Decision **REVISED PROPOSED DECISION OF COMMISSIONER SANDOVAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

DECISION ADOPTING REVISIONS TO MODERNIZE AND EXPAND THE CALIFORNIA LIFELINE PROGRAM

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DECISION ADOPTING REVISIONS TO MODERNIZE AND EXPAND THE CALIFORNIA LIFELINE PROGRAM

1. Summary

This decision adopts revisions to the California LifeLine Program (California LifeLine or LifeLine). The program revisions include extending the price cap on LifeLine wireline services and adopting specifications for LifeLine wireless services. The California LifeLine service elements we adopt herein promote competition by preserving essential consumer protections across technology platforms and by assuring that minimum communications needs are met regardless of income. We also achieve technological neutrality by focusing on the function California LifeLine service is to perform. Our decision is informed by the legislative goals and the statutory requirements of the Moore Universal Telephone Service Act (the Moore Act)[1], Commission precedent, the extensive comments and reply comments filed with the Commission in response to our Scoping Memo and the Proposed Decision mailed October 30, 2013, and the important contributions of more than 350 Californians in the eight Public Participation Hearings (PPHs) held throughout the state over the last summer.

Our focus here is to develop rules allowing the addition of wireless services to the California LifeLine Program and to update the LifeLine rules applicable to LifeLine provided by wireline service providers as wireline service offerings, market conditions, and regulations have changed since our previous LifeLine rules were adopted. Wireless service providers are encouraged, but not required to, offer LifeLine. For LifeLine provided by wireline service providers, we largely continue the current requirements as they provide an in home, fixed rate option requested by many Californians during the PPHs to help with

[1] *See* Public Utilities (Pub. Util.) Code § 871 *et seq.*

low-income household budgeting. We extend our current practice of requiring wireline service providers that have a Certificate of Public Convenience and Necessity (CPCN) and provide residential basic telephone service to offer California LifeLine and file a schedule of rates and charges.[2]

Consistent with the technological neutrality of the Moore Act[3] and as permitted by Public Utilities (Pub. Util.) Code Section 710(a), we include here wireline CPCN holders that provide residential basic telephone service using Voice Over Internet Protocol (VoIP). We note that Pub. Util. Code § 710(a) creates an exception to the prohibition against regulation of VoIP services where "expressly directed to do so by statute;"[4] and the California Legislature expressly directed the Commission to administer a universal lifeline telecommunications service program under the Moore Act. Section 876 of the California Public Utilities Code requires that "The commission shall require every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service. Every telephone corporation providing service within a service area shall inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for and obtain service, and shall accept applications for lifeline telephone service according to procedures specified by the commission." Our order that Telephone Corporations providing residential retail voice service under their CPCN or Franchise as indicated by a tariff or schedule of rates and charges, complies with this provision of the Moore Act and is mandated by state law, a recognized exception to § 710(a), and is necessary to accomplish the universal

[2] *See* Pub. Util. Code § 876; Decision 12-12-038, CPCN holders that provide residential basic telephone service are required to file and maintain tariffs or schedules of rates and charges (Appendix A).
[3] *See* Pub. Util. Code § 871.7.
[4] *See* Pub. Util. Code § 710(a).

service, safety, and economic participation goals of the Moore Act. CPCN holders must also comply with the California Public Utilities Code and the Commission's rules, regulations, and orders.[5] We also continue to require residential basic telephone service providers (basic service), including Carriers of Last Resort (COLRs), to offer California LifeLine consistent with Decision (D.) 12-12-038 (Decision Adopting Basic Telephone Service Revisions)(Basic Service Decision).[6] A COLR's requirement to offer LifeLine through their basic service offering is mandatory regardless of the form of communications technology platform that is utilized.[7] Moreover, if a service provider that is not a COLR chooses to offer residential basic telephone service, then it is required to offer California LifeLine service. The Basic Service Decision required only COLRs to offer residential basic telephone service.

California LifeLine providers may, but are not required to, apply to become Eligible Telecommunications Carriers (ETCs) under federal law, to increase the support available for them for providing LifeLine service. Federal Lifeline-only wireless providers shall continue to comply with the current ETC and General Order 153 requirements until a revised ETC process and General Order 153 are adopted by the Commission subsequent to the issuance of this Decision.

Our goal in this proceeding, as in others before it, is to offer, in the words of the Moore Act, "high-quality basic telephone service at affordable rates to the

[5] *See, e.g.,* Pub. Util. Code § 451 (public utilities must provide just and reasonable service).

[6] *See* D.12-12-038 at 25-26: "We shall require that a basic service provider must meet the Lifeline requirements adopted in D.10-11-033, along with any other applicable Lifeline implementation requirements adopted in R.11-03-013. Any basic service provider offering basic service must offer Lifeline rates on a non-discriminatory basis to any eligible customers within the region where the provider offers basic service."

[7] *Id.*

greatest number of California residents…by making residential service affordable to low-income citizens..."[8] With that in mind, we have used the Commission's recent redefinition of basic service as a springboard for determining which wireless service elements and plans are eligible for LifeLine support for qualified participants, meet our universal service objectives, preserve program integrity, contribute to public safety, and acknowledge the market and technological changes that have reshaped the telecommunications industry. We will continue to monitor the changing marketplace in which California LifeLine must operate and will take further action in subsequent decisions of this proceeding to assure that LifeLine service remains affordable, of high quality, and meets the shifting communications needs of its participants.

2. Background

On March 30, 2011, the California Public Utilities Commission (Commission or CPUC) opened this Rulemaking to focus on revisions to the California LifeLine Program. This program was designed to ensure that telephone service remains affordable for low-income Californians. Our ongoing commitment to achieving that objective led to this Rulemaking to examine the California LifeLine Program rules and adapt them, as necessary, to meet the communications needs of Californians to promote safety, the economy, and the public interest. This proceeding is a successor to the Commission's earlier Rulemaking (R.) 06-05-028, where the Commission addressed its telecommunications public policy programs, and a sequel to its revision of residential basic telephone service in Decision (D.) 12-12-038.

In 2006, the Commission opened R.06-05-028 (Rulemaking) to evaluate whether California's universal service public policy programs should be updated

[8] *See* Pub. Util. Code § 871.7(a).

to reflect changes in the telecommunications industry. Through that Rulemaking, the Commission set out to reform California LifeLine in order to guarantee that high-quality communication services were affordable and widely available to all. In D.10-11-033, the Commission adopted a new methodology for providing California LifeLine support to consumers and in doing so ensured that the Commission was able to monitor impacts on ratepayers so that the telephone service rate would remain just and reasonable and that the California LifeLine rate would remain affordable.

The Commission also acknowledged in D.10-11-033 that significant technological and regulatory changes in the telecommunications industry had occurred since the Moore Universal Telephone Service Act (Moore Act).[9] Consumers have accelerated their use of communications options, many of which have never been subject to traditional utility regulation and whose providers have not previously participated in the California LifeLine Program. We recognized the challenge to making these newly popular communication services and platforms available to California LifeLine participants. In D.10-11-033, the Commission clarified that service providers aside from those offering landline telephone services may voluntarily participate in California LifeLine.

The Commission also targeted reforms to the most pressing problems confronting the California LifeLine Program and approved numerous changes, including the "de-linking" of California LifeLine from the AT&T basic rate structure, adopting a Specific Support Amount (SSA) methodology as the best option for reimbursing California LifeLine providers, and capping, until December 31, 2012, the then-current California LifeLine rates of $6.84 and of

[9] The Moore Act is established in Pub. Util. Code §§ 871–884.

$3.66 for flat-rate and measured-rate local telephone services, respectively. D.10-11-033 reiterated that various types of service providers, such as wireless service providers and Voice Over Internet Protocol (VoIP) service providers, might participate in California LifeLine if they complied with the current requirements. The Commission designated this phase of the proceeding as the place to consider additional changes needed to facilitate that participation. D.10-11-033 anticipated that this phase would clarify outstanding issues regarding the rules for how wireless and VoIP service providers might participate in California LifeLine under a revised version of General Order 153.

The Commission, in D.10-11-033, also took note of the recommendations from The Utility Reform Network (TURN), National Consumer Law Center, and Disability Rights Advocates that the scoping memo for this proceeding address the following issues:

1. declining levels of enrollment in the LifeLine Program;
2. creating a process for determination of LifeLine eligibility prior to signing up with a carrier; and
3. applying LifeLine subsidy to bundled services.

In addition to the Commission's own expectations regarding the scope of this phase of the proceeding, the Commission's Division of Ratepayer Advocates,[10] on January 26, 2010, issued its report on the 2009 Lifeline Wireless Forum (Forum) held in partnership with Assembly Member Felipe Fuentes, Chair of that body's Utilities and Commerce Committee. The two-day Forum included former California Public Utilities Commissioners Dian Grueneich and Timothy Simon. ORA explained that the Forum was convened to bring together a broad range of stakeholders to (i) identify issues and concerns about

[10] On September 26, 2013, the Division of Ratepayer Advocates became the Office of Ratepayer Advocates (ORA) through Senate Bill (SB) 96.

modernizing California LifeLine, and (ii) elicit ideas on the best ways to incorporate wireless service into the program consistent with the Commission's public policy goals under the Moore Act.

The Forum participants ranked the crucial policy and implementation issues that must be addressed if California LifeLine were expanded to include wireless providers. These included:

> Public safety, including the availability of 911 emergency telephone service;
>
> Features and plans, including whether the Commission should set a number of minutes for outbound calls, charges for incoming calls or to toll-free numbers, contract termination fees, and the role of prepaid wireless;
>
> Administrative issues, including the use of a third-party administrator and whether households could qualify for more than one California LifeLine subscription; and
>
> Consumer education, including how to inform California LifeLine participants, including those with special needs, of changes to the program.

Most recently, in D.12-12-038, the Commission adopted updated requirements for residential basic telephone service. (*See* Attachment A.) D.96-10-066 had first provided a uniform definition of basic service appropriate in 1996 for meeting universal service needs by defining a certain minimum level of service. The Commission's revisiting of the basic service definition was intended to be technology-neutral in updating the original service elements. The new basic service definition applies on a statewide basis to all telecommunications carriers wishing to offer residential basic telephone service, though only Carriers of Last Resort (COLRs) are required to offer residential basic telephone service.

In adopting a new definition, the Commission recognized that the basic service elements would serve as a starting point for defining California LifeLine's service elements in this proceeding. Would households that qualify for California LifeLine discounts need telephone service differing from the basic service elements as defined in D.12-12-038, and if so, how? The Commission indicated that it intended to provide low-income households with a broader range of choices for discounted California LifeLine services, consistent with their service needs, and accompanied by appropriate consumer protections.

The Commission required all companies offering basic service to provide customers and potential customers with information regarding 911 reliability and accuracy, as well as clear and conspicuous disclosures of the capabilities and material limitations in service coverage, service availability, and service quality. These disclosures must be of sufficient clarity and detail to enable customers to know what the service offered as basic service should provide.

Since at least 2010, the Commission has evaluated proposals by wireless service providers seeking Eligible Telecommunications Carrier (ETC) status to provide federally funded discounted wireless service to low-income households. The California ETC general requirements for federal Lifeline are that the carrier must offer local usage plans comparable to those provided by the incumbent local exchange carrier and that the plans must be in the public interest. [11] In reviewing the proposed service offerings of wireless service providers seeking federal support as wireless ETCs, the Commission has compared the proposed price of the wireless service provider's proposed service, including additional features such as unlimited long distance calls and caller ID, to a similar set of services from AT&T and Verizon California, Inc., the two largest wireline

[11] 47 U.S.C. § 214(e); Resolution T-17266 at 2 (consistent with FCC 05-46 § IV).

incumbent local exchange carriers in California. To evaluate the public interest component, the Commission has looked at the advantages to consumers offered by the proposed services and price point. Where the wireless proposed service offerings were at a lower retail price, the Commission concluded that the wireless proposed service was in the public interest.

The Commission examines whether the proposed ETC offerings comply with state requirements, including General Order 153, and meets the existing California LifeLine service elements. In recent ETC Resolutions, the Commission has allowed federally supported wireless service providers to deviate from the following six California LifeLine service elements:

Ability to receive free unlimited incoming calls;

Customer choice of flat rate local service or measured rate local service;

Free provision of one directory listing per year;

Free white pages telephone directory;

Free access to Directory Assistance calls; and

Free access to 800 and 800-like toll-free numbers.

The Commission has acknowledged two safety considerations inherent in most wireless services: 1) the likely removal of the handset from the home; and 2) poor mobile reception resulting from weather conditions, terrain, indoor use, or gaps in service coverage. In Resolution T-17258, for example, the Commission noted these concerns and in Ordering Paragraph 7 of that Resolution, the Commission required the service provider to "include adequate information about the potential coverage and service quality issues a customer may encounter if s/he opts to select a federal wireless LifeLine plan versus a State LifeLine wireline plan," with such information subject to staff review and approval.

Commission Resolutions for federal Lifeline wireless offerings in California have approved the following features and prices reflecting the price charged to the customer after applying the federal Lifeline subsidy of $9.25 a month:

- Cricket Communications, Resolution T-17266 (December 7, 2010):
  - $21.50 Plan, unlimited local, long-distance, text, and Caller ID.
- Telscape, Resolution T-17339 (October 17, 2011):
  - All Plans include free handset, Caller ID, voicemail, call waiting, 3-way calling, with a $30 activation fee;
  - Plan 1, 300 minutes or texts for $2.50;
  - Plan 2, 1,100 minutes or text for $20.
- Virgin Mobile, Resolution T-17388 (March 5, 2013):
  - All plans include free handset, Caller ID, call waiting, voicemail and local calling; no contract or activation fee required;
  - Free Plan, 250 voice minutes, 250 domestic messages;
  - $5 Plan, 500 voice minutes, 500 domestic messages;
  - $20 Plan, 1,000 voice minutes, 1,000 domestic messages;
  - $30 Plan, unlimited voice, domestic messages, and Virgin XL downloads.
- Nexus, Resolution T-17389 (March 6, 2013):
  - Three offerings, all with free handset, no contracts, and no activation fees;
  - Free Plan, 250 voice minutes, 250 domestic texts, instant messaging, or emails;
  - $5 Plan, 500 voice minutes, 500 domestic messages; and
  - $20 Plan, 1,000 voice minutes, 1,000 domestic messages.

3. The 2013 Phase of this Proceeding

On January 29, 2013, the assigned Commissioner Catherine J.K. Sandoval hosted an All-Party Meeting regarding the scope of R.11-03-013. Commissioner Sandoval encouraged stakeholders to submit questions for the Commission's consideration during the proceeding.

On April 10, 2013, Commissioner Sandoval issued her Ruling and Scoping Memo (Scoping Memo) and the procedural plan for the Commission's consideration of revisions to the California LifeLine Program. The Scoping Memo incorporated many of the concerns and questions raised by the stakeholders in the All-Party Meeting (which are set forth in Attachment B). The general focus was on three topics: (1) the definition of California LifeLine service elements, (2) program administration and General Order 153, which implements the program, and (3) extending the cap on California LifeLine rates.

The Scoping Memo also set the dates for parties to file comments and established a schedule for extensive public participation hearings (PPHs) throughout the state.

On August 20, 2013, Commissioner Sandoval hosted a workshop regarding the California LifeLine Program's application process. The workshop sought to determine the feasibility of a new or supplementary process whereby California LifeLine applicants would apply directly to the California LifeLine Administrator (Administrator) to verify their eligibility without the need to establish "regular" phone service in advance of eligibility certification. The consensus among workshop participants was that this alternative application process would be beneficial. However, it was also recognized that numerous implementation details would need to be developed in a subsequent phase of the proceeding.[12]

[12] See section 5 of this Decision for a list of the pending issues for subsequent decisions.

On November 26, 2013, Commissioner Sandoval hosted another All-Party Meeting to discuss the Proposed Decision on the California LifeLine Program issued on October 30, 2013. In particular, Commissioner Sandoval sought to gather stakeholders' feedback regarding potential issues in the Proposed Decision in need of clarification. Commissioner Sandoval also sought additional information regarding the following areas:

a) In-language customer service requirement;
b) Disclosures and accessibility;
c) Provision of special service N11 numbers;
d) 911 access/in-home functionality;
e) Cancellation/return policy duration and flexibility; and
f) Contract term duration limits.

These discussions have been reflected in today's decision.

3.1. Public Comment and Filed Comments

3.1.1. Public Participation Hearings

Detailed summary reports on each of the eight PPHs written by the CPUC's Public Advisor's Office are set forth in Attachment C.[13] Generally, members of the public agreed that wireless phone service is important to many households and an option they wished to have for California LifeLine. Several speakers expressed the view that wireless is particularly well-suited for homeless and transient families, including foster youth who may frequently change housing placements, to reach the services and resources they need. Some

[13] The public may purchase copies of the PPH transcripts by contacting the Administrative Law Judge Division's Reporting Section. Instructions for ordering these transcripts are online at http://www.cpuc.ca.gov/PUC/forms/CFRForm.htm. The phone number for the CPUC's Court Reporter is (415) 703-2288 and e-mail is reporting@cpuc.ca.gov. One can also download, fill out, and submit a transcript order form.

consumers recommended that California LifeLine offer a wireless service option with unlimited minutes and texting for a flat rate. Others supported an overall discount option so that customers could decide what package of services was most suitable for them. We take into account the public's contribution at these PPHs in more detail in the Discussion section below.

3.1.2. Filed Comments and Reply Comments on the Scoping Memo

The parties filed opening comments on the issues and questions set forth in the Scoping Memo (Attachment B) on May 28, 2013, and reply comments on June 12, 2013.

Pacific Bell Telephone (AT&T)

AT&T asserted that the Commission should not order LifeLine providers to offer a specific LifeLine service plan. The LifeLine service elements should mirror the rules recently promulgated by the Federal Communications Commission (FCC) in 47 C.F.R. § 54.101(a), as modified by subpart E, because the FCC's definition is technology-neutral. For AT&T, the basic service elements should follow the federal lifeline definition of "voice telephony services." For E911 and 911 services, the Commission should not impose obligations separate or greater than the obligations service providers have to abide by under the FCC's definition.

According to AT&T, the Commission does not have the authority to regulate wireless rates under Section 332 of the Federal Communications Act, including monthly voice minutes and texts. AT&T maintained that the Commission should allow service providers to offer any voice service plan it chooses to LifeLine customers, as the FCC has recognized. The Commission's role is to accommodate consumer choice. For AT&T, this meant that the LifeLine

SSA should be applicable to a variety of non-minimal service plans as a LifeLine "discount" which would be applied at the discretion of the eligible subscriber. The Commission should also let LifeLine consumers apply their discount to bundled service offerings. AT&T contends that rate decisions are better left to carriers of LifeLine to decide, and AT&T would prefer the Commission decide against extending a rate freeze or enacting a SSA freeze. For AT&T the Affordability Study indicated a LifeLine rate increase to $10.50 is well within what LifeLine subscribers can afford. AT&T argued that the Commission should not consider a statewide LifeLine basic service rate.

AT&T further contended that the Commission should continue to use third party administrators because they deal with customer eligibility, forms management, the call center, and reports. To assist the third party administrator in its duties, AT&T argued that the Commission should replace the pre-qualification system with pre-registration. AT&T supported the Commission using the same vendor it has used in the past to perform outreach about the availability of alternative technologies; however, it argued that the Commission should not require the company support additional languages.

In its reply comments, AT&T argued that basic service elements should not be the same as LifeLine elements, that wireless and alternative providers should be allowed to participate in LifeLine, that the Commission should allow carriers to manage their own LifeLine service offerings, and that a rate and/or subsidy freeze is counterproductive.

SureWest Telephone (SureWest)

SureWest argued that implementing and reforming the LifeLine working group should be the Commission's top priority. SureWest believe that the Commission should retain pre-qualification but pursue pre-registration, that

neither the LifeLine rates nor the SSA should be subject to a cap, that the basic service elements should not follow the federal LifeLine definition, that all LifeLine providers should be required to provide E911 service and unlimited local voice service, and that the option to provide a bucket of minutes should be available and standard for all wireline carriers. According to SureWest, LifeLine service elements should be technology-neutral, but wireless and VoIP providers that seek to provide LifeLine should potentially be subject to additional requirements ensuring service properly safeguards LifeLine customers given the different properties of these non-traditional service platforms; specific to VOIP providers, SureWest believes that the Commission should defer considering whether VoIP providers are eligible to participate in LifeLine. SureWest argued that the LifeLine SSA should be applicable to voice services only, rather than "any existing offering." While LifeLine should continue using a third party administrator, SureWest questioned whether it is appropriate for Xerox to process claims. According to SureWest, bad debt incurred by carriers implementing LifeLine should be refunded through the program.

In its reply comments, SureWest supported many of the consumer groups' recommendations on the structure of the LifeLine Program and the fundamental rules governing program participation. Specifically, SureWest urged the Commission to adopt the Joint Consumers' proposals to reconsider the role of the Working Group. On the other hand, SureWest argued that consumer groups have not shown that the cap on LifeLine rates should be retained; and that if it is retained, there cannot be a limit on the set support amount. SureWest emphasized that the Commission should not impose new generic consumer protections in areas that have already been addressed in other proceedings and that the existing in-language rules are sufficient and appropriately balanced.

According to SureWest, AT&T's Rule 12 Tariff Disclosures cannot and should not be imposed upon other carriers.

The Small Local Exchange Carriers (LECs): Calaveras Telephone Company, Cal-Ore Telephone Co., Ducor Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Co., The Ponderosa Telephone Co., Sierra Telephone Company, Inc., The Siskiyou Telephone Company, Volcano Telephone Company, Winterhaven Telephone Company, Foresthill Telephone Co., and Pinnacles Telephone Co.

The Small LECs support the pre-qualification system but argue that the Commission should also consider adding a pre-registration option. They noted that Community-based organizations could play a critical role reducing the impact of the initial costs of applying for LifeLine. The Small LECs urged the Commission to establish technology-neutral, objective standards and service elements that it believes are minimally required for LifeLine. They argued that LifeLine service providers should be required to meet basic service elements and be bound by all consumer protection rules applicable to wireline providers. According to the Small LECs, the Commission should conduct a separate proceeding addressing VoIP eligibility; wireless and VoIP providers should potentially be subject to additional requirements than traditional providers. For the Small LECs, however, if alternative providers are permitted to offer LifeLine on different terms than provided under the current program, those terms should be equally available to all providers and the Commission should avoid unique rules to accommodate particular technologies.

The Small LECs assert that basic LifeLine elements should not follow the federal LifeLine definition. They insist that all LifeLine providers should be required to provide E911, and, at a minimum, unlimited local usage should be included as part of any "bucket" proposal. The Small LECs further

recommended that the SSA should not be capped, the rate cap should be removed, and bad debt should be borne by the cost-causer, the LifeLine Program, in order to accurately reflect the source of the cost to the public. The Small LECs urge that LifeLine benefits should not extend to non-voice services, including the LifeLine SSA itself. The Small LECs echoed SureWest's comments on the third party administrator. They contend that the Commission should not implement a state-wide LifeLine basic service rate for all carriers because that might mean they would be forced to offer LifeLine service at a loss.

In reply comments, the Small LECs reiterated their argument that California should establish additional oversight mechanisms over the third party administrator. Additionally, they highlight that the Commission should continue providing specialized access for disabled members of the community. While the Small LECs support preserving existing in-language service, they counsel against adopting additional requirements that would be inconsistent with Commission precedent. They argue that carriers voluntarily providing LifeLine services must also be held to the program's rules and the Commission's consumer protection requirements. Finally, the Small LECs maintained that AT&T disclosure requirements in Tariff Rule 12 should not be generally imposed onto all carriers.

Verizon California, Inc. (Verizon)

Verizon contended that if the Commission believes Lifeline service should be different from basic service, it must ask the legislature to amend the law because the Commission is restricted by the Moore Act. Verizon argues Lifeline service is a discount off the price of basic service; it is not a separate service with a separate definition. Verizon contends that the Commission cannot create a new definition for LifeLine service but it can update the current definition and manage LifeLine to increase efficiency. Verizon proposed four steps to ensure

that the Lifeline fund is managed efficiently: (1) eliminate the current price freeze for "stand-alone" Lifeline service because there is ample evidence that the LifeLine service rate could increase and still remain affordable, and there is no credible evidence for continuing a price freeze; (2) re-calculate the monthly per-line support amount by including an offset for any federal support; (3) cap the subsidy for non-recurring charges; and (4) maintain the current pre-qualification standards for the same reasons they were implemented in 2009.

According to Verizon, the Commission should not micromanage service offerings because to do so would constrain consumer choice. Verizon contends that Pub. Util. Code § 710 does not affect the state's universal service programs, including Lifeline. For Verizon, the marketplace, not the LifeLine Program, ensures service quality for LifeLine subscribers.

In its reply comments, Verizon argued that suggestions to add requirements to the provision of discounted basic service are unnecessary and anti-consumer. It reiterated that the Commission must retain pre-qualification because it prevents fraud, waste and abuse, and backbilling problems. Verizon counsels that eligibility requirements should not be changed because there is no indication of how such proposals will further the Moore Act's service goals.

ORA/Brown/CPA (ORA)

ORA asserted that the definition of "LifeLine" service elements should be similar to the "basic service" elements and the basic service elements should be the minimum standard for LifeLine service elements; however, the Commission may wish to adopt additional protections for low income LifeLine customers. ORA contends that California should not adopt the more limited federal definition of LifeLine service or the federal definition of what constitutes acceptable 911/E911 service. ORA emphasized that service providers need to

clearly state in their advertising/marketing material whether they are offering state LifeLine, federal Lifeline, or both. Because the Commission has not deemed VoIP providers to be "telephone corporations" under the Public Utilities Code, VoIP service is not presently eligible and VoIP providers cannot receive Lifeline subsidies. ORA contends that discussion of VoIP providers as LifeLine participants should be left to Phase II of the proceeding. ORA observes that the wireline LifeLine Program works and should not be diminished to accommodate "new" technologies.

ORA suggested implementing pre-registration as a complementary option to pre-qualification and applying the Rule 12 marketing requirements to all LifeLine service providers, not just to AT&T. In ORA's view, there is no need to duplicate the federal Lifeline program or to expand the California LifeLine Program to include prepaid wireless service.

While carrier parties refer to the 2010 Affordability Study, they believe the Study is of limited relevance today due to regulatory and market changes since 2010. ORA argued that the Commission should return to the fixed discounted rate for wireline LifeLine service instead of using a fixed dollar amount voucher (the SSA) because the voucher system is better suited for wireless LifeLine. Finally, ORA urged that the Commission needs to cap carrier draws from the LifeLine Fund, and that the LifeLine fund should not be used to reimburse carriers for bad debt.

Center for Accessible Technology, The Greenlining Institute, National Consumer Law Center, and The Utility Reform Network (Joint Consumers)

Joint Consumers stressed that LifeLine requirements must parallel the basic service requirements to avoid subsidizing a substandard "poor persons" service; however, Joint Consumers claimed that there are several vulnerable

populations that require additional protections, which may allow deviation from the standard. Joint Consumers proposed specific elements for LifeLine, including unlimited minutes and texting, application of the discount to family plans, more robust directory assistance, limits on bundling, but allowances for wireless services that include voicemail and some extended or CLASS services such as Caller ID Waiting and an administrative mechanism to petition to add additional services. According to Joint Consumers, these elements mirror the basic services definition but do not directly copy it.

Joint Consumers supported using a third party administrator, but the process should be reviewed for communication and accountability. Joint Consumers advocated pre-registration, urging the Commission to cap non-recurring charges and also cap the subsidy, with an expansion of eligibility requirements, a state-wide LifeLine rate and an increased use of community based organizations with specific knowledge of vulnerable LifeLine communities. Joint Consumers argue that issues regarding VoIP technology in LifeLine should be addressed now and the Commission should look to Pub. Util. Code § 710 for determining carrier participation eligibility. Joint Consumers argued that current requirements for the distribution of sensitive subscriber data, especially any part of a consumer's Social Security Number (SSN), not only risk privacy violation and identity theft but are also discriminatory against customers without an SSN. The Commission needs to limit these requirements and work with the FCC to eliminate the SSN requirement altogether.

In reply comments, Joint Consumers urged the Commission to avoid basing any LifeLine Program changes on market forces in order to ensure LifeLine remains an affordable service. Joint Consumers contend that the FCC definition is too vague to protect consumers and carriers ignore important

services, such as emergency services, when fixing the number of minutes in their Lifeline-eligible plans. According to Joint Consumers, the Commission can and should impose a cap on LifeLine rates paid by consumers and on the subsidies paid to carriers. Joint Consumers recognize that LifeLine should not unduly burden carriers but should be sufficient to benefit LifeLine subscribers. Joint Consumers also implored the Commission to reject the "coupon" system proposals.

Joint Consumers urged that the Commission should also clarify the extent to which carriers can draw both federal and state subsidies for LifeLine. Joint Consumers supported holding a workshop or series of workshops to address issues regarding the Working Group and outreach issues. Lastly, Joint Consumers asserted that the Commission should clarify its authority over VoIP providers that wish to participate in the LifeLine Program.

TracFone Wireless, Inc. (TracFone)

TracFone contended that California LifeLine is currently inefficient because it is no longer in the public interest to remain under one technology and one business model that favors non-mobile LifeLine customers. First, TracFone insisted that the Commission should implement the requirements for initial eligibility and annual verification adopted by the FCC in February, 2012, because they have succeeded in reducing waste, fraud, and abuse in the federal Universal Service Fund. If the Commission adopted the FCC rules, the third party administrator would be unnecessary.

Second, TracFone argues LifeLine should include mandatory access to E911 where it is available. TracFone points out that not all emergency situations arise at the home, and many LifeLine households do not remain in one permanent residence.

Third, TracFone contends the Commission should require that ETCs pass all LifeLine support received to their LifeLine customers rather than requiring specified quantities of minutes. TracFone argues that requiring specified quantities of minutes would violate Section 332(c)(3) of the Communications Act and would be at odds with the purpose of California LifeLine.

