BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program.	Rulemaking 11-03-013 (Filed March 24, 2011)

OPENING COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES ON ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENTS ON WORKSHOPS AND FEDERAL COMMUNICATIONS COMMISSION'S THIRD REPORT AND ORDER

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I. INTRODUCTION

Pursuant to the Assigned Commissioner and Administrative Law Judge's September 22, 2016 Ruling Requesting Comments on Workshops and Federal Communications Commission's Third Report and Order (Ruling), the Office of Ratepayer Advocates (ORA) provides these comments on issues involving the California Universal Telephone Service (LifeLine) Program, as well as issues concerning the April 27, 2016 Federal Communication Commission's (FCC) Lifeline Modernization Order[1] (the FCC Order).

The California Public Utilities Commission (Commission) should strive to minimize disruption in the California LifeLine program. Ensuring service continuity is especially critical as the FCC gradually phases out voice to focus exclusively on subsidizing Broadband Internet Access Service (BIAS). Sometime after December 2021, the Commission can assess the adequacy of the FCC's performance in increasing BIAS penetration among low income customers. If inadequate, the Commission can determine what targeted measures California can employ to cost effectively supplement the FCC's BIAS efforts. The Commission should complement the FCC's transition by ensuring California LifeLine maintains its focus and support for voice services.

California LifeLine should also change its income eligibility requirements to mirror what the FCC Order adopted, while making provision to safeguard the customers impacted by this change. California LifeLine's list of public assistance programs that customers use to demonstrate eligibility should not change before December 1, 2021.

The Commission should not migrate from its current third-party LifeLine administrator to the FCC's National Verifier arrangement until enough time passes to assess the latter's performance, effectiveness, cost, and efficacy. This cautious approach is prudent and will help minimize disruption and ensure service continuity. Lastly, the

[1] *Lifeline and Link Up Reform and Modernization; Telecommunications Carriers Eligible for Universal Service Support; Connect America Fund*, 31 FCC Rcd. 3962 (2016).

Commission should be vigilant in controlling the cost of California LifeLine (by avoiding waste, unnecessary expense and fraud) in order to maintain needed public support for the program.

II. SUMMARY OF ORA'S RECOMMENDATIONS

- Allow the current $39 Service Connection Charge (SCC) reimbursement to wireless providers to expire as scheduled in December 2016. If the Commission chooses to maintain a SSC reimbursement to wireless providers, the reimbursement amount should be directly tied to the true service activation cost.
- Adopt measures to reduce churn and increase annual renewal rates in wireless LifeLine (such as 60-day port freeze for voice service).
- Postpone consideration of subsidizing devices or other customer premises equipment until this issue is examined in a separate proceeding where a full record can be developed to assess its necessity, as well as its legal, financial, and operational challenges.
- Mirror the FCC's income eligibility criteria effective December 1, 2016, for new subscribers only.
- Mirror the FCC's income eligibility criteria for existing California LifeLine customers when they renew/recertify, or one year from the effective date of the decision in this proceeding, whichever is later.
- Consumers between the 135%-150% bracket of the FPL that cannot enroll under an eligible program should be grandfathered in the California LifeLine program for two years at the time of their renewal.
- Maintain the current list of public assistance programs customers can use to demonstrate eligibility for California LifeLine (instead of qualifying through the income eligibility method) until December 1, 2021, at which time the Commission can consider harmonizing its list with the FCC's list of programs. The Commission would have enough time by then to understand the

ramifications of eliminating certain public assistance programs from program eligibility.

- Support the USAC's rolling certification to care for customers who previously used participation in a public assistance program to qualify for California LifeLine that the FCC eliminated.
- Consider migrating to the FCC's National Verifier only when more data is available to assess its performance, effectiveness, cost, and efficacy. Until then, the Commission should maintain its current third-party administrator.
- Postpone considering the establishment of a single, independent, third-party administrator to enroll customers in all California Public Purpose Programs until all impacted parties are properly noticed and represented in a new standalone proceeding.
- Maintain the California LifeLine focus and support for voice services, while the FCC focuses on BIAS.
- Sometime after December 1, 2021, assess the outcome of the FCC's efforts to increase BIAS adoption and, if found insufficient, determine what targeted measures California can use to supplement the FCC's efforts.
- Redefine minimum communication needs for California LifeLine to include unlimited nationwide voice and text for mobile voice service beginning December 1, 2016 and unlimited nationwide voice for fixed voice service by December 1, 2021.
- Do not adopt a port freeze for fixed voice (wireline) until December 1, 2021.
- Adopt a 60-day port freeze for mobile voice (whether provided on a standalone basis or bundled with the FCC's broadband); adopt exceptions to the port freeze in addition to exception rules adopted in Decision (D.) 14-01-036: wireless customers should be able to transfer to a fixed LifeLine service provider at any time during this 60-day port freeze period if they determine their wireless voice service is not suitable for their needs.

- Require California LifeLine providers to offer voice on an unbundled or standalone basis.

