraud, and abuse; (2) improves Lifeline program administration and accountability; (3) improves customer enrollment into the Lifeline program; (4) improves customer disclosures; (5) initiates modernization of the Lifeline program by transitioning the Universal Service Fund (USF) from supporting standalone telephone service to broadband; and (6) constrains the growth of the federal Lifeline program in order to reduce the burden on all that contribute to USF.

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[5] Resolution T-17337 changed the start date of the SSA from July 1, 2011 to December 1, 2011.

[6] For more information about participation numbers and complaint data for both programs, go to http://www.cpuc.ca.gov/PUC/Telco/Public+Programs/info.htm.

These reforms have resulted in the following modifications to the federal Lifeline program rules:

- Changes in initial and annual certification requirements;
- Changes in eligibility requirement from one subscription/discount-per-address to one subscription/discount-per-household;
- Changes in Lifeline reimbursements from a four-tier support system to a uniform federal flat rate amount of $9.25;
- Creation of a national Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscribers;
- Gradual elimination of federal support for toll limitation service;
- Elimination of the automatic enrollment for consumer qualifying under program-based eligibility;
- Elimination of federal Link Up support on non-tribal lands[7] that are served by eligible telecommunications carriers (ETCs) participating in both the federal Lifeline and high-cost programs;
- Adoption of an independent audit requirements for carriers that receive more than $5 million in annual federal support; and
- Adoption of new data requirements from new and enrolled program participants for eligibility.

The FCC required ETCs and state commissions to implement these changes by certain compliance dates varying from April, 2012 to December, 2013.

On April 26, 2012, the CPUC filed a Petition for Waiver with the FCC and requested the following deviations from the *Lifeline Reform Order*: (1) a waiver from 47 C.F.R. § 54.410(e) which requires state administrators to provide to ETCs a copy of the certification forms that they collect from the ETCs' subscribers; (2) a twelve-month extension of time to comply with 47 C.F.R. § 54.410(f) annual re-certification requirements; (3) a seven-month extension of time

[7] Link Up support will continue to be available to consumers on tribal lands.

to comply with 47 C.F.R. § 54.410(d) data collection (the last four digits of the social security number, Tribal identification, and date of birth) requirements; and (4) a seven-month extension of time to comply with 47 C.F.R. § 54.410(d) and 47 C.F.R. § 54.410(g) temporary address requirements.[8] The CPUC predicated our actions with regard to the annual renewal process, data collection, and temporary addresses in this Resolution upon the FCC granting the CPUC's waiver requests.

On May 31, 2012, the FCC issued a Waiver Order[9] ruling on the CPUC's Petition for Waiver. In the Waiver Order, the FCC extended the deadlines by which the CPUC would be required to comply with 47 C.F.R. § 54.410(e), 47 C.F.R. § 54.410(d), and 47 C.F.R. § 54.410(f) to December 1, 2012, January 31, 2013, and December 31, 2013, respectively. As to the CPUC's request for an extension of time to comply with 47 C.F.R. § 54.410(g) temporary address requirements, the FCC denied the CPUC's request on the basis that the request was premature because it has not sought Paper Reduction Action approval for the temporary address recertification requirements and thus, the effective date for this rule has not yet been set.

III. DISCUSSION:

A. Starting on June 1, 2012, consumers applying for the California LifeLine Program under the Program-Based criterion will be required to provide supporting documentation.

The FCC, in the *Lifeline Reform Order*, changed the documentation requirements for Lifeline program eligibility. Prior to the *Lifeline Reform Order*, only applicants applying under the Income-Based criterion were required to submit documents to demonstrate their eligibility. Under the FCC's amended rules – Section 54.410(c) – the FCC now also requires applicants applying under the Program-Based criterion to submit documents to demonstrate their eligibility. This requirement went into effect on June 1, 2012.

According to Section 54.410(c)[10] of the FCC's amended rules, acceptable documentation of eligibility under the Program-Based criterion "includes the current or prior year's statement of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official

[8] *See* CPUC's Petition for Waiver, filed April 26, 2012 with the FCC; WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45.
[9] *Lifeline and Link Up Reform and Modernization et al.*, Waiver Order, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, FCC 12-11 (rel. May 31, 2012).
[10] References to the FCC's amended rules refer to 47 C.F.R. § 54.400 *et seq.*

document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program."

Accordingly, in compliance with Section 54.410(c) rules, applicants qualifying under the Program-Based criterion will be required to provide documentation in support of their application. Starting on June 1, 2012, the California LifeLine application forms will include this new requirement and any applicant who fails to provide the supporting documents will not be approved for the program.

To implement Section 54.410(c), we authorize the Communications Division (CD) to modify GO 153, Section 5 – Eligibility Criteria for Obtaining and Retaining California LifeLine – to conform to the FCC's amended certification documentation rules for Program-Based criterion eligibility by an administrative letter as soon as practicable.

B. All California LifeLine participants will be allowed to renew their annual eligibility by self-certifying, under penalty of perjury, that they continue to meet the eligibility requirements.

Under the *Lifeline Reform Order*, states are no longer required to obtain documentation from any of the enrolled participants for their annual re-certification of eligibility. Under Section 54.410(f) of the FCC's amended rules, ETCs and/or states, where applicable, are allowed to renew a participant's enrollment by obtaining a signed renewal form from the participant attesting that he/she meets the program eligibility requirements. This rule went into effect on June 1, 2012.

The CPUC's current annual renewal process[11] allows a majority (97%) of California LifeLine participants to self-certify, under penalty of perjury, that they continue to meet the eligibility requirements to remain in the California LifeLine Program. But, the remaining 3% of California LifeLine participants are required to submit documentation that demonstrates their continued eligibility to remain in the California LifeLine Program. If they fail to submit the supporting documentation, they are removed from the program.

In compliance with Section 54.410(f) of the FCC's rules, we eliminate the annual audits and will no longer require 3% of the participants undergoing the renewal process to submit written proof of eligibility. Instead, California LifeLine participants will be allowed to renew their annual eligibility by self-certifying, under penalty of perjury, that they meet the

[11] Decision 84-04-053 established the requirement for California LifeLine participants to submit a form on an annual basis to re-certify eligibility.

certification requirements. We authorize CD staff to modify GO 153, Section 5.5, to conform to Section 54.410(f) of the FCC's amended rules by an administrative letter as soon as practicable.

C. The current program's definition of "Household" in General Order 153 will be modified to mirror the FCC's definition of "Household".

In the *Lifeline Reform Order*, the FCC changed its "one-per-residential address" rule to "one-per-household." The FCC made this change to allow persons living in non-traditional facilities, such as group living facilities and Tribal communities to enroll in the Lifeline program.[12] This change also allows multiple households that share the same service address to receive California LifeLine discounts if they meet the FCC's "Household" definition. Under Section 54.400(h) of the FCC's amended rules, "Household" is defined as follows:

> A "household" is any individual or group of individuals who are living together at the same address as one economic unit. A household may include related and unrelated persons. An "economic unit" consists of all adult individuals contributing to and sharing in the income and expenses of a household. An adult is any person eighteen years or older. If an adult has no or minimal income, and lives with someone who provides financial support to him/her, both people shall be considered as part of the same household. Children under the age of eighteen living with their parents or guardians are considered to be part of the same household as their parents or guardians.

The California LifeLine Program already operates under the "one discount-per-household" rule. However, in order to further strengthen and clarify our LifeLine program definitions, we authorize CD staff to modify the current definition of "household" in GO 153 to mirror the FCC's definition of "household" – by elaborating the term "economic unit" – through an administrative letter. We also authorize CD staff to incorporate the requirements associated with the FCC's Lifeline Household Worksheet[13] into our California LifeLine application and renewal forms.

[12] *Id.* at paras. 72- 75.
[13] *Id.* at paras. 78-79.

D. The annual renewal process will be suspended beginning June 1, 2012.

Because we are currently transitioning to a new third-party administrator, we will be suspending the annual renewal process beginning June 1, 2012, and will resume the process by October 31, 2012. California LifeLine subscribers' eligibility to receive their California LifeLine discounts on their phone service will not be affected as a result of this temporary suspension.

E. Application and renewal forms will be modified to conform to the FCC's requirements.

Under Section 54.410(d) of the FCC's amended rules, consumers are now required to provide to ETCs and state administrators information about their housing status (permanent or temporary), their last four digits of the customer's Social Security Number (SSN) or Tribal Identification (ID) Number and their date of birth (DOB), in addition to the standard required information - such as the full name, service address, billing address if different than the service address, etc. - in order to qualify for and remain in the program. This rule went into effect on June 1, 2012.

In compliance with this data collection requirement, beginning June 1, 2012, our revised California LifeLine application forms provide spaces in which all new applicants can choose to provide the last four digits of their SSN (or a Tribal Identification number) and their DOB.

As to existing customers, we plan to modify the California LifeLine Program's renewal forms to conform to the FCC's new data collection requirements at a later time when we resume the renewal process. By February 1, 2012, all renewal forms and application forms will be updated to contain the required FCC information: housing status, DOB, and last four digits of the SSN (or Tribal Identification number).

California LifeLine applicants and participants renewing their eligibility between June 1, 2012 and January 31, 2013, will not be denied for failure to provide DOB, housing status information, or last four digits of their SSN (or Tribal Identification number). After January 31, 2013, we will deny eligibility to California LifeLine applicants and participants who have failed to provide the FCC required information.

F. We clarify the calculation of the California LifeLine specific support amount (SSA) in light of the new federal flat rate support amount.

In the *Lifeline Reform Order,* the FCC made significant changes to the federal Lifeline support structure and amount. The FCC eliminated the four-tiered federal support structure and replaced it with a uniform flat rate amount as follows:

Old federal Lifeline Support Amounts:

- Tier 1 - up to a maximum of $6.50 for each qualifying consumer (also known as subscriber line charge (SLC) or end-user common line charge (EUCL));
- Tier 2 - $1.75 if ETCs pass through the full amount of support to qualifying consumers;
- Tier 3 - up to a maximum of $1.75 if ETCs pass through the full amount of support to qualifying consumers; and
- Tier 4 - $25 available to subscribers living on Tribal lands

New Federal Lifeline Support Amounts:

- Elimination of Tiers 1, 2 and 3 with a flat rate of $9.25 per line per month for all applicable ETCs providing service in non-Tribal lands; and
- Tier 4 will continue to be available to subscribers on Trial lands

In D.10-11-033, the CPUC adopted the Specific Support Amount (SSA) method for determining how the California LifeLine subsidy amount should be calculated. The SSA method is based on the FCC's four-tiered federal support structure. Because the FCC eliminated the federal four-tiered support and replaced it with a new flat rate support amount of $9.25, we clarify here that service providers may recover the Lost Revenues up to the adopted SSA where Basic Service Rate plus end user common line charge (EUCL) less Lifeline Rate less Federal Support equals the Lost Revenues. But, we will no longer allow service providers to claim a separate EUCL amount. In addition, limitations relating to the underlying ILEC rates and the $5.00 minimum LifeLine rate still apply. See the following table for examples of the SSA calculations.

1. SSA Calculation (ETC Examples)

(Col B)	(Col C)	(Col D)	(Col E)	(Col F)	(Col G)	(Col H)	(Col I)	(Col J)	(Col K)	(Col L)	(Col M)
Type of Service	Bundled Rate	Regular Basic Service Rate	EUCL	California LifeLine Rate	Bundled Rate w/ CaLL Discount	Federal Support Amount $9.25	Lost Revenue (Col D + E - F - H)	Maximum SSA: $11.50	Eligible for Reimbursement (Lesser of Col I or J)	EAS Additional Support	State Reimbursement Amount per Subscriber (Col K + L)
Flat		$21.50	$4.50	$6.11		$9.25	$10.64	$11.50	$10.64	$0.00	$10.64
		$10.00	$4.50	$5.00		$9.25	$0.25	$12.50	$0.25	$0.00	$0.25
Bundled	$45.00	$21.50	$4.50	$6.11	$29.61	$9.25	$10.64	$11.50	$10.64	$0.00	$10.64
Bundled	$45.00	$10.00	$4.50	$5.00	$40.00	$9.25	$0.25	$11.50	$0.25	$0.00	$0.25
Measured		$19.40	$4.50	$2.50		$9.25	$12.15	$11.50	$11.50	$0.00	$11.50

2. SSA Calculation (Non-ETC Examples)

(Col B)	(Col C)	(Col D)	(Col E)	(Col F)	(Col G)	(Col H)	(Col I)	(Col J)	(Col K)	(Col L)	(Col M)
Type of Service	Bundled Rate	Regular Basic Service Rate	EUCL	California LifeLine Rate	Bundled Rate w/ CaLL Discount	Federal Support Amount	Lost Revenue (Col D + E - F - H)	Maximum SSA: ($11.50 + $9.25 = $20.75)	SSA Eligible for Reimbursement (Lesser of Col I or J)	EAS Additional Support 2	State Reimbursement Amount per Subscriber (Col K + L)
Flat		$21.50	$4.50	$6.11		$0.00	$19.89	$20.75	$19.89	$0.00	$19.89
Bundled	$45.00	$21.50	$4.50	$6.11	$29.61	$0.00	$19.89	$20.75	$19.89	$0.00	$19.89
Bundled	$45.00	$10.00	$4.50	$5.00	$40.00	$0.00	$9.50	$20.75	$9.50	$0.00	$9.50
Measured		$19.40	$4.50	$2.50		$0.00	$21.40	$20.75	$20.75	$0.00	$20.75

Note: Bundled Service must include Basic Service. LifeLine support applies only to the Basic Service element of Bundled service.