Lastly, TracFone argues that the Commission should make changes to LifeLine administration in order to accommodate the current multi-provider, multi-technology environment, cut administrative costs, and streamline the LifeLine Program by not supporting non-recurring or connection charges. TracFone states that it is willing to provide an unlimited calling LifeLine service plan at no charge, with less California LifeLine support than providers currently receive.

CTIA – The Wireless Association (CTIA)

CTIA notes that a growing number of consumers are choosing wireless as their preferred communications platform. To meet these changing needs, CTIA argues the Commission should look to the FCC's definition of "basic service" for federal Lifeline services and clarify the elements of the Commission's "basic service" definition in a technologically neutral manner. CTIA contends the "basic service" definition approved by the Commission in D.12-12-038 may prohibit consumers from applying the California LifeLine discount to wireless services and is inconsistent with existing consumer protection laws that already apply to wireless services.

For CTIA, there are issues surrounding access to emergency services and voice grade connections. CTIA argues the Commission should allow wireless providers the same ability to seek waivers of particular basic service elements under the state LifeLine Program that the Commission provides as part of the

federal Lifeline program. CTIA's voluntary Consumer Code for Wireless Service, which covers 97% of all wireless subscribers, requires participating service providers to allow subscribers to terminate wireless service without an early termination fee should the terms of the consumer's contract change in a materially adverse manner. CTIA encourages the Commission to look to FCC policies respecting waste, fraud, and abuse to ensure the sustainability of the program.

In its reply comments, CTIA stressed that changes to California LifeLine should be consistent with changing consumer demands. Specifically, CTIA argued that low-income consumers should be afforded the opportunity to apply the LifeLine discount to their service of choice. According to CTIA, technologically neutral policies best serve low-income consumers. For CTIA, further delay does not benefit low-income consumers. CTIA argues that the Commission should not consider future implementation problems at this stage. According to CTIA, ORA's proposal is discriminatory because it would exclude prepaid wireless service from the California LifeLine Program. While CTIA agreed with the goals of Joint Consumers' proposal and definition of "basic service," it finds some specifics of the proposal unnecessary in light of increasing use of wireless and existing state and federal regulations.

Additionally, CTIA contended that Joint Consumers' proposals for emergency communications are not technologically neutral and ignore the fact that consumers already rely on wireless for those communications. CTIA characterizes wireless services as vital to low-income consumers. For CTIA, California's LifeLine Program can be a vehicle to ensure that these consumers can access the communications services that best meet their needs.

Cox California (Cox)

Cox urged the Commission to adopt LifeLine Program guidelines that are technologically and competitively neutral, consistent with the federal universal service program, and simple and straight-forward. Cox argued that the Commission should adopt the service elements required for federal universal service programs because they are competitively and technologically neutral, straight-forward, consistent with the Moore Act and do not contravene Section 710(a). According to Cox, the Commission should adopt minimum service requirements and rules that allow LifeLine subscribers to benefit from the competitive marketplace, just as non-LifeLine subscribers do.

Cox argued that the Commission should not pursue "minimal" plans or "non-minimal" or any plans that traditional wireline providers can offer but which other providers, such as wireless and VoIP cannot. Cox characterized the proposals in the Scoping Memo regarding discounts equal to SSAs are discriminatory, not competitively-neutral, and in violation of the Moore Act because they would apply to only one type of provider. According to Cox, the Commission must allow the existing practice of including LifeLine in bundled service offerings; a rule stating otherwise would be discriminatory towards LifeLine consumers and contravene LifeLine's purpose.

The Commission, according to Cox, should adopt a definition of basic service/LifeLine service that allows, but does not require, VoIP providers to participate in the LifeLine Program. Cox argued the Commission should not adopt any proposal that would continue the cap on LifeLine rates, set a statewide rate, or cap the amounts LifeLine providers are reimbursed.

Cox asserted that the Commission should not re-litigate issues it has resolved relatively recently, including, but not limited to, the SSA and use of the

third party administrator. Instead, Cox noted, the Commission needs to clarify the role of the Working Group, how Staff implements changes to the LifeLine Program and, if it elects to consider a pre-registration option, consider all issues that will impact Lifeline customers, LifeLine providers, Staff, and the third party administrator.

Time Warner Cable Inc. (Time Warner)

Time Warner emphasized that providers of VoIP services should remain eligible to participate in the California LifeLine Program, notwithstanding the enactment of Public Utilities Code Section 710. Time Warner argues that given FCC rulings and statements, as long as the applicant for ETC designation is a "common carrier," it remains eligible for ETC status and can participate in the LifeLine Program. Time Warner recommended that the Commission should clarify this point in its decision rather than deferring it to another phase.

California Cable & Telecommunications Association (California Cable)

California Cable argued that the Commission has already determined that VoIP providers may participate on a voluntary basis in the LifeLine Program. According to California Cable, Public Utilities Code Section 710 does not limit the ability of VoIP providers to participate in LifeLine and gives the Commission authority to grant VoIP providers' applications for ETC status. Because there are no authority issues, California Cable contends that the Commission must not defer the eligibility of a VoIP provider to a later proceeding and it must designate any VoIP provider that elects to participate in the LifeLine Program as an ETC.

National Asian American Coalition (Coalition)

For the Coalition, California LifeLine is currently inadequate because participation in LifeLine has fallen dramatically. It urges that in-language marketing and ethnic media sources must be employed to build enrollment

among low-income and hard-to-reach communities to remedy this. It suggested using community-based organizations because they have the necessary language capabilities and cultural awareness. Finally, the Coalition argued that there is a high need for surveys to identify the cause in subscription decline, the actual projected number of families interested in LifeLine, and what efforts can be undertaken to ensure maximum participation at the lowest possible cost.

In its reply comments, Coalition recognized that other parties, Joint Consumers and SureWest in particular, agree with its position on community-based organizations. The Coalition argues that reliance on web services should not take the place of more traditional outreach enrollment methods that do not require internet access. The Coalition argues that delaying the topic of outreach to a later proceeding might give it the priority status it requires. While there is merit to allowing basic free market forces to help indicate consumer demand, for the Coalition those forces need to be closely supervised and supplemented. Lastly, the Coalition argues that the pre-qualification requirement should be replaced by Joint Consumers' predetermination suggestion.

Cricket Communications, Inc., Sprint Nextel, T-Mobile West LLC dba T-Mobile (Wireless Parties)

The Wireless Parties argue that if the Commission chooses to redefine basic service elements for the LifeLine Program, it must interpret those elements in a technologically neutral manner. Additionally, according to the Wireless Parties the Commission should establish a waiver process similar to that used for ETC designations today and modify the administration of the LifeLine Program by eliminating the third party administrator and the pre-qualification requirement.

In reply comments, the Wireless Parties stressed that the Commission should implement the Wireless Parties' basic service interpretation and waiver

methodology and ensure that 911 requirements in the basic service decision do not exclude wireless carriers from the LifeLine Program. Similarly, the Wireless Parties contend that the Commission should temper voice grade service requirements in the basic service decision to avoid excluding wireless carriers from the LifeLine Program. To facilitate consumer choice, Wireless Parties argue that the Commission should not limit carriers' ability to develop Lifeline plans by requiring unlimited minutes or establishing a maximum rate. The Wireless Parties urge the Commission to permit LifeLine support for bundled plans. Finally, the Wireless Parties contend that if the Commission does not completely eliminate the third party administrator, it should, at a minimum, allow ETCs to determine customers' eligibility for LifeLine services if those ETCs are willing to assume the costs of doing so themselves (subject to audits), eliminate or not require pre-qualification for carriers offering LifeLine services on a prepaid or pay-in-advance basis, and require that the third party administrator meet or surpass enhanced performance-based goals for determining customers' eligibility for LifeLine services.

iFoster (iFoster)

iFoster supported replacing the pre-qualification system with a pre-registration program. iFoster contends that the pre-qualification system creates barriers for foster youth, limiting their access to LifeLine. To help foster youth become successful, independent adults, iFoster notes that foster youth require ongoing connection to support networks, the ability to reach emergency services, and the ability to have a constant way to be reached throughout the duration of multiple placements. A pre-registration program facilitates the ability of Child Welfare Directors Association of California and California's county child welfare agencies to oversee the education and referral of foster

youth to LifeLine. iFoster suggested the Commission implement targeted outreach efforts specifically for youth in care.

4. Discussion

As set forth above, the Commission has engaged in an extensive process to obtain comments from all interested stakeholders such as service providers, organizations, and consumers. We have carefully considered these comments in developing the next stage for the California LifeLine Program.

Within its limits, we find the existing program is working well for California; it is those limits we propose to address here. Nevertheless, in order to continue the CPUC's efforts to modernize the California LifeLine Program, we modify its specifications to facilitate the participation of providers other than wireline service providers offering only landline telephone services. These modifications accommodate consumers' transformed minimum communications needs and make more types of telephone services affordable for low-income households.

4.1. Requirement of a Certificate of Public Convenience and Necessity, a Wireless Identification Registration, and/or a Franchise from the Commission to Provide California LifeLine Service

To ensure compliance with rules, consumer protection, and our fiduciary responsibility, all providers participating in the California LifeLine Program shall have a Certificate of Public Convenience and Necessity (CPCN), a Wireless

Identification Registration (WIR), and/or Franchise authority[14] from the CPUC to provide California LifeLine service.[15] Pub. Util. Code § 876 requires that service providers certificated or registered by the Commission as telephone corporations that offer residential basic telephone service in the State of California must offer California LifeLine service.[16] Pub. Util. Code § 270(b) also requires that the moneys in our public purpose funds "are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service. The CPUC determines whether a service provider is a telephone corporation through the issuance of a CPCN, WIR, or Franchise under Pub. Util. Code §§ 1001-1013. Any service provider that is not certificated, registered, or granted a Franchise from the Commission is ineligible to participate in the California LifeLine Program.

The requirement that a California LifeLine provider have a CPCN, WIR, and/or Franchise is necessary to protect public safety, create accountability for the use of ratepayer LifeLine funds, ensure compliance with the LifeLine rules, including and all other rules applicable to CPCN, WIR, and/or Franchise holders, and protect consumers and competition. This requirement ensures that the CPUC has jurisdiction over LifeLine providers so it can supervise compliance with applicable rules and ensure that ratepayer funds are used with integrity.

[14] As used herein, "Franchise" refers to the operating authority obtained by the Incumbent Local Exchange Carrier (e.g., Pacific Bell dba AT&T) prior to the implementation of the current CPCN system grounded in Pub. Util. Code § 1001. Franchise holders like AT&T operate with Utility numbers given by the Commission, and thus are subject to all public utility rules and regulations. As such, franchises are the functional equivalent of a CPCN.

[15] The Commission is revisiting the CPCN process, and in that context, may consider whether, and if so to what extent the Commission may alter its processes for obtaining operating authority to provide service in California.

[16] *See* Pub. Util. Code § 876; as required in D.12-12-038, COLRs must also offer California LifeLine service as part of their COLR obligations.

All California LifeLine providers shall comply with the CPUC's rules, orders, and decisions, and the California Public Utilities Code.[17]

LifeLine providers have more duties than the duty to provide voice-grade telephone service. A LifeLine provider must, among other obligations, carry and complete calls, including calls to rural areas, 711 calls placed by telephone relay users, and 911 calls. A LifeLine provider's telephone service affects not only the LifeLine participant, but all who are connected to, and dependent, on the public switched telephone network or any successor network, by undergirding our public safety organizations, our government agencies, our businesses, our families, and us as individuals. A LifeLine provider must comply with consumer protection rules including, but not limited to, rules against slamming (the unauthorized change of telephone service provider) and cramming (the unauthorized addition or charges to a telephone bill), have good billing practices, protect consumer privacy, and act in accordance with CPUC General Order 168[18] (the Consumer Bill of Rights).

A speaker at the PPH in Riverside complained of being slammed by a provider that attempted to characterize her affirmative answer to a question about whether she was interested in information about saving money on her telephone bill as authorization to change her service provider. She then received a telephone bill that was more than $500 the following month because the plan she selected with a different telephone company included calls to Mexico for a set monthly rate, and the slam displaced both her telephone company and plan of choice.[19] LifeLine participants, like all Californians, should not be subjected to slamming, and service providers that engage in such practices are subject to

[17] *See* Pub. Util. Code § 451.
[18] http://docs.cpuc.ca.gov/PUBLISHED/GENERAL_ORDER/54500.htm.
[19] PPH Riverside, June 17, 2013, at 78.

CPUC rules that prohibit slamming, to investigation, and to potential penalty. This is but one example of the imperative of applying consumer protection rules to LifeLine providers as we aim to protect LifeLine participants, telephone and electric system users, competition, all ratepayers, and to foster accountability and good practices.

A LifeLine provider must also attach its facilities, as authorized by its CPCN, WIR, or Franchise, in accordance with CPUC General Order 95[20] which governs attachment to poles, conduits, and rights of way, in order to protect public safety. The facilities used to provide California LifeLine service affect all users of the telephone system, and the electrical system and poles to which those facilities are often attached. Failure to observe Commission regulations in connection with the provision of such services, e.g., General Order 95, may have catastrophic consequences, including deaths, fires, severe injuries, and property damage. We note that in September 2013 the CPUC levied a $14.5 million penalty against NextG, of which $8.5 million will go to California's General Fund, resulting from Investigation 09-01-018.[21] NextG admitted in that investigation that a pole with its equipment was overloaded in violation of CPUC rules. That overloaded pole contributed to the Malibu fire, and to the resulting deaths, severe injuries, and property damage. NextG will use the remaining $6 million to conduct an audit of its 60,000 pole attachments in California, and perform remedial work as necessary to bring its pole attachments into compliance.

[20] http://docs.cpuc.ca.gov/PUBLISHED/Graphics/162158.PDF.

[21] http://www.cpuc.ca.gov/NR/rdonlyres/F057DA13-FAE9-4795-8449-6A7FF98D0857/0/CPUCEnhancesSafetyIssues515MillioninPenaltiesandRemediationAgainstSCEandNextGforMali.pdf.

All CPCN, WIR, and Franchise holders must comply with General Order 95, General Order 128[22] (regarding underground electric supply and communications systems), the California Public Utilities Code, and the Commission's rules, orders, and decisions. We note that Pub. Util. Code § 710, which delineates the CPUC's jurisdiction over VoIP and Internet Protocol (IP) enabled services, states in Pub. Util. Code § 710(c)(7) that it does not affect or supersede "The commission's authority relative to access to support structures, including pole attachments, or to the construction and maintenance of facilities pursuant to commission General Order 95 and General Order 128."

LifeLine providers shall be subject to CPUC jurisdiction, audits, inspections, and penalties for non-compliance on the same basis as other holders of a CPCN, WIR, or Franchise. Put succinctly, California LifeLine providers shall comply with all of the CPUC's rules, orders, and decisions, and the California Public Utilities Code.

4.2. Interim Processes for Becoming a California LifeLine Provider and Federal Lifeline-Only Provider

4.2.1. California LifeLine Provider

On an interim basis, until the Commission develops a modified process, any service provider interested in participating in the California LifeLine Program shall file either a Tier 2 or Tier 3 advice letter. WIR holders without an ETC designation can become a California LifeLine provider using the Tier 3 advice letter filing process. All other CPCN, WIR, or Franchise holders can use the Tier 2 advice letter filing process to become a California LifeLine provider and/or update their California LifeLine eligible telephone plans. Service providers shall file their advice letters to our Communications Division in

[22] http://docs.cpuc.ca.gov/PUBLISHED/GENERAL_ORDER/52591.htm.

accordance with Pub. Util. Code § 489 and General Order 96-B demonstrating that its proposed California LifeLine service(s) are in compliance with General Order 153 and the requirements adopted in this Decision. Moreover, within their advice letters, potential providers should address how their proposed schedule of rates and charges and its terms and conditions comply with the requirements we adopt herein. Separate from filing the Tier 2 or Tier 3 advice letter, as appropriate, the potential provider must submit its marketing materials[23] to our Communications Division for review and approval prior to dissemination to the public. After the Commission approves the Tier 2 or Tier 3 advice letter, the California LifeLine provider may establish the electronic communications protocols and interfaces needed to interact and communicate with the California LifeLine Administrator and its master database. We encourage potential providers to discuss in advance and work cooperatively with Communications Division staff regarding their Tier 2 or Tier 3 advice letters invoking this interim process.

We opt to use the Tier 3 advice letter filing as an interim process to enable Commission-registered (WIR holder) wireless service providers without an ETC designation to become new California LifeLine providers. However, we concur with Budget PrePay, Inc.'s (Budget) and with California Association of Competitive Telecommunications Companies' (CALTEL) recommendation for the Commission to adopt an expedited process for authorizing service providers with ETC designations from the CPUC to offer the California LifeLine service

[23] Marketing materials includes materials in all media, including but not limited to print, audio, video, Internet (including email, web, and social networking media), and outdoor signage. This list is consistent with the FCC's definition of marketing materials in 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), ¶ 275.

elements adopted in this Decision.[24] Therefore, for WIR holders with ETC designation in California, these wireless service providers can use the Tier 2 advice letter filing to become new California LifeLine providers.

All WIR holders (with or without an ETC designation) seeking to offer California LifeLine wireless services must comply with Appendix A-3 of this Decision for California LifeLine wireless, with this Decision's requirements, and with General Order 153. The Tier 2 advice letter filing will allow an advice letter to become effective within 30 days after the date of filing pursuant to General Order 96-B if the filing is in order and there are no protests or suspensions associated with the Tier 2 advice letter. Selecting a more expeditious advice letter filing for WIR holders with ETC designations will enable service providers to enter the California LifeLine marketplace faster. California LifeLine wireless providers may apply California LifeLine support to bundled or discounted offerings, but may not require bundles as a gateway to California LifeLine.

To avoid gaps in LifeLine service for existing California LifeLine wireline providers and participants, and in light of the minimal changes to California LifeLine wireline service adopted in this Order, existing California LifeLine wireline providers with a CPCN or Franchise, within 45 days of the adoption of this Decision, shall file a Tier 2 advice letter with any changes necessary to comply with the requirements adopted in this Decision. California LifeLine wireline providers with a CPCN or Franchise must comply with either the applicable service elements in this Decision's Appendix A-1 for LifeLine wireline or Appendix A-2 for fixed-VoIP,[25] with this Decision's requirements, and with General Order 153. Current California LifeLine providers shall meet their

[24] Budget Opening Comments at pages 2-3 and CALTEL Opening Comments at 1-2 (November 19, 2013).

[25] Fixed-VoIP relates to interconnected VoIP service provided, as defined in 47 CFR 9.3, to or from a fixed geographic location.

LifeLine obligations by continuing to offer their existing LifeLine service pending approval of their Tier 2 advice letter, and may apply California LifeLine support to bundled or discounted offerings, but may not require bundles as a gateway to California LifeLine.

Service providers with a CPCN or a Franchise from the Commission may also use the Tier 2 advice letter filing process to add residential retail telephone service plans for which they would like to seek California LifeLine support. The advice letter must demonstrate that its proposed California LifeLine service(s) are in compliance with General Order 153, the requirements adopted in this Decision, and the applicable service elements in Appendix A-1 for LifeLine wireline or Appendix A-2 for LifeLine fixed-VoIP set forth in this Decision.

However, if a service provider does not have a CPCN, WIR or Franchise from the Commission, then it must receive the applicable certification or registration from the Commission prior to applying to be a California LifeLine provider after which they may follow the relevant process outlined above.

We intend to create an efficient procedure for any service provider to expeditiously join the California LifeLine Program in (a) subsequent decision(s).[26]

4.2.2. Federal Lifeline-Only Provider

Similarly, to any new service provider seeking to become a federal Lifeline-only wireless provider with the Commission, we extend the current ETC filing process and requirements. A new provider shall apply to become a federal Lifeline-only provider by filing a Tier 3 advice letter with the Communications Division demonstrating that its proposed wireless offerings comply with federal and state ETC rules, including General Order 153. As to existing federal Lifeline-only wireless providers, we require them to continue to offer their

[21] See section 5 of this Decision for a list of the pending issues reserved for subsequent decisions.

federally-funded Lifeline services on the same terms and conditions that their ETC designation was granted.[27] Existing federal Lifeline-only wireless providers may continue to choose to only offer federal Lifeline, and not California LifeLine. Federal Lifeline-only wireless providers shall continue to comply with the current ETC and General Order 153 requirements until a revised ETC process and General Order 153 are adopted by the Commission. Moreover, this Decision does not alter any of the obligations of federal Lifeline-only wireless providers as WIR holders.

In a subsequent decision in this proceeding, we plan to address issues including the extent to which the changes adopted in this Decision and General Order 153 requirements shall apply to federal Lifeline-only wireless providers. We also plan to revise the process for seeking and receiving ETC status and for updating the terms and conditions associated with being designated an ETC.

4.3. California LifeLine Service Elements

The California LifeLine service elements we adopt in this Decision reflect the changes in the communications marketplace and the services we believe are necessary to meet California LifeLine participants' minimum communications needs, which is the standard adopted in the Moore Act that authorized LifeLine. The updated service elements are designed to allow California LifeLine service to be provisioned by different technologies. The service elements set forth in this Decision's Attachment D containing General Order 153's Appendix A (Appendix A-1 for wireline, Appendix A-2 for fixed-VoIP, and Appendix A-3 for wireless) are the minimum service elements that must be offered on a non-discriminatory basis by any service provider offering California LifeLine telephone service

[27] CTIA and Cricket sought clarification regarding how this Decision will impact existing federal Lifeline-only wireless providers in their Opening Comments at 14-15 and at 3-4, respectively, (November 19, 2013).

within California. A California LifeLine provider may provide additional elements as part of its California LifeLine telephone service offering, but must not require participants to purchase those additional elements in order to access California LifeLine that conforms to the minimum service elements.

All plans, including bundled service plans, promotional service plans, and family plans, that meet or exceed the minimum service elements and are consistent with California LifeLine rules shall be eligible for the California LifeLine discounts. To the extent the plans meet or exceed the minimum service elements, the California LifeLine provider must apply the applicable support to the plan chosen by the California LifeLine participant, the person qualified for and receiving LifeLine service based on conformance to the eligibility rules and confirmation of eligibility through the enrollment process.

Our new California LifeLine service elements do not alter any of the responsibilities we have already implemented for COLRs in D.12-12-038, including the requirement that telephone service is guaranteed to work inside the residence. A COLR's obligation to provide California LifeLine service does not negate its primary responsibilities for providing basic telephone service consistent with D.12-12-038. We have designed the California LifeLine service elements in order to give consumers a choice of services that are guaranteed to work inside the residence, primarily through wireline traditional and fixed-VoIP telephone services, and to give eligible consumers the option to choose LifeLine through wireless technologies which may have service or coverage limitations and may or may not work inside the home, but may offer the advantage of mobility. However, if a COLR chooses to provision its basic telephone service over a wireless platform after receiving Commission approval to do so through

the advice letter process described in the Basic Service Decision (D.12-12-38), all basic and California LifeLine telephone services must work inside the residence.

We will continue to monitor the California LifeLine marketplace and take further action if: 1) California LifeLine service becomes unaffordable; 2) participants' communications needs are not adequately met; 3) the CPUC's and Moore Act's goals of promoting public safety, the economy, and civic participation through LifeLine are not being achieved, or 4) the program needs adjustment to ensure that ratepayer funds are used prudently and in a fiscally sound manner.

4.4. Monthly Service Rate Caps and Maximum Monthly Reimbursement Amounts for California LifeLine Wireline

Based on comments from the parties and from the public at the eight PPHs conducted throughout the state, we find that the caps on the rate for California LifeLine wireline service for flat-rate local service at $6.84 and for measured-rate local service at $3.66 are reasonable and should be extended through December 31, 2015.[28] California LifeLine will also continue to support and cap the rates in Extended Area Service Exchanges (EAS)[29] to December 31, 2015. Similarly, we cap the monthly reimbursement amount per participant (SSA) for all California LifeLine providers that provide California LifeLine wireline consistent with the service elements in General Order 153 Appendix A-1 (in Attachment D of this Decision) at $12.65 through December 31, 2015.[30] ETCs certified by the CPUC to receive federal Lifeline support of $9.25 a month may continue to receive such subsidies. Through December 31, 2015, a wireline ETC, upon Commission

[28] D.10-11-033, Ordering Paragraph (OP) 15.
[29] The EAS rates shall represent the capped rates as of June 30, 2013.
[30] The SSA of $12.65 shall be in effect starting January 1, 2014. For the remainder of 2013, the maximum SSA remains as $11.85.

approval of that ETC's advice letter to become a California LifeLine provider, may combine federal Lifeline support of $9.25 a month and California LifeLine monthly support of up to $12.65, plus a $0.50 a month administrative fee, for a total monthly support of up to $22.40 per eligible participant.[31] As discussed in more detail below, we will use similar maximum monthly reimbursement amounts for all California LifeLine services (wireline, fixed-VoIP, and wireless) as we achieve a level of technological neutrality, administrative and cost efficiency, and consistency in program administration. California LifeLine wireline, fixed-VoIP, and wireless providers can receive the monthly reimbursement amounts no more than once per month.

The Small LECs claim that rate-of-return companies should not have their cost recovery limited for the monthly recurring California LifeLine service rates.[32] D.91-09-042 ordered Small LECs to set their monthly residential rates at no more than 150% of the California urban basic rate in order to receive California High Cost Fund A (CHCF-A) funding of which D.10-02-016 affirmed. D.10-02-016 also clarified that if revenue from the basic rate upon reaching the 150% threshold is not sufficient to meet the Small LEC's revenue requirement, the Small LEC may receive CHCF-A support, which would ~~provide no more than~~help the utilities'

[31] This Decision does not alter our established claims processes and requirements. For example, providers will need to report their administrative costs with each claim filing. Additionally, D.10-11-033's OP 18 dictates that if a provider is unable to adequately justify claimed administrative expenses, but still seeks reimbursement for some of those expenses, it will be compensated at a rate no greater than $0.03 per participant per month, which may result in a maximum total monthly support of $21.93 instead of $22.40. Section 9.3.9 of General Order 153 also sets forth that the administrative cost reimbursement be based on the lesser of actual expenses incurred or the set administrative support amount of $0.50 per participant. This administrative reimbursement rate is available to all California LifeLine providers that provide their California LifeLine administrative cost information with their monthly claims.

[32] Small LECs Reply Comments at 5 (November 25, 2013).

earn their respective authorized ~~rate~~rates of return. Due to the possibility that, as service providers whose rates are not regulated might increase its basic rate any number of times, D.10-02-016 adopted an interim requirement that the residential basic flat rate charged by a Small LEC to qualify for CHCF-A be $20.25 per month. D.10-02-016 stipulated this interim requirement will remain in effect until the Commission adopts a decision in the CHCF-A Program Review in R.11~~-~~-11-007, which will review the CHCF-A program. ~~Moreover, D.10-02-016 also cautioned that if a Small LEC increases its basic rate above the $20.25 per month level, the Small LEC may not draw additional funds from the CHCF-A for the rate differential above the $20.25 level, to provide reasonable protection against the risk of rate shock to the Small LECs and their customers pending Commission resolution of the pertinent reform issues in the CHCF-A rulemaking.~~ Therefore, rate-of-return companies, operating under Commission-approved tariffs, may seek lost revenue recovery as limited by D.10-02-016 for monthly recurring residential basic telephone service rates from the CHCF-A through the general rate case process (or through an annual advice letter until the general rate case filing year) for monthly recurring residential basic telephone service rates that neither the California LifeLine participant nor the California LifeLine Program will reimburse.

4.5. Maximum Monthly Reimbursement Amounts for California LifeLine Fixed-VoIP

With regard to our new California LifeLine fixed-VoIP service elements, the reimbursement amounts and methodology should closely parallel California LifeLine wireline. These rules will foster competition, choice, and consumer protections for California LifeLine services.

Service providers that currently offer residential voice services in California pursuant to their CPUC-issued CPCN using VoIP, such as Charter and Astound, offer unlimited, nation-wide voice service for a fixed price.[33] The California LifeLine fixed-VoIP service elements we adopt are largely consistent with current VoIP marketplace offerings, and will incentivize the provision of affordable LifeLine telephone service, increase customer choice, and foster competitive options. Consistent with Pub. Util. Code § 876,[34] the CPUC currently requires fixed-VoIP service providers with CPCNs that offer tariffed residential voice service through the authority conferred by their CPCN to provide California LifeLine consistent with the current LifeLine rules, including the requirement that the participant pay no more than $6.84 a month for flat-rate wireline service.[35] We continue that requirement here. We also mandate that Franchise and CPCN holders that offer residential retail voice service through a tariff under their Franchise or CPCN must allow eligible participants to apply the California LifeLine discount to all voice plans of that tariffed service that meet or exceed the minimum LifeLine requirements, including bundled and promotional

[33] http://www.charter.com/browse/phone-service/phone, http://www.astound.net/phone/phone-packages.php and http://www.astound.net/bundles/internet-cable-phone-packages.php.

[34] Pub. Util. Code § 876 directs the Commission to "require every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service. Every telephone corporation providing service within a service area shall inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for and obtain service, and shall accept applications for lifeline telephone service according to procedures specified by the commission."

[35] Section 8.1.4.1 of General Order 153 requires the rate for discounted monthly California LifeLine flat rate service to be no more than $6.84. Although, General Order 153 currently states this specific price cap ends on December 31, 2012, the Commission has not updated General Order 153 since revising it pursuant to D.10-11-033. *See* also Pub. Util. Code §§ 873-874 (requiring Commission to design Lifeline service "to meet minimum communication needs," and to set the "rates and charges" for ~~Lifeline~~LifeLine service.

plans. A California LifeLine participant may qualify to subscribe, on the same basis as non-LifeLine customers, to VoIP service provider plans that offer more than LifeLine voice service. This requirement will promote consumer choice and competition, and will enable consumers who merit the California LifeLine discounts to opt for additional savings associated with bundled services. As discussed below, VoIP service providers that have a CPCN or Franchise may not require a LifeLine participant to subscribe to bundled service as a condition of receiving the California LifeLine discounts.