III. DISCUSSION

A. Ruling Section 3: Comments on California LifeLine Workshop Issues.

The Commission should immediately address three key issues that arose from the workshops, all related to wireless LifeLine: (1) Whether the $39 reimbursement to wireless carriers for service connection charges (SCC) should be maintained and, if so, in what form; (2) Whether the Commission should subsidize devices; (3) What should be done to reduce churn (i.e., the high levels of customer transfers from one wireless carrier to another) and increase annual renewal rates in wireless LifeLine.

1. The Current $39 Reimbursement to Wireless Providers For Service Connection Charges Should Not Be Maintained.

The $39 Service Connection Charge (SCC) reimbursement to wireless providers is scheduled to end on December 23, 2016. The Commission should not maintain the $39 SCC reimbursement to wireless providers. If the Commission decides to retain it in some form, it should ensure the amount of the reimbursement is based on the true cost to wireless providers for service activation only (excluding other costs such as the cost of the refurbished devices, and sales and marketing); reimbursement should be limited to no more than twice annually per customer.

The SCC reimbursement was initially designed for wireline LifeLine voice service. As described in § 2.46 of General Order 153 (GO 153), the SCC is defined as "[a] non-recurring charge, for the installation of Basic Residential Telephone Service or the non-regulated residential service provided by a Non-Traditional provider, that is paid by the customer applying for such service."[2]

[2] GO 153 § 2.46.

At this time there is insufficient data regarding the details and costs associated with wireless service connection or activation.[3] ORA researched other jurisdictions for LifeLine subsidy amounts and device availability and found no comparable state offering reimbursements towards wireless service connection or activation. The FCC's program also does not reimburse providers for the SCC.[4]

It became apparent during the workshop that the $39 SCC reimbursement was used by wireless providers to give refurbished devices to customers. Indeed, one wireless provider indicated that if the $39 SCC reimbursement was eliminated, wireless providers would be unable to give customers the same quality of wireless devices as they do currently.

It is notable that the $39 SCC reimbursement was the primary cause of the high and frequent customer transfers from one wireless provider to another (churn) and poor annual renewal rates among wireless LifeLine customers. It has had a significant impact on the overall LifeLine budget, taking up $55 million out of the $296 million spent for wireless California LifeLine in Fiscal Year 2015-2016 (19 percent).[5] As a comparison, the $39 SCC reimbursement for wireline LifeLine accounted for $2.3 million out of the $112 million spend on fixed LifeLine in the same fiscal year (2 percent).[6]

2. The Commission Should Not Subsidize Wireless Devices.

The Commission should not subsidize devices or other customer premises equipment under the California LifeLine program unless and until it examines this issue

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[3] In order to better understand the actual costs associated with connecting a customer, ORA issued a Data Request to all California Wireless LifeLine providers on September 23, 2016 asking for details about costs associated with service connection or activation. The responses to this data request are due by October 12, 2016, too late for the filing of these comments. However, ORA plans to analyze the information received and share its results with the Commission at a later date.

[4] It should be noted that California is among a handful of states that provide a subsidy to reimburse wireless providers for a portion of the monthly recurring charge. The combined state and federal monthly subsidy is the key driver that increased participation in the state's LifeLine program.

[5] See Presentation Slides on LifeLine Workshop Day 1, Page 10.

[6] See Presentation Slides on LifeLine Workshop Day 1, p. 7.

in a separate proceeding where it can develop a full record to assess its necessity, as well as its legal, financial, and operational challenges. Subsidizing devices or other customer premises equipment can entail significant financial commitment. For fixed service, this could include subsidies for telephone sets, modems, routers, and even computers. For mobile service, this could include subsidies for smart phones and tablets. More information is needed to determine whether the absence of device subsidies materially impact participation levels in California's LifeLine program (as opposed to other factors such as the amount of the monthly service subsidy, the effectiveness of customer outreach and education, the rate of annual renewals, the level of service quality and reliability, and/or restrictions placed on the amount of voice minutes and text messages permitted).

3. Measures Should Be Adopted to Reduce Churn and Increase Annual Renewal Rates in Wireless LifeLine.

Eliminating the $39 SCC reimbursement should help reduce churn and improve annual renewal rates among wireless LifeLine customers. The Commission should also institute a port freeze as an additional measure to reduce churn. The FCC Order requires a 60-day port freeze for voice service[7] and California legislation recently signed by the Governor (AB 2570) requires the Commission to adopt and implement a port freeze and to consider a 60-day port freeze for wireless LifeLine.[8] Currently, 42% of all churn happens within 60 days of service activation.[9] Between January 2015 and March 2016, there were a total of 2.2 million customer transfers in the LifeLine Program.[10] A port freeze should reduce these transfers and help reduce business risk for wireless providers.

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[7] FCC Order, at ¶ 385.

[8] See http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB2570.

[9] See Presentation Slides on LifeLine Workshop Day 2, p. 13.

[10] See Presentation Slides on LifeLine Workshop Day 2, Page 12.