G. The California LifeLine Program's de-enrollment rules will be modified to conform to the FCC's de-enrollment rules.

In Section 54.405 of the FCC's amended rules, the FCC adopted a set of de-enrollment rules to ensure that ineligible subscribers are de-enrolled from the federal Lifeline program on a timely basis. Subsection (e) of this rule states as follows:

> (1) ETCs must terminate any subscriber who fails to demonstrate continued eligibility within the 30-day time period;
>
> (2) If a subscriber is receiving more than one Lifeline subscription, the ETC must notify the subscriber and de-enroll the subscriber from the program within five business days of the notice;
>
> (3) ETCs must terminate subscribers that do not use the Lifeline service for 60 consecutive days after providing notice and time to cure the non-usage; and
>
> (4) ETCs must also de-enroll subscribers that fail annual or temporary address re-certification requirements.

The California Lifeline Program's current de-enrollment rules are conceptually similar to the FCC's newly adopted de-enrollment rules. Section 5.3 of GO 153, prohibits service providers from knowingly enrolling or knowingly allowing customers that do not meet the eligibility requirements to remain in the California LifeLine Program. Additionally, California LifeLine participants must certify their continued eligibility on an annual basis in order to remain in the program.

In compliance with the FCC's de-enrollment rules, we authorize CD staff to modify GO 153 de-enrollment rules to conform to Section 54.405 of the FCC's Lifeline rules through an administrative letter. However, this Resolution does not change the timeframes and notifications currently in place for the California LifeLine Program's enrollment processes.

H. We clarify GO 153 reimbursement rules for Service Connection Charges in light of the FCC's elimination of the federal Link-Up support.

In the *Lifeline Reform Order*, the FCC eliminated Link-Up support on non-Tribal lands for all ETCs.[14] Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, we allow carriers (ETCs and non-ETCs) offering California LifeLine service to recover service connection charges from the California LifeLine Fund. California LifeLine participants pay the lower of $10.00 or 50% of the California LifeLine service provider's service connection charge.

With the FCC's elimination of the Link-Up support on non-Tribal lands, the California LifeLine Fund will be the only funding source for the service connection charge for ETCs and non-ETCs.[15] We clarify here that ETCs and non-ETCs will be able to recover amounts above $10 (or 50% of the provider's rate, whichever is lower) for service connection charges from the California LifeLine Fund until further directed by the Commission.

I. Carriers may recover information technology (IT)-related expenses resulting from the CPUC's change in the California LifeLine Administrator.

We are currently in the process of switching to a new third-party administrator for the California LifeLine Program. This transition has resulted in carriers having to make certain changes to their IT systems. To compensate for the expenses resulting from these changes, we will allow carriers to recover incremental IT-related costs associated with the data exchange between the new California LifeLine Administrator and the carriers.[16] Carriers may claim these incremental LifeLine related costs as one-time implementation cost on Line 10 of the claim form.[17] All other incremental LifeLine- related expenses may be reported as administrative expenses. However, any expenses associated with implementing the changes required by the FCC's *Lifeline Reform Order*, will not be reimbursable from the California LifeLine Fund.

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[14] *Id.* at paras. 245 and 253.

[15] Resolution T-16128, issued on March 12, 1998, directed that ETCs must first offset recoverable expenses from the federal Lifeline program prior to making a claim against the California LifeLine Fund.

[16] GO 153 sets forth the rules by which all service providers must follow to file claims and to be reimbursed for those claims. At this time, GO 153 does not need to be augmented to enable proper processing and payment of claims or to prevent fraud, waste, or abuse. Communications Division staff will perform these functions accordingly using the current claims process.

[17] The claim form will remain essentially the same, but some modifications of the column titles in supporting tables will be made to account for the elimination of the four-tiers for federal support. Claim forms are public documents and can be made available.

J. Other Administrative Changes

In addition to the changes discussed in this Resolution, the FCC adopted a number of other changes to the federal Lifeline program in the *Lifeline Reform Order*. We direct CD staff to handle those changes in the following manner:

- Any non-substantive/ministerial changes to the California LifeLine Program's rules - such as adding Federal Distribution Program on Indian Reservations (FDPIR) to the list of programs that are eligible for the California LifeLine service – may continue to be made by CD staff through an administrative letter on an on-going basis as needed.

- Any substantive changes – such as determining who will collect the new data required by the FCC (e.g. housing status, last four digits of the SSN, Tribal ID and date of birth) and how these data elements will be collected – should be addressed through a separate resolution.

IV. NOTICE:

Notice of Resolution T-17366 was published in the Commission Daily calendar on May 22, 2012 and mailed to the service list of Rulemaking (R.) 06-05-028 and R. 11-03-013, the California LifeLine Administrative Committee, the California LifeLine Working Group, and all telecommunications carriers in California.

V. COMMENTS ON DRAFT RESOLUTIONS:

In compliance with PU Code §311(g), copies of the draft resolution were mailed on May 22, 2012 to the parties of record in R. 06-05-0218, R. 11-03-013, the California LifeLine Administrative Committee, the California LifeLine Working Group, and all carriers providing telephone service in California. Parties were asked to submit opening comments on June 6, 2012, and reply comments on June 11, 2012, in accordance with the Notice of Availability dated May 22, 2012.

On June 6 and 7, 2012, we received Opening Comments from AT&T, SureWest and Small LECs, Division of Ratepayer Advocates, Cox California Telcom, LLC, dba Cox Communications, Nexus Communications, Inc., Joint Consumers, and Cricket Communications, Inc.

On June 7, 2012, Nexus Communications, Inc. requested leave to file comments in excess of the five-page limit. On June 8, 2012, the Communications Division granted Nexus' request.

On June 11, 2012, we received Reply Comments from AT&T, SureWest and Small LECs, Joint Consumers, Cox California Telcom, LLC, dba Cox Communications, Nexus Communications, Inc., Division of Ratepayer Advocates, and Verizon.

On June 14, 2012, AT&T claimed that Cricket Communications, Inc. and Nexus Communications, Inc. did not serve AT&T with their Opening Comments, and thus "was not given the opportunity to respond to their proposal."[18] On June 15, 2012, Cricket and Nexus provided evidence that they each served a copy of their Opening Comments to AT&T. Based on Cricket's and Nexus' response, we find no evidence that Cricket and Nexus failed serve AT&T with their Opening Comments.

We have reviewed the parties' Opening Comments and Reply Comments and have made the changes that we deem necessary throughout this Resolution. We also highlight below some of the key issues that the parties' have raised in their comments. The actions we take in this Resolution are consistent with the FCC's *LifeLine Reform Order* and the FCC's *Waiver Order*.

AT&T in its Opening Comments states that, if the CPUC requires service providers to incur information technology (IT) related costs in order to comply with the FCC's *LifeLine Reform Order* even when there is an alternate method of compliance that will not lead to any carrier IT costs, the California LifeLine Fund should reimburse service providers.[19] We decline to adopt AT&T's recommendation as it is too vague and broad. Consistent with GO 153, the Communications Division staff will continue to address through the claims process any future expenses that service providers seek to have reimbursed. We reiterate that any expenses associated with implementing the changes required by the FCC's *Lifeline Reform Order* will not be reimbursable from the California LifeLine Fund.

Parties have also submitted comments on issues such as determining who will collect the new personal data information (applicant's housing status, last four digits of SSN or Tribal ID and DOB) from applicants, the California LifeLine Fund's viability, and ways to streamline the California LifeLine Program's enrollment processes including, but not limited to the use of a savings coupon and exploring the best practices within California and around the nation for streamlining public assistance programs. We plan to address these issues in the near future through workshops, subsequent resolutions and the California LifeLine Rulemaking (R.) 11-03-013 proceeding as applicable.

[18] Agnes Ng's e-mail dated June 14, 2012.
[19] AT&T Opening Comments, p.5.

Additionally, we find that Cricket's and Nexus' proposal to allow service providers to give the application forms directly to consumers and to submit the application forms to the California LifeLine Administrator deserves consideration. The CPUC supports innovation, and encourages stakeholders, including the administrative committees the Commission supports e.g., Universal Lifeline Telephone Service Administrative Committee and Low Income Oversight Board, to recommend ways to streamline the California LifeLine Program. However, we need to study the implementation, technical, logistical, and regulatory issues associated with the Cricket/Nexus proposal before making a policy decision that would affect ***all*** service providers.

We see no immediate need to make a policy decision now and to implement Cricket/Nexus proposal because the current process that we have in place already allows the service providers to assist consumers with filling out the application and allows the consumers to receive the form from the California LifeLine Administrator in a relatively short period of time. The California LifeLine Administrator mails out the application forms via first-class mail to consumers within one day of receiving the consumer's information from the service providers. The response time depends primarily on how quickly an applicant submits a completed and signed application with the required documentation, and not on the time it takes for the California LifeLine Administrator to send out the forms. Additionally, the mailing address is based on the information a service provider gives to the California LifeLine Administrator, thus any address information errors are tied to the information the service provider submits to the California LifeLine Administrator.

All service providers can assist their customers *now* by providing them with program information and helping them with the submission of their forms. Some examples, which are consistent with the Cricket/Nexus proposal, include, but are not limited to, the following:

- Informing consumers where they can access computers, copy machines, scanning machines, etc.;
- If a service provider has computers, copy/scanning machines, and/or internet access in its retail stores, then it can provide consumers with access to them so that consumers can apply online;
- If a service provider has retail stores, its sales representatives can help customers gather all of the required documentation; and
- Call center customer service representatives can walk consumers through the online or paper form.

Because we find merit in Cricket/Nexus' proposal, we direct Communications Division staff to begin discussing their proposal at the next Working Group conference call immediately after this Resolution is approved. We also direct Communications Division staff to schedule

workshops in the near future to study Cricket/Nexus' proposal, and to explore ways to streamline the California LifeLine Program's enrollment process.

VI. FINDINGS OF FACT/CONCLUSIONS OF LAW:

1. Former State Assembly Member Gwen Moore sponsored Assembly Bill (AB) 1348 in 1983, which created the Moore Universal Telephone Service Act (Moore Act) of which the Legislature enacted on July 16, 1987.

2. The purpose of the Moore Act is to provide low-income households with access to affordable basic residential telephone service.

3. In 1984, in D. 84-04-053, the CPUC established the Universal LifeLine Telephone Service Program to comply with California Public Utilities Code[20] § 871.[21]

4. The Federal Communications Commission (FCC) adopted federal certification and verification procedures, and required states, under certain circumstances, to also establish application and renewal procedures to minimize potential abuse of the federal Lifeline program.[22]

5. In D. 05-04-026, the Commission adopted a process of income certification and annual verification, adopted means-tested program-based eligibility to facilitate participation in the program by all eligible consumers, and authorized two options for low-income households - income documentation or program-based eligibility - to qualify for the California LifeLine Program.

6. On July 1, 2006, the CPUC implemented new California LifeLine processes to determine consumers' eligibility for the California LifeLine discounts.

7. In D. 08-08-029, the CPUC adopted pre-qualification requirements whereby consumers applying for their discounts must be approved for the program by the third-party administrator before they are eligible for the LifeLine discounts.

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[20] California Public Utilities Code is available online at: http://www.leginfo.ca.gov/calaw.html.

[21] Decision 84-11-028 established the original version of General Order 153.

[22] *FCC Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (released April 29, 2004.)

8. In D.08-08-029, the CPUC required carriers to offer interest-free installment payment plans to help consumers pay for any applicable up-front costs (service installation fee and deposits) of establishing basic telephone service.

9. In D. 10-11-033, the Commission adopted a new methodology – specific support amount - for providing California LifeLine discounts to customers in response to technological advances and regulatory changes in the telecommunications industry.

10. In D.10-11-033, the Commission delinked the California LifeLine rates from AT&T's basic rate structure.

11. In D.10-11-033, the Commission set a specific support amount at 55% of the highest basic rate of the State's uniform regulatory framework carriers of last resort.

12. In D.10-11-033, the Commission instituted a maximum California LifeLine rate of $6.84 for most consumers until December 31, 2012 and a minimum rate of $5 (Enhanced Lifeline participants can be charged less).

13. In D.10-11-033, the Commission expanded California LifeLine to include data services for consumers receiving wireless equipment via the Deaf and Disabled Telecommunications Program (DDTP).

14. In D.10-11-033, the Commission held that non-traditional phone companies may offer LifeLine service on a voluntary basis.

15. On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking for the federal Lifeline/Link-Up Program *(Lifeline Reform Order)* to substantially strengthen protections against waste, fraud, and abuse; to improve Lifeline program administration and accountability; to improve customer enrollment into the Lifeline program; to improve customer disclosures; to initiate modernization of the Lifeline program by transitioning the Universal Service Fund (USF) from supporting standalone telephone service to broadband; and to constrain the growth of the Lifeline program in order to reduce the burden on all that contribute to USF.

16. In the *Lifeline Reform Order,* the FCC changed the initial and annual certification requirements.

17. In the *Lifeline Reform Order,* the FCC changed eligibility requirements from one subscription/discount-per-address to one subscription/discount-per-household

18. In the *Lifeline Reform Order,* the FCC changed Lifeline reimbursements from a four-tier support system to a uniform federal flat rate amount of $9.25.

19. In the *Lifeline Reform Order,* the FCC created a national Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscribers.

20. In the *Lifeline Reform Order,* the FCC adopted a gradual elimination of federal support for toll limitation service.

21. In the *Lifeline Reform Order,* the FCC eliminated automatic enrollment for consumers qualifying under program-based eligibility.

22. In the *Lifeline Reform Order,* the FCC eliminated the federal Link-Up support on non-tribal lands that are served by eligible telecommunications carriers (ETCs) participating in both the federal Lifeline and high-cost program.

23. In the *Lifeline Reform Order,* the FCC adopted independent audit requirements for carriers that receive more than $5 million in annual federal support.

24. In the *Lifeline Reform Order,* the FCC adopted additional data collection requirements for new and enrolled program participants for eligibility.

25. Under Section 54.410(c) of the FCC's amended rules, applicants applying under the Program-Based criterion are required to submit documents to demonstrate their eligibility.

26. Under Section 54.410(c) of the FCC's amended rules, acceptable documentation of eligibility under the Program-Based criterion includes the current or prior year's statement of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program.

27. Under Section 54.410(f) of the FCC's amended rules, ETCs and/or states, where applicable, are permitted to renew a participant's enrollment by obtaining a signed renewal form from the participant attesting that he/she meets the program eligibility requirements.