We conclude that this Decision is consistent with the California Public Utilities Code, including Pub. Util. Code § 710, which prohibits CPUC regulation of VoIP services "except as required or expressly delegated by federal law or expressly directed to do so by statute or as set forth in subdivision (c)."[36] ~~The relevant statute here is the Moore Act, which~~We are mindful of the limitations imposed on the Commission by Section 710, and we respect the decision of the Legislature and the Governor to pass and sign SB 1161. We emphasize that this rulemaking presents the narrow and discreet issue of interpreting the impact of Pub. Util. Code § 710 on the California LifeLine rules, and our interpretation of Pub. Util. Code § 710 is limited to its interaction with California LifeLine as authorized by Pub. Util. Code § 876 et. seq. and the administration of the Fund established in Pub. Util. Code § 270(b).

Longstanding canons of statutory construction counsel us to begin by looking at the plain language of the statute. We note that Pub. Util. Code § 710 does not contain a list of which statutes permit CPUC regulation of VoIP services. Pub. Util. Code § 710(c) sets forth enumerated exceptions, but does not enumerate the state statutes, or describe in detail the types of state statutes that

[36] *See* Pub. Util. Code § 710(a).

would fall in the category of "expressly directed" to permit Commission jurisdiction over VoIP services.

AT&T argues that the CPUC should read Pub. Util. Code § 710(a) that limits CPUC regulation of VoIP except as "expressly directed to do so by statute" as requiring that the relevant statute must specifically refer to VoIP. The plain language of the Pub. Util. Code § 710 does not state that the statute expressly directing the CPUC must specifically refer to VoIP. We give credence to each word in the statute and do not intend to make any words a nullity. Likewise, *Guillen v. Schwarzenegger* (2007) 147 Cal.App.4th 929, 943, 55 Cal.Rptr.3d 87 counsels that "[a]n appellate court should be "loathe to construe a statute which has the effect of 'adding' or 'subtracting' language".

The findings and declarations of the legislature contained in SB 1161, Section 1(a) as chaptered, do not specifically limit California LifeLine to non-VoIP service providers. Pub. Util. Code § 710 is silent as to VoIP participation in LifeLine and the effect of Pub. Util. Code § 710 on CPCNs or Franchises held by service providers that operate in whole or in part through VoIP. Neither does Pub. Util. Code § 710 expressly prohibit those licensees from filing a tariff or expressly repeal the Commission's ability to approve a tariff filed by a CPCN or Franchise holder that operates through VoIP.

As indicated by the legislative history of SB 1161, the Legislature was aware that "(s)ome VoIP-only providers, such as Cox, Comcast, and Time Warner, hold a CPCN, as the CPCN entitles the provider to certain regulatory protections such as ensuring interconnection rights". Senate Appropriation Committee Fiscal Summary, Senator Christine Kehoe, Chair, SB 1161, May 29, 2012, http://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml. Cox operates through a mix of VoIP and Plain Old Telephone Services, but the point

is that the CPUC made the Legislature aware that several VoIP providers held CPCNs as reflected in the CPUC legislative analysis of SB 1161.

In absence of clear statutory language or expression or legislative intent regarding VoIP and LifeLine in Pub. Util. Code § 710, the legal rules and standards that govern statutory interpretation require that we harmonize Pub. Util. Code § 710 with other Public Utilities Code provisions, of which Pub. Util. Code § 710 is a part. It is a well-accepted canon of statutory construction that, when there is a conflict between two statutes, the principle of paramount importance is that of harmonious construction, by which we must attempt to give effect to both statutes if possible. "[Where] the language of a statutory provision is susceptible of two constructions, one of which, in application, will render it reasonable, fair and harmonious with its manifest purpose, and another which would be productive of absurd consequences, the former construction will be adopted." (Western Oil & Gas Assn. v. Monterey Bay Unified Air Pollution Control Dist. (1989) 49 Cal. 3d 408, 425 [261 Cal. Rptr. 384, 777 P.2d 157]).

Further, longstanding California Supreme Court decisions counsel against reading one statute as repealing another when that intention was not express. Absent an express declaration of legislative intent, we will find an implied repeal "only when there is no rational basis for harmonizing two potentially conflicting statutes [citation omitted], and the statutes are 'irreconcilable, clearly repugnant, and so inconsistent that the two cannot have concurrent operation'" [Citation omitted.] (Merrill v. Navegar, Inc. (2001) 26 Cal.4th 465, 487 [110 Cal.Rptr.2d 370, 28 P.3d 116]). A court must, where reasonably possible, harmonize statutes, reconcile seeming inconsistencies in them, and construe them to give force and effect to all of their provisions. Thus, when two codes are to be construed, they "must be regarded as blending into each other and forming a single statute."

[Citation omitted.] Accordingly, they "must be read together and so construed as to give effect, when possible, to all the provisions thereof." (Pacific Palisades Bow LLC v. City of Los Angeles (2012) 55 Cal 4th 783, 805 [288 P.3d 717, 149 Cal. Rptr. 3d 383]). Repeal by implication is recognized only where there is no rational basis for harmonizing two potentially conflicting laws. (California Assn. of Health Facilities vs. Dept. of Health Services (1997) 16 Cal 4th 284, 297 [65 Cal. Rptr. 2d 872, 940 P.2d 323]).

Pub. Util. Code § 710 recognizes other statutes and contains no express declaration of legislative intent to repeal the Moore Act. The Moore Act directs the establishment of a universal lifeline service program and designates the Commission as the administrator of the LifeLine Program. The Moore Act allows this Commission broad authority to "designate a class of lifeline service necessary to meet minimum communications needs." *See, e.g.,* Pub. Util. Code § 873(a)(1)(A). The legislation is technology neutral, and in fact, encourages this Commission to adapt the LifeLine Program to advances in technology. *See, e.g.,* Pub. Util. Code §§ 871.7(b)-(d).

We note further that Section 270(b) of the Public Utilities Code mandates that all moneys in the Universal Lifeline Telephone Service Trust Administrative Committee Fund "are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate *telephone corporations* for their costs of providing universal service." (Emphasis added.) Pub. Util. Code § 876, a provision of the Moore Act, further mandates that "[t]he commission *shall require* every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service." (Emphasis added.)

We ~~are mindful of the limitations imposed on the Commission by Section 710. We note, however~~also note, in addition to the exception ~~language~~ cited above, ~~Section~~Pub. Util. Code § 710(e) reads as follows:

> This section does not affect any existing regulation of, proceedings governing, or existing commission authority over, non-VoIP and other non-IP-enabled wireline or wireless service, including regulations governing universal service and the offering of basic service and lifeline service, and any obligations to offer basic service.

While ~~Section~~Pub. Util. Code § 710(e) preserves Commission authority over non~~-~~-VoIP and non-IP-enabled wireline and wireless services, it is silent on the application of the LifeLine requirements of ~~Section~~Pub. Util. Code § 876 to Telephone Corporations that hold a CPCN and offer service pursuant to a Commission-approved tariff ~~or schedule of rates and charges~~ through use of VoIP technology. Indeed, the statute is silent on the broader interaction between the Moore Act and ~~Section~~Pub. Util. Code § 710, except that ~~Section~~Pub. Util. Code § 710(a) does not limit the Commission's jurisdiction over VoIP services as "expressly directed to do so by statute."

~~The mandatory language of Section 876 directs that "[t]he commission *shall require* every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service." (Emphasis added.) The express language of Section 710 does not eliminate this mandate to the Commission in Section 876, nor limit its application to non-VoIP or non-IP-enabled services. The Section 876 mandate applies to the Commission's regulation over Telephone Corporations, which is the basis for this decision's order that a Telephone Corporation which offers residential retail service must offer Lifeline on their tariffed service. Consistent with past Commission practice, we do not extend the Lifeline obligation to the non-tariffed services of a Franchise or CPCN holder.~~

~~It is noteworthy that Section 876 makes Lifeline mandatory, not voluntary, for a Telephone Corporation offering residential retail service under its CPCN or Franchise. The LifeLine mandates of Section 876 apply directly to Telephone Corporations, in addition to the Commission. Section 876 commands: "Every telephone corporation providing service within a service area shall inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for an obtain service, and shall accept applications for lifeline telephone service according to procedures specified by the Commission." Correspondingly, Section 876 requires the Commission to ensure that each Telephone Corporation files a schedule of rates and charges for its LifeLine service. Neither Section 876 nor Section 710 expressly limited a Telephone Corporation's Lifeline obligation to certain technologies. Nor did Section 876 or Section 710 expressly exempt Telephone Corporations that, under the auspices of their CPCN or Franchise, offer residential retail tariffed service, in whole or in part through VoIP, from Section 876's obligation to offer Lifeline.~~

~~We note that the application of the LifeLine obligation to Telephone Corporations offering their tariffed service through VoIP is a practice of longstanding. Since the Telecommunications Act of 1996 Sections 251-252 created the process for Competitive Local Exchange Carriers (CLECs) to obtain state authority to interconnect to the public switched telephone network, the CPUC has issued CPCNs to CLECs through Commission review and decision, and has not limited the availability of a CPCN based on the technology used to provide service. Commission decisions granting a CPCN make clear that the entity receiving operating authority in the form of a CPCN must abide by the Commission's rules and precedents, as well as relevant provisions of the Public~~

~~Utilities Code. To take a recent instance, in D.13-09-039 granting Local Access Services a CPCN, the Commission stated in Conclusion of Law 2:~~

> ~~***2. Local Access Services, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.***~~

~~And in Ordering Paragraph 6 of the same Decision, the Commission stated:~~

> ~~***6. In addition to all the requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this decision, Local Access Services LLC is subject to the Consumer Protection Rules contained in General Order 168, and all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.***~~

We harmonize the two statutes by narrowly applying the Pub. Util. Code § 876 mandate to offer LifeLine to a Telephone Corporation's tariffed services, and clarify that it does not apply to the non-tariffed service a CPCN or Franchise holder may offer. Further, the facts do not show that Pub. Util. Code §§ 876 and 710 are not irreconcilable and clearly repugnant and inconsistent. Telephone Corporations that offer a tariffed service through VoIP technology, in whole or in part, were at the time of the 2012 legislative debate over SB 1161 (now Pub. Util. Code § 710) providing California LifeLine pursuant to the Commission's orders (*see* Resolutions T- 16086 and T-16128), and received payments from the California LifeLine Fund. Since the codification of Pub. Util. Code § 710 and its January 1, 2013 effective date, this narrow category of Telephone Corporations, including Charter, Astound and Cox, have continued to provide California LifeLine service over VoIP, submit, and receive payment for LifeLine claims. Information about the total number of LifeLine participants and providers is publicly available on one of the CPUC's LifeLine Web pages,

http://www.cpuc.ca.gov/PUC/Telco/Public+Programs/info.htm, and identifies service providers who from 2006-2012 provided California LifeLine.

This decision continues the long-standing CPUC practice which dates back to 1997 when the CPUC clarified that Telephone Corporations who are not federal ETCs, but provide a tariffed residential voice service, are still obligated to provide LifeLine and receive payment from the California LifeLine Fund per Pub. Util. Code § 270(b). The policy and practice that implemented Pub. Util. Code § 876 continued throughout 2012 while SB 1161 was being debated and was signed, and has continued uninterrupted since SB 1161's January 1, 2013 effective date. The ongoing submission of LifeLine claims for reimbursement from the ULTS Fund submitted by Telephone Corporations that offer a tariffed service through VoIP technology demonstrate that SB 1161, codified as Pub. Util. Code § 710, and Pub. Util. Code § 876 are reconciled, not clearly repugnant, consistent, and do, in fact, concurrently operate. In this fashion, the Commission gives due weight to and harmonizes both statutes, and respects the statutory language of Pub. Util. Code § 710 by applying the LifeLine requirements of Pub. Util. Code § 876 to a Telephone Corporation's tariffed service that is provided over VoIP and not to its non-tariffed service.

As discussed in the section on the California-only LifeLine fund, the Commission has long paid California LifeLine funds to CPCN holders that provide LifeLine in whole or in part through VoIP, and are not ETCs because they have not applied for ETC designation as common carriers and to obtain federal ETC support. For a number of years, the Commission has ordered these Telephone Corporations to provide LifeLine consistent with Pub. Util. Code § 876, and paid their LifeLine claims. In 2012, the Commission paid more than $129,000 from the ULTS to Telephone Corporations that are not ETCs that offer

LifeLine through a tariffed service provided in whole or in part by VoIP. ~~For~~ Cox, which offers both traditional Plain Old Telephone Service and VoIP, ~~the draw for 2012 was~~received in excess of $8 million~~.~~ in 2012.

We note that Pub. Util. Code § 876 directs that "[t]he commission *shall require* every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service." (Emphasis added.) The express language of Pub. Util. Code § 710 does not eliminate this mandate to the Commission in Pub. Util. Code § 876, nor limit its application to non-VoIP or non-IP-enabled services. The Pub. Util. Code § 876 mandate applies to the Commission's regulation over Telephone Corporations, which is the basis for this decision's order that a Telephone Corporation which offers residential retail service must offer LifeLine on their tariffed service. Consistent with past Commission practice, we do not extend the LifeLine obligation to the non-tariffed services of a Franchise or CPCN holder. Moreover, our decision harmonizes Pub. Util. Code § 876 mandate with the limitations of Pub. Util. Code § 710 by limiting Pub. Util. Code § 876 mandate to the narrowly defined class of Telephone Corporations that offer a Commission-approved tariffed residential voice service through VoIP under a Commission-issued CPCN or Franchise.

It is noteworthy that Section 876 makes Lifeline mandatory, not voluntary, for a Telephone Corporation offering residential retail service under its CPCN or Franchise. The LifeLine mandates of Section 876 apply directly to Telephone Corporations, in addition to the Commission. Section 876 commands: "Every telephone corporation providing service within a service area shall inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for an obtain service, and shall accept applications for lifeline

telephone service according to procedures specified by the Commission." Correspondingly, Section 876 requires the Commission to ensure that each Telephone Corporation files a schedule of rates and charges for its LifeLine service. Neither Section 876 nor Section 710 expressly limited a Telephone Corporation's Lifeline obligation to certain technologies. Nor did Section 876 or Section 710 expressly exempt Telephone Corporations that, under the auspices of their CPCN or Franchise, offer residential retail tariffed service, in whole or in part through VoIP, from Section 876's obligation to offer Lifeline.

We note that the application of the LifeLine obligation to Telephone Corporations offering their tariffed service through VoIP is a practice of longstanding. Since the Telecommunications Act of 1996 Sections 251-252 created the process for Competitive Local Exchange Carriers (CLECs) to obtain state authority to interconnect to the public switched telephone network, the CPUC has issued CPCNs to CLECs through Commission review and decision, and has not limited the availability of a CPCN based on the technology used to provide service. Commission decisions granting a CPCN make clear that the entity receiving operating authority in the form of a CPCN must abide by the Commission's rules and precedents, as well as relevant provisions of the Public Utilities Code. To take a recent instance, in D.13-09-039 granting Local Access Services a CPCN, the Commission stated in Conclusion of Law 2:

> ***2. Local Access Services, once granted a CPCN, should be subject to the applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.***

And in Ordering Paragraph 6 of the same Decision, the Commission stated:

> ***6. In addition to all the requirements applicable to competitive local exchange carriers and interexchange carriers included in Attachments B, C, and D to this decision, Local Access Services LLC is subject to the***

> ***Consumer Protection Rules contained in General Order 168, and all applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities.***

Additionally, in D.13-05-035 addressing revisions to the certification process for telephone corporations seeking or holding a CPCN and wireless service providers seeking or holding a wireless registration, the Commission held that applicants are required to file a sworn affidavit, declaring under penalty of perjury under the laws of the State of California, that they agree to comply with all federal and state statutes, rules, and regulations if granted the certification or registration. *See D.13-05-035, Attachment B and E.* Pub. Util. Code § 702 also makes clear that every public utility "shall obey and comply with every order, decision, direction, or rule made or prescribed by the commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees."

Today's ~~decision~~Decision will ensure continued LifeLine service to customers of ~~Telephone Corporations~~telephone corporations operating through a tariffed, residential retail service under a CPCN or Franchise, regardless of the underlying technology, consistent with the universal service mandates of the Moore Act, the exceptions of ~~Section~~Pub. Util. Code § 710, the California Public Utilities Code, and this Commission's decisions and Orders. This ~~decision~~Decision will expand consumer choice by clarifying that LifeLine support is not confined to stand-alone voice LifeLine service, but is applicable to the consumer's choice of plan or bundle that includes LifeLine voice service. As discussed in this ~~decision~~Decision, the LifeLine provider may file a Tier 2 or 3 advice letter to request an exemption from the requirement to offer a range of

plans to LifeLine subscribers, and explain why the applicant believes that certain plans or bundles should not be made available to LifeLine subscribers on the same terms as other subscribers. We see no need to formally "grandfather" current providers of LifeLine service who operate through VoIP, as the rules we adopt here are intended to expand the universe of service providers ~~to those providers who have, until now, not participated in our LifeLine program because our rules did not allow their participation~~and allow other CPCN or Franchise holders to participate in LifeLine through their tariffed service consistent with long-standing Commission practice and Pub. Util. Code § 270(b)'s limitation of LifeLine to Telephone Corporations.

In Phase II of this proceeding, we will further consider the interaction of ~~Section~~Pub. Util. Code § 876, which requires all telephone corporations to provide LifeLine service, and ~~Section~~Pub. Util. Code § 710. This will include analysis of whether legislation may be appropriate to address the interaction of these two statutes, and the limitations of Pub. Util. Code § 270(b) of LifeLine funds to Telephone Corporations in a manner consistent with universal service, safety, reliability, affordability, consumer protection, competition goals, prudent fiscal management and oversight of the ULTS fund, ~~Telephone Corporation~~telephone corporation obligations and service to consumers, the Moore Act, ~~Section~~Pub. Util. Code § 710, and other relevant statutes, decisions, rules, and orders.

Upon Commission approval to become a California LifeLine provider, fixed-VoIP service providers that are ETCs may combine federal Lifeline support and California LifeLine support, as do other wireline service providers. Today, the CPUC does not require VoIP service providers that provide retail residential telephone services through their CPCN to apply for ETC designation, but does

require them to offer California LifeLine service. We adopt that policy as a rule, and do not require VoIP service providers that have a CPCN or Franchise to apply for ETC designation in order to participate in the California LifeLine Program through their tariffed service.

VoIP service providers with a CPCN or offering VoIP service through a California CPCN or Franchise that are not ETCs shall be eligible for California LifeLine support (not federal Lifeline support) for California LifeLine service consistent with General Order 153, Appendix A-2 (in Attachment D of this Decision).

Existing wireline California LifeLine providers, including CPCN holders who provide residential retail service through a tariff under their CPCN using VoIP, shall file a Tier 2 advice letter, within 45 days of the adoption of this Decision, with the Communications Division in accordance with Pub. Util. Code § 489 and General Order 96-B and certify that they comply with the applicable service elements, this Decision's requirements, and with General Order 153. Current California LifeLine providers shall meet their LifeLine obligations by either continuing to offer their existing LifeLine service pending approval of their Tier 2 advice letter. The revised California LifeLine services, terms, and conditions in these Tier 2 advice letters will need to enable California LifeLine support to be applicable to bundled or discounted offerings that meet California LifeLine rules. However, service providers may not require bundled services as a gateway to California LifeLine discounts.

As noted above, from January 1, 2014, through December 31, 2015, providers of California LifeLine fixed-VoIP services will be eligible to receive reimbursement amounts of up to $12.65[37] a month, plus a monthly $0.50

[37] For the remainder of the year 2013, the maximum SSA remains as $11.85.

administrative fee[38] per eligible participant served, for a total monthly support of up to $13.15. However, if the California LifeLine provider has ETC status to offer fixed-VoIP telephone services conforming to General Order 153, Appendix A-2 (in Attachment D of this Decision), the provider may combine federal Lifeline support of $9.25 a month and California LifeLine monthly support of up to $12.65, plus a $0.50 a month administrative fee, for a total monthly support of up to $22.40. Through December 31, 2013, CPCN holders who provide California LifeLine via fixed-VoIP services shall receive reimbursement amounts of up to $11.85 a month, plus a monthly $0.50 administrative fee per eligible participant served, for a total monthly support of up to $12.85. California LifeLine wireline, fixed-VoIP, and wireless providers can receive the monthly reimbursement amounts no more than once per month.

4.6. Maximum Monthly Reimbursement Amounts for California LifeLine Wireless

For our new California LifeLine wireless service elements, we adopt requirements that California LifeLine wireless service providers offer participants between 501 and 999 voice minutes to receive the fixed reimbursement from California's Universal Lifeline Telephone Service (ULTS) Trust Administrative Committee of $5.75 per participant, and a $0.50 a month administrative fee[39] per participant, with consumers then obtaining a $5.75 discount on such service. For plans that offer 1,000 or more voice minutes, the fixed reimbursement shall be $12.65 per participant, and a $0.50 a month administrative fee per participant, with consumers receiving a discount of $12.65, commensurate with the ULTS support provided to the carrier.

[38] *See* Footnote ~~33~~31 in this Decision.
[39] *Id*.

ETCs certified to receive federal Lifeline subsidies of $9.25 a month may continue to receive such subsidies. Service providers that are both California LifeLine providers and ETCs may combine the state and federal support amounts according to the level of service offered to qualify for the California SSA. For example, an ETC plan offering 500 voice minutes or less would only be eligible to receive federal Lifeline support of $9.25 a month, and no California LifeLine support. An ETC plan offering 501-999 voice minutes a month and complying with the service elements in General Order 153 Appendix A-3 (in Attachment D of this Decision), after Commission approval to provide California LifeLine, may receive California LifeLine support of $5.75 a month and a $0.50 a month administrative fee per participant from California's ULTS Administrative Committee Fund, in addition to federal Lifeline support of $9.25 a month, for a total monthly support of $15.50. An ETC plan offering 1,000 or more voice minutes a month and complying with the service elements in General Order 153, Appendix A-3 (in Attachment D of this Decision), after Commission approval to provide California LifeLine, may receive California LifeLine support of $12.65 a month and a $0.50 a month administrative fee per participant from the Fund, in addition to federal Lifeline support of $9.25 a month, for a total monthly support of $22.40. California LifeLine wireline, fixed-VoIP, and wireless providers can receive the monthly reimbursement amounts no more than once per month.

4.7. Maximum California LifeLine Discounts and Reimbursement Amounts for Service Connection/Activation and Service Conversion Charges

The Scoping Memo asked whether the California LifeLine Program should continue to support non-recurring charges such as service connection/activation

and service conversion charges.[40] We continue to support the California LifeLine service connection/activation and conversion discounts, of up to $39.00 per participant per instance.

All California LifeLine telephone services (wireline, fixed-VoIP, and wireless) may be eligible for these discounts on non-recurring charges. Nevertheless, we will monitor the continued impact of funding these discounts, and may reconsider them in a subsequent decision.[41] Staff has projected annual costs of about $3.5 million attributed to providing these discounts on non-recurring charges. The California LifeLine Program's approved budget for fiscal year 2013-2014 is approximately $282 million. Staff has reviewed data on the number of instances participants disconnected and reconnected within thirty day periods, but has not found sufficient data to justify discontinuing or to limiting these discounts on non-recurring charges at this time.

The Small LECs claim that rate-of-return companies should not have their cost recovery for non-recurring charges limited. We derive the maximum reimbursement amount of $39.00 by subtracting the $10.00 rate a California LifeLine participant pays to establish telephone service from AT&T's service installation or activation charge of $49.[42] Section 8.1.1.1 of General Order 153 requires the service connection charge equal the lowest of $10.00 or 50% of the service provider's service connection charge. Section 8.1.3.1 of General Order 153

[40] Scoping Memo at 11, "Should California continue to support non-recurring or connection charges through the LifeLine Program?" Finding of Fact 80 in D.10-11-033 identified this phase of the proceeding for the Commission to address non-recurring charges.

[41] *See* section 5 of this Decision for a list of the pending issues for subsequent decisions. Specifically, we intend to study the impact of service connection/activation and conversion discounts on the program.

[42] http://www.cpuc.ca.gov/NR/rdonlyres/C8056294-7D9E-43CC-87EB-5A30D1CB5F0A/0/RatesfromURFCarriersJanuary2013.pdf at page 1.

requires the service conversion charge equal the lowest of $10.00, 50% of the service provider's service connection charge for the initial connection, or service provider's the service conversion charge. We recognize the need to clarify that rate-of-return companies may seek recovery from the CHCF-A through a general rate case (GRC) process (or through a Small LECs' annual CHCF-A advice letter until the Small LECs' GRC filing year) for non-recurring charges that neither the participant nor California LifeLine will reimburse.[43] Additionally, Sections 8.1.1.1 and 8.1.3.1 of General Order 153 are applicable only for California LifeLine wireline and fixed–VoIP services.

We reiterate that our staff has the authority to audit providers to ensure compliance with rules adopted today and General Order 153. Staff will investigate California LifeLine providers to prevent abuse of program rules including, but not limited to over-claiming California LifeLine support for any of the available discounts.[44] Consistent with D.10-11-033, Commission staff has the authority to adjust the percentage of program participants audited for all California LifeLine providers, to adopt additional controls to prevent waste, fraud, and abuse, to revise administrative procedures consistent with Commission rules to help ensure the efficient operation of the program, and to determine the type and frequency of information provided by service providers and by consumers to enroll and participate in the program. All providers participating in California LifeLine will follow the directions of the Commission and its staff with respect to the administration, adjudication, and oversight of the California LifeLine Program.[45]

[43] Small LECs Opening Comments at 8 (November 19, 2013).
[44] *See* D. 10-11-033 at Conclusions of Law 25 and 44 and at OPs 36 and 43.
[45] *Id.* at OP 43.

We also recognize that the FCC eliminated the service connection/activation discount except for consumers living on federally recognized tribal land, that wireless service providers typically do not charge a service activation fee, and that these discounts may incentivize churn in program participation. Therefore, as part of our prudent management of the Fund, we will continually monitor the California LifeLine marketplace and the impact of these discounts on the Fund.

4.8. Comparing the Current California LifeLine Program and the Next Stage California LifeLine Program Adopted in this Decision

The three primary differences between the current California LifeLine Program rules and the revised rules adopted today are: 1) creation of California LifeLine fixed-VoIP and wireless service elements; 2) changes reflecting some of the updated basic service elements (BSE) in the LifeLine context; and 3) the requirement that service providers participating in LifeLine must apply the LifeLine discount to all plans that meet or exceed the minimum service elements and are consistent with California LifeLine rules adopted in this Decision, except as provided below.

We broaden consumers' choices by establishing rules for California providers to offer LifeLine through fixed-VoIP and wireless service. By enabling more types of services to be eligible for California LifeLine support, we are increasing competition in the California LifeLine marketplace, which we expect will translate into California LifeLine services that PPH participants indicated they needed, while simultaneously protecting consumers, public safety, and program integrity.

We also increase consumer choice and competition by enabling participants to receive the California LifeLine discounts on all plans that meet or

exceed the minimum service elements and are consistent with California LifeLine rules.

This obligation falls within the licensee or entity identified and authorized by the Commission as the telephone service provider that is offering the LifeLine service as may be described in more particularity or limited by a provider to a subsidiary or brand of the ETC, WIR, CPCN, or Franchise holder in the Tier 2 or Tier 3 Advice Letter.

Extending the applicability of the California LifeLine discounts to all types of service plans, including bundled plans, family plans, promotional plans, etc., should improve affordability and enhance competition. We also expect these changes to increase program participation by consumers and service providers, thereby addressing concerns identified in the 2010 workshop about the decline in LifeLine enrollment.

Service providers may seek an exemption from this requirement and not offer all of its available retail plans that meet or exceed LifeLine elements to LifeLine participants by filing a Tier 2 advice letter and identifying: 1) all retail plans that meet or exceed LifeLine elements; 2) name(s) of entity(ies) through which these retail plans are offered, whether a subsidiary, D/B/A and/or brand; and 3) retail plans that they do not wish to offer to LifeLine participants with an explanation.[46] If service providers want to make any changes, including adding new plans and/or removing plans that were approved through the exemption advice letter, they should file a new Tier 2 advice letter and request approval for

[46] Small LECs, CTIA, and two wireless service providers submitting comments sought clarification regarding the requirement that all plans meeting or exceeding the minimum California LifeLine service elements shall be eligible for the California LifeLine support (Cricket Opening Comments at 5-7; Sprint Opening Comments at 5-9; CTIA Opening Comments at 2-4; Small LECs Opening Comments at 8-9) (November 19, 2013).

those changes. Our goal is to promote a range of discounted telephone service plans and to create accountability for these service providers. Identifying brands or subsidiaries that will market LifeLine will help customers identify and choose competing LifeLine service, and promote integrity and audits as the LifeLine provider or brand will be readily identifiable through the CPUC filings and consistent with marketplace offerings.

The California service elements we adopt in this Decision reflect the updated BSEs where possible. Consistency in both sets of service elements should ease program administration and service provider compliance.

In addition, we prohibit California LifeLine providers from charging LifeLine participants a monthly number-portability charge or comparable fee. This requirement is similar to the federal Lifeline rules in 47 Code of Federal Regulations (CFR) 54.401(e), which states "Consistent with § 52.33(a)(1)(i)(C), eligible telecommunications carriers may not charge Lifeline customers a monthly number-portability charge." Adopting a similar rule in California should encourage competition and further facilitate consumer choice.

Our California LifeLine service elements for wireline, fixed-VoIP, and wireless services are discussed in more detail below. The Commission's approach is to recognize that in each instance – that is, with California LifeLine wireline, VoIP-based, and wireless – there are commonalities and differences in service features and differences in technologies. A one-size-fits-all approach would neither serve the goals of the California LifeLine Program, nor reflect technical realities that distinguish different technologies.