A 60-day port freeze for voice services is reasonable if its adoption includes some exceptions to protect customers who are having service issues with their wireless provider. These exceptions to the port freeze should apply, for example, when a subscriber moves residence, a provider ceases operations or otherwise fails to provide adequate service, a provider imposes late fees for non-payment greater than or equal to monthly end-user charge for the supported service, and/or when the wireless provider violates the Commission's rules during the term of contract. These port freeze exception rules are similar to the ones adopted by FCC.[11]

Additionally, customers should be able to transfer to another provider if they return their wireless device in good condition to their current service provider. If a device is returned within 3 business days of service activation, customers should be given a full refund for any service activation charges they incurred and they should be free to subscribe to the services of another wireless provider. This is consistent with D.14-01-036 which permits wireless customers to terminate service within 14 days of service activation without incurring an early termination fee and to return devices within 3 days to avoid a restocking fee as well as receive refunds on service activation charges incurred.[12] Lastly, wireless customers should be able to transfer to a fixed LifeLine service provider at any time during this 60-day port freeze period if they determine their wireless voice service is not suitable for their needs.

Port freezes for voice service are further discussed in comments addressing the Ruling's Section 4.2 questions, below. Port freezes for Broadband Internet Access Service (BIAS) and Bundled Service are addressed in Section 4.3 questions, below.

The annual renewal process should be enhanced to further help address poor annual renewal rates in wireless LifeLine. The Commission should adopt the Communication Division's (CD) proposed changes to the annual renewal process

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[11] FCC Order, at ¶¶ 107-113.

[12] D. 14-01-036, Attachment D "General Order 153 Appendix A-2", p. D-8.

presented during the workshop. CD proposes to shorten the annual renewal window from 105 days to 45 days. This will encourage customers to respond more quickly to renewal notifications. The current process gives customers more than 3 months to respond to a renewal request. This long window is unnecessary since the large majority of customers renew within 44 days.[13] The 3-month allowance may have the effect of encouraging customers to ignore the notices and procrastinate fulfilling their renewal obligation until they are disconnected from LifeLine.

Finally, while mail-in renewal notices work for wireline Lifeline customers who must have fixed addresses, they are ineffective for wireless LifeLine.[14] Other methods should be used to more effectively reach wireless customers such as text messaging, interactive voice response systems, and the web.

Eliminating the $39 SCC for wireless LifeLine, implementing a port freeze, and enhancing mechanisms in the annual renewal process should reduce churn and increase annual renewal rates, result in program savings, and increase emphasis on service quality and customer satisfaction, as well as customer education about the LifeLine program and the annual renewal process.

B. Ruling Section 4: Addressing Differences Between the FCC and California LifeLine Programs.

1. Summary of the FCC's Order.

The FCC Order incorporates BIAS into the federal LifeLine program, establishes a plan to phase out support for voice only service, modifies eligibility requirements, and creates a plan for the "National LifeLine Eligibility Verifier" ("National Verifier") among other things. While each issue addressed in the FCC Order deserves attention by the Commission, ORA recommends delaying discussion of the National Verifier until enough time has passed to assess efficacy, effectiveness, and cost of such a program.

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[13] LifeLine Workshop Day 1, p. 38.

[14] LifeLine Workshop Day 1, p. 33.

The FCC Order outlines the following schedule to phase out voice support:

TABLE 1 – FCC's Transition Schedule for Phasing Out Voice to Broadband

Date	Mobile Voice-Only	Fixed Voice-Only	Mobile Broadband	Fixed Broadband
December 1, 2016	$9.25	$9.25	$9.25	$9.25
December 1, 2017	$9.25	$9.25	$9.25	$9.25
December 1, 2018	$9.25	$9.25	$9.25	$9.25
December 1, 2019	$7.25	$7.25	$9.25	$9.25
December 1, 2020	$5.25	$5.25	$9.25	$9.25
December 1, 2021	$0	$0	$9.25	$9.25

The Commission should keep this phase-down schedule in mind when addressing any proposed changes to the California LifeLine program, as most California LifeLine participants also receive federal support for their LifeLine plans.

Similar to California, under the FCC LifeLine program customers will still be able to qualify for Lifeline per the income eligibility or categorical program eligibility requirements.

FCC's new income eligibility threshold is set at 135% of the Federal Poverty Level (FPL), which is in contrast to California's current eligibility threshold of 150% of the FPL. The FCC has also removed some programs from its eligibility list, such as National School Lunch Program, Temporary Assistance for Needy Families, Low-Income Home Energy Assistance Program and State-created criteria. Finally, the FCC adds Veteran's Pension or Survivor's Pension benefits to the program eligibility criteria. Ultimately, however, the FCC adopted fewer public assistance programs that can be used to qualify for the FCC's LifeLine program than are currently used in California.

2. Section 4.1 Policy Considerations and Comments

a. Question 4.1.1. How should the Commission define the characteristics of a low-income household in California? Should they be different or the same compared to the definitions used by the FCC and the methods the FCC adopted to establish income-based or program-based eligibility for federal Lifeline? Should they be different or the same compared to the other low-income assistance programs that the Commission administers? Describe the justification.

The Commission should establish the same income eligibility requirement for California LifeLine as the federal LifeLine program, effective December 1, 2016, for new subscribers only. Consumers between the 135%-150% bracket of the FPL that cannot enroll under an eligible program should be grandfathered in the California LifeLine program for two years at the time of their renewal.