28. The CPUC's current annual renewal process allows a majority (97%) of California LifeLine participants to self-certify, under penalty of perjury, that they continue to meet the eligibility requirements to remain in the California LifeLine Program. Three percent (3%) of California LifeLine participants are required to submit documentation that demonstrates their eligibility to remain in the California LifeLine Program.

29. In the *Lifeline Reform Order*, the FCC changed its "one-per-residential address" rule to "one-per-household."

30. The California LifeLine Program uses "one-per-household" rule.

31. Under Section 54.410(d) of the FCC's amended rules, ETCs and state Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber's eligibility for Lifeline must acquire information such as the applicant's housing status (permanent or temporary), the last four digits of SSN or Tribal ID and DOB.

32. Beginning June 1, 2012, California LifeLine application forms will require all new applicants to provide their last four digits of the SSN or Tribal ID and DOB.

33. California LifeLine renewal forms will be updated by October 31, 2012 to include DOB, temporary address identification, last 4 digits of the SSN or Tribal ID.

34. The FCC eliminated the four-tiered federal support structure and replaced it with a uniform flat rate amount of $9.25.

35. In Section 54.405 of the FCC's amended rules, the FCC adopted de-enrollment rules to ensure that ineligible subscribers are de-enrolled from the federal Lifeline program.

36. Under GO 153, Section 5.3, carriers are prohibited from knowingly enrolling or knowingly allowing customers that do not meet the eligibility requirements to remain in the California LifeLine Program.

37. Under GO 153, customers must certify their continued eligibility on an annual basis in order to remain in the program.

38. In the *Lifeline Reform Order*, the FCC eliminated Link-Up support on non-Tribal lands for all ETCs.

39. Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, carriers (ETCs and non-ETCs) are authorized to recover service connection charges from the LifeLine Fund.

40. Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, California LifeLine participants pay the lower of $10.00 or 50% of the California LifeLine service provider's service connection charge.

41. California is currently transitioning to a new third-party administrator.

THEREFORE, IT IS ORDERED that:

1. Beginning June 1, 2012, all consumers applying for the California LifeLine Program under the Program-Based criterion are required to provide supporting documentation.

2. The annual audits of the 3% of California LifeLine participants undergoing the renewal process are eliminated.

3. All California LifeLine participants are required to renew their annual eligibility by self-certifying, under penalty of perjury, that they meet the certification requirements.

4. CPUC staff shall make the following changes to General Order 153 and program forms, in conformance with this Resolution as soon as practicable:

   a. Documentation requirements for consumers qualifying under the Program-Based criterion;

   b. Adoption of a self-certification method for the annual renewal process;

   c. Elimination of the audits for (3% documentation verification sampling) the annual renewal process;

   d. Modification of the definition of "Household" to mirror the FCC's definition;

   e. Modification of the de-enrollment rules; and

   f. Incorporation of the requirements associated with the FCC's Lifeline Household Worksheet into our California LifeLine application and renewal forms.

5. The California LifeLine annual renewal process shall be suspended beginning June 1, 2012 and shall be resumed by October 31, 2012.

6. Beginning June 1, 2012 and extending through January 31, 2013, California LifeLine applicants and current California LifeLine participants submitting forms without the date of birth, temporary address, and last 4 digits of the SSN (or Tribal Identification number) will not be denied eligibility for LifeLine discounts.

7. Effective February 1, 2013, new California LifeLine applicants and California LifeLine participants trying to renew their participation will be denied eligibility if they fail to provide their date of birth, housing status, and last 4 digits of the SSN (or Tribal Identification number).

8. Carriers may recover incremental LifeLine-related information technology-related costs resulting from the change in CPUC's California LifeLine Administrator as one-time implementation cost on their claim form.

9. California LifeLine service providers shall comply with this Resolution.

10. California LifeLine service providers shall comply with the revisions to GO 153.

11. The Communications Division staff has the authority to revise administrative procedures and rules as necessary consistent with this Resolution to ensure the efficient operation of the California LifeLine Program.

12. The Communications Division staff shall begin discussing Cricket's and Nexus' LifeLine enrollment proposal at the next Working Group conference call immediately after this Resolution is approved.

13. The Communications Division staff shall schedule workshops to study Cricket's and Nexus' proposal, and to explore ways to streamline the California LifeLine Program's enrollment process.

This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 12, 2012. The following Commissioners approved it:

PAUL CLANON
Executive Director

Redlined Version

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division
Consumer Programs Branch

RESOLUTION T- 17366
~~June 21,~~July 12, 2012

RESOLUTION

RESOLUTION T- 17366 - MODIFICATIONS TO THE CALIFORNIA LIFELINE PROGRAM RULES – GENERAL ORDER 153 - IN COMPLIANCE WITH THE FEDERAL COMMUNICATIONS COMMISSION'S LIFELINE/LINK-UP REFORM ORDER (FCC 12-11).

I. SUMMARY:

In this Resolution, the California Public Commission (CPUC or Commission) modifies a number of California LifeLine Program (California LifeLine) rules and procedures as set forth in General Order (GO) 153 in order to comply with the recently-adopted Federal Communications Commission's (FCC) *Lifeline Reform Order*.[1]

We make the following changes to the California LifeLine Program rules:

1. Beginning June 1, 2012, consumers applying for the California LifeLine Program under the Program-Based criterion will be required to provide supporting documentation in order to qualify for the program;

2. A self-certification method will be instituted for the annual renewal process for all California LifeLine Program participants going forward;

3. The auditing (3% documentation verification sampling) of the annual renewal process will be eliminated;

4. The California LifeLine Program's definition of "Household" will be modified to mirror the FCC's definition of "Household" by elaborating the term "economic unit";

[1] *Lifeline and Link Up Reform and Modernization et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, FCC 12-11 (rel. Feb. 6, 2012) (*Lifeline Reform Order*).

5. The California LifeLine Program's annual renewal process will be suspended beginning June 1, 2012. The annual renewal process will resume by October 31, 2012;

6. Application and renewal forms will be modified to conform to the FCC's Lifeline program requirements.

7. Calculation of the California LifeLine's specific support amount (SSA) is clarified in light of the FCC's new federal flat rate support amount;

8. The California LifeLine's de-enrollment rules will be modified to conform to the FCC's de-enrollment rules[2];

9. Reimbursement of the service connection charge from the California LifeLine fund is clarified in light of the FCC's elimination of the federal Link-Up support; and

10. Carriers may recover incremental information technology (IT) -related expenses resulting from the CPUC's change of its California LifeLine Administrator.

II. BACKGROUND:

A. California LifeLine Program

Former State Assembly Member Gwen Moore sponsored Assembly Bill (AB) 1348 in 1983, which created the Moore Universal Telephone Service Act (Moore Act) of which the Legislature enacted on July 16, 1987. The purpose of the Moore Act is to provide low-income households with access to affordable basic residential telephone service. The Moore Act "was intended to offer high quality basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service." Prior to the Moore Act's enactment, in 1984, the CPUC established the Universal LifeLine Telephone Service Program in Decision (D.) 84-04-053.[3]

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[2] This Resolution does not include all of the changes the CPUC plans to make to the California LifeLine Program to comply with the FCC's *Lifeline Reform Order*. FCC's Lifeline reforms not addressed in this Resolution will be addressed by the CPUC at a later time.

[3] Decision 84-11-028 established the original version of General Order 153.

About 20 years later, the Federal Communications Commission (FCC) adopted federal certification and verification procedures, requiring states, under certain circumstances, to also establish application and renewal procedures to minimize potential abuse of the federal Lifeline program.[4] In response, on April 7, 2005, the CPUC issued D.05-04-026 and adopted a process of income certification and annual verification, adopted means-tested program-based eligibility to facilitate participation in the program by all eligible consumers, authorized two options for low-income households - income documentation or program-based eligibility - to qualify for the California LifeLine Program, and determined that the application and renewal processes be performed by the California LifeLine Administrator. On July 1, 2006, the CPUC implemented new California LifeLine processes to determine consumers' eligibility for the California LifeLine discounts to comply with the FCC's rules and to continue to receive federal Lifeline/Link-Up funds.

In August, 2008, the CPUC adopted pre-qualification requirements in D.08-08-029 whereby consumers applying for their discounts must be approved for the program by the third-party administrator before they are eligible for the California LifeLine discounts. The CPUC made this policy change in response to back-billing issues that some consumers experienced. The CPUC discovered that many applicants that were denied from the California LifeLine Program incurred large back-bills, were unable to pay them and were forced to terminate their telephone service altogether as a result. In order to prevent this from occurring, consumers must now – under the pre-qualification rules - sign up for regular telephone service and pay for that service until they are approved for the California LifeLine Program. Once they are approved, carriers are required to refund back to those customers the difference between the regular rates that their customers paid and the California LifeLine discounted rates.

In D.08-08-029, the CPUC also required carriers to offer interest-free installment payment plans to help consumers pay for any applicable up-front costs (service installation fee and deposits) of establishing basic telephone service.

Two years later in November 2010, the CPUC issued D.10-11-033 in which it made additional changes to the California LifeLine Program and adopted the following measures:

- Adopted a new methodology for providing California LifeLine discounts to customers in response to technological advances and regulatory changes in the telecommunications industry;

[4] *FCC Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (released April 29, 2004.)

- Delinked the California LifeLine rates from AT&T's basic rate structure;
- Set a specific support amount at 55% of the highest basic rate of the State's uniform regulatory framework carriers of last resort;[5]
- Capped each phone company's LifeLine rates at no more than 50% of its basic service rate;
- Instituted a maximum California LifeLine rate of $6.84 for most consumers until December 31, 2012 and a minimum rate of $5 (Enhanced Lifeline participants can be charged less.);
- Expanded California LifeLine to include data services for consumers receiving wireless equipment via the Deaf and Disabled Telecommunications Program (DDTP); and
- Reiterated that non-traditional phone companies may offer LifeLine service on a voluntary basis.

As of May 2012, about 1,536,000 households participated in the California LifeLine Program while approximately 115,000 households participated in the federal Lifeline program for a combined total of roughly 1,651,000 households receiving landline or wireless phone discounts.[6]

B. FCC's *Lifeline Reform Order*

On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking for the federal Lifeline/Link-Up Program. The *Lifeline Reform Order* comprehensively reforms and modernizes the federal Lifeline program as follows: (1) substantially strengthens protections against waste, fraud, and abuse; (2) improves Lifeline program administration and accountability; (3) improves customer enrollment into the Lifeline program; (4) improves customer disclosures; (5) initiates modernization of the Lifeline program by transitioning the Universal Service Fund (USF) from supporting standalone telephone service to broadband; and (6) constrains the growth of the federal Lifeline program in order to reduce the burden on all that contribute to USF.

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[5] Resolution T-17337 changed the start date of the SSA from July 1, 2011 to December 1, 2011.

[6] For more information about participation numbers and complaint data for both programs, go to http://www.cpuc.ca.gov/PUC/Telco/Public+Programs/info.htm.

These reforms have resulted in the following modifications to the federal Lifeline program rules:

- Changes in initial and annual certification requirements;
- Changes in eligibility requirement from one subscription/discount-per-address to one subscription/discount-per-household;
- Changes in Lifeline reimbursements from a four-tier support system to a uniform federal flat rate amount of $9.25;
- Creation of a national Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscribers;
- Gradual elimination of federal support for toll limitation service;
- Elimination of the automatic enrollment for consumer qualifying under program-based eligibility;
- Elimination of federal Link Up support on non-tribal lands[67] that are served by eligible telecommunications carriers (ETCs) participating in both the federal Lifeline and high-cost programs;
- Adoption of an independent audit requirements for carriers that receive more than $5 million in annual federal support; and
- Adoption of new data requirements from new and enrolled program participants for eligibility.

The FCC required ETCs and state commissions to implement these changes by certain compliance dates varying from April, 2012 to December, 2013.

On April 26, 2012, the CPUC filed a Petition for Waiver with the FCC and requested the following deviations from the *Lifeline Reform Order*: (1) a waiver from 47 C.F.R. § 54.410(e) which requires state administrators to provide to ETCs a copy of the certification forms that they collect from the ETCs' subscribers; (2) a twelve-month extension of time to comply with

[67] Link Up support will continue to be available to consumers on tribal lands.

47 C.F.R. § 54.410(f) annual re-certification requirements; (3) a seven-month extension of time to comply with 47 C.F.R. § 54.410(d) data collection (the last four digits of the social security number, Tribal identification, and date of birth) requirements; and (4) a seven-month extension of time to comply with 47 C.F.R. § 54.410(d) and 47 C.F.R. § 54.410(g) temporary address requirements.[78] The CPUC predicated our actions with regard to the annual renewal process, data collection, and temporary addresses in this Resolution upon the FCC granting the CPUC's waiver requests.

On May 31, 2012, the FCC issued a Waiver Order[89] ruling on the CPUC's Petition for Waiver. In the Waiver Order, the FCC extended the deadlines by which the CPUC would be required to comply with 47 C.F.R. § 54.410(e), 47 C.F.R. § 54.410(d), and 47 C.F.R. § 54.410(f) to December 1, 2012, January 31, 2013, and December 31, 2013, respectively. As to the CPUC's request for an extension of time to comply with 47 C.F.R. § 54.410(g) temporary address requirements, the FCC denied the CPUC's request on the basis that the request was premature because it has not sought Paper Reduction Action approval for the temporary address recertification requirements and thus, the effective date for this rule has not yet been set.

III. DISCUSSION:

A. Starting on June 1, 2012, consumers applying for the California LifeLine Program under the Program-Based criterion will be required to provide supporting documentation.

The FCC, in the *Lifeline Reform Order*, changed the documentation requirements for Lifeline program eligibility. Prior to the *Lifeline Reform Order*, only applicants applying under the Income-Based criterion were required to submit documents to demonstrate their eligibility. Under the FCC's amended rules – Section 54.410(c) – the FCC now also requires applicants applying under the Program-Based criterion to submit documents to demonstrate their eligibility. This requirement went into effect on June 1, 2012.