This approach is consistent with our energy-incentive programs such as the Self-Generation Incentive Program (SGIP), which provides varying levels of incentives for installation of different types of distributed generation

technologies, including wind, advanced energy storage, biogas, and fuel cells, in light of their different stages of technological and marketplace development and different production and capacity characteristics. Our SGIP incentive structure recognizes that different distributed generation resources have different characteristics, and therefore different impacts on customers, the power grid, and the environment. Since the SGIP's inception, customer incentives for installation of distributed generation have varied based on the technology used, with current incentive structures providing greater rewards for technologies that reduce greenhouse gas emissions.

Adopting a similar approach for California LifeLine recognizes technological and market differences in communications services, and creates incentives for the provision of services that meet California LifeLine participants' minimum communications needs as required by the Moore Act and this Commission's previous decisions and orders. We achieve technological neutrality by focusing on the function California LifeLine service is to perform. Recognizing differences in technology, marketing, and jurisdiction, we adopt California LifeLine service elements and support levels that vary appropriately according to the extent of service offered. This approach is warranted in order to achieve the program's universal service goals and promote public safety, the California economy, the well-being of LifeLine participants, and the vitality of all who communicate and connect through this program.

Our purpose is to maintain a high degree of uniformity in practice and program integrity across all technologies without being blind to their different capacities, billing arrangements, service features, and market characteristics, or to the Commission's jurisdiction with respect to those technologies. One of the chief objectives of the Moore Act is affordability of service. While that is a

comprehensive and singular purpose, it requires program distinctions and distinctive service elements for each technology in order for affordability to be realized in practical terms.

We further competition by providing consumers with more choices for providers across different technology platforms, while assuring public safety, consumer protection, and observance of rules that protect competition and program and service integrity. Our intent in this regard is to provide low-income households with a broader range of options for discounted California LifeLine services, consistent with their service needs, as they determine them, and accompanied by appropriate consumer protections. The California LifeLine service elements we adopt herein promote competition by preserving essential consumer protections across technology platforms and by assuring that minimum communications needs are met regardless of income.

4.9. California LifeLine Wireline Service Elements

The revised General Order 153, Appendix A-1, Service Elements of California LifeLine Wireline, is in Attachment D to today's Decision. We add additional California LifeLine wireline service elements to be consistent with the corresponding BSEs:

> if at any time a participant fails to receive a voice grade connection to the residence and notifies the provider, the provider is required to (1) promptly restore the voice-grade connection, or if not possible, (2) provide telephone service to that participant using a different technology if offered by the provider and if the participant agrees; and
>
> the provider must provide participants free blocking for 900/976 information services and one-time free billing adjustments for 900/976 charges inadvertently or mistakenly incurred, or without authorization

As discussed above, we find that the cap on the price for California LifeLine wireline service for flat-rate local service at $6.84 and for measured-rate service at $3.66 should be extended through December 31, 2015, to promote affordability and service accessibility. California LifeLine will also continue to support and cap the EAS rates[47] to December 31, 2015. In D.10-11-033, at Ordering Paragraph 15, the Commission capped the California LifeLine wireline rate at $6.84 through January 1, 2013. In D.12-07-022, the Commission extended that cap to June 30, 2013. We find that the same reasons supporting the previous extensions -- namely, allowing California LifeLine participants to have certainty with regard to the price of California LifeLine service -- remain applicable and that the cap should be extended to December 31, 2015. Many speakers at the Los Angeles, Salinas, Riverside, and Fresno PPHs spoke about the importance of having a predictable, stable, flat price for California LifeLine service so low-income eligible participants could plan and allocate their budgets accordingly. The rules we adopt today will ensure that LifeLine participants will have a choice of a flat-rate California LifeLine wireline service costing no more than $6.84 a month, at least through December 31, 2015, by which time we will revisit market developments to determine if this cap should be extended.

Similarly, we establish the maximum California LifeLine reimbursement amount (SSA) at up to $12.65 through December 31, 2015, based upon the Commission's current SSA methodology.[48] $12.65 is the SSA that would be triggered in 2014 when using 55% of the highest COLR basic rate (as of July 31) as reported to the Commission on August 1 of the previous year. We have noticed that COLRs have increased their residential retail rates, which has caused

[47] The EAS rates shall represent the capped rates as of June 30, 2013.

[48] D.10-11-033, OP 6. The SSA calculation is rounded to the nearest $0.05 as stated in footnote 174 of that decision.

the SSA to increase in parallel. We also expect that there will be new entrants to the California LifeLine Program as a result of this Decision. In order to maintain the integrity of the Fund, protect California ratepayers, and manage the Fund in a fiscally prudent manner, we cap the SSA through December 31, 2015. The Commission will evaluate trends in LifeLine service offerings, participation, and affordability after that date to determine whether to extend the cap for an additional period of time.

4.10. California LifeLine Fixed-VoIP Service Elements

Next, we continue and formalize our practice of including in the California LifeLine Program wireline carriers providing residential fixed-VoIP telephone services who do so through a CPUC-issued CPCN. While many service providers continue to offer California LifeLine services on a traditional wireline platform, some service providers are offering some of their residential services on fixed-VoIP.

We reiterate that, under the Moore Act, all wireline service providers with a CPUC-issued CPCN or California Franchise providing residential telephone service as a tariffed service through that Certificate or Franchise are required to offer California LifeLine services in California on a non-discriminatory basis in conformity to the Commission's LifeLine rules.[49] This statutory universal service obligation extends to wireline CPCN and Franchise holders that use their Certificate or Franchise to provide tariffed residential telephone service using fixed-VoIP technology; and we require these service providers to meet the service elements for fixed-VoIP in General Order 153 Appendix A-2 (in Attachment D of this Decision).

[49] *See* Pub. Util. Code § 876.

We are mindful that Pub. Util. Code § 710 prohibits the CPUC from exercising regulatory jurisdiction or control over VoIP services, but that statute contains exceptions and exemptions from its reach. Specifically, Pub. Util. Code § 710(a) states that where the Commission is "expressly directed to do so by statute," it may exercise jurisdiction over VoIP providers.[50] We view the Moore Act's requirements as an explicit direction to the Commission to establish and administer a universal lifeline telecommunications service program. We note also here that Pub. Util. Code § 270(b) provides that the moneys in our public purpose funds "are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service."[51]

The CPUC currently requires fixed-VoIP CPCN and Franchise holders to provide LifeLine telephone service if they offer residential service in the State through that Certificate or Franchise, and thus, for instance, requires and provides California LifeLine support to the LifeLine offerings of such companies as Charter[52] and Cox.[53] Cox offers LifeLine services via both fixed-VoIP and traditional wireline telephone technologies. We expect the number of fixed-VoIP providers of residential service to grow over the next several years. In accordance with the universal service obligations of the Moore Act, we want the eligible low-income customers of these companies to have LifeLine available to

[50] Pub. Util. Code § 710(a) states: "The Commission shall not exercise regulatory jurisdiction or control over Voice over Internet Protocol and Internet Protocol enabled services except as required or expressly delegated by federal law or *expressly directed to do so by statute* or as set forth in subdivision(c)." (Emphasis added.)

[51] *See* Pub. Util. Code § 270(b).

[52] For example, D.04-05-011 at OP 3 required Charter "to file tariff schedules for the provision of competitive local exchange services" and did not allow Charter to offer these services until it filed its tariffs.

[53] Charter claimed and received $134,863.41 while Cox claimed and received $9,375,711.10 from the California LifeLine Fund in FY 11-12. Additionally, in FY 12-13, Charter claimed $158,720.02, but received $76,788.46 while Cox claimed and received $9,000,480.66.

them on terms and conditions comparable to other technology platforms, and appropriately tailored for fixed-VoIP's technical capabilities, market characteristics, and the needs of fixed-VoIP consumers.

At least four service providers, AT&T, Verizon, SureWest, and Frontier, offer telephone service in California pursuant to a Franchise that predates the CPCN process. To the extent that Franchise holders offer residential service using VoIP through facilities built under authority of their Franchise, and interconnected with and to the Public Switched Telephone Network or its successors, and receive telephone numbers from the North American Numbering Plan Administration by virtue of their Franchise, we clarify that their LifeLine obligation does not depend on the technology used to provide voice service consistent with the Moore Act.

We note that Comcast California (Comcast) does not currently offer residential retail voice service through its CPCN holder, but offers business retail voice service through its CPCN holder.[54] California LifeLine is required of CPCN holders with residential retail voice offerings. Comcast, like other service providers, may offer residential retail telephone service through its CPCN by following the interim process described in section 4.2 of this Decision to apply to become a California LifeLine provider, and would thereby become eligible for California LifeLine support for residential retail voice telephone service.

The California LifeLine fixed-VoIP service elements mirror the traditional wireline service elements for the most part, except that we do not require fixed-VoIP providers to offer eligible participants equal access to inter-exchange service providers because it is not required under federal rules. We also do not

[54] Order Instituting Investigation 13-10-003 at 4.

require fixed-VoIP providers to provide a choice of flat or measured service to participants.

We observe that it is common for VoIP providers to offer unlimited nationwide calling as part of their VoIP service offerings.[55] The requirement that California LifeLine using fixed-VoIP offer participants unlimited incoming calls, unlimited local calls, unlimited N11 calls, and unlimited calls to 800 or 800-like toll-free services, all for no extra charge, is consistent with VoIP service providers' practices and service offerings. Continuing California LifeLine support for residential fixed-VoIP providers that have CPCNs and applying it to Franchise holders that use their Franchise authority to provide residential fixed VoIP will increase choices for low-income Californians, increase competition, and help ensure that minimum communications service needs are met.

As to service providers' reimbursements, all wireline service providers, whether traditional or fixed-VoIP, will be eligible for the same reimbursements levels, which will be the SSA of up to $11.85 per month through December 31, 2013, and the SSA of up to $12.65 through December 31, 2015, per eligible participant per month.[56] The LifeLine service provider will also receive the

[55] See, for example, http://www.comcast.com/home-phone-service.html (Comcast's "XFinity Voice: Home Phone Service" offers unlimited nationwide talk and text); http://www.charter.com/browse/phone-service/phone (All of Charter's bundles offer "Charter Phone Unlimited" that includes unlimited local and long distance calling in the U.S., Canada, Puerto Rico, Guam, and The Virgin Islands); http://www.timewarnercable.com/en/residential-home/phone/domestic-international-calling-plans.html (Time Warner Cable's packages and stand-alone home phone service includes "Unlimited Nationwide" home phone service and offers unlimited calling anywhere, anytime in the U.S., Canada and Puerto Rico; http://www.astound.net/bundles/internet-cable-phone-packages.php (All of Astound's bundles offer "Unlimited Phone" that includes unlimited local and nationwide long-distance calling to the 50 states, Puerto Rico, Guam, the U.S. Virgin Islands, and Canada).

[56] The monthly SSA is up to $11.85 through the end of 2013.

monthly reimbursement for administrative costs of $0.50 per eligible participant per month.[57]

4.11. California LifeLine Wireless Services Elements

The revised General Order 153, Appendix A-3, Service Elements of California LifeLine Wireless is in Attachment D to today's Decision.

We encourage wireless service providers that are certified or registered as a telephone corporation in California and hold a WIR to participate in the California LifeLine Program. We acknowledge technological and jurisdictional differences between wireline and wireless California LifeLine providers. To facilitate the participation of wireless service providers and choice for wireless customers, we hereby establish California LifeLine rules for wireless service providers that vary from those applicable to wireline service providers. We do this in recognition of the fact that there are differences in technologies and jurisdiction due to federal rules that allow state regulation of wireless terms and conditions of service, consumer protection, and other elements, but do not allow state regulation of wireless pricing or entry.[58]

Section 332 of the Telecommunications Act of 1996 preempts states from regulating wireless rates and entry, but expressly allows states to regulate "other terms and conditions as follows:

> (A) No State or local government shall have any authority to regulate the entry of or the rates charged by any commercial mobile service or any private mobile service, except that this paragraph shall not prohibit a State from regulating the other terms and conditions of commercial mobile services.[59]

[57] *See* Footnote 31 in this Decision.
[58] 47 U.S.C. § 332(c)(3)(A).
[59] *See* 47 U.S.C. 332(c)(3)(A).

In recognition of this federal prohibition, we do not mandate, but encourage wireless providers to participate in the California LifeLine Program on a voluntary basis. We also do not set their rates for LifeLine, but encourage them to offer Lifeline service at rates that are affordable in furtherance of the goals of the Moore Act.

Further, the federal LifeLine program does not require states to contribute or add their own funds to ETCs and does not regulate a state's disposition of state funds. We have chosen to provide additional funds to LifeLine providers and have done so for over thirty years now to make the LifeLine service more affordable for California residents.

Similar to wireline providers, wireless providers that offer LifeLine will be eligible to receive state funds (in addition to federal funds) if they provide California LifeLine. In exchange for receiving California state funds, they will be required to comply with the "terms and conditions" adopted in this decision including providing the minimum elements of wireless service set forth in Appendix A-3 to this Decision and by filing of a schedule of rates and charges. Given the voluntary nature of their participation, we do not find any conflict between the wireless service elements and rules in this Decision with Section 332(c)(3)(A).

Section 332(c)(3)(A) also provides an exception language that allows states to extend universal service requirements to wireless as follows:

> Nothing in this subparagraph shall exempt providers of commercial mobile services (where such services are a substitute for land line telephone exchange service for a substantial portion of the communications within such State) from requirements imposed by a State commission on all providers of telecommunications services necessary to ensure the universal availability of telecommunications service at affordable rates.

This section allows states to impose universal service rules to wireless service providers if the rules apply to all providers of telecommunications to ensure the availability of universal service at affordable rates. While many households continue to maintain wireline service, we know that some households have chosen to rely solely on wireless service for their telecommunications needs.

The LifeLine rules and elements that we adopt in this decision apply to all providers of LifeLine. While the service elements vary in recognition of the differences in technology, LifeLine rules and obligations apply to all providers of California LifeLine regardless of the technology. Similarly, the California LifeLine support is available to all providers of California LifeLine that comply with the LifeLine service elements as well as CPUC orders, rules, decisions and the California Public Utilities Code.

Our California LifeLine's wireless service elements differ from wireline service elements in the following respects:

- This Decision calibrates California LifeLine support to wireless plan minutes provided to the LifeLine participant to encourage market innovation and expanded service offerings that better meet the changing needs of California LifeLine participants. Commission-approved California LifeLine may receive a ULTS SSA of $5.75 a month for plans offering between 501 and 999 voice minutes and an SSA of $12.65 a month for plans offering 1,000 or more voice minutes monthly, plus an administrative fee of up to $0.50 per California LifeLine participant.
- In light of the correlation of the SSA to two tiers of plan minutes, support levels calculated to incentivize California LifeLine wireless providers to provide sufficient minutes to meet the minimum communications needs of eligible low-income participants, wireless providers are not required to provide participants unlimited incoming calls, unlimited outgoing local calls, a choice between flat or measured rate service, one

directory listing annually, white pages telephone directory, any free calls to local directory assistance,[~~59~~60] and access to 800 or 800-like toll-free services that is not counted toward plan minutes.[~~60~~61]

- We do not establish rates and charges for California LifeLine wireless telephone service, but set the minimum communications needs necessary to receive California LifeLine wireless support.
- Wireless providers are not required to ensure that California LifeLine service works inside the participant's residence, but instead are required to provide a voice-grade connection, and allow participants to cancel their service within 14 days of service activation without incurring early termination fees.
- Wireless participants shall receive free, unlimited access to special services N11 numbers, specifically, 211, 311, 511, 711, and 811 if they choose a wireless plan with at least 1,000 voice minutes. Wireless providers shall not count LifeLine participant calls to these special services against the participants' allotted minutes or number of calls. For 711 calls, only the call to the 711 relay service for the deaf or speech-disabled shall not be counted against LifeLine plan minutes, while the relayed call itself may count toward applicable plan minutes. Wireless providers may meet this obligation by offering these features on plans with 1,000

[~~59~~60] Joint Consumers in their Opening Comments at 8 sought clarification with regards to access to local directory assistance provided by California LifeLine wireless providers (November 19, 2013). We are still requiring all providers regardless of technological platform to provide access to local directory assistance.

[~~60~~61] We acknowledge the current business model of wireless providers and also the need for participants to access social and medical services such as Suicide Hotlines, Domestic Violence Hotlines, etc. through calls to toll-free numbers. We encourage California LifeLine wireless providers to waive all charges for 800 or 800-like toll-free numbers associated with social and medical services and not count them toward plan minutes, but at this point do not require this as a condition of California LifeLine support. Moreover, we invite industry to work with the CPUC and other stakeholders to develop products that promote free access to 800 or 800-like toll-free numbers that are not counted toward plan minutes used. We will monitor developments regarding 800 or 800-like toll-free numbers for California LifeLine wireless to determine if adjustments to this rule are necessary, particularly if minimum communications and emergency needs for LifeLine participants are not adequately met through the rules and tiered-incentives we adopt today.

or more minutes, or by offering at least one plan with unlimited voice minutes that conform to this Decision, and which may include text, but not video or data.

- Wireless participants shall also receive free, unlimited access to 611 to facilitate low-income households' resolution of their telephone billing and service repairs. Calls to 611 shall not count against the participants' allotted minutes or number of calls.
- All California LifeLine wireless providers shall prominently disclose and disseminate their terms and conditions of service, including the following:

  a) Rates, fees, and charges including charges for service initiation, and in-person or cash bill payment;

  b) the charges, terms, and conditions associated with purchasing additional minutes;

  c) 911 emergency services location accuracy and reliability standards;

  d) potential service coverage and service quality issues;[~~61~~62]

  e) safety related considerations when handsets are removed from the home and when there is likely to be poor mobile reception;[~~62~~63]

  f) any charges associated with calling 800 or 800-like toll-free services, including whether such calls are counted toward minutes used;

  g) whether the device a carrier may elect to provide with the service is refurbished, the device's condition, repair, and

[~~61~~62] This requirement to prominently disclose and disseminate information regarding potential service coverage and service quality issues is consistent with the CPUC's established obligation for federal Lifeline wireless ETCs in Resolutions T-17284, OP 11; T-17258, OP 7; T-17339, OP 7; T-17388, OP 8; and T-17389, OP 8.

[~~62~~63] In Resolutions T-17388 and T-17389, the Commission identified these safety related considerations including some potential causes for poor mobile reception as weather conditions, terrain, or gaps in service coverage. In OP 8 in these two CPUC Resolutions, the Commission established the obligation for federal Lifeline wireless ETCs to inform consumers about potential coverage, service quality and safety issues.

warranty terms if refurbished, return policies including for device problems, and any options regarding the service life of a non-refurbished device;

h) any limitations on the device's portability to other providers' wireless networks if the participant switches providers;

i) the entitlement to a voice-grade connection;

j) the conditions under which the participant may terminate service without penalty;

k) the charges or fees associated with using operator services;

l) power back-up requirements for the system that supports California LifeLine wireless service including limitations due to power for equipment on towers or other facilities, e.g., that wireless telephone service may not work if the tower the wireless handset is trying to reach loses commercial or backup power; and

m) the impact of terminating wireless service for contracts lasting more than one year, e.g., the consumer will be subject to the retail rates charged by the service provider and any applicable early termination fees.

- Finally, we establish a contract termination and return policy and specific billing provisions that aim to protect low-income households.

The four primary differences between the California LifeLine wireless service elements, as compared to the BSEs are: 1) the elimination of the requirement of a voice-grade connection within the residence to the public switched telephone network or successor network, except to the extent that the LifeLine wireless service is approved by the Commission to fulfill a COLR's basic service obligations; 2) the calibration of the California LifeLine SSA to two sets of minimum allotments of voice minutes (an SSA of $5.75 a month for plans offering between 501 and 999 voice minutes and an SSA of $12.65 a month for plans offering 1,000 or more voice minutes), plus an administrative fee of $0.50 per

California LifeLine participant; 3) a contract termination and equipment return policy, and; 4) a robust and detailed set of information for providers to prominently disclose and disseminate as a part of their terms and conditions of service to LifeLine subscribers.

At the PPHs, the public acknowledged the technological difficulty of having wireless telephone services that always and everywhere work inside a residence, and expressed interest in stronger consumer protections. Many speakers at the PPHs spoke of needing to leave their home to find one spot where they could get a signal.[~~63~~64] The Yurok tribe representative testified at the PPH in Eureka that many residents of their federally recognized reservation would be happy if they only had to drive for 30 minutes to get a wireless signal.[~~64~~65] Many speakers at the PPH expressed an interest in having LifeLine wireless service that works inside the home.[~~65~~66] Others spoke of the value of wireless mobility, and the willingness to trade off mobile access away from the residence for a signal's access in the home.[~~66~~67]

We recognize that wireless service is not functionally available and sufficient to provide a voice-grade connection inside all household residences, a fact raised in PPHs held in rural areas, such as Eureka and in urban areas such as San Francisco. Residents of Humboldt and Del Norte counties in the northwestern part of California reported that wireless service is not available in many areas due to the terrain, sparse population, and decisions of service providers not to build facilities or to expand wireless service to places like the

[~~63~~64] PPH Rancho Cordova, May 14, 2013, at 37.
[~~64~~65] PPH Eureka, July 17, 2013, at 475.
[~~65~~66] PPH San Francisco, May 15, 2013, page 121; PPH Los Angeles, June 18, 2013, at 386; PPH Riverside, June 17, 2013, at 285.
[~~66~~67] PPH Eureka, July 17, 2013, page 475; PPH Fresno, July 31, 2013, at 573; PPH Salinas, August 13, 2013, at 655-656, 673.

upriver portion of the Yurok reservation.[~~67~~68] Several San Francisco residents spoke of the difficulty in making wireless calls from inside their single residency occupancy hotels, and concerns about privacy and safety if they had to go outside to make a call.[~~68~~69]

The CPUC is conducting a mapping project to provide more detailed accurate maps of wireless signals.[~~69~~70] This initiative is intended to provide "groundtruthing" regarding wireless signal coverage. Californians may download the Calspeed app through Google Play[~~70~~71] to participate in the project using an Android phone. The CPUC is in the process of expanding the project to Apple iPhones. This project will help identify wireless signal availability and signal strength at a more granular level. It will help customers choose the service which best meets their needs, identify gaps in coverage, and indicate opportunities for infrastructure investment and policy adjustments to encourage improved and expanded wireless service to Californians across the state.

We believe that the California LifeLine requirements for disclosures, voice-grade connection, minimum service elements, and return policies we adopt today will allow people who want to choose LifeLine wireless service to find a product and provider that best suits their needs. By continuing to require that LifeLine wireline and fixed-VoIP work inside the home, California LifeLine participants will have the option of choosing a LifeLine telephone service that is required to work inside the home if that is an aspect of their minimum communications needs they value highly. Thus, we do not require at this time

[~~67~~68] PPH Eureka, July 17, 2013, at 472-473.
[~~68~~69] PPH San Francisco, May 15, 2013, at 92, 111, 148.
[~~69~~70] CPUC, the California Internative Broadband Map, http://www.broadbandmap.ca.gov/CA_Interactive_BB_Map.pdf, at 1.
[~~70~~71] CPUC, CalSpeed (Aug. 23, 2013), https://play.google.com/store/apps/details?id=gov.ca.cpuc.calspeed.android.

that California LifeLine wireless telephone service work inside the home. We urge participants to promptly check the quality of their wireless signal coverage inside their residence if they plan to use the California LifeLine telephone service inside the home and in lieu of wireline service, and to cancel their California LifeLine wireless service within the 14-day service cancellation period provided herein to avoid early termination fees if they are dissatisfied with the signal coverage or quality, a suggestion raised by speakers at our very first PPH at Rancho Cordova.[~~71~~72]

Participants should evaluate whether a California LifeLine wireline, fixed-VoIP, or wireless telephone service will best suit their needs, and compare phone plans, features, limitations, and applicable rules. We remind participants that eligible households are limited to one California LifeLine discount per household. However, households with a household member who is hearing impaired or uses a teletypewriter (TTY) may be eligible to receive the California LifeLine discounts on two separate telephone lines.[~~72~~73] In OPs 36 to 39 in D.10-11-033, the Commission adopted staff's recommendation to expand California LifeLine Program's accessibility for hearing impaired consumers to provide California LifeLine discounts for wireless text messaging/data services for consumers that receive wireless equipment through California's Deaf and Disabled Telecommunications Program (DDTP). Resolution T-17089 directed staff to implement a multi-phase pilot program whereby eligible participants would be issued a credit which would be applied to the equipment component of a wireless communications device. However, we discovered that pilot participants who were eligible for both DDTP and California LifeLine were

[~~71~~72] PPH Rancho Cordova, May 14, 2013 at 39-40.

[~~72~~73] There is no federal Lifeline support for the second discounted telephone line we make available to teletypewriter users or hearing impaired consumers.

reluctant to sign-up to receive the wireless device because the monthly recurring costs were a disproportionately high percentage of their low incomes.[74] Therefore, the CPUC further expanded California LifeLine's accessibility to DDTP participants to ensure that the equipment purchased by the DDTP program will be effective in meeting the communications needs of eligible low-income users.

California LifeLine providers that are certified as ETCs may also offer participants federal universal service support in addition to our California LifeLine support. Such providers must comply with the FCC's and California's eligible telecommunications carrier designation rules in order to qualify for both support levels.

A provider with a WIR, but without ETC status, is also eligible to participate in California LifeLine. This is similar to our acceptance of certificated VoIP wireline service providers without ETC status, and further advances our efforts to promote competition and to increase participants' choices in services and in providers. However, we reaffirm our existing California LifeLine policy established in D.10-11-033 that the California LifeLine Program will not make up the difference in federal support for service providers without an ETC designation. This policy incentivizes California LifeLine providers to seek ETC designation in order to be eligible for federal Lifeline support. The federal rules make it optional for wireless providers to seek ETC designation and declare themselves to be common carriers; and we do not require such a designation and declaration for wireless providers that wish to apply for California LifeLine support for service that meets the rules and service elements established herein. We believe this policy will speed the provision of service, competition, choice,

[74] CPUC Communications Division DDTP Wireless Pilot 2nd Report at 3 (Nov. 2008).

and a range of services to meet California LifeLine participants' minimum communications needs in accordance with the Moore Act.

Although we take several steps to encourage participation of wireless service providers in the California LifeLine Program, a wireless service provider may still choose to seek or to retain limited ETC designation and to offer its customers only the federal Lifeline discounts. As is now the case, service providers choosing this option will not be eligible for California LifeLine support. Currently authorized federal Lifeline wireless plans in California, discussed above, are examples of plans that we have routinely approved for federal Lifeline providers with limited ETC designation.

If a WIR holder or a California wireless ETC wishes to provide California LifeLine consistent with the service elements and rules adopted herein and stated in General Order 153 Appendix A-3 (in Attachment D of this Decision), it must file a schedule of rates and charges with the CPUC and/or upon request by staff.[~~74~~75] The wireless provider must also follow the interim process described in Section 4.2 of this Decision.

As we established in D.10-11-033, since wireless participation in the LifeLine Program is voluntary, wireless providers may withdraw from the program at any time. However, wireless providers are required to provide a 30-day notice to customers and fulfill any contractual obligations that they have

[~~74~~75] D.10-11-033, OP 3.

entered into with their customers before ceasing their participation in the LifeLine Program.[~~75~~76]

If an ETC, wireless or wireline, wishes to relinquish its ETC status, it must also comply with the federal ETC relinquishment requirements set forth in 47 U.S.C § 214(e)(4). Section 214(e)(4) requires the requesting ETC to provide a notice to the State commission and fulfill other obligations including ensuring that all customers served by the requesting ETC will continue to be served.[~~76~~77]

4.12. California LifeLine Wireless Reimbursement Amounts and Methodology

To the extent the wireless plans meet or exceed the minimum standards specified in this Decision, providers shall apply the California LifeLine discount

[~~75~~76] D.10-11-033, Conclusions of Law 13. General Order 153 §5.4.5 provides that "A subscriber changing his/her California LifeLine Service Provider shall not be require d to undergo the Application Process, provided that the subscriber initiates California LifeLine service with his/her new California LifeLine Service Provider within 30 days of disconnecting California LifeLine service with the previous California LifeLine Provider and the subscriber maintains eligibility in all other respects. If a subscriber changes his or her principal place of residence, while maintaining eligibility in all other respects, the subscriber shall not be required to go through the Application Process again."

[~~76~~77] 47 U.S.C. § 214(e)(4) states: "A State commission (or the [FCC] in the case of a common carrier designated under paragraph (6)) shall permit an eligible telecommunications carrier to relinquish its designation as such a carrier in any area served by more than one eligible telecommunications carrier. An eligible telecommunications carrier that seeks to relinquish its eligible telecommunications carrier designation for an area served by more than one eligible telecommunications carrier shall give advance notice to the State commission (or the [FCC] in the case of a common carrier designated under paragraph (6)) of such relinquishment. Prior to permitting a telecommunications carrier designated as an eligible telecommunications carrier to cease providing universal service in an area served by more than one eligible telecommunications carrier, the State commission (or the [FCC] in the case of a common carrier designated under paragraph (6)) shall require the remaining eligible telecommunications carrier or carriers to ensure that all customers served by the relinquishing carrier will continue to be served, and shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining eligible telecommunications carrier." *See also* 47 C.F.R. § 54.205.

to the plan chosen by the participant. California LifeLine wireless plans may be offered on a pre-paid or post-paid basis to participants. A provider's telephone service plans, including existing plans, shall be eligible for California LifeLine support if they meet or exceed the specified standards set by this Decision.[~~77~~78]

Wireless providers shall apply the SSA, plus any additional federal Lifeline support, to reduce the price of any qualifying California LifeLine service plan and charge the participant the resulting remainder. Pursuant to Ordering Paragraph 14 in D.10-11-033, service providers may not claim from the California LifeLine Fund more than the amount of support provided to a participant.