Existing California LifeLine subscribers who enrolled under current income eligibility criteria can choose to remain in the program until their annual renewal/ recertification, or one year from the effective date of the final decision issued in this phase of the proceeding, whichever is later. At that time they would need to requalify under the new income eligibility criteria. If their renewal anniversary falls before one year from the effective date of the final decision issued in this proceeding, they should have an option to recertify under any other eligibility criteria.

While the FCC Order has established an income eligibility requirement of 135% of the FPL, California's current income eligibility for LifeLine stands at 150% of the FPL. Uniform income eligibility will streamline the application process and allow for a complementary California and federal LifeLine programs like we currently have. There is value in having the same income eligibility requirement for both the California and federal LifeLine programs, because maintaining a separate income eligibility requirement would necessitate educating participants on the distinction between the two program requirements. Currently the California and federal LifeLine programs work harmoniously to provide high-quality voice services to all participants. Maintaining two separate classes of LifeLine participants in California – those that qualify for federal support and those that do not – poses logistic and marketing challenges that detract from the effectiveness of the program. Providers will have to make the distinction between the 135% and 150% income eligibility criteria in marketing campaigns, which may confuse potential participants.

Notwithstanding these valid reasons for harmonizing the programs, ORA is concerned about the marginal customers that could be impacted by the gap between the current 150% and the proposed 135% eligibility requirement. During the LifeLine workshop, Xerox presented March 2016 data on eligibility methods chosen by participants, which showed that only 11% of the participants chose the income eligibility method. On October 10, 2016, Communications Division (CD) shared snapshot of August 31, 2016 data for volume of impacted California LifeLine participants due to the federal Lifeline program's revised eligibility criterion. Out of a total of 2.12 million California LifeLine participants, approximately 21,579 (1% of total) will be ineligible due to new income eligibility rules. In addition to this information the data also informed that there are about 820 participants that cannot qualify under either income or program eligibility criterion.

Of the 21,579 income eligibility enrolled participants some may be able to qualify through program eligibility, however, if for some reason they do not participate or qualify through any of the public assistance programs, then they should be grandfathered into the California LifeLine program for two years at the time of their renewal, along with the 820 participants referred to above. This will ensure continuity in service and allow participants time to explore enrollment with eligible public assistance programs.

b. Question 4.1.2: Should California LifeLine maintain its own eligibility criteria that differ from the federal Lifeline program? If yes, should California conduct two sets of income-based or program-based qualifications, one for federal Lifeline and a separate process for California LifeLine? Describe the justifications.

The Commission should maintain its own list of public assistance programs under categorical program eligibility through December 1, 2021, and consider harmonizing its requirements with the FCC's at that point, after it has gathered data and information to understand the ramification of excluding certain categorical program eligibility requirements on the California LifeLine program.

As noted above, information shared by CD on October 10, 2016, reveals that out of 2.12 million California LifeLine participants, approximately 2.77%, or 58,996 customers, will be ineligible to participate under FCC's new program eligibility rules. They may qualify under the new income eligibility criteria, but this is unknown at this time. In addition to these participants, about 820 participants will be ineligible under either income or program eligibility criterion.

Once the Low Income Home Energy Assistance Program (LIHEAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Temporary Assistance for Needy Families (TANF) program and the National School Lunch Program (NSLP) are removed as eligible programs to qualify for federal LifeLine, about 3% of the vulnerable low-income households will be impacted in the sense that they will not receive the $9.25 federal subsidy. If the Commission changes its program eligibility criteria to match federal LifeLine, then these customers will not get any LifeLine support, unless they find another program to enroll and present that as a proof of their eligibility.

TABLE 2 - Volume of Impacted California LifeLine Participants Due to the Federal Lifeline Program's Revised Eligibility Criteria

Volume of impacted participants	Number of participants	Total Number of participants	% of Total
Total LifeLine Participants		**2,126,242**	
Income-Based impacted		**21,579**	1%
WIC only	26,663		
TANF only	5,708		
NSLP Only	10,610		
LIHEAP Only	13,255		
Combination of any two ineligible programs	2,760		
Total Program-Based impacted		**58,996**	2.77%
Both program and income-based impacted		**820**	0.04%
Total participants impacted due to FCC change		**81,395**	3.83%

Although maintaining the same California LifeLine program eligibility as the federal program would allow for a streamlined eligibility process, it would disadvantage California subscribers who will now not qualify for the federal LifeLine subsidy due to its more limited set of programs. By maintaining its own program eligibility criteria, with a broader set of program eligibility, California will continue to support its disadvantage low-income families. Families in the LIHEAP, NSLP, TANF, or WIC programs (programs that are dropped from the federal Lifeline program) and families that are between the 135%-150% bracket of the FPL, will still be able to avail themselves of the California LifeLine subsidy. If however, California LifeLine's eligibility criterion is changed to completely match federal LifeLine program eligibility, these sections of low-income families, or approximately 4% of impacted consumers, could be left unserved.