According to Section 54.410(c)[910] of the FCC's amended rules, acceptable documentation of eligibility under the Program-Based criterion "includes the current or prior year's statement

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[78] *See* CPUC's Petition for Waiver, filed April 26, 2012 with the FCC; WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45.

[89] *Lifeline and Link Up Reform and Modernization et al.*, Waiver Order, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, FCC 12-11 (rel. May 31, 2012).

[910] References to the FCC's amended rules refer to 47 C.F.R. § 54.400 *et seq.*

of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program."

Accordingly, in compliance with Section 54.410(c) rules, applicants qualifying under the Program-Based criterion will be required to provide documentation in support of their application. Starting on June 1, 2012, the California LifeLine application forms will include this new requirement and any applicant who fails to provide the supporting documents will not be approved for the program.

To implement Section 54.410(c), we authorize the Communications Division (CD) to modify GO 153, Section 5 – Eligibility Criteria for Obtaining and Retaining California LifeLine – to conform to the FCC's amended certification documentation rules for Program-Based criterion eligibility by an administrative letter as soon as practicable.

B. All California LifeLine participants will be allowed to renew their annual eligibility by self-certifying, under penalty of perjury, that they continue to meet the eligibility requirements.

Under the *Lifeline Reform Order*, states are no longer required to obtain documentation from any of the enrolled participants for their annual re-certification of eligibility. Under Section 54.410(f) of the FCC's amended rules, ETCs and/or states, where applicable, are allowed to renew a participant's enrollment by obtaining a signed renewal form from the participant attesting that he/she meets the program eligibility requirements. This rule went into effect on June 1, 2012.

The CPUC's current annual renewal process[10][11] allows a majority (97%) of California LifeLine participants to self-certify, under penalty of perjury, that they continue to meet the eligibility requirements to remain in the California LifeLine Program. But, the remaining 3% of California LifeLine participants are required to submit documentation that demonstrates their continued eligibility to remain in the California LifeLine Program. If they fail to submit the supporting documentation, they are removed from the program.

In compliance with Section 54.410(f) of the FCC's rules, we eliminate the annual audits and will no longer require 3% of the participants undergoing the renewal process to submit

[10][11] Decision 84-04-053 established the requirement for California LifeLine participants to submit a form on an annual basis to re-certify eligibility.

written proof of eligibility. Instead, California LifeLine participants will be allowed to renew their annual eligibility by self-certifying, under penalty of perjury, that they meet the certification requirements. We authorize CD staff to modify GO 153, Section 5.5, to conform to Section 54.410(f) of the FCC's amended rules by an administrative letter as soon as practicable.

C. The current program's definition of "Household" in General Order 153 will be modified to mirror the FCC's definition of "Household".

In the *Lifeline Reform Order*, the FCC changed its "one-per-residential address" rule to "one-per-household." The FCC made this change to allow persons living in non-traditional facilities, such as group living facilities and Tribal communities to enroll in the Lifeline program.[11][12] This change also allows multiple households that share the same service address to receive California LifeLine discounts if they meet the FCC's "Household" definition. Under Section 54.400(h) of the FCC's amended rules, "Household" is defined as follows:

> A "household" is any individual or group of individuals who are living together at the same address as one economic unit. A household may include related and unrelated persons. An "economic unit" consists of all adult individuals contributing to and sharing in the income and expenses of a household. An adult is any person eighteen years or older. If an adult has no or minimal income, and lives with someone who provides financial support to him/her, both people shall be considered as part of the same household. Children under the age of eighteen living with their parents or guardians are considered to be part of the same household as their parents or guardians.

The California LifeLine Program already operates under the "one discount-per-household" rule. However, in order to further strengthen and clarify our LifeLine program definitions, we authorize CD staff to modify the current definition of "household" in GO 153 to mirror the FCC's definition of "household" – by elaborating the term "economic unit" – through an administrative letter. We also authorize CD staff to incorporate the requirements associated with the FCC's Lifeline Household Worksheet[12][13] into our California LifeLine application and renewal forms.

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[11][12] *Id.* at paras. 72- 75.

[12][13] *Id.* at paras. 78-79.

D. The annual renewal process will be suspended beginning June 1, 2012.

Because we are currently transitioning to a new third-party administrator, we will be suspending the annual renewal process beginning June 1, 2012, and will resume the process by October 31, 2012. California LifeLine subscribers' eligibility to receive their California LifeLine discounts on their phone service will not be affected as a result of this temporary suspension.

E. Application and renewal forms will be modified to conform to the FCC's requirements.

Under Section 54.410(d) of the FCC's amended rules, consumers are now required to provide to ETCs and state administrators information about their housing status (permanent or temporary), their last four digits of the customer's Social Security Number (SSN) or Tribal Identification (ID) Number and their date of birth (DOB), in addition to the standard required information - such as the full name, service address, billing address if different than the service address, etc. - in order to qualify for and remain in the program. This rule went into effect on June 1, 2012.

In compliance with this data collection requirement, beginning June 1, 2012, our revised California LifeLine application forms provide spaces in which all new applicants can choose to provide the last four digits of their SSN (or a Tribal Identification number) and their DOB.

As to existing customers, we plan to modify the California LifeLine Program's renewal forms to conform to the FCC's new data collection requirements at a later time when we resume the renewal process. By February 1, 2012, all renewal forms and application forms will be updated to contain the required FCC information: housing status, DOB, and last four digits of the SSN (or Tribal Identification number).

California LifeLine applicants and participants renewing their eligibility between June 1, 2012 and January 31, 2013, will not be denied for failure to provide DOB, housing status information, or last four digits of their SSN (or Tribal Identification number). After January 31, 2013, we will deny eligibility to California LifeLine applicants and participants who have failed to provide the FCC required information.

F. We clarify the calculation of the California LifeLine specific support amount (SSA) in light of the new federal flat rate support amount.

In the *Lifeline Reform Order,* the FCC made significant changes to the federal Lifeline support structure and amount. The FCC eliminated the four-tiered federal support structure and replaced it with a uniform flat rate amount as follows:

Old federal Lifeline Support Amounts:

- Tier 1 - up to a maximum of $6.50 for each qualifying consumer (also known as subscriber line charge (SLC) or end-user common line charge (EUCL));
- Tier 2 - $1.75 if ETCs pass through the full amount of support to qualifying consumers;
- Tier 3 - up to a maximum of $1.75 if ETCs pass through the full amount of support to qualifying consumers; and
- Tier 4 - $25 available to subscribers living on Tribal lands

New Federal Lifeline Support Amounts:

- Elimination of Tiers 1, 2 and 3 with a flat rate of $9.25 per line per month for all applicable ETCs providing service in non-Tribal lands; and
- Tier 4 will continue to be available to subscribers on Trial lands

In D.10-11-033, the CPUC adopted the Specific Support Amount (SSA) method for determining how the California LifeLine subsidy amount should be calculated. The SSA method is based on the FCC's four-tiered federal support structure. Because the FCC eliminated the federal four-tiered support and replaced it with a new flat rate support amount of $9.25, we clarify here that service providers may recover the Lost Revenues up to the adopted SSA where Basic Service Rate plus end user common line charge (EUCL) less Lifeline Rate less Federal Support equals the Lost Revenues. But, we will no longer allow service providers to claim a separate EUCL amount. In addition, limitations relating to the underlying ILEC rates and the $5.00 minimum LifeLine rate still apply. See the following table for examples of the SSA calculations.

1. SSA Calculation (ETC Examples)

(Col B)	(Col C)	(Col D)	(Col E)	(Col F)	(Col G)	(Col H)	(Col I)	(Col J)	(Col K)	(Col L)	(Col M)
Type of Service	Bundled Rate	Regular Basic Service Rate	EUCL	California LifeLine Rate	Bundled Rate w/ CaLL Discount	Federal Support Amount $9.25	Lost Revenue (Col D + E - F - H)	Maximum SSA: $11.50	Eligible for Reimbursement (Lesser of Col I or J)	EAS Additional Support	State Reimbursement Amount per Subscriber (Col K + L)
Flat		$21.50	$4.50	$6.11		$9.25	$10.64	$11.50	$10.64	$0.00	$10.64
		$10.00	$4.50	$5.00		$9.25	$0.25	$12.50	$0.25	$0.00	$0.25
Bundled	$45.00	$21.50	$4.50	$6.11	$29.61	$9.25	$10.64	$11.50	$10.64	$0.00	$10.64
Bundled	$45.00	$10.00	$4.50	$5.00	$40.00	$9.25	$0.25	$11.50	$0.25	$0.00	$0.25
Measured		$19.40	$4.50	$2.50		$9.25	$12.15	$11.50	$11.50	$0.00	$11.50

2. SSA Calculation (Non-ETC Examples)

(Col B)	(Col C)	(Col D)	(Col E)	(Col F)	(Col G)	(Col H)	(Col I)	(Col J)	(Col K)	(Col L)	(Col M)
Type of Service	Bundled Rate	Regular Basic Service Rate	EUCL	California LifeLine Rate	Bundled Rate w/ CaLL Discount	Federal Support Amount	Lost Revenue (Col D + E - F - H)	Maximum SSA: ($11.50 + $9.25 = $20.75)	SSA Eligible for Reimbursement (Lesser of Col I or J)	EAS Additional Support 2	State Reimbursement Amount per Subscriber (Col K + L)
Flat		$21.50	$4.50	$6.11		$0.00	$19.89	$20.75	$19.89	$0.00	$19.89
Bundled	$45.00	$21.50	$4.50	$6.11	$29.61	$0.00	$19.89	$20.75	$19.89	$0.00	$19.89
Bundled	$45.00	$10.00	$4.50	$5.00	$40.00	$0.00	$9.50	$20.75	$9.50	$0.00	$9.50
Measured		$19.40	$4.50	$2.50		$0.00	$21.40	$20.75	$20.75	$0.00	$20.75

Note: Bundled Service must include Basic Service. LifeLine support applies only to the Basic Service element of Bundled service.

G. The California LifeLine Program's de-enrollment rules will be modified to conform to the FCC's de-enrollment rules.

In Section 54.405 of the FCC's amended rules, the FCC adopted a set of de-enrollment rules to ensure that ineligible subscribers are de-enrolled from the federal Lifeline program on a timely basis. Subsection (e) of this rule states as follows:

> (1) ETCs must terminate any subscriber who fails to demonstrate continued eligibility within the 30-day time period;
>
> (2) If a subscriber is receiving more than one Lifeline subscription, the ETC must notify the subscriber and de-enroll the subscriber from the program within five business days of the notice;
>
> (3) ETCs must terminate subscribers that do not use the Lifeline service for 60 consecutive days after providing notice and time to cure the non-usage; and
>
> (4) ETCs must also de-enroll subscribers that fail annual or temporary address re-certification requirements.

The California Lifeline Program's current de-enrollment rules are conceptually similar to the FCC's newly adopted de-enrollment rules. Section 5.3 of GO 153, prohibits service providers from knowingly enrolling or knowingly allowing customers that do not meet the eligibility requirements to remain in the California LifeLine Program. Additionally, California LifeLine participants must certify their continued eligibility on an annual basis in order to remain in the program.

In compliance with the FCC's de-enrollment rules, we authorize CD staff to modify GO 153 de-enrollment rules to conform to Section 54.405 of the FCC's Lifeline rules through an administrative letter. However, this Resolution does not change the timeframes and notifications currently in place for the California LifeLine Program's enrollment processes.

H. We clarify GO 153 reimbursement rules for Service Connection Charges in light of the FCC's elimination of the federal Link-Up support.

In the *Lifeline Reform Order*, the FCC eliminated Link-Up support on non-Tribal lands for all ETCs.[13][14] Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, we allow carriers (ETCs and non-ETCs) offering California LifeLine service to recover service connection charges from the California LifeLine Fund. California LifeLine participants pay the lower of $10.00 or 50% of the California LifeLine service provider's service connection charge.

With the FCC's elimination of the Link-Up support on non-Tribal lands, the California LifeLine Fund will be the only funding source for the service connection charge for ETCs and non-ETCs.[14][15] We clarify here that ETCs and non-ETCs will be able to recover amounts above $10 (or 50% of the provider's rate, whichever is lower) for service connection charges from the California LifeLine Fund until further directed by the Commission.

I. Carriers may recover information technology (IT)-related expenses resulting from the CPUC's change in the California LifeLine Administrator.

We are currently in the process of switching to a new third-party administrator for the California LifeLine Program. This transition has resulted in carriers having to make certain changes to their IT systems. To compensate for the expenses resulting from these changes, we will allow carriers to recover incremental IT-related costs associated with the data exchange between the new California LifeLine Administrator and the carriers.[15][16] Carriers may claim these incremental LifeLine related costs as one-time implementation cost on Line 10 of the claim form.[16][17] All other incremental LifeLine- related expenses may be reported as administrative expenses. However, any expenses associated with implementing the changes required by the FCC's *Lifeline Reform Order*, will not be reimbursable from the California LifeLine Fund.

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[13][14] *Id.* at paras. 245 and 253.

[14][15] Resolution T-16128, issued on March 12, 1998, directed that ETCs must first offset recoverable expenses from the federal Lifeline program prior to making a claim against the California LifeLine Fund.

[15][16] GO 153 sets forth the rules by which all service providers must follow to file claims and to be reimbursed for those claims. At this time, GO 153 does not need to be augmented to enable proper processing and payment of claims or to prevent fraud, waste, or abuse. Communications Division staff will perform these functions accordingly using the current claims process.

[16][17] The claim form will remain essentially the same, but some modifications of the column titles in supporting tables will be made to account for the elimination of the four-tiers for federal support. Claim forms are public documents and can be made available.