The monthly California LifeLine wireless discount of $12.65[~~78~~79] per participant shall apply to qualifying wireless service plans offering 1,000 or more voice minutes per month, which may also include domestic messaging (texts or text messages). For California LifeLine wireless providers offering qualifying wireless service plans with 501 to 999 voice minutes, which may also include domestic messaging, the California LifeLine discount shall be $5.75[~~79~~80] per participant. Any applicable federal Lifeline support may further reduce a California LifeLine participant's bill. If the cost of the service plan is equal to zero after considering the applicable monthly federal Lifeline support, but prior to the applicability of the monthly California LifeLine support, then the monthly SSA would also be zero.[~~80~~81] Similar to California LifeLine wireline providers' monthly reimbursement for administrative costs of $0.50 per participant per

[~~77~~78] Service providers that volunteer to offer California LifeLine service have the option of selecting the plans it would like to offer to California LifeLine participants when filing their appropriate advice letters and schedule of rates and charges.

[~~78~~79] This fixed $12.65 discount and support will be in effect until December 31, 2015.

[~~79~~80] This fixed $5.75 discount and support will be in effect until December 31, 2015.

[~~80~~81] 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.

month, wireless providers shall be reimbursed by the same amount for administrative costs, subject to the same standards of cost justification.

California LifeLine wireless providers may receive the monthly support amounts no more than once per month. This Decision establishes two tiers of monetary support for California LifeLine wireless plans based on the number of voice minutes they offer per month. However, if the plan offered by the California LifeLine wireless provider does not include a minimum monthly allotment of voice minutes, e.g., it provides for 501 minutes then terminates service except for 911 service when the phone is charged and operates on a compatible network, then providers will only receive the reimbursement from the program when the participant purchases an additional 501 or greater voice minutes in a subsequent month. In no case will more than one SSA and administrative fee per participant per month be paid or eligible for claims on the California LifeLine Fund.

We also extend the existing service connection/activation and conversion discount of up to $39[~~81~~82] for discounted wireless telephone services. While we maintain these discounts on non-recurring charges, we recognize the following:

- that state and federal policies to promote competition through number portability allow a customer to switch between service providers;
- that limitations in the quality of a wireless signal or coverage might motivate switching to another wireless service provider; and
- that low-income households may occasionally have difficulty paying their bills and may disconnect and reconnect telephone service as a result.

[~~81~~82] This variable $39 discount and support will be in effect until December 31, 2015.

By continuing to support these discounts on non-recurring charges, we ease consumers' ability to switch service providers and services if they choose to do so.

Our actions in the energy field through this Commission's adoption of the California Alternate Rates for Energy (CARE) program, which supports low-income households energy bills, provide guidance on how LifeLine should incentivize good fiscal management by participating consumers and the CPUC as the administrator of ratepayer funds. D.12-08-044 allows audits of qualifying households with energy usage greater than 600% of the average amount of energy in order to create incentives for CARE participants to conserve energy and prevent program fraud or abuse. This audit rule was subsequently put into statute by ~~Senate Bill~~SB 1207, which was chaptered on September 27, 2012, and codified as Pub. Util. Code § 739.1(h)(2). In the future, it may be appropriate to implement incentives for households that receive California LifeLine discounted telephone service and providers to avoid connection and reconnection fees that result in charges to the Fund that affect all contributing ratepayers. We will monitor the continued impact of funding these discounts on non-recurring charges, and may reconsider them in a subsequent decision.

Additionally, to receive any California LifeLine support, the provider shall comply with General Order 153 as revised herein, other applicable rules, orders, and decisions required by the CPUC, and the California Public Utilities Code. We fix the above two possible reimbursement amounts ($12.65 for wireless plans offering 1,000 or more voice minutes a month and $5.75 for wireless plans offering 501-999 voice minutes a month per eligible LifeLine participant served) for California LifeLine wireless services because we find that this will ensure

affordability and incentivize innovation, investment, and a range of service options to meet participant minimum communications needs.

We recognize the support amounts are based upon the rates of COLRs' basic telephone service only through wireline service. Therefore, we will continue to monitor the California LifeLine wireless market. If California LifeLine wireless service becomes unaffordable, if trends or issues in program administration and design suggest that support amounts are insufficient, or if other elements of LifeLine wireless service should be adjusted, we will modify accordingly in subsequent decisions.

Providers may offer California LifeLine plans to retail customers who do not qualify for LifeLine discounts, but will not receive California LifeLine support for such customers.

4.13. Minimum Allotments of Voice Minutes for California LifeLine Wireless

The California LifeLine Program is designed to provide support for telephone services that meet low-income Californians' specific communications needs, to encourage service providers to offer services that meet these consumers' needs, and to ensure that participants receive a higher level of services commensurate with the level of California LifeLine support offered to service providers. Although the FCC has declined to set minimum federal service standards, it applauds states that have a minimum set of monthly voice minutes.[~~82~~83] We find it necessary to establish minimum allotments of voice minutes as a part of our fiduciary responsibility to manage the Fund, to be good stewards of ratepayer funds, to meet minimum communications needs of

[~~82~~83] *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), ¶ 50.

California LifeLine participants, and to ensure affordability of wireless telephone services for low-income Californians. We believe these rules will encourage both eligible low-income Californians and service providers to participate in LifeLine, thereby addressing a concern raised in the 2010 workshop about declining LifeLine participation.

To ascertain, in part, the characteristics of wireless telephone plans the Commission considers will achieve a minimum need for communications and the public interest standard, we utilized a methodology similar to that used in evaluating requests for limited ETC designation to offer federal Lifeline discounts. We considered these major factors:

(1) Wireless user's minutes of use (MOU) per month;

(2) Consumers' recommended services;[~~83~~84] and

(3) Available wireless service offerings in the marketplace.

To gauge wireless users' average MOU, we evaluated various sources of information. In recent CPUC Resolutions[~~84~~85] granting limited ETC designation to offer federal Lifeline discounts, we selected an average customer MOU of 769 a month based on data gathered by the The Wireless Association(CTIA) for

[~~83~~84] The CPUC hosted eight PPHs statewide to gauge and listen to the public's recommendations and preferences for California LifeLine service characteristics. Our consideration of consumers' recommended services is consistent with the criteria for reviewing basic service elements set out in D.96-10-066, which include whether the service is essential for participation in society, whether a substantial number of customers subscribe to the service, the benefits associated with the service, and the availability of the service. The position paper by James Stegeman, Dr. Steve Parsons, Robert Frieden, and Mike Wilson, concludes that universal service supported services "should be based on current customer preferences (e.g., do not require wireless competitive ETCs to provide 'wireline' service characteristics that consumers may not want." This position paper is available at http://files.ctia.org/pdf/PositionPaper_Stegeman_Parsons_Frieden_wilson_USFReverseAuctions.pdf.

[~~84~~85] Resolutions T-17266, T-17284, T-17258, and T-17339.

wireless usage in 2007.[~~85~~86] Subsequently, the CTIA released newer data based on 2011 wireless usage, indicating an average customer MOU of 615 a month.[~~86~~87] The January 2014 Consumer Reports categorized an average wireless user as using 600 voice minurts per month.[~~87~~88] A June 2011 online news article[~~88~~89] in Fortune found that the typical AT&T customer averaged 21 minutes a day, which equals to an average MOU of 651 for a month with thirty-one days. In contrast, federal Lifeline customers of Leap Wireless averaged 50 minutes per day, which equals to an average MOU of 1,550 for a month with thirty-one days. Leap Wireless offers unlimited pre-paid wireless voice service for $21.50 a month under the Cricket brand as a federal ETC in California, and to the general public for $35.00 a month in the San Diego, Fresno, and Madera/Modesto markets. Bank of America Merrill Lynch (BAML). BAML regularly compares minutes of use in the United States (U.S.) with other countries in its Global Wireless Matrix reports. BAML found that based on year-end 2011 data U.S. wireless consumers used an average of 945 minutes per month.[~~89~~90] This represents a 14% increase from an MOU of 824 based on year-end 2009 data.[~~90~~91]

[~~85~~86] See Table 38 within *Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, Sixteenth Report, WT Dkt. No. 11-186, FCC 13-34 (rel Mar. 21, 2013) (16th Report).

[~~86~~87] *Id.*

[~~87~~88] See http://www.consumerreports.org/cro/magazine/2014/01/how-much-cell-service-do-you-really-need/index.htm.

[~~88~~89] Scott Wooley, Cell phone use is up so why are brain cancer rates down, CNN Money (June 7, 2011), http://tech.fortune.cnn.com/2011/06/07/cell-phone-use-is-way-up-so-why-are-brain-cancer-rates-down/

[~~89~~90] CTIA, 50 Wireless Quick Facts, http://www.ctia.org/advocacy/research/index.cfm/AID/10380; http://blog.ctia.org/2012/05/31/benefits/

[~~90~~91] Ralph de la Vega, The United States, the most Vibrant Wireless Market in the World, http://www.att.com/Common/about_us/files/pdf/RDLV_CTIA-slides.pdf.

The CPUC's Communications Division issued a data request to wireless service providers including Cricket, Nexus, AT&T, Verizon, T-Mobile, and Metro PCS to gather more information regarding wireless usage in California. The information from this data request showed that post-paid users' average MOU ranged from about 625 to 925 while pre-paid users' average MOU ranged from about 240 to more than 1,475, and correlated roughly with the plan minutes offered.

MONTHLY MOU COMPARISON TABLE				
YEAR	**MOU (BAML)**	**MOU (CTIA)**	**MOU (CPUC DATA REQUEST)**	**MOU (FORTUNE ARTICLE)**
2011	777[~~91~~92] and 945[~~92~~93] (777+945)/2 = 861	615	Post-paid users' average MOU: about 625 to 925 Pre-paid users' average MOU: about 240 to 1,475+	AT&T: 651 Cricket: 1,550
2010		647	N/A	
2009	824[~~93~~94]	696	N/A	
2008	848[~~94~~95] and 830[~~95~~96] (848+830)/2 = 839	708	N/A	

[~~91~~92] Glen Campbell, Bank of America Merrill Lynch, *Global Wireless Matrix* 3Q 2011.
[~~92~~93] Glen Campbell, Bank of America Merrill Lynch, *Global Wireless Matrix* 1Q 2012.
[~~93~~94] Glen Campbell, Bank of America Merrill Lynch, *Global Wireless Matrix* 1Q 2010.
[~~94~~95] Glen Campbell, Bank of America Merrill Lynch, *Global Wireless Matrix* 2Q 2008. Although, CTIA calculates its own MOU, it routinely uses BAML's value to represent MOUs in its Web site, reports, and presentations e.g., CTIA, President Obama Transition Team Briefing Presentation Slides (Dec. 9, 2008), http://files.ctia.org/pdf/President_Obama_Transition_Team_Briefing_Presentation_Slides.pdf ; and CTIA, The U.S. Wireless Industry Overview (April 25, 2012), http://files.ctia.org/pdf/042412_-_Wireless_Industry_Overview.pdf.
[~~95~~96] Glen Campbell, Bank of America Merrill Lynch, *Global Wireless Matrix* 4Q 2008.

2007		769	N/A	

The MOUs from these various sources demonstrate consumers on average use more than 500 minutes per month of wireless voice service. Using the information we have regarding average consumer monthly MOUs, we analyzed the available federal Lifeline wireless service offerings in California to determine if they satisfy the communications needs of these participants, and if additional support from the Fund is warranted to fulfill those needs and support public safety and the California economy.

Through the eight PPHs statewide, we listened to consumers' experiences with the federal Lifeline wireless service and their recommendations for how the CPUC should design the California LifeLine wireless program. The PPHs were conducted by Commissioner Sandoval, Administrative Law Judge (ALJ) Bushey and other ALJs, as well as staff from the Communications Division and the Public Advisors Office, The LifeLine PPHs were held from May to August 2013 in San Diego, Riverside, Los Angeles, Fresno, Salinas, San Francisco, Sacramento, and Eureka. All throughout the state, consumers who spoke at the PPHs requested that the California LifeLine Program create incentives for carriers to provide them with generous allotments of voice minutes, and with expanded text messages options. Several speakers expressed concern that the 250 voice minute plans currently offered in California by some federal ETCs (Nexus Communications, Inc. (Nexus) and Virgin Mobile USA, L.P. (Virgin), a division of Sprint), while free, provided only eight minutes of talk-time per day, which many characterized as inadequate.[~~96~~97] While simplicity and predictability of a free plan where subscribers did not have to worry about paying by a specific date

[~~96~~97] PPH San Francisco, May 15, 2013, at 136; PPH Los Angeles, June 18, 2013, at 387, 396, 403, 429; PPH San Diego, June 12, 2013, at 221, 226.

likely attracted Lifeline subscribers to the 250 voice minutes plan, it tended to entail the trade-off of a limited satisfaction of communications needs.

Numerous speakers at the San Francisco and Los Angeles PPHs expressed frustration at running out of minutes while being on hold with social service providers accessed by calling 800 or 800-like toll-free numbers.[~~97~~98] Wireline LifeLine providers do not charge for 800 or 800-like toll-free numbers, and do not count them toward "minutes" or as calls even though the subscriber chooses a measured rate option that limits the number of calls. Low-income Californians use 800 or 800-like toll-free numbers to call government services like the Social Security Administration, to find out about the status of disability benefits, Veterans benefits, health care service and insurance options, or to request tenant service. Suicide hotlines, domestic violence prevention hotlines, the prevention of violence against women hotline, and other services that address or help prevent emergencies also use 800 or 800-like toll-free numbers. Many LifeLine PPH speakers discussed the need for predictable bills for low-income consumers, and the desire to have enough voice minutes, preferably an unlimited number of voice minutes, to meet their communication needs, including for 800 or 800-like toll-free services and to special service N11 numbers.[~~98~~99] Although we do not require California LifeLine wireless providers to provision free, unlimited access to 800 or 800-like toll-free numbers that are not counted against allotted plan minutes, we base the supported minimum California LifeLine wireless service elements on how much consumers use their voice minutes, and accordingly set higher levels of communications services eligible for California support to meet low-income households needs.

[~~97~~98] PPH San Francisco, May 15, 2013, at 118, 126; PPH Los Angeles, June 18, 2013, at 372; *See also* PPH San Diego, June 12, 2013, at 267; PPH Salinas, August 12, 2013, at 34.

[~~98~~99] *Id.*

Some wireless providers offer pre-paid plans that shut off after the voice minutes are exceeded. The prospect of Californians having their calls to a suicide hotline cut short by running out of minutes is chilling. While consumers may continue to call 911 even when plan minutes are exhausted, Californians in that situation may not realize that 911 calls remains available. Moreover, these 800 and 800-like toll-free numbers, along with the connection to essential referral service providers offered by 211, and non-emergency and other local government services offered by 311, relieve the 911 system of calls that can be handled through these other special services. If we required that only calls to 911 be free and not counted toward minutes, instead of also requiring that the appropriate special service related N11 numbers be free and not counted toward minutes, such a decision would add congestion to the 911 system in emergencies, and could result in unnecessary delays for emergency services. Our decision avoids shifting costs to local and state governments, ratepayers, and taxpayers when LifeLine participants run out of minutes and call 911 instead of N11 special services.

SureWest and the Small LECs in their comments argue that all LifeLine providers should be required to provide 911 service and unlimited local voice service. Unlimited local voice, such as is provided today through flat-rate California LifeLine to wireline customers, typically includes N11 numbers. The N11 numbers are not only a feature of local calling, they are a critical Life Line which helps callers, saves public resources, and promotes public safety.

The short code N11 number 711 is also crucial for deaf and speech-impaired Californians to make calls and access public safety, economic, and social services resources and opportunities. The Small LECs in their comments urged the Commission to ensure the continuation of specialized access

for disabled members of the community through the California LifeLine Program. Access to 711 is an important component of local calling for wireline LifeLine participants, and it should be extended to other technologies in a manner that makes it affordable and accessible.

Ensuring that California LifeLine participants have adequate minutes for their minimum communications needs, especially their needs for social services and critical services such as assistance hotlines, promotes public safety, good fiscal administration, sounds public policy, and the well-being of all Californians.

The four current wireless ETCs in California offer federal Lifeline plans with at least 250 voice minutes a month, at prices ranging from $0 to $30 for 250 voice minutes to unlimited voice minutes.. Specifically, the four federal Lifeline wireless providers have the following federal Lifeline plans: 1) Cricket offers unlimited voice + text for $35 a month with no voice-only plan; all Cricket smartphone plans include voice + text + data; 2) Telscape plans include voice + text and Telscape Lifeline ETC plans provide 300 voice minutes + 300 texts for $2.50 a month or 1,100 voice minutes + 1,100 texts for $20.00 a month; 3) Sprint (Assurance) provides 250 voice minutes + 250 texts for $0.00 a month or 1,000 voice minutes + 1000 texts for $20.00 a month, or Unlimited voice + text for $30 a month; and 4) Nexus (ReachOut) provides 250 voice minutes + 250 texts for $0.00 a month or 500 voice minutes + 500 texts for $5.00 a month or 1,000 voice minutes + 1,000 texts for $20.00 a month.

We find that with the exception of Cricket's unlimited voice plans, some consumers at the PPHs thought of these federal Lifeline wireless plans as not sufficient to meet their minimum communication needs and not affordable. Speakers at the San Diego and Fresno PPHs who subscribed to Cricket's unlimited voice plan through the federal Lifeline program were very happy with

the service and unlimited minutes provided. Cricket and Assurance are the only ETCs currently offering unlimited voice minutes. Cricket operates in relatively few markets: San Diego, Fresno, and Modesto/Madera. We note that AT&T Wireless has proposed to acquire Cricket and has pledged not to file a request to withdraw or modify Cricket's federal ETC service for at least 18 months after the asset and license acquisition is approved by state authorities, including this Commission, and the FCC, and the transaction has closed. We believe the rules we adopt here, calibrated as they are to the voice minutes offered, will encourage innovation, investment, and the provision of more affordable service that will better meet the minimum communications needs of low-income, LifeLine-eligible Californians.

Therefore, we choose to support wireless telephone service plans with California LifeLine's funding that at a minimum offer voice minutes corresponding more closely with the average MOUs experienced nationwide and by Californians.[~~99~~100] Specifically, as noted above, California LifeLine shall provide support to wireless telephone plans that offer at least 501 minutes per month and conform to the California LifeLine wireless service elements in General Order 153 Appendix A-3 (in Attachment D to this Decision) to meet Californians' specific minimum communications needs, promote public safety, and foster economic participation and growth. Providers offering 500 or fewer minutes may apply to be certified as a federal ETC, and receive the federal support only, for plans consistent with or improving upon those already approved by the Commission for federal ETC support.

This California LifeLine support structure will foster a range of choices for low-income Californians, and create incentives for carriers to offer more minutes

[~~99~~100] *See* MOU Comparison Table, supra.

for the generous California LifeLine SSA. We reject suggestions that we apply one SSA or any set amount as a discount applicable to all wireless plans because we find such a system is not likely to provide sufficient incentives for carriers to offer enough minutes for low-income households to meet their minimum communications needs. Plans that offer insufficient minutes to meet California LifeLine participants' minimum communications needs may result in more overage fees for the LifeLine participant, undermining affordability. They may also increase congestion in the 911 system and result in unnecessary delays for emergency services should calling 911 be the only available special services number for low-income customers.

The MOU chart and data show that most Californians and Americans use more minutes than are provided by most of the plans currently provided in California under the federal ETC subsidy of $9.25 a month. Affordability for LifeLine-eligible Californians may improve, and carrier participation may increase, if the carriers are able to qualify for both a federal ETC $9.25 a month subsidy and the California LifeLine subsidy. For the range of 501-999 minutes, state and federal support combined will amount to $15.50 a month. For LifeLine plans offering 1,000 or more voice minutes, the total support will amount to $22.40 a month. Through these supports, we seek to incentivize more carriers to offer LifeLine wireless plans with 500+ minutes, and thereby make wireless access more affordable to Lifeline participants.

We believe these two tiers of support best leverage state and federal funds and foster choice, competition, and prudent fiscal management of the fund to the benefit of all ratepayers and eligible participants. We note that when Lifeline subscribers have the option of unlimited wireless voice service, as with the Cricket plan, they use substantially more than 1,000 minutes a month, with

Cricket customers using 1,500 minutes a month of voice service on average. Since we do not require LifeLine wireless providers to offer free, unlimited access to 800 or 800-like toll-free numbers that do not count toward minutes, providing a higher subsidy of $12.65 a month for plans that offer at least 1,000 minutes a month increase incentives to offer wireless plans that include enough minutes to cover the needs of low-income households to call 800 or 800-like toll-free numbers for access to vital services such as Social Security benefits, Veterans benefits, Disability and Covered California (the Affordable Care Act in California), as well as access other numbers vital to many Californians such as suicide hotlines and domestic violence prevention hotlines, without worrying about exhausting voice minutes or incurring prohibitively expensive additional costs.

As part of our investigation, we also considered another state's government discounted wireless plans. The Oklahoma Corporation Commission (OCC) requires wireless ETCs to provide at least one plan with a minimum of 1,000 voice minutes per month on tribal land, and a minimum of 500 voice minutes per month on non-tribal land to be considered in the public interest.[~~100~~101] The wireless plans approved by the OCC allow the voice minutes to be used for long-distance calls. The OCC supports its Lifeline program with $1.17 per discounted telephone line per month.[~~101~~102] While Oklahoma's support of $1.17 is

[~~100~~101] Oklahoma Register, Volume 30, No. 20, page 1592 (July 1, 2013), http://ok.gov/sde/sites/ok.gov.sde/files/documents/files/30%20Ok%20Reg%2020.pdf ; Jim Smith, Lifeline Law Advisor (July 12, 2013), http://www.lifelinelaw.com/2013/07/12/tentvehicle-marketing-rules-and-other-restrictions-on-lifeline-marketing-now-effective-in-oklahoma/.

[~~101~~102] Oklahoma Universal Service Fund, Lifeline Service Program Reimbursement Form, http://www.occeweb.com/pu/OUSF/OUSF%20Request%20Forms/Lifeline%20Reimbursement%20Form.pdf.

in addition to the federal funding received by the wireless ETCs serving Oklahoma, the OCC does not provide any reimbursement for administrative costs, taxes and surcharges, extended area service, and service connection/activation and conversion fees. Most of Oklahoma is on federally recognized tribal land,[~~102~~103] allowing ETCs to receive enhanced Lifeline support of $25 in addition to the $9.25 resulting in total federal support of $34.25 per participant.

OKLAHOMA WIRELESS PLANS CHART								
	Head Start Telecom, Inc. d/b/a Dartphone		Icon Telecom, Inc.[~~103~~104]			YourTel America, Inc.		
Regular Rate	$36.42	$40	$36	$36	$40			
Enhanced Lifeline Support	$25							
Federal Lifeline Support	$9.25							
Oklahoma Support	$1.17	$1.17	$1.17	$1.17	$1.17	N/A	N/A	N/A
Total Support	$35.42	$35.42	$35.42	$35.42	$35.42	$34.25		
Monthly Discounted Rate	$1	$4.58	$1	$1	$6.20	Free	$1	$4.58
Number of Voice Minutes	1,000	Unlimited	500	1,000	Unlimited	250	1,000	Unlimited
Domestic Messaging (Text)	**Or** 2,000 texts	Not Available	1,500	500	Not Available	rate of 1 minute per text	**Or** 1,000 texts	Not Available
Additional Voice Minutes	Starts at $5 for 60 voice minutes					increments of $5, $10, $15, $20, $25, $30, $50 and $60		

OKLAHOMA'S APPROVED LIFELINE WIRELESS PROVIDERS			
	WIRELESS PROVIDER'S NAME	**FEDERAL**	**OKLAHOMA**

[~~102~~103] http://www.dartphone.com/oklahoma-tribal-land-map and http://www.ok.gov/odmhsas/documents/10%2037%20Federally%20Recognized%20Tribes%20in%20OK.pdf.

[~~103~~104] Icon Telecom, Inc. notified the OCC and the FCC of its plan to relinquish its ETC designation and to stop offering Lifeline services. See Jennifer Loren, Okc based Icon Wireless Shuts Down Amid State Investigation, Newson6.com (Sept. 17, 2013, updated Oct. 7, 2013), http://www.newson6.com/story/23459416/okc-based-icon-wireless-shuts-down-amid.

OKLAHOMA'S APPROVED LIFELINE WIRELESS PROVIDERS			
	WIRELESS PROVIDER'S NAME	FEDERAL	OKLAHOMA
1.	Assist Wireless, LLC	1	
2.	Blue Jay Wireless, LLC	1	
3.	Boomerang Wireless d/b/a en Touch Wireless	1	
4.	Budget PrePay, Inc. d/b/a Budget Phone, Inc.	1	
5.	Easy Telephone Services Co. d/b/a Easy Wireless	1	
6.	Head Start Telecom, Inc. d/b/a Dartphone (http://www.dartphone.com/lifeline-wireless)	1	1
7.	Icon Telecom, Inc. (http://www.icon.net/Lifeline.htm)	1	1
8.	IM Telecom, LLC d/b/a Infiniti Mobile	1	
9.	Nexus Communications, INC, d/b/a Nexus Communications TSI, Inc.	1	
10.	Q Link Wireless LLC	1	
11.	SafeTel, LLC (pending)	1	
12.	TAG Mobile, LLC	1	
13.	TelRite Corp. d/b/a Life Wireless	1	
14.	TerraCom, Inc.	1	1
15.	The Telephone Co., Inc.	1	1
16.	True Wireless, LLC	1	
17.	YourTel America, Inc. (https://www.yourtelwireless.com/lifeline-free-plans.php)	1	
	TOTAL #OF LIFELINE WIRELESS PROVIDERS SERVING ALL EXCHANGES IN OKLAHOMA[~~104~~105]	**17**	**4**

Likewise, ETCs providing Lifeline in federally recognized tribal land in California would be eligible to receive enhanced federal Lifeline support of $25 in addition to the $9.25 resulting in total federal support of $34.25 per participant. When leveraged with state LifeLine funds this will create incentives to offer LifeLine element compliant plans of 501-999 minutes a month for a total state and federal support level of $40.50, and LifeLine element compliant plans of 1,000 minutes a month or more for a total state and federal support level of $47.40. As the Judicial Branch of the California courts notes, "California is home to more people of Native American/ Alaska Native heritage than any other state in the

[~~104~~105] List of service providers as of Oct. 11, 2013 on OCC's Web site, OCC, Duplicate Providers by Exchange (Oct. 4, 2013), http://www.occeweb.com/pu/ETC%20Designation/2013-10-04ETCInformationreport.pdf.

Country. There are currently 109 federally recognized Indian tribes in California and 78 entities petitioning for recognition. Tribes in California currently have nearly 100 separate reservations or Rancherias. There are also a number of individual Indian trust allotments."[~~105~~106] To qualify for the enhanced federal subsidy the service would need to be provided on federally recognized tribal land and conform to federal ETC rules.

At the LifeLine PPH in Eureka the representative of the federally recognized Yurok tribe, California's largest tribe with nearly 5,000 enrolled members,[~~106~~107] testified to the lack of availability of wireless service, or dial-tone phone service, in most of their reservation. We are concerned about the implications for public safety, economic participation, and community vitality and connectedness from the lack of communications service. The Yurok tribe was granted a CPUC Rural Telecommunications Infrastructure (RTI) grant in 2004 to bring electric and dial-tone telephone service to the reservation.[~~107~~108] Electric service commenced to much of the Yurok reservation in mid-2013. Telephone service was provided to eight households as reported in a 2009 CPUC report.[~~108~~109] We note with dismay that many households expecting to receive telephone service through the RTI grant still do not have dial-tone service as of October 2013. The CPUC Commissioners and staff, and the Yurok residents, await reply to inquiries about the deployment schedule for dial-tone telephone

[~~105~~106] California Courts, The Judicial Branch of California, California Tribal Communities, http://www.courts.ca.gov/3066.htm.

[~~106~~107] http://www.yuroktribe.org/culture/history/history.htm.

[~~107~~108] http://www.cpuc.ca.gov/NR/rdonlyres/1307DE29-BB35-4A8D-9C2F-CAA9BECA916C/0/rti_update_mar2009.pdf.

[~~108~~109] CPUC, Rural Telecommunications Infrastructure Grant Program, RTI Update, page 5 (March 2009), http://www.cpuc.ca.gov/NR/rdonlyres/1307DE29-BB35-4A8D-9C2F-CAA9BECA916C/0/rti_update_mar2009.pdf.

service, construction, and initialization of such service which are necessary to call 911 in an area where wireless service does not reach many households. While the Yurok have developed their own wireless Internet service that reaches parts of their reservation,[~~109~~110] 911 service does not accept emails or text, and a dial-tone connection to the PSTN is critical to reach these and other emergency services. We are concerned about the length of time between the grant approval and project completion and will review those issues separately to ensure that providers and suppliers who are contracted to bring these vital services are accountable for project monies and objectives.

At the Eureka PPH we heard from many speakers who described areas of rural Northern California where there is no wireless phone service, no cable service, no high-speed Internet service except through satellite providers with weekly bandwidth caps that can be exceeded through a single movie download, and in some cases, no dial-tone service or service characterized by frequent outages. We are concerned that these conditions persist in California in 2013, and will pursue some of these service and quality of service issues through other proceedings, including our service quality proceeding (R.11-12-001), the California Advanced Services Fund, and our wireless and broadband mapping project. We hope that the rules adopted here will also foster investment in infrastructure to expand service in rural areas, including federally recognized tribal lands. We believe the rules adopted in this Decision will help ensure that all Californians have their minimum communications needs met, their public safety enhanced, and that all Californians living in rural, remote, and tribal areas are able to participate in the economy through accessible and affordable communications technologies.

[~~109~~110] Joomla! Welcome to the WISP Directory, http://www.wispdirectory.com/index.php?task=listalpha&alpha=y&cat_id=0.