Implementation of the FCC's Order begins December 2, 2016, and will be gradually implemented over the next five years through December 2021. If the California LifeLine program maintains support for participants during this transition period it will give participants time to educate themselves about the different changes, and enroll in other eligible public purpose programs, if they are not already, and present that as proof of eligibility for the LifeLine program. The Commission will also be in a better position to use California subscriber data at the end of the transition period to see how many participants are subscribing to programs that do not have federal LifeLine support.

By 2021, the Commission would have gathered enough data on how consumers are making their eligibility choices and at that time it may decide to change program eligibility criteria to better suit the needs of the program and its participants. Until then, the Commission should make efforts to ensure that every household qualified to receive LifeLine telephone service under its eligibility criteria is informed of and is afforded the opportunity to subscribe to the California LifeLine program.

c. Question 4.1.3: What should happen with the consumers who previously qualified under the eligibility criteria that the federal Lifeline program just eliminated? When should their eligibility end for federal Lifeline discounts? Describe the justification.

The Commission should support the Universal Service Administrative Company's rolling recertification process that will allow federal LifeLine participants to complete their 12-month subscription and allow them extra time to recertify for the program in case they are eliminated from the program.

The Universal Service Administrative Company (USAC) has outlined what the process would be like for federal Lifeline participants who previously qualified under eligibility criteria that have since been eliminated.[15] All participants who fall in this category will remain enrolled in the program until their recertification date, which is 12 months from the date of enrollment. At that time participants would need to requalify under a new qualification standard or the participant will be dropped from the program. Due to FCC adopting of a rolling recertification timeframe like the one California currently uses, federal LifeLine participants may have longer than their initial 12 month enrollment timeframe to recertify for the program. Participants with recertification deadlines before July 1, 2017, will have their renewals pushed back one year. This means that a participant who has a deadline of May 1, 2017, would not need to recertify until May 1, 2018.

As for consumers who previously qualified under the eligibility criteria that the federal Lifeline program just eliminated, ORA urges the Commission to file an emergency petition with the FCC seeking permission to include in the FCC's rules certain public assistance programs currently included in on the California Lifeline's list of categorical eligibility programs that would otherwise be removed.

d. Question 4.1.5: Should the California LifeLine Administrator continue to perform the enrollment process until the transition to the National Verifier? Describe the justification.

Questions 5, 6, and 7 of Section 4.1 of the Ruling ask for input on the adoption of the FCC's National Verifier. It is prudent to refrain from considering changes in the role of California's LifeLine administrator until enough time and experience have passed to assess the efficacy, effectiveness, and cost of the FCC's National Verifier. California's

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[15] USAC, "2016 LifeLine Order", 9/27/16, available at http://www.usac.org/li/tools/rules-orders/2016-lifeline-order.aspx.

current LifeLine administrator has successfully prevented excess waste, fraud, and abuse within the California LifeLine program. The Commission should consider changes in the role of the LifeLine administrator only when the FCC's National Verifier has had sufficient time and experience to prove that it would be a better administrator for California than the current third party administrator.

e. Question 4.1.8: Should there be one entity enrolling California's households into consumer assistance programs, e.g., California Alternate Rates for Energy, California LifeLine, Family Electric Rate Assistance Program, Energy Savings Assistance Program, and Deaf and Disabled Telecommunications Program, administered by the Commission? If so, describe how this enrolling entity might be created and administered, its legal foundation, and in what time-frame.

The Commission should postpone considering whether to establish a single, independent, third-party administrator to qualify and enroll customers in all of the Public Purpose Programs (LifeLine, DDTP, CARE, ESA, and others). The Commission should address the concept of a unified independent administrator for all Public Purpose Programs only in a separate proceeding where all affected stakeholders are noticed and can participate. The Ruling does not clearly articulate the reasons necessitating a single independent entity to administer all of the CPUC's low-income programs across utility industries. This current proceeding is already dealing with challenging issues resulting from FCC changes to the federal LifeLine program; incorporating additional questions that are outside this scope will not be an effective use of stakeholder time. Addressing the concept of a single administrator at this time could be procedurally questionable as well, as other potentially interested stakeholders, such as energy utilities, are not parties to this proceeding.

f. Question 4.1.12: Should the Commission redefine minimum communications needs for California's low-income households? If yes, describe the justification and redefined minimum needs.

The Commission should redefine minimum communications needs for California's low-income households by requiring wireless LifeLine providers to offer unlimited nation-wide voice and text by December 1, 2017, and by requiring wireline LifeLine providers to offer unlimited nation-wide voice by December 1, 2021. The federal Lifeline subsidy will phase out gradually from traditional fixed and mobile voice services to voice/broadband bundles. The FCC Order enables consumers to choose three service offerings (where applicable):

1. Fixed or mobile broadband;
2. Fixed or mobile voice-only (to be phased out by the end of 2021 with the exception of certain areas); and
3. Bundles of fixed or mobile voice and broadband.

The FCC will phase this transition gradually through 2021. In December 2019, voice-only mobile plans will only be eligible for a $7.25 per month subsidy, which goes down to $5.25 in December 2020. By December 2021, there will be no monthly subsidy for voice-only mobile plans.