J. Other Administrative Changes

In addition to the changes discussed in this Resolution, the FCC adopted a number of other changes to the federal Lifeline program in the *Lifeline Reform Order*. We direct CD staff to handle those changes in the following manner:

- Any non-substantive/ministerial changes to the California LifeLine Program's rules - such as adding Federal Distribution Program on Indian Reservations (FDPIR) to the list of programs that are eligible for the California LifeLine service – may continue to be made by CD staff through an administrative letter on an on-going basis as needed.

- Any substantive changes – such as determining who will collect the new data required by the FCC (e.g. housing status, last four digits of the SSN, Tribal ID and date of birth) and how these data elements will be collected – should be addressed through a separate resolution.

IV. NOTICE:

Notice of Resolution T-17366 was published in the Commission Daily calendar on May 22, 2012 and mailed to the service list of Rulemaking (R.) 06-05-028 and R. 11-03-013, the California LifeLine Administrative Committee, the California LifeLine Working Group, and all telecommunications carriers in California.

V. COMMENTS ON DRAFT RESOLUTIONS:

In compliance with PU Code §311(g), copies of the draft resolution were mailed on May 22, 2012 to the parties of record in R. 06-05-0218, R. 11-03-013, the California LifeLine Administrative Committee, the California LifeLine Working Group, and all carriers providing telephone service in California. Parties were asked to submit opening comments on June 6, 2012, and reply comments on June 11, 2012, in accordance with the Notice of Availability dated May 22, 2012.

On June 6 and 7, 2012, we received Opening Comments from AT&T, SureWest and Small LECs, Division of Ratepayer Advocates, Cox California Telcom, LLC, dba Cox Communications, Nexus Communications, Inc., Joint Consumers, and Cricket Communications, Inc.

On June 7, 2012, Nexus Communications, Inc. requested leave to file comments in excess of the five-page limit. On June 8, 2012, the Communications Division granted Nexus' request.

On June 11, 2012, we received Reply Comments from AT&T, SureWest and Small LECs, Joint Consumers, Cox California Telcom, LLC, dba Cox Communications, Nexus Communications, Inc., Division of Ratepayer Advocates, and Verizon.

On June 14, 2012, AT&T claimed that Cricket Communications, Inc. and Nexus Communications, Inc. did not serve AT&T with their Opening Comments, and thus "was not given the opportunity to respond to their proposal."[17]18 On June 15, 2012, Cricket and Nexus provided evidence that they each served a copy of their Opening Comments to AT&T. Based on Cricket's and Nexus' response, we find no evidence that Cricket and Nexus failed serve AT&T with their Opening Comments.

We have reviewed the parties' Opening Comments and Reply Comments and have made the changes that we deem necessary throughout this Resolution. We also highlight below some of the key issues that the parties' have raised in their comments. The actions we take in this Resolution are consistent with the FCC's *LifeLine Reform Order* and the FCC's *Waiver Order*.

AT&T in its Opening Comments states that, if the CPUC requires service providers to incur information technology (IT) related costs in order to comply with the FCC's *LifeLine Reform Order* even when there is an alternate method of compliance that will not lead to any carrier IT costs, the California LifeLine Fund should reimburse service providers.[18]19 We decline to adopt AT&T's recommendation as it is too vague and broad. Consistent with GO 153, the Communications Division staff will continue to address through the claims process any future expenses that service providers seek to have reimbursed. We reiterate that any expenses associated with implementing the changes required by the FCC's *Lifeline Reform Order* will not be reimbursable from the California LifeLine Fund.

Parties have also submitted comments on issues such as determining who will collect the new personal data information (applicant's housing status, last four digits of SSN or Tribal ID and DOB) from applicants, the California LifeLine Fund's viability, and ways to streamline the California LifeLine Program's enrollment processes including, but not limited to the use of a savings coupon and exploring the best practices within California and around the nation for streamlining public assistance programs. We plan to address these issues in the near future through workshops, subsequent resolutions and the California LifeLine Rulemaking (R.) 11-03-013 proceeding as applicable.

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[17]18 Agnes Ng's e-mail dated June 14, 2012.

[18]19 AT&T Opening Comments, p.5.

Additionally, we find that Cricket's and Nexus' proposal to allow service providers to give the application forms directly to consumers and to submit the application forms to the California LifeLine Administrator deserves consideration. The CPUC supports innovation, and encourages stakeholders, including the administrative committees the Commission supports e.g., Universal Lifeline Telephone Service Administrative Committee and Low Income Oversight Board, to recommend ways to streamline the California LifeLine Program. However, we need to study ~~all of~~ the implementation, technical, logistical, and regulatory issues associated with the Cricket/Nexus proposal before making a policy decision that would affect ***all*** service providers.

We see no immediate need to make a policy decision now and to implement Cricket/Nexus proposal because the current process that we have in place already allows the service providers to assist consumers with filling out the application and allows the consumers to receive the form from the California LifeLine Administrator in a relatively short period of time. The California LifeLine Administrator mails out the application forms via first-class mail to consumers within one day of receiving the consumer's information from the service providers. The response time depends primarily on how quickly an applicant submits a completed and signed application with the required documentation, and not on the time it takes for the California LifeLine Administrator to send out the forms. Additionally, the mailing address is based on the information a service provider gives to the California LifeLine Administrator, thus any address information errors are tied to the information the service provider submits to the California LifeLine Administrator.

All service providers can assist their customers *now* by providing them with program information and helping them with the submission of their forms. Some examples, which are consistent with the Cricket/Nexus proposal, include, but are not limited to, the following:

- Informing consumers where they can access computers, copy machines, scanning machines, etc.;
- If a service provider has computers, copy/scanning machines, and/or internet access in its retail stores, then it can provide consumers with access to them so that consumers can apply online;
- If a service provider has retail stores, its sales representatives can help customers gather all of the required documentation; and
- Call center customer service representatives can walk consumers through the online or paper form.

Because we find merit in Cricket/Nexus' proposal, we direct Communications Division staff to begin discussing their proposal at the next Working Group conference call immediately after this Resolution is approved. We also direct Communications Division staff to schedule

workshops in the near future to study Cricket/Nexus' proposal, and to explore ways to streamline the California LifeLine Program's enrollment process.

VI. FINDINGS OF FACT/CONCLUSIONS OF LAW:

1. Former State Assembly Member Gwen Moore sponsored Assembly Bill (AB) 1348 in 1983, which created the Moore Universal Telephone Service Act (Moore Act) of which the Legislature enacted on July 16, 1987.

2. The purpose of the Moore Act is to provide low-income households with access to affordable basic residential telephone service.

3. In 1984, in D. 84-04-053, the CPUC established the Universal LifeLine Telephone Service Program to comply with California Public Utilities Code[19][20] § 871.[20][21]

4. The Federal Communications Commission (FCC) adopted federal certification and verification procedures, and required states, under certain circumstances, to also establish application and renewal procedures to minimize potential abuse of the federal Lifeline program.[21][22]

5. In D. 05-04-026, the Commission adopted a process of income certification and annual verification, adopted means-tested program-based eligibility to facilitate participation in the program by all eligible consumers, and authorized two options for low-income households - income documentation or program-based eligibility - to qualify for the California LifeLine Program.

6. On July 1, 2006, the CPUC implemented new California LifeLine processes to determine consumers' eligibility for the California LifeLine discounts.

7. In D. 08-08-029, the CPUC adopted pre-qualification requirements whereby consumers applying for their discounts must be approved for the program by the third-party administrator before they are eligible for the LifeLine discounts.

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[19][20] California Public Utilities Code is available online at: http://www.leginfo.ca.gov/calaw.html.

[20][21] Decision 84-11-028 established the original version of General Order 153.

[21][22] *FCC Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (released April 29, 2004.)

8. In D.08-08-029, the CPUC required carriers to offer interest-free installment payment plans to help consumers pay for any applicable up-front costs (service installation fee and deposits) of establishing basic telephone service.

9. In D. 10-11-033, the Commission adopted a new methodology – specific support amount - for providing California LifeLine discounts to customers in response to technological advances and regulatory changes in the telecommunications industry.

10. In D.10-11-033, the Commission delinked the California LifeLine rates from AT&T's basic rate structure.

11. In D.10-11-033, the Commission set a specific support amount at 55% of the highest basic rate of the State's uniform regulatory framework carriers of last resort.

12. In D.10-11-033, the Commission instituted a maximum California LifeLine rate of $6.84 for most consumers until December 31, 2012 and a minimum rate of $5 (Enhanced Lifeline participants can be charged less).

13. In D.10-11-033, the Commission expanded California LifeLine to include data services for consumers receiving wireless equipment via the Deaf and Disabled Telecommunications Program (DDTP).

14. In D.10-11-033, the Commission held that non-traditional phone companies may offer LifeLine service on a voluntary basis.

15. On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking for the federal Lifeline/Link-Up Program *(Lifeline Reform Order)* to substantially strengthen protections against waste, fraud, and abuse; to improve Lifeline program administration and accountability; to improve customer enrollment into the Lifeline program; to improve customer disclosures; to initiate modernization of the Lifeline program by transitioning the Universal Service Fund (USF) from supporting standalone telephone service to broadband; and to constrain the growth of the Lifeline program in order to reduce the burden on all that contribute to USF.

16. In the *Lifeline Reform Order,* the FCC changed the initial and annual certification requirements.

17. In the *Lifeline Reform Order,* the FCC changed eligibility requirements from one subscription/discount-per-address to one subscription/discount-per-household

18. In the *Lifeline Reform Order,* the FCC changed Lifeline reimbursements from a four-tier support system to a uniform federal flat rate amount of $9.25.

19. In the *Lifeline Reform Order,* the FCC created a national Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscribers.

20. In the *Lifeline Reform Order,* the FCC adopted a gradual elimination of federal support for toll limitation service.

21. In the *Lifeline Reform Order,* the FCC eliminated automatic enrollment for consumers qualifying under program-based eligibility.

22. In the *Lifeline Reform Order,* the FCC eliminated the federal Link-Up support on non-tribal lands that are served by eligible telecommunications carriers (ETCs) participating in both the federal Lifeline and high-cost program.

23. In the *Lifeline Reform Order,* the FCC adopted independent audit requirements for carriers that receive more than $5 million in annual federal support.

24. In the *Lifeline Reform Order,* the FCC adopted additional data collection requirements for new and enrolled program participants for eligibility.

25. Under Section 54.410(c) of the FCC's amended rules, applicants applying under the Program-Based criterion are required to submit documents to demonstrate their eligibility.

26. Under Section 54.410(c) of the FCC's amended rules, acceptable documentation of eligibility under the Program-Based criterion includes the current or prior year's statement of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program.

27. Under Section 54.410(f) of the FCC's amended rules, ETCs and/or states, where applicable, are permitted to renew a participant's enrollment by obtaining a signed renewal form from the participant attesting that he/she meets the program eligibility requirements.

28. The CPUC's current annual renewal process allows a majority (97%) of California LifeLine participants to self-certify, under penalty of perjury, that they continue to meet the eligibility requirements to remain in the California LifeLine Program. Three percent (3%) of California LifeLine participants are required to submit documentation that demonstrates their eligibility to remain in the California LifeLine Program.

29. In the *Lifeline Reform Order*, the FCC changed its "one-per-residential address" rule to "one-per-household."

30. The California LifeLine Program uses "one-per-household" rule.

31. Under Section 54.410(d) of the FCC's amended rules, ETCs and state Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber's eligibility for Lifeline must acquire information such as the applicant's housing status (permanent or temporary), the last four digits of SSN or Tribal ID and DOB.

32. Beginning June 1, 2012, California LifeLine application forms will require all new applicants to provide their last four digits of the SSN or Tribal ID and DOB.

33. California LifeLine renewal forms will be updated by October 31, 2012 to include DOB, temporary address identification, last 4 digits of the SSN or Tribal ID.

34. The FCC eliminated the four-tiered federal support structure and replaced it with a uniform flat rate amount of $9.25.

35. In Section 54.405 of the FCC's amended rules, the FCC adopted de-enrollment rules to ensure that ineligible subscribers are de-enrolled from the federal Lifeline program.

36. Under GO 153, Section 5.3, carriers are prohibited from knowingly enrolling or knowingly allowing customers that do not meet the eligibility requirements to remain in the California LifeLine Program.

37. Under GO 153, customers must certify their continued eligibility on an annual basis in order to remain in the program.

38. In the *Lifeline Reform Order*, the FCC eliminated Link-Up support on non-Tribal lands for all ETCs.

39. Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, carriers (ETCs and non-ETCs) are authorized to recover service connection charges from the LifeLine Fund.

40. Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, California LifeLine participants pay the lower of $10.00 or 50% of the California LifeLine service provider's service connection charge.

41. California is currently transitioning to a new third-party administrator.

THEREFORE, IT IS ORDERED that:

1. Beginning June 1, 2012, all consumers applying for the California LifeLine Program under the Program-Based criterion are required to provide supporting documentation.

2. The annual audits of the 3% of California LifeLine participants undergoing the renewal process are eliminated.

3. All California LifeLine participants are required to renew their annual eligibility by self-certifying, under penalty of perjury, that they meet the certification requirements.

4. CPUC staff shall make the following changes to General Order 153 and program forms, in conformance with this Resolution as soon as practicable:

   a. Documentation requirements for consumers qualifying under the Program-Based criterion;

   b. Adoption of a self-certification method for the annual renewal process;

   c. Elimination of the audits for (3% documentation verification sampling) the annual renewal process;

   d. Modification of the definition of "Household" to mirror the FCC's definition;

   e. Modification of the de-enrollment rules; and

   f. Incorporation of the requirements associated with the FCC's Lifeline Household Worksheet into our California LifeLine application and renewal forms.

5. The California LifeLine annual renewal process shall be suspended beginning June 1, 2012 and shall be resumed by October 31, 2012.

6. Beginning June 1, 2012 and extending through January 31, 2013, California LifeLine applicants and current California LifeLine participants submitting forms without the date of birth, temporary address, and last 4 digits of the SSN (or Tribal Identification number) will not be denied eligibility for LifeLine discounts.