The retail service plans currently available for residential customers with at least 1,000 voice minutes are not affordable for low-income households. Therefore, the graduated support we establish will incentivize providers to offer California LifeLine customers more voice minutes to receive the maximum reimbursement amounts. Graduating California LifeLine support based on voice minutes provided creates incentives for carriers to meet communications needs of low-income Californians, helps control fund costs for all California ratepayers, and is sound policy and fiscal management as it correlates ratepayer support payments to the extent of service provided.

California LifeLine wireline providers are not required to offer unlimited long distance calling, though they are required to provide unlimited incoming calls and unlimited local calls for flat-rate plans, and unlimited 800 or 800-like toll-free number calls, and typically offer unlimited three-digit dialing to special services (211, 311, 511, 611, and 811) for flat-rate plans.[~~110~~111] Regardless of plan or provider, all California LifeLine wireline participants have free, unlimited access to 911. Since most wireless service providers do not differentiate between local and long-distance calls, but charge per minute for incoming and outbound calls, we conclude that requiring unlimited incoming calls, unlimited local calls, and unlimited 800 or 800-like toll-free numbers calls which do not count against minutes, is not consistent with market practices for wireless telephone service, and not necessary to meet California LifeLine wireless participants' minimum communications needs. However, the CPUC may provide California LifeLine support to telephone plans that meet or exceed the California LifeLine's service elements adopted today.

[~~110~~111] Some calls to 211 and 511 may not be considered a local call as clarified by AT&T in its Opening Comments at 13-14.

The predictability of designating fixed amounts for the discounts that participants will receive coincides with consumers' expressed needs at the PPHs for support certainty and ease of consumer calculation. While federal law prohibits the CPUC from regulating the price of wireless service,[~~111~~112] a state may determine the level of support it will provide a carrier from its own state ratepayer funds. We choose to do so in a manner that will incentivize more affordable options, and therefore calibrate our support to the level of California wireless LifeLine service minutes provided.

The FCC also encourages state commissions to consider whether an ETC applicant offers a local usage plan comparable to those offered by the incumbents in examining whether the ETC applicant provides adequate local usage to receive designation as an ETC. The FCC does not prevent states from determining the minimum number of local usage minutes appropriate for an applicant to be awarded ETC status.[~~112~~113]

Currently, California LifeLine wireline participants pay up to $6.84 or half of the provider's rate for flat-rate local telephone service. Three federal Lifeline wireless providers (Nexus, Virgin, and Telscape) in California charge $20.00 for wireless plans offering either 1,000 or 1,100 voice minutes monthly. Cricket and Nexus offer an unlimited voice plan costing $21.50 and $30.00, respectively, after applying the federal Lifeline discount. Accounting for the $12.65 of California LifeLine support for these particular plans, wireless participants can potentially receive discounted telephone rates that are roughly comparable to what wireline

[~~111~~112] 47 U.S.C. § 442(c)(3)(A) - "Notwithstanding section 152(b) and 221(b) of this title, no State or local government shall have any authority to regulate the entry of or the rates charged by any commercial mobile service or any private mobile service, except that this paragraph shall not prohibit a State from regulating other terms and conditions of commercial mobile services. . . "

[~~112~~113] FCC 05-46, ¶ 34.

participants are offered for flat-rate local telephone service, and that would provide additional benefits of long-distance service offered as per their practice.

Likewise, California LifeLine wireline participants pay up to $3.66 or half of the provider's rate for measured-rate local telephone service. Nexus and Virgin charge $5.00 for wireless plans with 500 voice minutes.

We designate $5.75 as the California LifeLine support for eligible wireless plans with 501 to 999 voice minutes to encourage providers and competition to offer the higher end of this range at a lower price point.[~~113~~114]

If the federal Lifeline wireless providers are currently charging $20.00 for wireless plans with 1,000 voice minutes while they are charging $5.00 for 500 voice minutes, then the price of providing between 500 and 1,000 voice minutes could potentially be approximately $15.00. The difference between $15.00 and the federal support of $9.25 is $5.75. Additionally, if we chose the lowest end of the average MOU, which was CTIA's MOU of 615 voice minutes, and take the difference between 615 and the 500 voice minutes offered (the minimum we have set), this will result in the need to support 115 voice minutes. If we assume the average price of an additional minute is $0.50, the product of 115 voice minutes and $0.50 is $5.75.

These support levels are based on the evidence of market practices and are designed to encourage service innovation, infrastructure investment, and to foster choice, competition, and ratepayer and consumer protection. We adopt these support levels to encourage prudent fiscal management of California's state LifeLine fund, to moderate the fund's impact on ratepayers, and to encourage

[~~113~~114] We also observed retail service offerings with less than 1,000 minutes such as: 1) Verizon (pre-paid, non-smart phones) 500 voice minutes + unlimited texts + unlimited data for $35.00 a month; and, 2) AT&T (post-paid smart phone) 900 minutes, no text or data, $59.99 a month (additional minutes at 40¢ a minute).

providers to offer more plans with sufficient minutes of use and features to meet low-income participants' minimum communications needs.

4.14. Taxes and Surcharges Exemption

California LifeLine wireless participants shall continue to be exempt from paying the public purpose program surcharges, CPUC's user fee, federal excise tax, local franchise taxes, and State 911 tax associated with their telephone service as they are today. This exemption shall not alter the statutory requirement for all telephone corporations in California to assess, collect, and remit public purpose program surcharges on revenues collected from end-users for intrastate telecommunications services that are subject to surcharge, including VoIP service providers as provided in Pub. Util. Code §§ 285 and 710.

4.15. Consumer Protection Requirements for California LifeLine Wireless

4.15.1. California LifeLine Service Unbundled Obligation

Participating California LifeLine wireless providers shall offer at least one plan meeting California LifeLine wireless service elements on an unbundled basis, i.e., without any data and/or video services. Consistent with the basic service element 4.f) in the BSE Decision, the provider may offer added features and/or enhanced service elements without additional charge(s) while satisfying the California LifeLine unbundled obligation.[~~114~~115] Moreover, any of the California LifeLine supported plans may include domestic messaging. California LifeLine providers shall not require participants to purchase bundled plans with video, data, and/or any other services to receive the California LifeLine

[~~114~~115] Cricket sought clarification as to whether additional features may be included in the California LifeLine unbundled plan obligation (Cricket Opening Comments at 7-8, November 19, 2013).

discounts. However, our rules do not preclude consumers from upgrading or purchasing additional services they may want or need, while still retaining their LifeLine support. This flexibility will promote affordability for LifeLine participants and judicious fiscal management of ULTS ratepayer funds by preventing LifeLine carriers from forcing consumers to buy LifeLine packages with video and data in order to obtain LifeLine support. Since most wireless plans include domestic messaging and few offer stand-alone voice, we do not prohibit LifeLine wireless providers from offering domestic messaging with voice plans that otherwise meet the LifeLine service elements.

ORA recommended the Commission adopt specific requirements to prevent providers from upselling participants by requiring the offering of California LifeLine unbundled service prior to any California LifeLine bundles and for providers to conform their advice letter filings with this recommended safeguard.[~~115~~116] Joint Consumers also recommended we require each provider to inform future and existing participants of each its respective California LifeLine eligible plans (unbundled or bundled).[~~116~~117] We find it unnecessary at this time to adopt additional safeguards to prevent upselling marketing tactics or to ensure California LifeLine providers inform consumers of their California LifeLine eligible plans. General Order 153, Section 4.1.1, already stipulates that "California LifeLine Service Providers shall inform new residential customers calling to establish Basic Service or non-regulated residential service, as applicable, about the availability of California LifeLine." This Decision's Appendix A, which delineates the California LifeLine service elements, requires all California LifeLine providers regardless of the technological platform to "offer California LifeLine discounted services on a non-discriminatory basis to any

[~~115~~116] ORA Opening Comments at 4 (November 19, 2013).
[~~116~~117] Joint Consumers Opening Comments at 6 (November 19, 2013).

customer residing within the service territory where the provider offers retail residential telephone services."

As for ensuring providers do not upsell participants, General Order 153, Section 4.1.2, already does not allow providers to "link the availability of discounted phone service under California LifeLine with the sale of non-California LifeLine services." Additionally, in section 4.2 and in OP 7 of this Decision, we require providers to submit their marketing materials, which include scripts used by the providers' customer service representatives to the Communications Division for review and approval prior to their dissemination to the public. Moreover, it is common practice between existing California LifeLine providers and Communications Division staff to work cooperatively when implementing major program changes, which includes changes to any notices and scripts disseminated by the providers. However, we deem it necessary to clarify that similar to our policy direction for new providers the existing California LifeLine providers' marketing materials are also subject to the review and approval of Communications Division staff prior to their dissemination to the public. The Commission will monitor the behavior of California LifeLine providers in the California LifeLine marketplace.

4.15.2. California LifeLine Services in Bundled Plans

California LifeLine providers shall offer potential and existing California LifeLine participants the choice to apply the federal Lifeline and California LifeLine discounts to residential telephone service plans or to any bundled service plan eligible for state support, including all promotional service or family plans that include California LifeLine telephone service consistent with California LifeLine rules. The purpose of this rule is to expand consumer choice and to promote competition and technological innovation in the range of

telecommunications services and technologies offered to consumers. California LifeLine participants should be able to apply the discount to any plan a service provider offers that meets the minimum criteria. As stated with regard to the unbundled obligation, LifeLine participants may not be forced to choose a plan bundled with video or data, or a family plan, to be eligible for LifeLine. While LifeLine carriers must offer one plan that contains only LifeLine-compliant voice, and may contain domestic messaging, a LifeLine carrier must also permit the LifeLine participant to apply the discount to other plans, including family and promotional plans, which contain LifeLine-compliant residential telephone service.

A LifeLine provider may designate in its Tier 2 or Tier 3 advice letter to qualify as a California LifeLine provider as described above, any corporate subsidiary, brand, or D/B/A, or trade name it will use to provide and market LifeLine under its CPUC authorization, i.e., its WIR, Franchise, or CPCN. The requirement to offer to LifeLine participants all plans and bundles applies to the entity or brand listed in the filed advice letter. The advice letter should describe the plans or bundles containing qualifying LifeLine voice service consistent with these rules, or standalone LifeLine voice service. The service provider may also list its offerings as all offerings by the brand or entity, as Cricket did for its ETC designation.

4.15.3. Free and Unlimited Calls to Special Service N11 Numbers

All California LifeLine wireless providers offering plans with 1,000 or more voice minutes shall provision unlimited access to the following three-digit special service numbers: 211 (Community Information and Referral Services), 311 (Non-emergency Police and Other Governmental Services), 511 (Traffic and

Transportation Information), 611 (Repair Service), 711 (Telecommunications Relay Service), 811 (Access to One Call Services to Protect Pipeline and Utilities from Excavation Damage), and 911 (Emergency Services). No charges shall be imposed for such calls. Calls to these special service N11 numbers also shall not be deducted from the participant's allotted voice minutes. Provisioning free, unlimited access to special service N11 numbers promotes public safety in emergency and non-emergency situations. The obligation to provide free, unlimited access to these special service N11 numbers (except for 911) may end once the California LifeLine service terminates and/or the Administrator de-enrolls the participant. [117][118] In a subsequent decision, we can consider how service suspension for non-payment may be another trigger for ending the N11 obligation.[119] The CPUC is committed to our fiduciary responsibility and to consumer and public safety and finds that open access to these special service numbers contributes to public safety.

The 211 abbreviated dialing code connects callers with community information and referral services such as evacuation assistance and suicide prevention resources. The FCC established 211 in 2000 in response to a petition from the United Way, the Alliance of Information and Referral Systems, and several other organizations. The CPUC has authorized 211 services in many regions of California. The FCC notes the following:

> In July 2000, the Federal Communications Commission reserved the 211 dialing code for community information and referral services.

[117][118] Cricket Opening Comments at 8 stated the scope of this obligation was unclear (November 19, 2013). We clarify that it is not our intent for providers to provision free, unlimited access to these special service N11 numbers (except for 911) in perpetuity.

[119] Cricket in its Comments to the Revised Proposed Decision at 6-8 requests that service suspension for non-payment be included as another trigger to end the N11 obligation (January 6, 2014).

> The FCC intended the 211 code as an easy-to-remember and universally recognizable number that would enable a critical connection between individuals and families in need and the appropriate community-based organizations and government agencies. Dialing 211 helps the elderly, the disabled, those who do not speak English, those who are having a personal crisis, those who have limited reading skills, or those who are new to their communities, among others, by providing referrals to, and information about, health and human services organizations and agencies.[~~118~~120]

When the CPUC established the 211 service in Humboldt County in Northern California, Access Humboldt, a non-profit that promotes broadband Internet and information access in Humboldt County through its Digital Redwoods initiative, noted that "211 is a telephone short code that connects people to local Information & Referral (I&R) services - 211 is often a crucial backup to 911 services in disaster and emergency situations."[~~119~~121] In Los Angeles County, the most populous county in our state, "211 partners directly with the Los Angeles County Office of Emergency Management to be the primary provider of disaster preparedness and response information services to the community before, during, and after disasters. In times of local or national distress, 211 LA County responds by providing timely and accurate information for any member of the community to learn valuable and life-saving information… Under contract with Los Angeles County, 211 is also the public's interactive information source for the County in the event of a disaster or terrorist act."[~~120~~122]

[~~118~~120] http://www.fcc.gov/guides/dial-211-essential-community-services.

[~~119~~121] 211 Service for Humboldt and other Counties in California without 211 Centers, AH Press Release, http://accesshumboldt.net/site/211-service-humboldt-and-other-counties-california-without-211-centers-0.

[~~120~~122] 211 Los Angeles County, Disaster Preparedness and Response, http://www.211la.org/disaster/.

The 211 service played a critical role in the wild fires that plagued Southern California in 2007. A report on the 211 service, Trial by Fire, How 2-1-1's Regional Response to the 2007 Southern California Wildfires Underscored the Need for a Statewide Network, was issued by Call 211; and the United Way lauded the role of 211 in disaster assistance, evacuation, and safety information:

> In October 2007, Southern California communities experienced first-hand the role 2-1-1 can play during a disaster. Twenty separate wildfires consumed large parts of six Southern California counties; in all, more than 500,000 people would be evacuated from homes in San Diego County alone. During these evacuations, major highways were closed as new fires began and existing fires spread. Information about evacuations, shelters, and road closures changed by the minute. Over the period of October 21 through October 25, 2007, more than 130,000 calls to 2-1-1 were answered in the counties of Los Angeles, Riverside, Orange, San Bernardino, San Diego and Ventura, an increase of 764 percent over the same period the previous week. In a single day, October 24th, the six call centers answered more than 41,000 calls (with 2-1-1 San Diego answering 81 percent of them), comparable to the call volume of a mid-sized call center for an entire year. Unlike other types of disasters, wildfires pose the challenges of shifting evacuations, fires burning and expanding over days, continuously changing traffic closures, and simultaneous situations of response and recovery.[~~121~~123]

The 211 abbreviated dialing code and answering system has played a vital and life-saving role in many areas of the state. Access to 211 also helps Californians save time and minimize their calls to different services. California 2-1-1 reports that "Without 2-1-1 people must call an average of eight numbers before getting the help they need."[~~122~~124]

[~~121~~123] Trial By Fire: How 2-1-1's Regional Response to the 2007 Southern California Wildfires Underscored the Need for a Statewide Network, http://d32e7ipx0dnfwj.cloudfront.net/wp-content/uploads/2011/02/2-1-1-CA_uw_TrialByFire_FINAL_HI_RES1.pdf.

[~~122~~124] California 211, http://211california.org.

At the LifeLine PPHs in Fresno, Eureka, and Salinas, several speakers addressed the importance of 211 and urged the Commission to ensure that LifeLine participants have the ability and enough minutes to reach 211. In Eureka the United Way representative discussed the role of 211 in connecting callers with social services, and evacuation assistance, an important role in a fire and tsunami-prone area.[~~123~~125] In Fresno the United Way representative spoke about the importance of mobile access to 211, and 211's assistance to callers seeking social service and emergency resources.[~~124~~126] In Salinas the 211 representative spoke about the role of 211 in disaster aid, including the tsunami alert that followed the Fukushima earthquake and the damage to the Santa Cruz harbor.[~~125~~127]

The PPH speakers who manage 211 systems reported that most 211 calls are brief, lasting 5 minutes or less.[~~126~~128] Few calls last 30 minutes or more, although the length may change depending on the nature of the call and projects such as the Eureka 211 contract with Covered California to assist in Health Care enrollment questions.[~~127~~129]

In light of the importance of 211 to public safety including disaster and terrorism response, and social services including suicide prevention, and the relatively short reported duration of most 211 calls, we require California LifeLine wireless providers offering qualifying plans with 1,000 or more voice minutes to provide free, unlimited access to 211 and not count such calls toward any minute limitations or the basis for extra charges. Including 211 in the LifeLine elements may save overall minute usage, and will save time, prevent

[~~123~~125] PPH Eureka, July 17, 2013, at 505-509, 520-521.
[~~124~~126] PPH Fresno, July 31, 2013, at 554-555.
[~~125~~127] PPH Salinas, August 13, 2013, at 639, 643.
[~~126~~128] PPH Salinas, August 13, 2013, at 637.
[~~127~~129] PPH Eureka, July 17, 2013, at 512.

frustration, and may save lives. As California 2-1-1 noted, 211 calls are included for free for California LifeLine wireline participants as part of their free, unlimited local calling.

However, AT&T argued that "California 2-1-1 is made up of independent organizations that may or may not use 8YY numbers as the underlying number for routing calls."[~~128~~130] In the event that non-877 number is used that is outside of the caller's local calling area, the caller is assessed toll charges. Additionally, customers that subscribe to wireline measured-rate service will have those calls counted against their local call allowance. Nevertheless, we see no reason to deny this feature to California LifeLine participants who choose wireless service plans that include 1,000 or more voice minutes, as 211 access helps callers, promotes public safety, and reduces congestion on the 911 system and other first responder resources.

In 1997 the FCC approved the 311 abbreviated dialing code for non-~~-~~emergency police and other government services. The 311 code was intended to relieve the burden on 911 so that only emergency calls were made to 911. Many communities also use 311 for callers to report hazards such as potholes that can lead to traffic accidents, and for non-emergency informational or safety matters. The U.S. Department of Justice urged the FCC to create 311 and lauded its role in increasing public safety and reducing burdens on the 911 system.

> As a vehicle for advancing community policing, 311 systems can create an avenue for citizens to share information with police, report quality of life issues before they escalate into larger crime and disorder problems, and gain access to police and other municipal services. By diverting non-emergency calls from 911 and reserving

[~~128~~130] AT&T Opening Comments at 13-14 (November 19, 2013).

> police resources for true emergencies, 311 systems can alleviate the cycle of reactive policing and enhance police service delivery.[~~129~~131]

We note that 311 calls are included for free for California LifeLine wireline participants as part of their free, unlimited local calling. We see no reason to deny this feature to California LifeLine participants who choose wireless service since 311 service helps callers, protects public safety, and reduces congestion on 911 emergency services and other first responder resources. If California LifeLine wireless participants ran out of voice minutes and could not call 311, they might call 911 instead, defeating the purpose of creating 311. Shifting calls to 911 instead of the appropriate special service related N11 numbers would add congestion to the 911 system, and could result in unnecessary delays for emergency services and in costs to local and state governments, ratepayers, and taxpayers. In light of the level of California LifeLine support we adopt in this Decision, we require LifeLine wireless providers offering plans with 1,000 or more voice minutes to include free, unlimited access to 311 and not count 311 calls toward any voice minute allotments.

The abbreviated dialing code 511 is used to access traffic and transportation information. This is important to public safety particularly when incidents such as the Bay Area Rapid Transit (BART) District strikes of 2013 stopped BART service in the San Francisco Bay Area and greatly increased traffic congestion and the potential for accidents. 511 services provide alternate routes, and are also used by the deaf or hearing impaired consumers. The San Francisco Bay Area (SF Bay) 511 site lists frequently asked question including one relevant to this Decision, "**Is 511 really free?**" SF Bay 511 answered:

[~~129~~131] U.S. Department of Justice, Office of Community Oriented Policing, COPs Fact She et, Nov. 2007, http://www.cops.usdoj.gov/Publications/e01060007.pdf.

> Yes. 511 does not charge for any feature on the 511 phone service or 511.org. In some cases, depending on your wireless agreement, you may receive charges from your mobile phone company. For example, wireless plans that bill for local calls such as from area code, 415, to area code, 510, may receive local tariff charges when dialing 511. If your plan does not include local tariff charges, then your 511 calls will continue to only cost you the minutes used during your calls. Additionally, if you sign up for MY 511 alerts, charges may be incurred when receiving text message alerts. Consult your wireless agreement or contact your wireless provider to understand whether you will incur these charges.[~~130~~132]

The ability to call 511 reduces calls to 911 about traffic conditions and accidents, and provides vital information to the public, especially during urgent situations like a transit strike or earthquake. Callers can dial 511 and "Say 'Freeway Aid' to get non-emergency freeway assistance," helping travelers stuck on the road and potentially reducing 911 call volumes. The San Francisco Bay Area 511 "is managed by a partnership of public agencies led by the Metropolitan Transportation Commission, the California Highway Patrol (CHP), and the California Department of Transportation." Its use also helps conserve CHP, and thus state resources, and facilitates safety and CalTrans work. While many Californians access 511 online, call volumes for the San Francisco Bay Area 511 exceeded 500,000 a month on average in 2011.[~~131~~133] LifeLine participants who run out of voice minutes may not be able to call 511 without buying extra voice minutes and incurring additional charges under current practices whereby wireless service providers count calls to 511 against allotted voice minutes. This may shift 511 calls to 911 instead because wireless callers can still connect to 911 for free even when voice minutes have expired. To promote public safety and avoid unnecessary congestion on the 911 system, we require LifeLine wireless

[~~130~~132] 511 SF Bay, Frequently Asked Questions, http://511.org/call-511-faq.asp#free.
[~~131~~133] Metropolitan Transportation Commission 511 Usage Statistics http://www.mtc.ca.gov/services/511/511_USAGE_STATISTICS.pdf.

providers offering plans with 1,000 or more voice minutes to provide free, unlimited access to 511 and not count calls to 511 against the participants' allotted voice minutes. We note that 511 calls are typically included for free for California LifeLine wireline participants as part of their free, unlimited local calling.

The wireless industry uses the abbreviated dialing code 611 to allow its customers to call their customer care for repair services. Dial 611.com reports "**It's Free** - Dialing 611 does not count against your monthly minutes."[~~132~~134] In light of industry practice[~~133~~135] to include free, unlimited access to 611 in mobile voice plans and not count 611 calls against allotted voice minutes, and the role of 611 in helping consumers manage their plan usage and resolve billing and other issues, we require this continued provision of California LifeLine providers.

Moreover, California LifeLine wireline participants will benefit from a service element specifically requiring free, unlimited toll-free access to customer service for information about California LifeLine, service activation, service termination, service repair, and billing inquiries. We see no reason to deny a similar service element to California LifeLine wireless participants, as 611 helps manage their plans and resolve billing, coverage, and other issues. This can potentially reduce service disconnections and reactivations and Fund costs. Free

[~~132~~134] Dial 611.com http://dial611.com/why_611.php.

[~~133~~135] Staff learned that Virgin (via contacting its call center) and AT&T Wireless (via online search) do not count calls to 611 towards minutes of use. AT&T Wireless' GoPhone Plans include free calls to 611 ("Free Calls: 611 customer service & 911 emergencies. However, calls to 611 for the purpose of purchasing digital content will incur standard airtime charges after a period of time. 611 may not work in all areas. You can also use 866-499-7888 to reach customer service." See http://www.att.com/shop/legalterms.html?toskey=goPhonePickYourPlanTerms). AT&T Wireless Home Phone also includes calls to 611 with its service (See Attachment H and http://www.att.com/esupport/article.jsp?sid=KB413140&cv=820#fbid=X1XWy0flpdq.

access to 611 that does not count toward plan minutes assists in prudent ULTS fund management, and helps California LifeLine participants maintain effective and affordable service. In light of the level of California LifeLine support we adopt in this order, we require LifeLine carriers to include free access to 611 and not count 611 calls toward any minute limitations.

The FCC created the 711 three-digit dialing code in 1997 when it created 311.[~~134~~136] It is established for Telecom Relay Services (TRS), crucial to communications from Deaf and Hard-of-Hearing persons. The FCC reports that "TRS permits persons with a hearing or speech disability to use the telephone system via a text telephone (TTY) or other device to call persons with or without such disabilities."[~~135~~137] The FCC lauds the ability of 711 to facilitate communications by and with people with a hearing or a speech disability:

> If you want to call someone using TRS, use your TTY or dial 711 on your telephone, and you will automatically be connected to a TRS operator. If you're a TRS user traveling out of state and want to make a call, there is no longer a need to learn the state's TRS provider's telephone number. Just dial 711. It's fast, functional and free.[~~136~~138]

In light of the critical role of 711, the FCC has determined that providers of interconnected VoIP service must offer the 711 abbreviated dialing.[~~137~~139]

Today California LifeLine provides discounts on two telephone lines for TTY users or the hearing impaired, of which the second discounted telephone line is fully funded by California (no federal Lifeline support) in recognition of a

[~~134~~136] Fact Sheet: Abbreviated Dialing Codes – N11, http://transition.fcc.gov/Bureaus/Common_Carrier/News_Releases/2000/nrc0036a.html.

[~~135~~137] FCC Consumer Guide 711 for Telecommunications Relay Service, http://transition.fcc.gov/cgb/consumerfacts/711.pdf.

[~~136~~138] *Id.*

[~~137~~139] *Id.*

household's need for another telephone line aside from the telephone line dedicated to the TTY so that other possible household members may access telephone services. The Commission understands the importance of 711 and telephone relay services to the hearing and speech disabled, and has supported an additional line to ensure their access to the public telephone network. California state and federal laws also require service providers to complete 711 and relay calls. We have recognized that 711 and relay services are a lifeline for hearing and speech disabled Californians who have difficulty communicating via telephone without such services. The CPUC further expanded California LifeLine's accessibility to DDTP participants to ensure that the equipment purchased by the DDTP program will be effective in meeting the communications needs of eligible low-income users.[~~138~~140]

As with other abbreviated dialing codes (except for 411), 711 calls are included for free for California LifeLine wireline participants as part of their free, unlimited local calling. We see no reason to deny this feature to California LifeLine wireless participants. The 711 abbreviated dialing code is a vital link for hearing and speech impaired callers and for those who wish to communicate with them. It helps communication with public safety, increases opportunities for economic and civic participation, and increases connectedness critical to people with disabilities. If California LifeLine wireless participants ran out of minutes and could not call 711, they will face many more hurdles in having their calls understood. In light of the level of California LifeLine support we adopt in this Decision, we require LifeLine wireless providers offering plans with 1,000 or more voice minutes to include free, unlimited access to 711 and not count calls to 711 against the participants' allotted voice minutes. We distinguish a call to 711

[~~138~~140] D.10-11-033, Section 5.3 at 76-77.

from the associated call to another number, and only require the 711 component of the call not to be counted toward voice minutes, unless it is associated with a call to another N11 number other than 411 (Directory Assistance). This rule balances incentives for California LifeLine participants to be mindful of their use of voice minutes if they choose a plan that is not unlimited, with the need for access to 711 to promote public safety, economic participation, and civic inclusion.

The FCC launched the 811 abbreviated dialing code as the "Call before you dig" number in 2007 to provide access to one call services to protect underground utilities from excavation damage. With the urging of the Common Ground Alliance (CGA), the FCC adopted 811 as a national number so that all Americans, whether a renter tilling a backyard or community garden, a homeowner digging a fence post hole, or a contractor who plans to excavate, can find out about gas lines underground and ask for those lines to be marked.[~~139~~141] "Knowing where utility lines are buried before each digging project helps protect those who dig from injury, expense and penalties," said CGA President Bob Kipp.[~~140~~142]

The CPUC supports 811 "call before you dig" services and has participated in national and statewide campaigns to raise awareness about the 811 services.[~~141~~143] The CPUC emphasizes that, "Everyone from those digging small holes for lawn and garden projects to contractors digging up pavement need to call 811 to know what's below before they start their project in order to eliminate the risk of striking an underground utility line. Installing a mailbox, putting in a

[~~139~~141] CGA launches national 811 "Call Before You Dig" number and Web site to help save lives and protect American underground infrastructure, http://www.call811.com/for-the-media/launch-of-national-811.aspx.

[~~140~~142] *Id.*

[~~141~~143] *Id.*

fence, building a deck, and laying a patio are all examples of digging projects for which 811 should be called before starting."[~~142~~144] The CPUC also emphasizes that "Utility lines need to be properly marked because even when digging only a few inches, the risk of striking an underground utility line still exists. Failure to call before digging results in more than 250,000 unintentional hits annually.[~~143~~145]

Striking an underground utility line can cause hazards ranging from damage to the line to death for the digger and others. Natural gas, electric, telecommunications, and water lines may be underground. Public safety is this Commission's highest priority. Digs at utility lines have damaged natural gas lines, resulted in the death of those who struck a line, damaged lines, and can injure other people, in addition to damaging or destroying property. Preserving the ability for LifeLine participants to call before they dig is critical to public safety, the role of this Commission, to the safety of utility resources Californians count on, and is a prudent investment.

We note that 811 calls are included for free for California LifeLine wireline participants as part of their free, unlimited local calling. We find this a valuable feature for California LifeLine wireless participants. Enabling all California LifeLine participants to call 811 without its counting against their allotted voice minutes or number of calls may encourage more calls to 811 and requests that utility lines be marked in outdoor areas. If California LifeLine wireless participants ran out of voice minutes and could not call 811, they may risk injury to themselves and others, and damage utility lines and property, all for the lack of enough voice minutes to call 811. This could lead to increased 911 calls, and increased costs to utilities including telecommunications, electric, natural gas,

[~~142~~144] California Public Utilities Commission, Call 811 Before You Dig, http://www.cpuc.ca.gov/PUC/events/811.htm.