The Commission should fill the gap that could be created during the transitional years and thereafter due to phasing out of voice-only service. Unlimited voice minutes of service should be made a default service requirement; as technology progresses it becomes cheaper to offer voice services. On the wireless side retail unlimited voice services can be found for as low as $15 a month[16] and almost all unlimited voice plans come bundled with unlimited text as well. Similarly, it is common for Voice over Internet Protocol (VoIP) providers to offer unlimited nationwide calling as part of their

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[16] See, for example, Republic Wireless Plans, at https://republicwireless.com/cell-phone-plans/.

VoIP service offerings. The transition from traditional circuit switch voice to VoIP will continue. Giving fixed voice LifeLine providers until December 1, 2021 to offer unlimited nation-wide voice is a reasonable time period to make this adjustment.

The $13.20 per month provided by California LifeLine offers a significant subsidy for voice service that is ubiquitous on the retail side. Additionally, it is notable that next generation 911 will include Text-to-911 and wireless LifeLine customers should be able to utilize this to report an emergency. Text-to-911 includes not just text but also pictures and video which may be helpful to emergency first responders.

ORA has issued Data Requests to California LifeLine Wireless Providers asking for details on minutes of usage to gain a more accurate picture of how LifeLine Participants are using their service. In addition, this Ruling asks for average number of voice minutes used per month for the year 2015.[17] Pending review of this additional data, ORA recommends increasing minimum communications standards for the LifeLine program from 500 or 1000 minutes per month to unlimited nation-wide voice minutes per month and unlimited texting per month.

Should the minimum communications needs be changed to unlimited nation-wide voice minutes and texts per month for wireless customers and unlimited nation-wide voice minutes per month for wireline customers, California LifeLine support and funding levels would remain unchanged. Current support amounts are large enough to sustain unlimited nationwide voice minutes and unlimited text services.

3. Section 4.2 Comments Regarding 60-day Discount Transfer Freeze for LifeLine Wireless Telephone Service.

g. Question 4.2.1: Should a 60-day discount transfer freeze for federal Lifeline discounted voice telephony services be adopted by the Commission for its current administration of the federal Lifeline program in California to conform to USAC's current administrative practice, and the federal

[17] Ruling, p. 21.

Lifeline program's pending codification of the federal Lifeline discount transfer freezes? Explain why.

The Commission should adopt the 60-day federal LifeLine discount transfer freeze or "portability (port) freeze" for California LifeLine wireless voice services. A 60-day port freeze should be imposed on California LifeLine wireless service because it should help reduce customer churn and help reduce business risk faced by wireless providers. Adopting a port freeze on wireless also serves to harmonize the California LifeLine program with the federal LifeLine program, making administration easier.

Keeping with the goal of aligning the California and federal programs as much as possible to reduce the possibility of creating separate classes of participants, California's LifeLine program should also adopt a port freeze with the set of exceptions noted earlier in these comments.[18] Without adopting the port freeze, participants that enroll in both programs, as most participants currently do, will have separate windows for when they could transfer service. If for some reason a participant found the service lacking, they could transfer their California benefits but not their federal benefits.

It is logistically simpler and more effective to align the California and federal programs port freezes to mirror one another as they relate to wireless voice service.

h. Question 4.2.2: If the Commission adopted a 60-day discount transfer freeze for federal Lifeline discounted voice telephony services offered in California, when should it be implemented in California? Should California institute this policy prior to OMB approval of the federal Lifeline program's discount transfer freezes to conform to USAC's practice? Why or why not?

On October 3, 2016, the Office of Management and Budget (OMB) approved rules in the FCC Order with effective dates for all adopted rules.[19] If the Commission adopts a

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[18] California Assembly Bill 2570, which was signed into law by Governor Brown on September 24, 2016, instructs the Commission to consider a 60-day portability freeze by January 15, 2017. See http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB2570.

[19] See Public Notice in FCC DA 16-1133 released on October 3, 2016.

60-day port freeze for wireless voice service, it should go into effect when the federal LifeLine port freeze goes into effect or when the Commission is granted an extension of time to implement the federal Lifeline in California based on its proposed extension.

In addressing the questions in Section 3, above, ORA explains why a 60-day port freeze should be adopted for wireless voice as an additional measure to reduce churn in the California LifeLine program for wireless customers. Introduction of a port freeze should happen concurrently with the federal program to reduce administrative burdens of managing separate classes of customers that may fall under one port freeze but not the other due to a delay of initiation of one of the port freezes. On October 5, 2016, the Commission's Communications Division apprised the LifeLine Working Group of the Commission's potential petition for an extension of time to implement the discount transfer freeze and revised eligibility criteria at the FCC. CD also exhibited confidence that they will be granted an extension into Q1 or Q2 of 2017. ORA supports this extension and therefore recommends that a 60-day port freeze on wireless voice should be implemented when the extension goes into effect.

i. Question 4.2.4: What are the implications for consumers, competition, and program administration of a 60-day discount transfer freeze for California LifeLine discounted telephone services?