7. Effective February 1, 2013, new California LifeLine applicants and California LifeLine participants trying to renew their participation will be denied eligibility if they fail to provide their date of birth, housing status, and last 4 digits of the SSN (or Tribal Identification number).

8. Carriers may recover incremental LifeLine-related information technology-related costs resulting from the change in CPUC's California LifeLine Administrator as one-time implementation cost on their claim form.

9. California LifeLine service providers shall comply with this Resolution.

10. California LifeLine service providers shall comply with the revisions to GO 153.

11. The Communications Division staff has the authority to revise administrative procedures and rules as necessary consistent with this Resolution to ensure the efficient operation of the California LifeLine Program.

12. The Communications Division staff shall begin discussing Cricket's and Nexus' LifeLine enrollment proposal at the next Working Group conference call immediately after this Resolution is approved.

13. The Communications Division staff shall schedule workshops to study Cricket's and Nexus' proposal, and to explore ways to streamline the California LifeLine Program's enrollment process.

This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on ~~June 21,~~July 12, 2012. The following Commissioners approved it:

PAUL CLANON
Executive Director

Document comparison by Workshare Professional on Wednesday, July 11, 2012 11:36:08 AM

Input:	
Document 1 ID	PowerDocs://CPUC01/583840/1
Description	CPUC01-#583840-v1-T-17366_-_Agenda_Resolution_(Rev._1)_-_LifeLine_Modification
Document 2 ID	PowerDocs://CPUC01/585134/1
Description	CPUC01-#585134-v1-T-17366_-_Agenda_Resolution_(Rev._1)_-_LifeLine_Modification
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
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Format change	
~~Moved deletion~~	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	44
Deletions	40
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	84

Proposed Language from Commissioner Simon Follows

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division **RESOLUTION T- 17366**
Consumer Programs Branch **July 12, 2012**

RESOLUTION

RESOLUTION T- 17366 - MODIFICATIONS TO THE CALIFORNIA LIFELINE PROGRAM RULES – GENERAL ORDER 153 - IN COMPLIANCE WITH THE FEDERAL COMMUNICATIONS COMMISSION'S LIFELINE/LINK-UP REFORM ORDER (FCC 12-11).

I. SUMMARY:

In this Resolution, the California Public Commission (CPUC or Commission) modifies a number of California LifeLine Program (California LifeLine) rules and procedures as set forth in General Order (GO) 153 in order to comply with the recently-adopted Federal Communications Commission's (FCC) *Lifeline Reform Order*.[1]

We make the following changes to the California LifeLine Program rules:

1. Beginning June 1, 2012, consumers applying for the California LifeLine Program under the Program-Based criterion will be required to provide supporting documentation in order to qualify for the program;

2. A self-certification method will be instituted for the annual renewal process for all California LifeLine Program participants going forward;

3. The auditing (3% documentation verification sampling) of the annual renewal process will be eliminated;

4. The California LifeLine Program's definition of "Household" will be modified to mirror the FCC's definition of "Household" by elaborating the term "economic unit";

[1] *Lifeline and Link Up Reform and Modernization et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, FCC 12-11 (rel. Feb. 6, 2012) (*Lifeline Reform Order*).

5. The California LifeLine Program's annual renewal process will be suspended beginning June 1, 2012. The annual renewal process will resume by October 31, 2012;

6. Application and renewal forms will be modified to conform to the FCC's Lifeline program requirements.

7. Calculation of the California LifeLine's specific support amount (SSA) is clarified in light of the FCC's new federal flat rate support amount;

8. The California LifeLine's de-enrollment rules will be modified to conform to the FCC's de-enrollment rules[2];

9. Reimbursement of the service connection charge from the California LifeLine fund is clarified in light of the FCC's elimination of the federal Link-Up support; and

10. Carriers may recover incremental information technology (IT) -related expenses resulting from the CPUC's change of its California LifeLine Administrator.

Additionally, the Commission authorizes carriers to use direct application processing for LifeLine. Therefore, we direct Communications Division staff to develop proposed amendments to the LifeLine application process that would allow carriers to use direct application processing and that would allow carriers to submit the application form and supporting documents electronically to the LifeLine administrator.

II. BACKGROUND:

A. California LifeLine Program

Former State Assembly Member Gwen Moore sponsored Assembly Bill (AB) 1348 in 1983, which created the Moore Universal Telephone Service Act (Moore Act) of which the Legislature enacted on July 16, 1987. The purpose of the Moore Act is to provide low-income households with access to affordable basic residential telephone service. The Moore Act

[2] This Resolution does not include all of the changes the CPUC plans to make to the California LifeLine Program to comply with the FCC's *Lifeline Reform Order*. FCC's Lifeline reforms not addressed in this Resolution will be addressed by the CPUC at a later time.

"was intended to offer high quality basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service." Prior to the Moore Act's enactment, in 1984, the CPUC established the Universal LifeLine Telephone Service Program in Decision (D.) 84-04-053.[3]

About 20 years later, the Federal Communications Commission (FCC) adopted federal certification and verification procedures, requiring states, under certain circumstances, to also establish application and renewal procedures to minimize potential abuse of the federal Lifeline program.[4] In response, on April 7, 2005, the CPUC issued D.05-04-026 and adopted a process of income certification and annual verification, adopted means-tested program-based eligibility to facilitate participation in the program by all eligible consumers, authorized two options for low-income households - income documentation or program-based eligibility - to qualify for the California LifeLine Program, and determined that the application and renewal processes be performed by the California LifeLine Administrator. On July 1, 2006, the CPUC implemented new California LifeLine processes to determine consumers' eligibility for the California LifeLine discounts to comply with the FCC's rules and to continue to receive federal Lifeline/Link-Up funds.

In August, 2008, the CPUC adopted pre-qualification requirements in D.08-08-029 whereby consumers applying for their discounts must be approved for the program by the third-party administrator before they are eligible for the California LifeLine discounts. The CPUC made this policy change in response to back-billing issues that some consumers experienced. The CPUC discovered that many applicants that were denied from the California LifeLine Program incurred large back-bills, were unable to pay them and were forced to terminate their telephone service altogether as a result. In order to prevent this from occurring, consumers must now – under the pre-qualification rules - sign up for regular telephone service and pay for that service until they are approved for the California LifeLine Program. Once they are approved, carriers are required to refund back to those customers the difference between the regular rates that their customers paid and the California LifeLine discounted rates.

In D.08-08-029, the CPUC also required carriers to offer interest-free installment payment plans to help consumers pay for any applicable up-front costs (service installation fee and deposits) of establishing basic telephone service.

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[3] Decision 84-11-028 established the original version of General Order 153.

[4] *FCC Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (released April 29, 2004.)

Two years later in November 2010, the CPUC issued D.10-11-033 in which it made additional changes to the California LifeLine Program and adopted the following measures:

- Adopted a new methodology for providing California LifeLine discounts to customers in response to technological advances and regulatory changes in the telecommunications industry;
- Delinked the California LifeLine rates from AT&T's basic rate structure;
- Set a specific support amount at 55% of the highest basic rate of the State's uniform regulatory framework carriers of last resort;[5]
- Capped each phone company's LifeLine rates at no more than 50% of its basic service rate;
- Instituted a maximum California LifeLine rate of $6.84 for most consumers until December 31, 2012 and a minimum rate of $5 (Enhanced Lifeline participants can be charged less.);
- Expanded California LifeLine to include data services for consumers receiving wireless equipment via the Deaf and Disabled Telecommunications Program (DDTP); and
- Reiterated that non-traditional phone companies may offer LifeLine service on a voluntary basis.

As of May 2012, about 1,536,000 households participated in the California LifeLine Program while approximately 115,000 households participated in the federal Lifeline program for a combined total of roughly 1,651,000 households receiving landline or wireless phone discounts.[6]

B. FCC's *Lifeline Reform Order*

On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking for the federal Lifeline/Link-Up Program. The *Lifeline Reform Order* comprehensively reforms and modernizes the federal Lifeline program as follows: (1)

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[5] Resolution T-17337 changed the start date of the SSA from July 1, 2011 to December 1, 2011.

[6] For more information about participation numbers and complaint data for both programs, go to http://www.cpuc.ca.gov/PUC/Telco/Public+Programs/info.htm.

substantially strengthens protections against waste, fraud, and abuse; (2) improves Lifeline program administration and accountability; (3) improves customer enrollment into the Lifeline program; (4) improves customer disclosures; (5) initiates modernization of the Lifeline program by transitioning the Universal Service Fund (USF) from supporting standalone telephone service to broadband; and (6) constrains the growth of the federal Lifeline program in order to reduce the burden on all that contribute to USF.

These reforms have resulted in the following modifications to the federal Lifeline program rules:

- Changes in initial and annual certification requirements;
- Changes in eligibility requirement from one subscription/discount-per-address to one subscription/discount-per-household;
- Changes in Lifeline reimbursements from a four-tier support system to a uniform federal flat rate amount of $9.25;
- Creation of a national Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscribers;
- Gradual elimination of federal support for toll limitation service;
- Elimination of the automatic enrollment for consumer qualifying under program-based eligibility;
- Elimination of federal Link Up support on non-tribal lands[7] that are served by eligible telecommunications carriers (ETCs) participating in both the federal Lifeline and high-cost programs;
- Adoption of an independent audit requirements for carriers that receive more than $5 million in annual federal support; and
- Adoption of new data requirements from new and enrolled program participants for eligibility.

The FCC required ETCs and state commissions to implement these changes by certain compliance dates varying from April, 2012 to December, 2013.

[7] Link Up support will continue to be available to consumers on tribal lands.

On April 26, 2012, the CPUC filed a Petition for Waiver with the FCC and requested the following deviations from the *Lifeline Reform Order*: (1) a waiver from 47 C.F.R. § 54.410(e) which requires state administrators to provide to ETCs a copy of the certification forms that they collect from the ETCs' subscribers; (2) a twelve-month extension of time to comply with 47 C.F.R. § 54.410(f) annual re-certification requirements; (3) a seven-month extension of time to comply with 47 C.F.R. § 54.410(d) data collection (the last four digits of the social security number, Tribal identification, and date of birth) requirements; and (4) a seven-month extension of time to comply with 47 C.F.R. § 54.410(d) and 47 C.F.R. § 54.410(g) temporary address requirements.[8] The CPUC predicated our actions with regard to the annual renewal process, data collection, and temporary addresses in this Resolution upon the FCC granting the CPUC's waiver requests.

On May 31, 2012, the FCC issued a Waiver Order[9] ruling on the CPUC's Petition for Waiver. In the Waiver Order, the FCC extended the deadlines by which the CPUC would be required to comply with 47 C.F.R. § 54.410(e), 47 C.F.R. § 54.410(d), and 47 C.F.R. § 54.410(f) to December 1, 2012, January 31, 2013, and December 31, 2013, respectively. As to the CPUC's request for an extension of time to comply with 47 C.F.R. § 54.410(g) temporary address requirements, the FCC denied the CPUC's request on the basis that the request was premature because it has not sought Paper Reduction Action approval for the temporary address recertification requirements and thus, the effective date for this rule has not yet been set.

III. DISCUSSION:

A. Starting on June 1, 2012, consumers applying for the California LifeLine Program under the Program-Based criterion will be required to provide supporting documentation.

The FCC, in the *Lifeline Reform Order*, changed the documentation requirements for Lifeline program eligibility. Prior to the *Lifeline Reform Order*, only applicants applying under the Income-Based criterion were required to submit documents to demonstrate their eligibility. Under the FCC's amended rules – Section 54.410(c) – the FCC now also requires applicants applying under the Program-Based criterion to submit documents to demonstrate their eligibility. This requirement went into effect on June 1, 2012.

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[8] *See* CPUC's Petition for Waiver, filed April 26, 2012 with the FCC; WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45.
[9] *Lifeline and Link Up Reform and Modernization et al.*, Waiver Order, WC Dkt. Nos. 11-42 *et al.*, CC Dkt. No. 96-45, FCC 12-11 (rel. May 31, 2012).

According to Section 54.410(c)[10] of the FCC's amended rules, acceptable documentation of eligibility under the Program-Based criterion "includes the current or prior year's statement of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program."

Accordingly, in compliance with Section 54.410(c) rules, applicants qualifying under the Program-Based criterion will be required to provide documentation in support of their application. Starting on June 1, 2012, the California LifeLine application forms will include this new requirement and any applicant who fails to provide the supporting documents will not be approved for the program.

To implement Section 54.410(c), we authorize the Communications Division (CD) to modify GO 153, Section 5 – Eligibility Criteria for Obtaining and Retaining California LifeLine – to conform to the FCC's amended certification documentation rules for Program-Based criterion eligibility by an administrative letter as soon as practicable.

B. All California LifeLine participants will be allowed to renew their annual eligibility by self-certifying, under penalty of perjury, that they continue to meet the eligibility requirements.

Under the *Lifeline Reform Order*, states are no longer required to obtain documentation from any of the enrolled participants for their annual re-certification of eligibility. Under Section 54.410(f) of the FCC's amended rules, ETCs and/or states, where applicable, are allowed to renew a participant's enrollment by obtaining a signed renewal form from the participant attesting that he/she meets the program eligibility requirements. This rule went into effect on June 1, 2012.

The CPUC's current annual renewal process[11] allows a majority (97%) of California LifeLine participants to self-certify, under penalty of perjury, that they continue to meet the eligibility requirements to remain in the California LifeLine Program. But, the remaining 3% of California LifeLine participants are required to submit documentation that demonstrates

[10] References to the FCC's amended rules refer to 47 C.F.R. § 54.400 *et seq.*

[11] Decision 84-04-053 established the requirement for California LifeLine participants to submit a form on an annual basis to re-certify eligibility.

their continued eligibility to remain in the California LifeLine Program. If they fail to submit the supporting documentation, they are removed from the program.

In compliance with Section 54.410(f) of the FCC's rules, we eliminate the annual audits and will no longer require 3% of the participants undergoing the renewal process to submit written proof of eligibility. Instead, California LifeLine participants will be allowed to renew their annual eligibility by self-certifying, under penalty of perjury, that they meet the certification requirements. We authorize CD staff to modify GO 153, Section 5.5, to conform to Section 54.410(f) of the FCC's amended rules by an administrative letter as soon as practicable.