[~~143~~145] *Id.*

and water utilities, who must repair dig-ins. In light of the level of California LifeLine support we adopt in this Decision, we require LifeLine wireless providers offering plans with 1,000 or more voice minutes to include free, unlimited access to 811 and not count 811 calls against the participants' allotted voice minutes.

In the Proposed Decision issued on October 30, 2013, we proposed to make free, unlimited access to special service N11 numbers available on all LifeLine eligible wireless plans. In reviewing parties' comments, particularly those of AT&T California and CTIA-The Wireless Association, we have a better understanding of the technical difficulties of implementing this policy.[~~144~~146] It is our intention to create subsidy levels and plan options that encourage wireless service providers to voluntarily participate in LifeLine Program. At the public participation hearings, the majority of participants' primary request was to include wireless service in California LifeLine. In balancing consumers' interest with requiring plans that offer access to valuable special service N11 numbers, we require only wireless plans that would otherwise qualify for the $12.65 subsidy per LifeLine participant per month to offer free, unlimited access to special service N11 numbers. Hence, wireless service providers can meet this requirement by offering either at least one plan with: (1) 1,000 or more voice minutes with free, unlimited access to special service N11 numbers, or (2) an unlimited number of voice minutes that may include text but may not include video or data such that LifeLine participants may access the special service N11 numbers without charge or deductions to monthly allotment of minutes or calls. In removing the free, unlimited special service N11 requirement for plans that qualify for the $5.75 subsidy per LifeLine participant per month, we are making it

[~~144~~146] AT&T Opening Comments at pages 13-14 and CTIA Opening Comments at 6-8 (November 19, 2013).

more likely that wireless service providers will offer a lower cost option to LifeLine participants who may not need or desire unlimited access to special service N11 numbers. All plans participating in LifeLine must, however, provision access to special service N11 numbers.

4.15.4. Prohibition on Penalties Associated with Paying Telephone Bills

The provider shall not assess a fee to participants for paying their bills in person at a provider's retail location by cash, check or other form of payment. Cricket suggested that "California LifeLine providers should be permitted to charge fees so long as they are not discriminatory against LifeLine customers and so long as they provide there is at least one no-fee option."[~~145~~147] However, we deem it necessary to prescribe a specific no-fee option for California LifeLine. Therefore, if a participant chooses to pay his or her phone bill at a provider's retail location, the provider shall not assess a fee for this payment option. This requirement will promote program retention and continued telephone service usage while keeping telephone service affordable and eliminating barriers to consumers retaining their telephone service. Service providers may offer other no-fee options for paying LifeLine bills.

4.15.5. Contract Termination and Equipment Return Policy

California LifeLine wireless participants shall have the ability to terminate service for any reason within 14 days of service activation without incurring any charges, including an early termination fee. This rule is warranted in light of our decision not to require that LifeLine wireless work inside the home. California

[~~145~~147] Cricket Opening Comments at page 9 (November 19, 2013). SureWest Opening Comments at 3 and Small LECs Opening Comments at 10 recommend the Commission not extend the restriction to all potential forms of payment (November 19, 2013). We clarify that this restriction only applies when a consumer pays a phone bill in person.

LifeLine participants must be given a meaningful opportunity to test the service at home and in areas they frequent. In-building penetration problems are common, and trees, mountains, terrain, and buildings. and signal gaps can make service infeasible or below a voice-grade connection.

A uniform 14-day return policy will create administrative ease for LifeLine participants, providers, and administration. It may also discourage later disconnection and reactivation, actions which can potentially increase Fund costs. This will also encourage LifeLine participants to promptly check their signal and coverage adequacy, and make it easier for carriers to address concerns about coverage, and reduce disputes with LifeLine participants who are able to cancel without penalty within 14 days of LifeLine service.

If a LifeLine participant terminates California LifeLine wireless telephone service within three business days of service activation, excluding national holidays, service providers shall refund, in full, any and all applicable service connection charges and deposits to the participant. These rules are consistent with the settlement agreement which wireless service providers signed with 32 other states.[~~146~~148]

Additionally, service providers shall not assess a restocking fee to participants for if they return their wireless handsets/devices within three business days of service activation, excluding national holidays. But, participants are responsible for paying for usage from the service activation date to the service termination date.

We encourage all service providers to adopt a sliding scale for the early termination fees, when applicable, so that the fee declines during the length of

[~~146~~148] Cingular Wireless LLC, Assurance of Voluntary Compliance, June 25, 2004; Sprint Spectrum, L.P., Assurance of Voluntary Compliance, June 25, 2004; Cellco Partnership d/b/a Verizon Wireless, Assurance of Voluntary Compliance, June 25, 2004.

the contract. Such declining or prorated early termination fees reflect industry best practices, and the FCC encourages this practice.

Service providers shall not require contracts lasting more than two years for California LifeLine participants; and the terms offered to them must be comparable to the terms offered for other customers for the same services and/or devices, except as needed to comply with California LifeLine rules. Joint Consumers expressed concern with regards to contracts lasting more than one year.[~~147~~149] We recognize the validity of Joint Consumers' concern. If a California LifeLine wireless provider signs up a participant for a contract term of more than a year, the California LifeLine provider must prominently disclose to the participant that if at any time the participant's discounted service is terminated, he or she will be subject to the retail rates charged by the service provider for any service that the customer has received or used, in addition to any applicable early termination fees. In a subsequent ruling, we can explore possible methods for alleviating the disparity between the existing eligibility period and contracts lasting more than a year. In the meantime, the robust disclosures requirement in this Decision should be sufficient to adequately inform consumers about the program.

4.15.6. Equivalent Rates for Purchasing Additional Voice Minutes

The provider shall provide participants an option to purchase additional voice minutes. Moreover, the provider shall allow participants to purchase additional minutes of voice service at the lowest charge offered to other retail customers for comparable plans with similar services and/or features. Furthermore, the provider may offer plans in which service may end, e.g., phone operation ceases except for 911 calls and calls to special service numbers 211, 311,

[~~147~~149] Joint Consumers Opening Comments at 12 (November 19, 2013).

511, 611, 711, and 811 when the participant has used all of the allotted voice minutes, but shall prominently disclose that the phone will cease operation except for 911 calls, and calls to those numbers designated by this Commission as special service numbers for California LifeLine. The provider shall prominently disclose and disseminate the terms and conditions associated with the purchase of additional voice minutes, and the process for acquiring and paying for additional voice minutes.

We do not adopt any rules or discounts regarding any overage fees California LifeLine participants may incur. The FCC has implemented various initiatives to limit possible telephone bill shock. For example, the FCC reached a voluntary agreement with the major U.S. wireless service providers in the year 2011, in which these providers commit to sending a series of free usage alerts to their customers signed up for certain wireless plans.[~~148~~150] The wireless plans with these alerts are those that impose additional charges for exceeding limits on voice, data or text usage. Moreover, consumers without an international roaming plan/package who may incur charges when using their wireless devices while travelling abroad can also receive these alerts. These providers will send the alerts to their customers when they approach or exceed their plan allowances for voice, data and messaging.

4.15.7. Equivalent Handsets

Wireless service providers shall make available to LifeLine participants all handsets that they offer to their retail customers on the same terms and conditions. It is our intent that participants should be able to have a choice of handsets. If the California LifeLine wireless plan comes with a device, the

[~~148~~150] Preventing Bill Shock, http://reboot.fcc.gov/billshock; Helping Consumers Avoid Bill Shock, http://www.fcc.gov/bill-shock-alerts; and CTIA Consumer Code for Wireless Service, http://files.ctia.org/pdf/The_Code.pdf.

provider shall prominently disclose and disseminate information about whether the device is refurbished and if the device is limited to that provider's network. The terms for unlocking a device sold with a California LifeLine wireless plan must be consistent with the terms for other customers and must be prominently disclosed.

This obligation extends to the licensee or entity identified and authorized by the Commission as the telephone service provider that is offering the California LifeLine service in the Tier 2 or Tier 3 advice letter filed and approved to become a California LifeLine provider. Wireless service providers, however, may seek an exemption from this requirement and not offer all of its available handsets to their LifeLine participants by filing a Tier 2 advice letter filing and identifying : 1) all handsets that are offered to retail customers; 2) name/s of entity/ies through which the handsets are offered, whether a subsidiary, D/B/A and/or brand; and 3) handsets that they do not wish to offer to their LifeLine customers with an explanation.[~~149~~151]

4.15.8. Free Blocking of and One-Time Free Billing Adjustment for 900/976 Information Services

The provider shall provision free blocking of 900/976 information services and provide participants a one-time free billing adjustment for 900/976 information services charges inadvertently or mistakenly incurred, or without authorization.[~~150~~152]

[~~149~~151] Small LECs, CTIA, and two wireless service providers submitting comments sought clarification regarding the requirement that all plans meeting or exceeding the minimum California LifeLine service elements shall be eligible for the California LifeLine support (Cricket Opening Comments at 5-7; Sprint Opening Comments at 5-9; CTIA Opening Comments at 2-4; Small LECs Opening Comments at 8-9) (November 19, 2013).

[~~150~~152] Other billing adjustments for unauthorized charges appearing on a customer's phone bill are governed by D.10-10-034, the Commission's billing rules decision.

4.15.9. Prominently Disclose and Disseminate Terms and Conditions

Similar to the intent of CTIA's Consumer Code for Wireless Services,[~~151~~153] and in compliance with General Order 168 (Consumer Bill of Rights), we require providers to prominently disclose and disseminate their terms and conditions of service. Participants have a right to receive clear and complete information about all material service terms and conditions. The Consumer Bill of Rights also provides that consumers have a right to clear and complete disclosure of material limitations on access to 911 emergency services.

These relevant terms and conditions shall encompass: the providers' rates and fees; the charges, terms, and conditions associated with purchasing additional minutes; 911 emergency services location accuracy and reliability standards; potential service coverage and service quality issues; safety related considerations when handsets are removed from the home and when there is poor mobile reception; any charges associated with calling 800 or 800-like toll-free services; the device's condition if refurbished; the device's operation on other providers' wireless networks if the participant switches providers; and power back-up requirements for the system that supports California LifeLine wireless service, including limitations due to power for equipment on towers or other facilities, e.g., that wireless telephone service may not work if the tower the wireless handset is trying to reach loses commercial or backup power. Additional disclosures must include the entitlement to a voice grade connection, the conditions under which the participant may terminate service without penalty, and the charges or fees associated with using operator services. Moreover, if a California LifeLine wireless provider signs up a participant for a

[~~151~~153] CTIA Consumer Code for Wireless Service, http://files.ctia.org/pdf/The_Code.pdf.

contract term of more than a year, the California LifeLine provider must prominently disclose to the participant that if at any time the participant's discounted service is terminated, he or she will be subject to the retail rates charged by the service provider and any applicable early termination fees

Center for Accessible Technology (CforAT) recommends the Decision's information disclosures must be made in accessible formats, e.g., requiring that the availability of disclosures be in large font size.[~~152~~154] We find merit in CforAT's recommendations to better serve consumers with disabilities. Therefore, in a subsequent ruling, we will enable all stakeholders to consider how to ensure consumers with disabilities may receive California LifeLine Program information in accessible formats.

4.15.10. Equivalent Terms of Sale

California LifeLine providers must offer California LifeLine telephone plans on the same basis as plans offered to their other retail customers except as provided in this Decision.

4.16. Free Access to California Relay Service via 711

Consistent with the way calls to 711 from wireline providers are treated, we allow California LifeLine wireless providers to assess air time minutes for 711 calls. The purpose of the 711 three-digit dialing access is to enable quick and efficient connection to a relay service provider. It is not intended to provide toll-free long distance calling to relay service users.[~~153~~155]

[~~152~~154] CforAT comments during the All-Party Meeting on November 26, 2013 and CforAT Opening Comments at pages 9-10 (November 19, 2013).

[~~153~~155] We are mindful that wireline service providers' plans vary and some offer discounted toll rates to relay service users. Such discounts may be offered, consistent with California LifeLine, but are not required.

4.17. Toll-Limitation Services at No Charge

Consistent with the federal rules, free, unlimited toll-limitation services, i.e., toll-blocking and toll-control, shall be required if the provider charges a fee for toll calls (domestic or international) in addition to the cost of the per month or per billing cycle rate for the telephone service. Otherwise, toll-limitation service does not need to be offered.

The provider shall provide toll-control service, but only if (i) the provider is capable of offering toll-control service, and (ii) the California LifeLine participant has no unpaid bill for toll service.

4.18. Free, Unlimited Access to Customer Service and In Language of Sale or of Marketing

The provider shall provide free, unlimited access to customer service for information about California LifeLine, service activation, service termination, service repair, and bill inquiries. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls

~~As required for~~ California LifeLine ~~wireline, the provider~~providers shall provide free, unlimited access to customer service representatives fluent in the same language (English and non-English) in which California LifeLine was originally sold or marketed. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls. This Decision supports these existing requirements under the California LifeLine Program. Although~~,~~ we continue these existing requirements, ~~this Decision does~~and invoke the definition of marketing contained in D.07-07-043, we do not modify or alter the obligation of all telecommunications service providers to comply with ~~D.07-07-043.~~ that decision. Moreover, this Decision is neither modifying nor adopting the rules in D.07-07-043. This Decision is merely altering

the relevant rules applicable to the California LifeLine Program, specifically, the associated triggers for in language customer service support. The California LifeLine provider may opt to choose to provide in language customer service support in the language it sold or marketed California LifeLine service.[156]

The provider may satisfy the "in language of sale" requirement by offering consumers outside translation services while speaking with the provider's customer service representatives.[~~154~~157] Moreover, we limit the "in language of sale" requirement to customer service representatives the provider employs or supervises.[~~155~~158] While we do not require customer service support in the language of sale of the sale that was made by an independent retailer with which a California LifeLine provider contracted to sell its services, or who sells phone and plans including LifeLine plans as an independent retailer who has taken title to the phones or purchased the phones, we encourage California LifeLine

[156] Cricket in its Comments to the Revised Proposed Decision at 5 requests flexibility for wireless service providers to "be afforded the option to provide customer service support in the language in which its service was originally marketed" (January 6, 2014).

[~~154~~157] Cricket in its Opening Comments at 10-12 asserts the California LifeLine Program should adopt the definition of marketing and the exclusion of pre-paid telephone services from the in-language requirement as D.07-07-043 has done (November 19, 2013). We decline to adopt Cricket's recommendations in this regard. However, we provide this point of clarification: according to Section 4.6.2 of General Order 153, the provider's provision of outside translation services for a specific language (aside from English) selected by the consumer exempts a provider from providing Commission-managed California LifeLine notices, California LifeLine service forms and instructions, and toll-free access to customer service representatives fluent in the language in which the California LifeLine provider originally sold California LifeLine to the participant. This exemption does not apply to the English language and other languages for which outside translation services were not provisioned.

[~~155~~158] CTIA in its Opening Comments at 11 sought clarification regarding which types of conversations between customer service representatives and consumers the California LifeLine Program's in-language requirement encompasses (November 19, 2013).

providers to service their customers consistent with the best business and corporate practices. We will monitor the consumer complaints and quality of customer service provided to participants to ensure their minimum communications needs are well-served and to determine whether additional measures are necessary to ensure consumers receive the assistance they need.

4.19. Interest-Free Payment Plans

We extend the benefit of interest-free payment plans applicable to service connection/activation and deposits received by California LifeLine participants with landline telephone service to consumers of other types of telephone services eligible for California LifeLine support. This will help participants defray and manage the costs of establishing telephone service (service connection/activation and deposit) and further advance our universal service objectives.

4.20. Deposits

Pre-paid plans do not typically have credit checks or deposits. However, post-paid plans may require a consumer to either undergo a credit check or a post deposit to establish telephone service. Under existing General Order 153 rules, LifeLine providers may require consumers to post a deposit in order to initiate telephone service, but they must refund the deposit once the consumers are approved for LifeLine. We extend this requirement to California LifeLine wireless providers, and allow them to collect deposits from consumers prior to eligibility determination and then refund them, if LifeLine eligibility is approved. This requirement applies to post-paid plans, but also extends to pre-paid plans if those plans similarly require a deposit for service initiation.

Some wireless providers may require a credit check in lieu of a deposit in order for consumers to initiate service, and they may continue to do so for California LifeLine customers. California LifeLine wireless providers may,

however, offer LifeLine participants the option of paying a deposit in lieu of a credit check or offer a deposit on the same basis as offered to non-LifeLine customers if the LifeLine participants do not qualify for the provider's credit score criteria established for all customers choosing that plan.

We also adopt the federal deposit rules in 47 C.F.R. 54.401(c), which state that "Eligible telecommunications carriers may not collect a service deposit in order to initiate Lifeline service for plans that: (1) Do not charge subscribers additional fees for toll calls; or (2) That charge additional fees for toll calls, but the subscriber voluntarily elects toll limitation service." We adopt these federal rules for California LifeLine wireless providers so that a wireless service provider offering a post-paid California LifeLine service may not charge or collect a service initiation deposit for plans that do not charge participants additional fees for toll calls, or plans that charge additional fees for toll calls, but the participant voluntarily elects toll-limitation service.

4.21. Pre-qualification Exemption for Pre-paid Wireless Telephone Services

We exempt California LifeLine and federal Lifeline pre-paid wireless telephone services from the pre-qualification[~~156~~159] requirement. Unlike service provided on a post-paid contractual basis, there is no potential for back-billing. We agree with Sprint that discounted pre-paid telephone services should be exempt from "the pre-qualification requirements that require post-paid customers to first establish service and pay the non-LifeLine rate until approval of LifeLine eligibility." Therefore, a pre-paid wireless provider does not need to establish wireless telephone service at regular rates (without California LifeLine or federal Lifeline discounts) for a consumer prior to initiating the California

[~~156~~159] *See* D.08-08-029, OP 1-6. *See also* General Order 153 Section 2.38.

LifeLine or federal Lifeline application process with the Administrator.[~~157~~160] Moreover, pre-paid wireless providers may still opt to require consumers to establish telephone service prior to initiating the application process with the Administrator.

However, all pre-paid and post-paid providers, regardless of the type of telephone service provisioned, must still go through the California LifeLine Administrator to enroll and determine a consumers' California LifeLine or federal Lifeline eligibility.[~~158~~161] Additionally, the pre-qualification exemption does not exempt the consumer or the provider from satisfying all of the eligibility rules and the validation checks in the enrollment process and from transmitting the information necessary for the Administrator to perform its functions, such as eliminating duplicates, determining the duration of the discounts, enrolling and de-enrolling consumers, etc. Therefore, after receipt of a participant's approval

[~~157~~160] Joint Consumers in its Opening Comments at pages 9-10 urged the Commission to adopt an alternative application process to allow consumers to work directly with the Administrator to enroll instead of contacting a service provider first (November 19, 2013). The Commission will explore the creation of an alternative application in a subsequent decision to fully consider all implications of a new application process. *See* section 5 of this Decision. Cricket in its Opening Comments at page 13 sought clarification as to whether this pre-qualification exemption is optional or mandatory (November 19, 2013). We clarify that it is optional thus providers may still establish telephone service at regular rates prior to initiating the application process.

[~~158~~161] Sprint Opening Comments at 2-5 (November 19, 2013). Sprint sought clarification regarding when pre-paid providers may begin the application process for a potential participant. We do not obligate pre-paid providers to provision pre-paid telephone service at regular rates prior to seeking a determination of the consumer's eligibility from the Administrator. A pre-paid provider may initiate the application process by submitting a request to the Administrator after which the Administrator will send the application form to the applicant or the provider. The Administrator currently has the capability to provide the form to the provider if the provider has volunteered to be a part of the California LifeLine Program's Direct Application Process, which is one of the three communications protocols available to all California LifeLine providers.

as determined by the California LifeLine Administrator, a pre-paid provider may begin providing discounted service to the participant. The discount for the pre-paid telephone service shall begin with the date of approval notification or the date California LifeLine or federal Lifeline service is activated, whichever is later.

Consistent with D.10-11-033, Commission staff has the authority to audit and investigate for program compliance, to adjust the percentage of program participants audited for all California LifeLine providers, to adopt additional controls, to revise administrative procedures consistent with Commission rules to help ensure the efficient operation of the program, and to determine the type and frequency of information provided by service providers and by consumers to enroll and participate in the program. All providers participating in California LifeLine shall continue to follow the directions of the Commission and its staff with respect to the administration, adjudication, and oversight of the California LifeLine Program.

These conditions will help prevent waste, fraud, and abuse.

4.22. Expanding California LifeLine Program's Accessibility

The California LifeLine Program continues to provide affordable telephone service to California's low-income households, and has done so for close to thirty years. We have the second[~~159~~162] highest enrollment in the nation with about 1.22 million California LifeLine and federal Lifeline participants of which

[~~159~~162] According to the Universal Service Administrative Company, New York has the highest number of participants as of the end of September 2013. *See* http://www.usac.org/about/tools/fcc/filings/2014/Q1/LI08%20Lifeline%20Subscribers%20by%20State%20or%20Jurisdiction.xlsx.

approximately 119,000 received discounted wireless telephone services.[~~160~~163] The Commission has approved four wireless ETCs authorized to operate in California with federal, but not state, Lifeline support. We have made great strides since 1984 in fulfilling the universal service goals that the California Legislature set out in the Moore Act, Pub. Util. Code § 871 *et seq.*, to provide high quality residential telephone service at affordable rates to the greatest number of low-income consumers residing in this state. We have made significant changes the California LifeLine Program to meet the contemporary communications needs that take advantage of advancements in technology. This Decision increases choices and access for Californians by establishing a new set of rules for LifeLine wireless services and updating the rules for LifeLine offered via wireline on a range of platforms.

While we continue to inform low-income Californians about the benefits of LifeLine service to enable their economic participation, communication, and increase public safety, we envision a potential reduction in telephone service subscribership and a decline in program enrollment because of the new SSN requirement that the FCC adopted last year.[~~161~~164] As part of the FCC's effort to modernize the federal Lifeline program and to prevent waste, fraud and abuse, the FCC now requires federal Lifeline applicants to provide the last four digits of their SSN to qualify for and to receive federal Lifeline support. The last four digits of the SSN are to be used primarily to check for duplicate Lifeline claims and to verify an applicant's identity. We applaud the FCC's efforts to improve

[~~160~~163] This California enrollment data is as of the end of September 2013. *See* http://www.cpuc.ca.gov/NR/rdonlyres/0ED0E5DF-56C3-4215-8EE4-241E00BF7923/0/CopyofXeroxLifeLineSubscriberCounts2013asofOct2013.xls.

[~~161~~164] *See* 47 C.F.R. § 54.404(b)(6), 54.404(c)(4), 54.410(d)(2)(vi), 54.410 (f)(2(iii), and Appendix C.

the federal Lifeline program, and support the goals of program integrity and accountability.

California's LifeLine Program has long had tools in place that adequately checks for duplicates and verifies eligibility. California's application and renewal processes match an applicant's name, address and telephone number electronically transmitted by the California LifeLine providers against the existing participant information in the master LifeLine database. The process also validates and standardizes the applicant's address information to facilitate the duplicate check. California requires income verification documents such as W-2 forms or program enrollment documents to determine eligibility before any support is provided. The renewal process is an annual verification of every participant to ensure that he or she is eligible to remain on the program.

At the public participation hearings in Riverside, San Diego, and Los Angeles, Californians expressed concern that the FCC's new SSN requirement deters participation and support for low-income households who would otherwise be eligible but do not possess a valid SSN. Many eligible low-income persons may forego taking advantage of LifeLine services because they do not wish to disclose their SSN and some will not be eligible because they do not possess a valid SSN, even if they are eligible in all other respects.

In view of the goals that the Legislature has enumerated in the Moore Act, we find it important to continue to make our LifeLine Program accessible to the greatest number of Californians. We do so by extending California LifeLine's accessibility to eligible low-income California-resident households without SSNs, but where the eligible adult has some form of valid government-issued identification. Extending the California LifeLine Program, funded solely by Californians to eligible low-income Californians who otherwise qualify for

LifeLine and have legitimate government identifications, but not valid SSNs, is consistent with the goals of California's LifeLine Program: Access to affordable telecommunications services promoting public safety, may save lives, and create safer communities. Enabling Californians who qualify for LifeLine but do not have a valid SSN to be able to call 911 emergency services, other special services and have access to 800 or 800-like toll-free services is in the public interest and consistent with the universal service expectations of the State. Fulfilling California's universal service ambitions in an interconnected world will also promote full economic participation by qualified low-income Californians, and thereby help meet minimum communications needs for all residents of California.

The Moore Act did not limit LifeLine to only Californians with a valid SSN, and we decline to import such a limitation from the federal rules for California's administration of a Fund supported exclusively by California ratepayers. We also note that many California ratepayers who do not have a valid SSN, currently pay into the Fund when they buy communications services. Extending the availability of California LifeLine to those without a valid SSN, but who otherwise qualify for LifeLine and have a valid government-issued identification, and other supporting documents required for eligibility, is consistent with the Moore Act, and this Commission's policies of promoting public safety, access, and affordability. We note too that Joint Consumers have argued that requiring an SSN is discriminatory, not necessary to protect program integrity, and undermines the Moore Act's objectives of providing affordable communications services for qualifying low-income California households.

Not requiring the SSN as part of the California-funded LifeLine Program is not inconsistent with or prohibited by federal universal service rules. 47 U.S.C. §

254(f) permits states to adopt additional rules if they do not rely on or burden federal universal service support mechanisms.[~~162~~165] Participants without a valid SSN will only be eligible for LifeLine support from the California LifeLine Fund and no federal support will be available to them. The California LifeLine Fund will be the sole source of funding for these participants and hence the program will not rely on or place any additional financial burden on federal universal service funds.

We note that California funds two LifeLine Programs that do not draw on federal Lifeline funds. California eligible low-income TTY users, DDTP participants, and hearing impaired consumers may have two discounted telephone lines, of which the second telephone line is fully funded only by California LifeLine, i.e., has no federal Lifeline support, precisely in order to facilitate safety, economic participation, and access. Additionally, non-ETC service providers that participate in the California LifeLine Program including CPCN holders that provide California LifeLine through VoIP receive only California funding. There are eight service providers without ETC designation currently providing California LifeLine telephone service to participants

[~~162~~165] 47 U.S.C. § 254 states "A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State. A State may adopt regulations to preserve and advance universal service within that State only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms."

including Charter Fiberlink Services,[~~163~~166] Astound Broadband, LLC, Enhanced Communications Network, Inc., and Champion Broadband California, LLC. These existing precedents indicate the appropriateness and value of a LifeLine Program funded solely by Californians, in addition to the federal program.

The support amounts available to non-SSN participants will be the same and equal to the amounts that participants with a valid SSN will receive from California Fund. LifeLine providers will not have an obligation to make up for the federal Lifeline funds not provided to a participant who does not provide an SSN. In a subsequent decision, we will examine the implementation of this aspect of our California-funded-only LifeLine Program, including identifying the types of acceptable government-issued identity documents, and whether the LifeLine participant without an SSN or the California LifeLine Fund, or some combination thereof, should make-up for the lack of any federal Lifeline support if the FCC does not grant California a waiver of the SSN requirement for the program as a whole. Availability and use of federal, or the lack thereof, and state support is a key foundation LifeLine providers should factor into their marketing decisions.

Californians otherwise eligible for LifeLine today who forgo California LifeLine Program due to the lack of an SSN, will benefit greatly from California LifeLine fund support of $12.65 per participant, a support level more generous than the federal Lifeline program, but well-calibrated to costs and market conditions in California. Expansion of the California-only LifeLine will greatly

[~~163~~166] In May 2004, in D. 04-05-011, the Commission granted a CPCN to Charter Fiberlink CA-CCO, LLC to provide limited facilities-based and resold local exchange and telecommunications services "as a competitive local carrier throughout pacific, Verizon, SureWest, and CTC's service territories." Conclusion of Law 6 in D.04-05-011 concluded that a CPCN applicant, once granted a CPCN, "should be subject to the applicable Commission rules, decisions, General Orders and statutes that pertain to California public utilities."

enhance communications service affordability for Californians who today merit support but receive none. It will also restore support to low-income Californians who are eligible under state law. The Moore Act does not require SSNs as a condition of enrollment, but many Californians have been made ineligible for federal Lifeline support by the FCC's 2012 decision.

Not requiring service providers to make up for the absence of federal support will incentivize service providers to advertise this California program, and create win-wins through new business opportunities for service providers and enhanced communications affordability for eligible consumers. All ratepayers receive the benefits of more Californians being able to communicate and participate in the economy, while not having to bear an unknown cost from participation in this program. After this component of the California LifeLine Program is implemented, we will monitor enrollment in this California-only fund to determine whether any adjustments are warranted by December 31, 2015, at the same time the Commission reviews the rate caps adopted herein.

Under the rules that will be developed pursuant to this Decision, low~~-~~-income California households with a government-issued identification may apply for the California LifeLine Program and receive the discounts if they are deemed eligible for the program.[~~164~~167] In light of the requirements adopted herein for a form of valid government issued identification, for documentation of income-based or program-based eligibility, for California residency, for date of birth, and for other eligibility checks done by the California LifeLine Administrator, we deem our eligibility validation requirements adequate as a

[~~164~~167] TracFone Wireless expressed concern, in its Opening Comments at 4, this program expansion will also encompass federal Lifeline only plans. We clarify that this program accessibility policy adopted in this Decision does not subsume discounted telephone service plans that solely rely on funding from the federal Lifeline program to provision them.

basis for qualification in a California LifeLine-only funded program, and a degree of protection as strong or stronger than the use of the last four numbers of a SSN to verify participants' identification. Also, to ensure that we continue to prevent waste, fraud and abuse, we will continue to require all applicants and participants (with and without a valid SSN) to undergo eligibility and verification processes and to comply with other LifeLine rules.

We direct the Communications Division to begin developing this California only LifeLine- program expansion to enable low-income consumers without SSNs to participate in the California LifeLine Program. Implementation of procedures of this California funded LifeLine Program expansion will be the subject of a subsequent Commission action.