The Commission should adopt ORA's recommended exceptions to the port freeze and work with parties to inform participants of the port freeze. The main implication of a 60-day port freeze for program participants is decreased mobility and ability to transfer service. Without some exceptions to the port freeze, a participant could be locked into an unsatisfactory service or be without service for 60-days, whereas currently the participant would be free to transfer to a better service immediately. Participant awareness is necessary for future success of the program. All providers and third party administrator should be required to train their staff on the new rules and processes. Upon adoption of a final decision in this phase of the proceeding, Communication Division should hold a workshop/webinar for all interested stakeholders to disseminate new information on the adopted port freeze, so that all parties have a common understanding.

j. Question 4.2.10: If California implemented a 60-day discount transfer freeze for both federal and California LifeLine supported telephone services, what exceptions should apply to the discount transfer freeze?

The Commission should include exceptions in addition to rules adopted in D.14-01-036, as well as allow any wireless participant to transfer to wireline service during the 60-day port freeze.

As noted before, 42% of all churn happens within 60-days of wireless service activation.[20] Between January 2015 and March 2016, there were a total of 2.2 million customer transfers in the California LifeLine program.[21] A port freeze would reduce these transfers and reduce business risk for wireless providers. However, this also puts some vulnerable consumers at risk.

For this reason, a 60-day port freeze for wireless voice services is reasonable if its adoption includes some exceptions to protect customers who are having service issues with their wireless provider. The Commission should adopt exceptions to a 60-day port freeze for voice services when a subscriber moves residence, a provider ceases operations or otherwise fails to provide adequate service, a provider imposes late fees greater for non-payment greater than or equal to monthly end-user charge for the supported service, or when the wireless provider violates the Commission's rules during the term of contract. Second, customers should be able to transfer to another provider if they return their wireless device in good condition to their current service provider. If a device is returned within 3 business days of service activation, customers should be given a full refund for any service activation charges they incurred and they should be free to subscribe to the services of another wireless provider. This is consistent with D.14-01-036, which permits wireless customers to terminate service within 14 days of service activation without incurring an early termination fee and to return devices within

[20] LifeLine Workshop Presentation Day 2, Slide 13 "Volume and Characteristics of Transfers."

[21] LifeLine Workshop Presentation Day 2, Slide 12 "Comparing Application Requests to Transfer Requests."

3 days to avoid a restocking fee as well as receive refunds on service activation charges.[22] Lastly, wireless customers should be able to transfer to a fixed LifeLine service provider at any time during this 60-day port freeze period if they determine their wireless voice service is not suitable for their needs.

k. Question 4.2.15: Should a 60-day discount transfer freeze for California LifeLine discounted telephone services apply only to wireless telephone services and/or to wireline telephone services? What is the rationale for your choice? Would limiting the 60-day discount transfer freeze to certain types of providers be out of compliance with the federal Lifeline program's discount transfer freeze rules?

The 60-day port freeze should apply only to wireless voice and any decision to apply a port freeze to wireline voice service should be delayed until after December 2021 or when FCC's LifeLine Modernization transition is over.

It is unclear how the FCC's move towards wireline BIAS will impact participants who solely rely on wireline voice services. The deaf and disabled, medically critical, and other community organizations often rely exclusively on wireline voice services. Excessive churn is not an issue in fixed voice service so a port freeze is unnecessary and could prove to significantly disadvantage the most vulnerable LifeLine participants. Therefore, the Commission should delay any decision to apply a port freeze on fixed voice services until after December 2021 or when the FCC transition is complete. This should be enough time to assess the impact of the federal wireline port freeze on wireline participants and the most vulnerable communities.

4. Section 4.3: Broadband Requirements for Bundled Service and Port Freezes

a. Question 4.3.1: Whether the Commission should impose a similar 12-month discount transfer freeze on BIAS that may be supported by California LifeLine, and what exceptions should be available to California LifeLine participants. In

[22] D.14-01-036, Attachment D "General Order 153 Appendix A-2", p. D-8.

light of the 12-month discount transfer freeze for BIAS, should the Commission adopt a 12-month discount transfer freeze for CPUC-supported BIAS when offered as part of a bundle with California LifeLine discounted telephone services?

The California LifeLine program does not currently have BIAS as a minimum service requirement. If a customer chooses a bundled package such as California LifeLine support for voice with the FCC's BIAS, then the 60-day port freeze should still apply for California LifeLine wireless voice and no port freeze should be imposed for California LifeLine fixed voice. The FCC's 12-month port freeze should be applicable only to BIAS.

While a port freeze benefits providers, it restricts customer choice. As noted above, a 60-day port freeze for wireless voice strikes a reasonable balance between the interests of providers, customers, and the program. Because the problem of high customer churn does not apply to standalone wireline voice, it is unnecessary to impose a port freeze on California LifeLine fixed voice service.

b. Question 4.3.2: If the Commission adopts a 60-day discount transfer freeze for California LifeLine discounted telephone services, should it adopt a parallel 60-day discount transfer freeze for California LifeLine BIAS if both are offered in a bundle? What would be the administrative implications if California LifeLine participants who had telephone service/BIAS bundles faced a 60-day discount transfer freeze for California LifeLine telephone service/BIAS bundles, but a 12-month discount transfer freeze for federal supported BIAS?

The 60-day port freeze should be applied for wireless voice service only, whether it is standalone or bundled with the FCC's BIAS. Any port freeze for fixed voice service (whether standalone or bundled with the FCC's BIAS) should be delayed until after December 2021.