C. The current program's definition of "Household" in General Order 153 will be modified to mirror the FCC's definition of "Household".

In the *Lifeline Reform Order*, the FCC changed its "one-per-residential address" rule to "one-per-household." The FCC made this change to allow persons living in non-traditional facilities, such as group living facilities and Tribal communities to enroll in the Lifeline program.[12] This change also allows multiple households that share the same service address to receive California LifeLine discounts if they meet the FCC's "Household" definition. Under Section 54.400(h) of the FCC's amended rules, "Household" is defined as follows:

> A "household" is any individual or group of individuals who are living together at the same address as one economic unit. A household may include related and unrelated persons. An "economic unit" consists of all adult individuals contributing to and sharing in the income and expenses of a household. An adult is any person eighteen years or older. If an adult has no or minimal income, and lives with someone who provides financial support to him/her, both people shall be considered as part of the same household. Children under the age of eighteen living with their parents or guardians are considered to be part of the same household as their parents or guardians.

The California LifeLine Program already operates under the "one discount-per-household" rule. However, in order to further strengthen and clarify our LifeLine program definitions, we authorize CD staff to modify the current definition of "household" in GO 153 to mirror the FCC's definition of "household" – by elaborating the term "economic unit" – through an

[12] *Id.* at paras. 72- 75.

administrative letter. We also authorize CD staff to incorporate the requirements associated with the FCC's Lifeline Household Worksheet[13] into our California LifeLine application and renewal forms.

D. The annual renewal process will be suspended beginning June 1, 2012.

Because we are currently transitioning to a new third-party administrator, we will be suspending the annual renewal process beginning June 1, 2012, and will resume the process by October 31, 2012. California LifeLine subscribers' eligibility to receive their California LifeLine discounts on their phone service will not be affected as a result of this temporary suspension.

E. Application and renewal forms will be modified to conform to the FCC's requirements.

Under Section 54.410(d) of the FCC's amended rules, consumers are now required to provide to ETCs and state administrators information about their housing status (permanent or temporary), their last four digits of the customer's Social Security Number (SSN) or Tribal Identification (ID) Number and their date of birth (DOB), in addition to the standard required information - such as the full name, service address, billing address if different than the service address, etc. - in order to qualify for and remain in the program. This rule went into effect on June 1, 2012.

In compliance with this data collection requirement, beginning June 1, 2012, our revised California LifeLine application forms provide spaces in which all new applicants can choose to provide the last four digits of their SSN (or a Tribal Identification number) and their DOB.

As to existing customers, we plan to modify the California LifeLine Program's renewal forms to conform to the FCC's new data collection requirements at a later time when we resume the renewal process. By February 1, 2012, all renewal forms and application forms will be updated to contain the required FCC information: housing status, DOB, and last four digits of the SSN (or Tribal Identification number).

California LifeLine applicants and participants renewing their eligibility between June 1, 2012 and January 31, 2013, will not be denied for failure to provide DOB, housing status information, or last four digits of their SSN (or Tribal Identification number). After January 31, 2013, we will deny eligibility to California LifeLine applicants and participants who have failed to provide the FCC required information.

[13] *Id.* at paras. 78-79.

F. We clarify the calculation of the California LifeLine specific support amount (SSA) in light of the new federal flat rate support amount.

In the *Lifeline Reform Order,* the FCC made significant changes to the federal Lifeline support structure and amount. The FCC eliminated the four-tiered federal support structure and replaced it with a uniform flat rate amount as follows:

Old federal Lifeline Support Amounts:

- Tier 1 - up to a maximum of $6.50 for each qualifying consumer (also known as subscriber line charge (SLC) or end-user common line charge (EUCL));
- Tier 2 - $1.75 if ETCs pass through the full amount of support to qualifying consumers;
- Tier 3 - up to a maximum of $1.75 if ETCs pass through the full amount of support to qualifying consumers; and
- Tier 4 - $25 available to subscribers living on Tribal lands

New Federal Lifeline Support Amounts:

- Elimination of Tiers 1, 2 and 3 with a flat rate of $9.25 per line per month for all applicable ETCs providing service in non-Tribal lands; and
- Tier 4 will continue to be available to subscribers on Trial lands

In D.10-11-033, the CPUC adopted the Specific Support Amount (SSA) method for determining how the California LifeLine subsidy amount should be calculated. The SSA method is based on the FCC's four-tiered federal support structure. Because the FCC eliminated the federal four-tiered support and replaced it with a new flat rate support amount of $9.25, we clarify here that service providers may recover the Lost Revenues up to the adopted SSA where Basic Service Rate plus end user common line charge (EUCL) less Lifeline Rate less Federal Support equals the Lost Revenues. But, we will no longer allow service providers to claim a separate EUCL amount. In addition, limitations relating to the underlying ILEC rates and the $5.00 minimum LifeLine rate still apply. See the following table for examples of the SSA calculations.

1. SSA Calculation (ETC Examples)

(Col B) Type of Service	(Col C) Bundled Rate	(Col D) Regular Basic Service Rate	(Col E) EUCL	(Col F) California LifeLine Rate	(Col G) Bundled Rate w/ CaLL Discount	(Col H) Federal Support Amount $9.25	(Col I) Lost Revenue (Col D + E - F - H)	(Col J) Maximum SSA: $11.50	(Col K) Eligible for Reimbursement (Lesser of Col I or J)	(Col L) EAS Additional Support	(Col M) State Reimbursement Amount per Subscriber (Col K + L)
Flat		$21.50	$4.50	$6.11		$9.25	$10.64	$11.50	$10.64	$0.00	$10.64
		$10.00	$4.50	$5.00		$9.25	$0.25	$12.50	$0.25	$0.00	$0.25
Bundled	$45.00	$21.50	$4.50	$6.11	$29.61	$9.25	$10.64	$11.50	$10.64	$0.00	$10.64
Bundled	$45.00	$10.00	$4.50	$5.00	$40.00	$9.25	$0.25	$11.50	$0.25	$0.00	$0.25
Measured		$19.40	$4.50	$2.50		$9.25	$12.15	$11.50	$11.50	$0.00	$11.50

2. SSA Calculation (Non-ETC Examples)

(Col B) Type of Service	(Col C) Bundled Rate	(Col D) Regular Basic Service Rate	(Col E) EUCL	(Col F) California LifeLine Rate	(Col G) Bundled Rate w/ CaLL Discount	(Col H) Federal Support Amount	(Col I) Lost Revenue (Col D + E - F - H)	(Col J) Maximum SSA: ($11.50 + $9.25 = $20.75)	(Col K) SSA Eligible for Reimbursement (Lesser of Col I or J)	(Col L) EAS Additional Support 2	(Col M) State Reimbursement Amount per Subscriber (Col K + L)
Flat		$21.50	$4.50	$6.11		$0.00	$19.89	$20.75	$19.89	$0.00	$19.89
Bundled	$45.00	$21.50	$4.50	$6.11	$29.61	$0.00	$19.89	$20.75	$19.89	$0.00	$19.89
Bundled	$45.00	$10.00	$4.50	$5.00	$40.00	$0.00	$9.50	$20.75	$9.50	$0.00	$9.50
Measured		$19.40	$4.50	$2.50		$0.00	$21.40	$20.75	$20.75	$0.00	$20.75

Note: Bundled Service must include Basic Service. LifeLine support applies only to the Basic Service element of Bundled service.

G. The California LifeLine Program's de-enrollment rules will be modified to conform to the FCC's de-enrollment rules.

In Section 54.405 of the FCC's amended rules, the FCC adopted a set of de-enrollment rules to ensure that ineligible subscribers are de-enrolled from the federal Lifeline program on a timely basis. Subsection (e) of this rule states as follows:

> (1) ETCs must terminate any subscriber who fails to demonstrate continued eligibility within the 30-day time period;
>
> (2) If a subscriber is receiving more than one Lifeline subscription, the ETC must notify the subscriber and de-enroll the subscriber from the program within five business days of the notice;
>
> (3) ETCs must terminate subscribers that do not use the Lifeline service for 60 consecutive days after providing notice and time to cure the non-usage; and
>
> (4) ETCs must also de-enroll subscribers that fail annual or temporary address re-certification requirements.

The California Lifeline Program's current de-enrollment rules are conceptually similar to the FCC's newly adopted de-enrollment rules. Section 5.3 of GO 153, prohibits service providers from knowingly enrolling or knowingly allowing customers that do not meet the eligibility requirements to remain in the California LifeLine Program. Additionally, California LifeLine participants must certify their continued eligibility on an annual basis in order to remain in the program.

In compliance with the FCC's de-enrollment rules, we authorize CD staff to modify GO 153 de-enrollment rules to conform to Section 54.405 of the FCC's Lifeline rules through an administrative letter. However, this Resolution does not change the timeframes and notifications currently in place for the California LifeLine Program's enrollment processes.

H. We clarify GO 153 reimbursement rules for Service Connection Charges in light of the FCC's elimination of the federal Link-Up support.

In the *Lifeline Reform Order*, the FCC eliminated Link-Up support on non-Tribal lands for all ETCs.[14] Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, we allow carriers (ETCs and non-ETCs) offering California LifeLine service to recover service connection charges from the California LifeLine Fund. California LifeLine participants pay the lower of $10.00 or 50% of the California LifeLine service provider's service connection charge.

With the FCC's elimination of the Link-Up support on non-Tribal lands, the California LifeLine Fund will be the only funding source for the service connection charge for ETCs and non-ETCs.[15] We clarify here that ETCs and non-ETCs will be able to recover amounts above $10 (or 50% of the provider's rate, whichever is lower) for service connection charges from the California LifeLine Fund until further directed by the Commission.

I. Carriers may recover information technology (IT)-related expenses resulting from the CPUC's change in the California LifeLine Administrator.

We are currently in the process of switching to a new third-party administrator for the California LifeLine Program. This transition has resulted in carriers having to make certain changes to their IT systems. To compensate for the expenses resulting from these changes, we will allow carriers to recover incremental IT-related costs associated with the data exchange between the new California LifeLine Administrator and the carriers.[16] Carriers may claim these incremental LifeLine related costs as one-time implementation cost on Line 10 of the claim form.[17] All other incremental LifeLine- related expenses may be reported as administrative expenses. However, any expenses associated with implementing the changes required by the FCC's *Lifeline Reform Order*, will not be reimbursable from the California LifeLine Fund.

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[14] *Id.* at paras. 245 and 253.

[15] Resolution T-16128, issued on March 12, 1998, directed that ETCs must first offset recoverable expenses from the federal Lifeline program prior to making a claim against the California LifeLine Fund.

[16] GO 153 sets forth the rules by which all service providers must follow to file claims and to be reimbursed for those claims. At this time, GO 153 does not need to be augmented to enable proper processing and payment of claims or to prevent fraud, waste, or abuse. Communications Division staff will perform these functions accordingly using the current claims process.

[17] The claim form will remain essentially the same, but some modifications of the column titles in supporting tables will be made to account for the elimination of the four-tiers for federal support. Claim forms are public documents and can be made available.

J. Other Administrative Changes

In addition to the changes discussed in this Resolution, the FCC adopted a number of other changes to the federal Lifeline program in the *Lifeline Reform Order*. We direct CD staff to handle those changes in the following manner:

- Any non-substantive/ministerial changes to the California LifeLine Program's rules - such as adding Federal Distribution Program on Indian Reservations (FDPIR) to the list of programs that are eligible for the California LifeLine service – may continue to be made by CD staff through an administrative letter on an on-going basis as needed.

- Any substantive changes – such as determining who will collect the new data required by the FCC (e.g. housing status, last four digits of the SSN, Tribal ID and date of birth) and how these data elements will be collected – should be addressed through a separate resolution.

IV. NOTICE:

Notice of Resolution T-17366 was published in the Commission Daily calendar on May 22, 2012 and mailed to the service list of Rulemaking (R.) 06-05-028 and R. 11-03-013, the California LifeLine Administrative Committee, the California LifeLine Working Group, and all telecommunications carriers in California.

V. COMMENTS ON DRAFT RESOLUTIONS:

In compliance with PU Code §311(g), copies of the draft resolution were mailed on May 22, 2012 to the parties of record in R. 06-05-0218, R. 11-03-013, the California LifeLine Administrative Committee, the California LifeLine Working Group, and all carriers providing telephone service in California. Parties were asked to submit opening comments on June 6, 2012, and reply comments on June 11, 2012, in accordance with the Notice of Availability dated May 22, 2012.

On June 6 and 7, 2012, we received Opening Comments from AT&T, SureWest and Small LECs, Division of Ratepayer Advocates, Cox California Telcom, LLC, dba Cox Communications, Nexus Communications, Inc., Joint Consumers, and Cricket Communications, Inc.

On June 7, 2012, Nexus Communications, Inc. requested leave to file comments in excess of the five-page limit. On June 8, 2012, the Communications Division granted Nexus' request.

On June 11, 2012, we received Reply Comments from AT&T, SureWest and Small LECs, Joint Consumers, Cox California Telcom, LLC, dba Cox Communications, Nexus Communications, Inc., Division of Ratepayer Advocates, and Verizon.

On June 14, 2012, AT&T claimed that Cricket Communications, Inc. and Nexus Communications, Inc. did not serve AT&T with their Opening Comments, and thus "was not given the opportunity to respond to their proposal."[18] On June 15, 2012, Cricket and Nexus provided evidence that they each served a copy of their Opening Comments to AT&T. Based on Cricket's and Nexus' response, we find no evidence that Cricket and Nexus failed serve AT&T with their Opening Comments.

We have reviewed the parties' Opening Comments and Reply Comments and have made the changes that we deem necessary throughout this Resolution. We also highlight below some of the key issues that the parties' have raised in their comments. The actions we take in this Resolution are consistent with the FCC's *LifeLine Reform Order* and the FCC's *Waiver Order*.