As noted in the response to the preceding question, California LifeLine program does not currently have BIAS as a minimum service requirement. If a customer chooses a bundled package such as California LifeLine support for voice with FCC's BIAS, then the 60-day port freeze should still apply for California LifeLine wireless voice and no port freeze should be imposed for California LifeLine fixed voice. The FCC's 12-month port freeze should be applicable only to the BIAS component of a bundled service.

As noted earlier in these comments, a 60-day port freeze for wireless voice strikes a reasonable balance between the interests of providers and customers. Also as noted earlier, because high churn in fixed voice service is not a problem, it is not necessary to impose a port freeze on fixed voice service.

c. **Question 4.3.3: If California LifeLine is offered in combination with federal Lifeline, will ETCs in California that offer BIAS through the federal program trigger a 12-month discount transfer freeze for federal Lifeline? Should the Commission require ETCs in California to offer an unbundled service offering, one which includes voice telephony services that would only be subject to a 60-day discount transfer freeze? Would a 12-month discount transfer freeze for bundles that include BIAS supported through federal Lifeline also trigger a 12-month discount transfer freeze for the entire bundle including all California LifeLine services such as telephone services?**

Eligible Telecommunications Carriers (ETCs) participating in California Lifeline should be required to offer unbundled, standalone voice service separate from bundled (voice plus BIAS) and BIAS-only offerings. The BIAS-only offering would not, however, be eligible for any California LifeLine subsidy. The 60-day port freeze should apply only to wireless voice service (whether or not bundled with BIAS). It should not apply to fixed voice service (whether or not bundled with BIAS).

A participant who only wanted voice service should not be forced to purchase and possibly pay out of pocket for BIAS service bundled with voice. The same goes for a participant who wants BIAS but has no need for voice services. This is administratively simple as it is already being done. Also it is a cost saving measure as participants only receive the service that they want and require, which reduces the amount of subsidies given unnecessarily. Furthermore, if a participant is subscribing to a bundled service and falls under the 12-month freeze for BIAS but not the 60-day freeze for voice, they should be able to transfer their service to a voice-only option so long as they are not able to transfer to any other BIAS option for the duration of the 12-month freeze.

The Commission should apply a 60-day port freeze for wireless voice service only, whether it is standalone or bundled with the FCC's BIAS. The Commission should delay its decision to apply a 60-day port freeze for fixed voice service (whether standalone or bundled with the FCC's BIAS) until after December 2021.

d. Question 4.3.4: How should a 12-month discount transfer freeze work with the activation/connection fee that allows a carrier serving eligible households that fee no more than two times per year between December 24, 2015 and December 24, 2016, and any future activation/connection fee. Should carriers be eligible for an activation/connection fee if an eligible household establishes service consistent with the 12-month discount transfer freeze? Should the service activation/connection discount be available only if the eligible household switches to a different carrier after 12 months? Is any activation/connection discount appropriate for renewals that do not involve a switch of carrier? Please recommend what rules should apply to the interaction of the service activation/connection discount and a 12-month transfer freeze.

As noted above, the SCC reimbursement should be eliminated for wireless voice LifeLine but maintained with no change for fixed voice LifeLine. Also noted earlier, there should not be a port freeze imposed on fixed voice LifeLine because it does not face a high customer churn issue. If FCC BIAS is combined with California LifeLine fixed voice, the customer would not be able to transfer BIAS service to another provider for 12 months, but is free to transfer fixed voice service to another voice fixed voice provider (where an SCC reimbursement would apply) or a wireless provider (where an SCC reimbursement would not apply). Once the voice service is disentangled from the bundled offering, the remaining standalone BIAS will receive no California LifeLine support and subsidy. The California LifeLine support and subsidy would remain with the voice service.

e. Question 4.3.5: Should California LifeLine require some BIAS to receive full California LifeLine support, and if so at what speeds and usage limits? Should BIAS remain optional for California LifeLine since it will be mandatory for federal Lifeline support by the end of 2016? Please discuss the legal authority of the Commission to order the inclusion of BIAS, and the administrative and policy issues raised by any proposal to mandate the inclusion of BIAS for California LifeLine support, whether full or partial.

The Commission should not require some BIAS to receive full California LifeLine support. California LifeLine should maintain its focus and support for voice services only while the FCC's program focuses on BIAS. Sometime after December 1, 2021, the Commission can assess the outcome of the FCC's efforts to increase BIAS adoption and, if it finds that it is insufficient, it should determine what California can do on a targeted basis to supplement the FCC's efforts.

While the FCC has identified BIAS service as the next step for the federal LifeLine program, voice service is still critically important for Californians and people across the country. Voice is necessary for public safety. Because of Text-to-911, text is also necessary for public safety. By focusing California LifeLine support on voice service while the FCC focuses support on BIAS, both state and federal programs become complementary.

IV. CONCLUSION

ORA appreciates this opportunity to provide comments in the Commission's examination of the California LifeLine Program to further the Commission's universal service goals and to ensure that ratepayer funds are prudently spent.

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Respectfully submitted,

/s/ KIMBERLY LIPPI

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