AT&T in its Opening Comments states that, if the CPUC requires service providers to incur information technology (IT) related costs in order to comply with the FCC's *LifeLine Reform Order* even when there is an alternate method of compliance that will not lead to any carrier IT costs, the California LifeLine Fund should reimburse service providers.[19] We decline to adopt AT&T's recommendation as it is too vague and broad. Consistent with GO 153, the Communications Division staff will continue to address through the claims process any future expenses that service providers seek to have reimbursed. We reiterate that any expenses associated with implementing the changes required by the FCC's *Lifeline Reform Order* will not be reimbursable from the California LifeLine Fund.

Parties have also submitted comments on issues such as determining who will collect the new personal data information (applicant's housing status, last four digits of SSN or Tribal ID and DOB) from applicants, the California LifeLine Fund's viability, and ways to streamline the California LifeLine Program's enrollment processes including, but not limited to the use of a savings coupon and exploring the best practices within California and around the nation for streamlining public assistance programs. We plan to address these issues in the near future through workshops, subsequent resolutions and the California LifeLine Rulemaking (R.) 11-03-013 proceeding as applicable.

[18] Agnes Ng's e-mail dated June 14, 2012.
[19] AT&T Opening Comments, p.5.

Additionally, we find that Cricket's and Nexus' proposal to allow service providers to give the application forms directly to consumers and to submit the application forms to the California LifeLine Administrator is in the public interest. Carriers who are ~~n~~eligible to offer LifeLine ~~n~~are hereby authorized to immediately use direct application processing for LifeLine. Within 60 days of the adoption of this Resolution, Communications division staff shall hold a meeting with proponents Nexus and Cricket to further discuss procedures for direct application processing. ~~Within 90 days of the adoption of this Resolution, Communications division staff shall develop and present to the Commission proposed amendments to the LifeLine application process that would allow carriers to use direct applications processing and that would allow carriers to submit the application form and supporting documents electronically to the LifeLine Administrator.~~ Direct applications processing shall include providing LifeLine application forms directly to customers, answering customer questions about the form, assisting customers with identifying and obtaining the required supporting documents, and submitting the application forms and supporting documents directly to the Lifeline Administrator. The Commission will explore additional options, in consultation with the Low Income Oversight Board, to streamline and simplify the Lifeline application process. ~~deserves consideration. The CPUC supports innovation, and encourages stakeholders, including the administrative committees the Commission supports e.g., Universal Lifeline Telephone Service Administrative Committee and Low Income Oversight Board, to recommend ways to streamline the California LifeLine Program. However, we need to study the implementation, technical, logistical, and regulatory issues associated with the Cricket/Nexus proposal before making a policy decision that would affect *all* service providers.~~

~~We see no immediate need to make a policy decision now and to implement Cricket/Nexus proposal because the current process that we have in place already allows the service providers to assist consumers with filling out the application and allows the consumers to receive the form from the California LifeLine Administrator in a relatively short period of time. The California LifeLine Administrator mails out the application forms via first-class mail to consumers within one day of receiving the consumer's information from the service providers. The response time depends primarily on how quickly an applicant submits a completed and signed application with the required documentation, and not on the time it takes for the California LifeLine Administrator to send out the forms. Additionally, the mailing address is based on the information a service provider gives to the California LifeLine Administrator, thus any address information errors are tied to the information the service provider submits to the California LifeLine Administrator.~~

All service providers can currently assist their customers *now* by providing them with program information and helping them with the submission of their forms. Some examples,

which are consistent with the Cricket/Nexus proposal, include, but are not limited to, the following:

- Informing consumers where they can access computers, copy machines, scanning machines, etc.;
- If a service provider has computers, copy/scanning machines, and/or internet access in its retail stores, then it can provide consumers with access to them so that consumers can apply online;
- If a service provider has retail stores, its sales representatives can help customers gather all of the required documentation; and
- Call center customer service representatives can walk consumers through the online or paper form.

~~Because we find merit in Cricket/Nexus' proposal, we direct Communications Division staff to begin discussing their proposal at the next Working Group conference call immediately after this Resolution is approved. We also direct Communications Division staff to schedule workshops in the near future to study Cricket/Nexus' proposal, and to explore ways to streamline the California LifeLine Program's enrollment process.~~

VI. FINDINGS OF FACT/CONCLUSIONS OF LAW:

1. Former State Assembly Member Gwen Moore sponsored Assembly Bill (AB) 1348 in 1983, which created the Moore Universal Telephone Service Act (Moore Act) of which the Legislature enacted on July 16, 1987.

2. The purpose of the Moore Act is to provide low-income households with access to affordable basic residential telephone service.

3. In 1984, in D. 84-04-053, the CPUC established the Universal LifeLine Telephone Service Program to comply with California Public Utilities Code[20] § 871.[21]

4. The Federal Communications Commission (FCC) adopted federal certification and verification procedures, and required states, under certain circumstances, to also establish application and renewal procedures to minimize potential abuse of the federal Lifeline program.[22]

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[20] California Public Utilities Code is available online at: http://www.leginfo.ca.gov/calaw.html.

[21] Decision 84-11-028 established the original version of General Order 153.

[22] *FCC Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (released April 29, 2004.)

5. In D. 05-04-026, the Commission adopted a process of income certification and annual verification, adopted means-tested program-based eligibility to facilitate participation in the program by all eligible consumers, and authorized two options for low-income households - income documentation or program-based eligibility - to qualify for the California LifeLine Program.

6. On July 1, 2006, the CPUC implemented new California LifeLine processes to determine consumers' eligibility for the California LifeLine discounts.

7. In D. 08-08-029, the CPUC adopted pre-qualification requirements whereby consumers applying for their discounts must be approved for the program by the third-party administrator before they are eligible for the LifeLine discounts.

8. In D.08-08-029, the CPUC required carriers to offer interest-free installment payment plans to help consumers pay for any applicable up-front costs (service installation fee and deposits) of establishing basic telephone service.

9. In D. 10-11-033, the Commission adopted a new methodology – specific support amount - for providing California LifeLine discounts to customers in response to technological advances and regulatory changes in the telecommunications industry.

10. In D.10-11-033, the Commission delinked the California LifeLine rates from AT&T's basic rate structure.

11. In D.10-11-033, the Commission set a specific support amount at 55% of the highest basic rate of the State's uniform regulatory framework carriers of last resort.

12. In D.10-11-033, the Commission instituted a maximum California LifeLine rate of $6.84 for most consumers until December 31, 2012 and a minimum rate of $5 (Enhanced Lifeline participants can be charged less).

13. In D.10-11-033, the Commission expanded California LifeLine to include data services for consumers receiving wireless equipment via the Deaf and Disabled Telecommunications Program (DDTP).

14. In D.10-11-033, the Commission held that non-traditional phone companies may offer LifeLine service on a voluntary basis.

15. On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking for the federal Lifeline/Link-Up Program (*Lifeline Reform Order)* to substantially strengthen protections against waste, fraud, and abuse; to improve Lifeline program administration and accountability; to improve customer enrollment into the Lifeline program; to improve customer disclosures; to initiate modernization of the Lifeline program by transitioning the Universal Service Fund (USF) from supporting standalone telephone service to broadband; and to constrain the growth of the Lifeline program in order to reduce the burden on all that contribute to USF.

16. In the *Lifeline Reform Order,* the FCC changed the initial and annual certification requirements.

17. In the *Lifeline Reform Order,* the FCC changed eligibility requirements from one subscription/discount-per-address to one subscription/discount-per-household

18. In the *Lifeline Reform Order,* the FCC changed Lifeline reimbursements from a four-tier support system to a uniform federal flat rate amount of $9.25.

19. In the *Lifeline Reform Order,* the FCC created a national Lifeline Accountability Database to prevent multiple carriers from receiving support for the same subscribers.

20. In the *Lifeline Reform Order,* the FCC adopted a gradual elimination of federal support for toll limitation service.

21. In the *Lifeline Reform Order,* the FCC eliminated automatic enrollment for consumers qualifying under program-based eligibility.

22. In the *Lifeline Reform Order,* the FCC eliminated the federal Link-Up support on non-tribal lands that are served by eligible telecommunications carriers (ETCs) participating in both the federal Lifeline and high-cost program.

23. In the *Lifeline Reform Order,* the FCC adopted independent audit requirements for carriers that receive more than $5 million in annual federal support.

24. In the *Lifeline Reform Order,* the FCC adopted additional data collection requirements for new and enrolled program participants for eligibility.

25. Under Section 54.410(c) of the FCC's amended rules, applicants applying under the Program-Based criterion are required to submit documents to demonstrate their eligibility.

26. Under Section 54.410(c) of the FCC's amended rules, acceptable documentation of eligibility under the Program-Based criterion includes the current or prior year's statement of benefits from a qualifying assistance program, a notice or letter of participation in a qualifying assistance program, program participation documents, or another official document demonstrating that the prospective subscriber, one or more of the prospective subscriber's dependents or the prospective subscriber's household receives benefits from a qualifying assistance program.

27. Under Section 54.410(f) of the FCC's amended rules, ETCs and/or states, where applicable, are permitted to renew a participant's enrollment by obtaining a signed renewal form from the participant attesting that he/she meets the program eligibility requirements.

28. The CPUC's current annual renewal process allows a majority (97%) of California LifeLine participants to self-certify, under penalty of perjury, that they continue to meet the eligibility requirements to remain in the California LifeLine Program. Three percent (3%) of California LifeLine participants are required to submit documentation that demonstrates their eligibility to remain in the California LifeLine Program.

29. In the *Lifeline Reform Order*, the FCC changed its "one-per-residential address" rule to "one-per-household."

30. The California LifeLine Program uses "one-per-household" rule.

31. Under Section 54.410(d) of the FCC's amended rules, ETCs and state Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber's eligibility for Lifeline must acquire information such as the applicant's housing status (permanent or temporary), the last four digits of SSN or Tribal ID and DOB.

32. Beginning June 1, 2012, California LifeLine application forms will require all new applicants to provide their last four digits of the SSN or Tribal ID and DOB.

33. California LifeLine renewal forms will be updated by October 31, 2012 to include DOB, temporary address identification, last 4 digits of the SSN or Tribal ID.

34. The FCC eliminated the four-tiered federal support structure and replaced it with a uniform flat rate amount of $9.25.

35. In Section 54.405 of the FCC's amended rules, the FCC adopted de-enrollment rules to ensure that ineligible subscribers are de-enrolled from the federal Lifeline program.

36. Under GO 153, Section 5.3, carriers are prohibited from knowingly enrolling or knowingly allowing customers that do not meet the eligibility requirements to remain in the California LifeLine Program.

37. Under GO 153, customers must certify their continued eligibility on an annual basis in order to remain in the program.

38. In the *Lifeline Reform Order*, the FCC eliminated Link-Up support on non-Tribal lands for all ETCs.

39. Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, carriers (ETCs and non-ETCs) are authorized to recover service connection charges from the LifeLine Fund.

40. Under GO 153, Sections 9.2.1, 9.3.1, and 9.3.3, California LifeLine participants pay the lower of $10.00 or 50% of the California LifeLine service provider's service connection charge.

41. California is currently transitioning to a new third-party administrator.

42. It is in the public interest to authorize carriers eligible to offer LifeLine to use direct application processing.

THEREFORE, IT IS ORDERED that:

1. Beginning June 1, 2012, all consumers applying for the California LifeLine Program under the Program-Based criterion are required to provide supporting documentation.

2. The annual audits of the 3% of California LifeLine participants undergoing the renewal process are eliminated.

3. All California LifeLine participants are required to renew their annual eligibility by self-certifying, under penalty of perjury, that they meet the certification requirements.

4. CPUC staff shall make the following changes to General Order 153 and program forms, in conformance with this Resolution as soon as practicable:

a. Documentation requirements for consumers qualifying under the Program-Based criterion;

b. Adoption of a self-certification method for the annual renewal process;

c. Elimination of the audits for (3% documentation verification sampling) the annual renewal process;

d. Modification of the definition of "Household" to mirror the FCC's definition;

e. Modification of the de-enrollment rules; and

f. Incorporation of the requirements associated with the FCC's Lifeline Household Worksheet into our California LifeLine application and renewal forms.

5. The California LifeLine annual renewal process shall be suspended beginning June 1, 2012 and shall be resumed by October 31, 2012.

6. Beginning June 1, 2012 and extending through January 31, 2013, California LifeLine applicants and current California LifeLine participants submitting forms without the date of birth, temporary address, and last 4 digits of the SSN (or Tribal Identification number) will not be denied eligibility for LifeLine discounts.

7. Effective February 1, 2013, new California LifeLine applicants and California LifeLine participants trying to renew their participation will be denied eligibility if they fail to provide their date of birth, housing status, and last 4 digits of the SSN (or Tribal Identification number).

8. Carriers may recover incremental LifeLine-related information technology-related costs resulting from the change in CPUC's California LifeLine Administrator as one-time implementation cost on their claim form.

9. California LifeLine service providers shall comply with this Resolution.

10. California LifeLine service providers shall comply with the revisions to GO 153.

11. The Communications Division staff has the authority to revise administrative procedures and rules as necessary consistent with this Resolution to ensure the efficient operation of the California LifeLine Program.

12. The Communications Division staff shall convene meetings with Cricket and Nexus and with the Working Group to begin discussions ~~ng~~ on direct application processing no later than 60 days after this resolution is approved. ~~Cricket's and Nexus' LifeLine enrollment proposal at the next Working Group conference call immediately after this Resolution is approved.~~

13. Within 90 days of the adoption of this Resolution, t~~T~~he Communications Division staff shall develop and present to the Commission proposed amendments to the LifeLine application process that would allow carriers to use direct application processing. ~~schedule workshops to study Cricket's and Nexus' proposal, and to explore ways to streamline the California LifeLine Program's enrollment process.~~

This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 12, 2012. The following Commissioners approved it:

PAUL CLANON
Executive Director