The Communications Division and Legal Division staff will work cooperatively with the FCC as we have in the past, and seek a waiver of the SSN requirement so that otherwise eligible Californians may take advantage of both State and federal support.

4.23. Rehearing Issues

In D.12-07-022, the Commission granted limited rehearing of D.~~12~~10-11-033 to perform the following:

a. Review the factors identified in D.00-10-028 and discussed in the official publication of that decision in 8 Cal.P.U.C.3d, at pages 641-643, that were not identified and discussed in D.10-11-033 and explicitly consider: (i) whether those factors still preclude wireless and other non-traditional carriers from participating in the California LifeLine Program, and (ii) what action can be taken to facilitate wireless and other carriers' participation in the LifeLine Program;

b. Consistent with the discussion in the body of this order, ensure that rehearing is limited to addressing those issues that are true preconditions to allowing wireless and other non-traditional

carriers to provide LifeLine service by allowing parties to present arguments showing that this Commission can avoid in-depth consideration of any of the factors identified in D.00-10-028 because circumstances make those factors less relevant today than they were in 2000;

c. Give parties, the Assigned Commissioner(s) and the Assigned Administrative Law Judge(s) flexibility to consider these issues in this rulemaking or in conjunction with either R.09-06-019, regarding the definition of "basic service," or R.11-03-013, the successor to this proceeding;

d. Re-open the record and include the study entitled "Affordability of Telephone Service 2010, Survey of Households" (2010 Affordability Study);

e. Give parties an additional opportunity to review and comment on the information contained in that study;

f. Receive input from the parties and to consider whether the information in the 2010 Affordability Study was given the proper weight in our analysis;

g. Receive input from the parties and to consider whether we are now required to change the analytic approach to affordability questions and their relationship to the adoption of a LifeLine ratesetting mechanism taken in D.10-11-033 and described in the body of this order;

h. Receive input from the parties and consider whether or how the practice of geographic deaveraging of basic rates should be taken into consideration by the mechanisms used to calculate the Specific Support Amount;

i. Consider the extent of the Small LECs' bad debt costs, including evaluating the steps those carriers have undertaken to collect those costs, and how they are performing in this respect when compared with relevant benchmarks; and

j. Allow the Small LECs and other parties to present information on the rate mechanisms that already exist that would allow for the proper recovery of any bad debt costs and, if necessary, to

> determine what rate mechanisms should be used to address these costs.

As set forth above, we address the factors identified in D.00-10-028 and consider whether those factors still preclude wireless and other non-traditional carriers from participating in the California LifeLine Program, and have taken action to facilitate wireless and other carriers' participation in the LifeLine Program. We specifically sought input from the parties by including the issue in the Scoping Memo at 13 and following: How should the Commission address those factors identified in D.00-12-028 (and not addressed in D.10-11-033), and how should their potential effect on wireless providers in California be addressed? The Scoping Memo questions and the parties' comments also addressed true preconditions to allowing wireless and other non-traditional carriers to provide LifeLine service and adopting a different definition of basic service for wireless LifeLine.

As for the study entitled "Affordability of Telephone Service 2010, Survey of Households" (2010 Affordability Study), we provided parties with an opportunity to provide comments in this proceeding on this issue by including the issue in the Scoping Memo at 13: "How should the incorporation of the study entitled 'Affordability of Telephone Service 2010, Survey of Households' and telephone affordability in general be addressed?" Parties filed comments on the Affordability Study. AT&T emphasized in reply comments to the Proposed Decision the Affordability Study's conclusion that California households making $27,000 a year, could afford to pay more than the $6.84 charged to LifeLine participants. The consideration, weight, methodology, analysis and conclusions of the Affordability Study were issues that led to the grant of the request for rehearing on LifeLine, and upon which we sought comments.

As this decision is being considered in late 2013, we find that the information contained in the 2010 Affordability Study is stale, being several years old. To conduct this proceeding, we held eight PPHs throughout the state and gathered updated information directly from the public and other stakeholders on affordability. We also sought and received comments on this topic. Speaker after speaker in cities up and down the state emphasized the importance of a low-cost, predictable bill to LifeLine eligible phone customers, and asked for continuance of the existing $6.84 rate paid by LifeLine participants. Joint Consumers emphasized the importance of maintaining that rate to affordability.

We also note that since the Affordability Study was submitted in 2010, the CPUC allowed the cap to expire on AT&T's basic service rate. That rate has increased and in 2014 will be $25.30. That $25.30 AT&T basic service rate is the factor driving the increase in the SSA from $11.85 in 2011 to $12.65 in 2014, as the SSA is calculated as 55% of AT&T's basic service rate.[~~165~~168] This decision caps the SSA through December 31, 2015 to prevent continued escalations on the California LifeLine Fund draw from increases in the URF COLRs' basic service rates. In light of the expiration of rate caps on the basic rate for COLRs, the increases since that expiration, and the consequent affects on the LifeLine Fund and SSA, allowing the participants' rates to increase or not be subject to a cap could result in substantial increases for low-income consumers, and undermine affordability. After analyzing and weighing these facts, comments, and repeated requests to maintain the current rates to protect affordability, this Decision extends the rate freeze for another two years, through the end of December 31, 2015.

[~~165~~168] AT&T's rate was the highest reported Uniform Regulatory Framework (URF) COLR rate for calculating the SSA beginning in 2014.

We also sought and received input from the parties as to whether or how the practice of geographic deaveraging of basic rates should be taken into consideration by the mechanisms used to calculate the Specific Support Amount. This issue is included in R.11-03-013 Scoping Memo on page 14 in the question "Should the Commission consider the use of geographic de-averaging of basic rates when computing the SSA?"

As to the Small LECs' bad debts, we have also included this issue in the Scoping Memo and sought input from the parties. On page 14 of the Scoping Memo, we asked "Should the Commission reconsider its decision to eliminate bad debt reimbursement for carriers?" SureWest and the Small LECs filed comments arguing that the Commission should reconsider and reinstate the recovery of bad debt losses from the Fund. ORA, on the other hand, states that the Commission correctly eliminated the bad debt reimbursement in D.10-11-033. Other parties did not comment on this issue.

No party has provided a compelling reason for us to reconsider our decision in D.10-11-033 to eliminate the recovery of bad debts. We stand by our decision reached in D.10-11-033 and reaffirm that a reimbursement of these costs is not consistent with our goal of ensuring that the Fund is managed in a fiscally sound and prudent manner. We will continue to not allow bad debt cost recovery from the Fund.

5. Pending Issues for Subsequent Decisions

The assigned Commissioner will issue an Assigned Commissioner Ruling or a Scoping Memo to address these issues:

a. drafting necessary General Order 153 revisions to reflect this Decision's policies and requirements;

b. creating an efficient procedure for service providers to expeditiously join the California LifeLine Program beyond the interim procedure authorized in this Decision;

c. revising the process for seeking and receiving ETC status and for updating the terms and conditions associated with being designated an ETC;

d. implementation of the California LifeLine Program to enable access for low-income households without an SSN;

e. creation of an alternative application process whereby consumers may begin the application process with the California LifeLine Administrator instead of the California LifeLine provider;

f. exploration of whether entities without CPCNs, WIRs, or franchises should be allowed to participate in the California LifeLine Program in light of: the imperative of maintaining program integrity; judicious use and supervision of the expenditure of ratepayer funds; ensuring compliance with the Commission's rules, decisions, and orders, including, but not limited to the California LifeLine rules, the California Public Utilities Code, and Commission jurisdiction;

g. exploring possible efficiencies in program administration;

h. studying possible improvements in the appeals process for California LifeLine eligibility determinations;

i. exploring outreach strategies and the role of community-based organizations;

j. studying the impact of service connection/activation and conversion discounts on the program;

k. investigating concerns related to applicants' and participants' privacy;

l. exploring the quality of California LifeLine customer service support received by participants if independent third-party retailers sold the California LifeLine service;

m. ~~Consider~~considering the interaction of Section 876, which requires all telephone corporations to provide LifeLine service, and Section 710. This will include analysis of whether legislation

may be appropriate to address the interaction of these two statutes in a manner consistent with the universal service, safety, reliability, affordability, consumer protection, and competition goals, prudent fiscal management and oversight of the ULTS fund, Telephone Corporation obligations and service to consumers, of the Moore Act, Section 710, and other relevant statutes, decisions, rules, and orders; ~~and~~

n. exploring how consumers with disabilities may receive California LifeLine Program information in accessible formats;

o. considering how service suspension for non-payment may be another trigger for ending the N11 obligation; and

p. considering the methods to assess the degree of achievement of universal service, including telephone participation rates by income, ethnicity, and geography.

6. Comments on Proposed Decision

The proposed decision of assigned Commissioner Sandoval was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on November 19, 2013, and reply comments were filed on November 25, 2013.

Pacific Bell Telephone (AT&T)

AT&T states that the LifeLine program's rules and regulations, as proposed in the proposed decision (PD), are too complex and, additionally, the proposed treatment of VoIP services may raise legal issues. According to AT&T, the Commission lacks jurisdiction over VoIP services and it cannot require providers to make VoIP contributions to LifeLine. VoIP service is not a telephone service and therefore Lifeline obligations cannot be imposed. VoIP service is, instead, an information service, over which the Commission does not have regulatory jurisdiction.

According to AT&T, the FCC retains exclusive jurisdiction over "interstate and foreign communication" and explicitly states that the FCC has preempted state regulation of interconnected VoIP because of the impossibility of determining which components of the service are intrastate and which components are interstate. AT&T furthermore contends that its VoIP service is an "information service" and subject to the FCC's nonregulation policy. California and federal policy goals support prohibiting the Commission's regulation of VoIP service in order to allow advanced telecommunications services to evolve in a free marketplace unhindered by myriad state regulations. Because the PD only imposes its requirements on fixed-VoIP providers, AT&T believes that nomadic VoIP providers are favored, thus violating the standard of competitive neutrality. The decision to participate in LifeLine should rest with the VoIP provider and if a provider voluntarily participates in the program, the Commission may require such participation to occur within the parameters of the Lifeline rules.

Additionally, AT&T asserts the PD establishes the wrong policy in freezing the VoIP and wireline LifeLine rates. CPUC precedent allows for pricing freedom and this PD goes against the Commission's past goals, Section 710 of the Public Utilities Code, and the language of the Moore Act. AT&T believes that the change in rate structure found in the PD is not based upon adequate findings of fact and is therefore invalid. The Commission should not keep wireline LifeLine rates artificially low, as this encourages consumers to retain their traditional service instead of embracing new technology. Instead, the CPUC should enforce the provisions of the 2010 decision, establish no rate caps, and equally support all technologies without an assumption of federal support.

AT&T contends wireline and VoIP providers will face discrimination if the Decision caps their LifeLine rates and their support amounts in violation of the Moore Act, since wireless providers will not incur a similar cap. In addition, AT&T believes the "all plans and devices" requirement of the PD is bad policy and will not encourage VoIP and wireless participation in the LifeLine program. Such requirement is a deviation from the FCC program.

AT&T also objects to the PD's recommendation that social security numbers no longer need to be submitted by a LifeLine consumer. AT&T believes such a change will increase fraud and cause the California LifeLine program to fall out of compliance with the terms of the Commission's opt-out from the FCC's National LifeLine Accountability Database. AT&T contends that a departure from the FCC rule will cause a loss of federal support for customers who do not provide a social security number on their applications. It is unclear who will incur the $9.25 federal deficit that the customers may face. In addition, a change to the LifeLine application will create more administrative problems, more cost burdens, and more uncertainty.

For wireless providers, AT&T is skeptical as to the feasibility of wireless Lifeline in light of the associated costs. One such troublesome cost found in the PD is the requirement that customers be given unlimited free access to certain N11 numbers. AT&T believes wireless providers should be allowed to account and bill for N11 calls. With regard to disclosures, AT&T wishes to align the LifeLine wireless disclosure requirement with the disclosures required for wireless basic service providers. Lastly, AT&T objects to the following rules: (1) a stand-alone voice plan requirement; (2) banning carriers from performing credit checks; (3) prohibiting restocking fees; and (4) proposing to conduct a mapping of wireless signals.

In its reply comments, AT&T stresses that the Commission should adopt a straightforward, technologically-neutral LifeLine approach that will allow for the voluntary involvement of VoIP and wireless providers. Since VoIP providers are subject to federal regulation, concerns regarding protection of California consumers are moot and therefore the PD should be amended so that LifeLine participation for VoIP providers is not mandatory and so that traditional telephone corporations are not required to discount VoIP offerings for LifeLine. AT&T hopes the PD will be revised to explicitly state that California LifeLine service elements only apply to California LifeLine providers and not to federal ETCs. In order to avoid potential complications with the Moore Act, AT&T asserts the PD should eliminate the measured service requirement and adopt the voice telephony service components used by the FCC. AT&T disagrees with the suggestions from Joint Consumers and CforAT that wireless LifeLine providers offer 911 accuracy standards comparable to wireline providers, that service be required in homes, that the return period be extended from 14 to 30 days, allowing for a reset if a customer moves, and requiring at least one plan that allows 800 numbers.

Surewest Telephone (Surewest)

Surewest emphasizes that participation in the LifeLine program must occur voluntarily by VoIP providers and that the Commission ensures compliance with Public Utilities Code Section 710. In addition, if a provider elects to participate in the program, the Commission should not require the provider to comply the terms and conditions of the LifeLine service as if it were being offered to non-LifeLine customers. Lastly, the Commission should clarify that the terms and conditions imposed upon the LifeLine program for VoIP providers will not surpass the parameters established in the Proposed Decision.

Surewest believes that these changes are necessary to guarantee VoIP providers participation in the LifeLine program, while preserving their independence from CPUC jurisdiction.

With regards to social security numbers, Surewest believes the Commission should not significantly deviate from the FCC requirements as this will create administrative problems for providers and confusion for customers. Surewest feels it would be a mistake to have one set of provisions apply to California-only Lifeline participants and another set of provisions apply to those complying with California and federal requirements.

The CPUC should also clarify its restriction on non-recurring charges and exclude tariffed charges from the $39.00 claim limitation. The Commission should offer full reimbursement for incremental losses in revenue for tariffed, non-recurring charges that are not recoverable from the LifeLine customers.

In addition, Surewest objects to the PD's restrictions on the payment options for LifeLine customers, particularly that the provider cannot assess a fee on customers for paying their bills by any "other form of payment." For online payment plans, or other payment options, fees and additional charges may be unavoidable and the Commission should not prejudge the reasonability of charges to these alternative, and potentially consumer friendly, payment options.

Surewest hopes that previous LifeLine governance issues can be resolved in the Decision. For example, the Commission should: (1) confirm that LifeLine discounts remain available for those customers utilizing joint accounts; (2) monitor the LifeLine staff's responsiveness to issues posed by interested parties in the working groups; and (3) issue timely agendas and minutes for the working groups.

Verizon California, Inc. (Verizon)

Verizon asserts the PD should be rejected in its entirety or substantially amended. In addition, the CPUC should confirm that the LifeLine service is to be defined as a discount off the price of basic service, as held in D.12-12-038, and if this definition is too restrictive, the Commission should adopt the approach of the FCC and use a competitive neutral definition.

Verizon believes parts of the PD are ambiguous regarding which companies would be required to offer fixed-VoIP LifeLine services. Verizon offers an optional VoIP service to its customers and states that it should not be required to offer a VoIP LifeLine service, as this would violate § 710 of the Public Utilities Code. Commission authority over LifeLine service, in the eyes of Verizon, is limited to the pre-existing authority the Commission possesses over non-VoIP service. VoIP providers, however, may voluntarily choose to enter into the LifeLine program and voluntarily accept the applicable conditions.

Additionally, Verizon contends the PD violates the Moore Act since the Act merely requires telephone corporations providing telephone service to offer a class of LifeLine support. Verizon asserts that not every provider of fixed-VoIP is a telephone corporation and, similarly, that fixed-VoIP is not a telephone service. While the Commission may have jurisdiction over facilities, Verizon believes the Commission does not have jurisdiction to regulate the services offered through those facilities, including VoIP service. While a provider may utilize its CPCN or telephone franchise in order to construct a facility enabling VoIP services, the Commission may not regulate the full range of those services. VoIP is an interstate service subject to federal regulation. Verizon also objects to the language in the PD which states that fixed-VoIP providers must provide LifeLine service. Instead, Verizon asserts that it is obligated to provide LifeLine service,

based on past Commission decisions, but that they are not required to offer a fixed-VoIP service.

Since the PD would establish various definitions of LifeLine service, depending on the type of provider offering the service and the technology to be employed, the PD violates the Moore Act for two reasons. First, the Moore Act does not allow for multiple definitions or classes of service to be provided. Instead, it states that LifeLine service should simply be a discount off basic service. Second, through the imposition of different obligations depending on the nature of technology utilized by various providers, the LifeLine program would no longer be technologically and competitively neutral.

From a policy standpoint, Verizon contends the PD inhibits new and alternative LifeLine-supported services by subjecting them to unnecessary regulation, particularly if the PD requires all LifeLine providers to comply with all CPUC rules and regulations and the Public Utilities Code.

Verizon stresses that the PD lacks sufficient reasoning regarding its dismissal of the Affordability Study, and therefore, lacks support as to why the current flat and measured rates should continue. Similarly, the PD should state how it will affect or supersede D.12-12-038 and how VoIP providers will be treated.

In summary, Verizon suggests the Commission affirm that LifeLine is a discount of basic service and that such a limited discount complies with the Moore Act. If the current definition of basic service is too restrictive regarding the use of new technology for some providers, the definition should be revised instead of creating various definitions for different purposes. Such a revision of the current definition should reflect the FCC's definition for voice telephony service. Verizon also suggests that the caps on the prices of LifeLine service be

eliminated, contending that while their elimination would increase the rates for LifeLine service, they would remain affordable to low-income customers. The Commission should also refine its methodology for calculating the monthly per-line support amount and should establish a rate that is not higher than 50 percent of the highest URF carrier basic service and guarantee that federal LifeLine support be included as an offset to reimbursements. Since the FCC stopped supporting non-recurring charges, the Commission should similarly eliminate or significantly reduce its current support for such charges. Lastly, Verizon urges the Commission to seek amendments to the Moore Act if the Commission feels that the LifeLine program requires significant changes.

Cricket Communications, Inc., Sprint Nextel, T-Mobile West LLC dba T-Mobile (Wireless Commenting Parties)

For numerous reasons, Cricket requests that the Commission unambiguously confirm that the California LifeLine standards, as proposed in the PD, will not apply to federal-only ETCs. Such a change in language would help to ensure that federal-only ETCs continue to service California customers.

In order to avoid discouraging the participation of wireless providers in the LifeLine program, Cricket recommends additional changes to the PD. First, Cricket suggests that requiring carriers to offer a LifeLine discount on all plans is too harsh and could discourage wireless carrier participation in the program. Instead of requiring discounts on all plans, Cricket submits that discounts be required on a range of plans. Cricket additionally urges the Commission to differentiate in the PD between bundled plans that include video and data services from "bundled" wireless voice service offerings, which often include call-waiting, caller-ID, voicemail, and texting. Cricket suggests that bundling should be allowed, so long as it does not include video or data offerings.

Cricket additionally contends that it should be able to charge fees so long as they are not discriminatory against LifeLine participants. In addition, it advises that at least one no fee option should be required for LifeLine providers. The new disclosure requirements found in the PD are more extensive than those found in the Basic Service Decision. As such, Cricket fears such disclosures may overwhelm consumers.

Cricket asserts the language of the PD would create different "in-language" requirements for LifeLine service than for non-LifeLine service. Such a difference would cause numerous problems for Cricket's staff. The PD should be revised to adhere to the provisions of D.07-07-043 and its Limited English Proficiency rules.

With regards to free, unlimited access to N11s, Cricket remains committed to providing 911 services after the end of service period yet does not feel the other N11 services should be provided even after the end of the service period. Lastly, Cricket suggest that the Commission clarify the PD in order to state that even though prequalification is not required for prepaid telephone services, providers may continue to use such a prequalification process.

Sprint agrees that changes to the prequalification process, as stated in the PD are required and that the PD should be revised to state that a prepaid LifeLine service provider may apply for a determination of the participant's eligibility by the Third Party Administrator prior to the establishment of service for the customer. Sprint emphasizes that such changes should not be interpreted as suggesting that a prepaid LifeLine service provider should be able to start offering subsidized services prior to a determination of eligibility.

Sprint additionally agrees that the PD should be changed so that it does not imply that all plans and all handsets be made available to the LifeLine

program, without limitation. Sprint maintains such a requirement is not feasible. As a potential solution, Sprint suggests the PD be modified so that either the all plans/handsets language is removed or so that the all plans/handsets requirement applies only to a specific brand offering California LifeLine service – that is, the brand approved via the Tier 3 advice letter.

In its reply comments, Sprint disagrees with the Joint Consumers and states that the adoption of a pre-registration program is not ripe for consideration and the record reflects the lack of ripeness. Instead, the Commission should correct the ambiguities in the PD regarding the prequalification requirement for prepaid LifeLine services. Sprint argues that prepaid services are inherently different from post-paid services since they possess no risk of back-billed charges to the participant. In addition, Sprint feels that, despite the concerns of the Joint Consumers, LifeLine participants will check the adequacy of the wireless signal in their residence and, if not sufficient, will take steps to fix the issue. A two week time frame for the participant to check the signal is adequate and therefore there is no need to revisit this issue or to modify the PD.

CTIA – The Wireless Association (CTIA)

CTIA is concerned about the numerous issues not decided in the PD, which were left open for subsequent proceedings. Leaving such issues unsettled creates uncertainty for carriers deliberating as to whether they should participate in the LifeLine program. In addition, with regards to policies proposed in the PD, CTIA objects to those elements that may impose economic and administrative burdens on the LifeLine providers, thus deterring their participation in the program.

CTIA believes the Commission should not adopt the all rate plan language of the PD, as this would deter participation in the LifeLine program since

providers would be forced to create two separate billing lists for each plan offered in California, which would be different from those plans offered on a national basis. Additionally, the all rate plans requirement would favor non-facilities based wireless providers offering only one LifeLine plan. A consequence of the all rate plans feature could be denying consumers additional choices for the LifeLine program. Lastly, due to the continuously changing landscape for service plans, an all rate plan requirement, coupled with the PD's requirement that rates and charges are filed with the Commission, would force service providers to update the Commission on a nearly-continuous basis.

The Commission should not adopt the additional disclosure requirements of the PD since the existing requirements are sufficient for consumer protection. Many providers already submit disclosure information to their subscribers, on a voluntary basis, and requiring specific disclosures solely for certain California customers will increase administrative costs for the service providers, who will pass the costs onto consumers.

CTIA asserts the Commission should refrain from requiring unlimited access to N11 numbers since an adequate record has not been established as to the impacts of such an offering. Regardless, such a requirement could deter both post-paid and prepaid wireless carriers from entering the LifeLine program. All wireless carriers provide free unlimited calls to 911. To allow for prepaid customers to access 211, 311, 511, 711, and 811, after expiration of their minutes, would circumvent the prepaid business model and deter participation in the LifeLine program. In addition, since N11 numbers are unique to state and local jurisdictions, supporting unlimited N11 access for only California LifeLine subscribers could be technically and administratively challenging. CTIA strongly

feels the Commission must compile an adequate record as to the impacts of the proposed N11 numbers requirement before it is adopted.

CTIA believes the text of the PD and the proposed regulations are not aligned regarding the opportunity for LifeLine wireless customers to cancel their service within 14 days if the wireless option does not work inside their residence. CTIA supports a modification of the proposed regulation to make it consistent with the PD.

According to CTIA, the in-language requirement should not be adopted because the current rules regarding in-language support, the Limited English Proficient rules, better protect the consumer and service provider. If the PD language is retained, however, it should clarify that the statement "in the language originally sold" does not include individual conversations between sales people and customers/potential customers or conversations between customer service representatives and consumers during consumer-initiated calls or follow-up phone calls.

Eliminating fees for payment methods, according to CTIA, is not supported by the record and may limit, not enhance payment options made available to LifeLine subscribers. Instead of banning the payment fees, the CPUC should modify the language in order to allow parity of treatment between LifeLine and non-LifeLine customers for the application of such charges. Additionally, a prohibition on restocking fees, within three days, for LifeLine subscribers could deter carriers from offering equipment and service packages to consumers. Moreover, the restocking fee is part of the sale of the equipment and the CPUC does not have authority to regulate such equipment, as it is a Customer-Premise Equipment.

CTIA recommends the PD be modified to state that a California LifeLine provider is required to comply with Commission's rules, orders, decisions, and provisions of the Public Utilities Code only if they are applicable to LifeLine service. Similarly, the requirement that providers offer one plan containing only LifeLine compliant "voice" should be clarified to allow additional voice element features, such as voice mail or caller ID.

In addition, CTIA asserts the PD be altered to clearly state that federal-only eligible telecommunications providers will not need to comply with the California LifeLine requirements. Such change would give certainty to the telecommunications market. In addition, costumers currently subscribe to the federal-only offerings, and the imposition of California standards could disrupt their service. Lastly, the creation of California-specific service and billing requirements cost additional money and could cause federal-only ETCs to limit their California offerings.

In its reply comments CTIA stresses that the Joint Consumers' recommendation regarding 911 services should be rejected as it would limit the ability of wireless services to be offered as part of the LifeLine program. In addition, the Joint Consumers' request that the signal at home requirement be reinstated is without merit, since consumers should have the option to choose what they need most – mobility or a home connection. Additionally, this issue should not be deferred to a later date as providers seek resolution, not future change, to the LifeLine requirements.

CTIA recommends rejecting the Joint Consumers' plan regarding limiting LifeLine plans to one-year. Two-year plans keep costs lower for consumers and prepaid plans are available for those who wish a short-term contract. The recommendation that a higher subsidy of $12.65 per customer only be provided

for plans with unlimited minutes should similarly be rejected since wireless carriers might find it to be economically and technically infeasible to offer such plans within the LifeLine parameters.

Also in its reply comments CTIA re-stresses that the unlimited N11 requirement should not be adopted without a more complete record as to its impacts. The PD should not be modified to require disclosures in all accessible formats, as well as in-language, as suggested by the Center for Accessible Technology. Wireless carriers, under both FCC and Commission regulation, provide adequate access to requisite information. Lastly, CTIA rejects ORA's proposal that LifeLine providers disclose an explanation of an unbundled plan to consumers before the potential customer is offered a bundled plan. This proposal is not warranted, absent an industry-wide concern. Such a proposal would micro-manage the LifeLine providers and would be against CPUC policy.

The Small LECs: Calaveras Telephone Company, Cal-Ore Telephone Company, Ducor Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Co., The Ponderosa Telephone Co., Sierra Telephone Company, Inc., The Siskiyou Telephone Company, Volcano Telephone Company, Winterhaven Telephone Company, Foresthill Telephone Co., Pinnacles Telephone Co.

The Small LECs recommend that the participants in the California LifeLine program be required to follow both the federal and state rules and regulations. Federal Lifeline funding is key to the program's success and the PD should craft its policies so that such funding remains available. While the Commission may adopt additional policies to supplement the federal program, no policies should put the California program at risk of losing federal support, thereby becoming a California-only LifeLine system. Relatedly, the Small LECs assert that the CPUC

should not bypass the FCC's social security number registration requirement. A separate, California-only system of verification could result in loss of federal funding and administrative costs. A loss of federal funding could cost consumers up to $9.25. It is not clear if the LifeLine fund or increased rates for LifeLine participants would cover the deficiency.

If a California-only LifeLine program is adopted, the Small LECs seek an exemption from providing LifeLine services to those who do not qualify for federal LifeLine or a provision added to the PD stating that any losses incurred by the Small LECs, as a result of the lack of federal funding, will be reimbursed by the Commission. The Small LECs seek such a reimbursement since they are unable to alter their rates to make up the loss. If they are not reimbursed, the Small LECs argue the Commission will have committed an unconstitutional taking of property.

Additionally, the operation of a California specific LifeLine program would create administrative and technical issues for the Small LECs, which would require the use of LifeLine funds to remedy.

The Small LECs recommend the Commission extend the LifeLine rate floor to all California LifeLine services, including wireless and VoIP providers. Alternatively, if the CPUC decides not to impose a rate floor on wireless or VoIP providers, the Small LECs suggest an elimination of all rate floors for all LifeLine service providers. If the rate floor is removed for some providers, all providers should have the option to tariff services below $5.00.

In addition, the Small LECs feel that the $39.00 limit on non-recurring charges should not apply to tariffed, non-recurring charges since these rates were approved by the Commission and cannot be altered without further approval. Any restriction on non-recurring charges would be unsuitable for rate-of-return

companies, since their rates are decided during rate cases where the Commission determines the reasonableness of the rates. Future rate cases, not the current PD, should be used to reevaluate such rates. In conclusion, those with Commission approved rates should not be subject to limitations on recovery and the PD should expressly exempt such companies from its proposal.

The Proposed Decision should also be modified to state that the purpose of the LifeLine program is to provide residential offerings. As it currently reads, the PD could be interpreted as allowing for LifeLine services to be offered for businesses. Such language must be changed. The Small LECs also recommend that the SSA cannot be set at a level that would force rate-of-return carries to operate at a loss for LifeLine customers.

The Small LECs hope that restrictions on fees for alternative payment options can be limited to payments made by cash or check. If providers cannot assess unavoidable costs for alternative payment methods, providers will be forced to absorb such administrative costs, which would disincentivize providers from allowing any alternative payment plan.

The Small LECs would also like to correct what they see is an error in the PD – the number of service providers that offer telephone service in California, pursuant to a franchise. The PD lists four service providers: AT&T, Verizon, SureWest, and Frontier. The 13 Smaller LECs plus the two Frontier ILEC entities could be included in this list, raising the total number to 18 service providers that provide telephone service as franchise holders.

The Small LECs would also like to improve internal LifeLine program issues in a timely manner. Three main areas of concern are: (1) the lack of mail forwarding within the third-party administrator's mailing protocol; (2) the need for the continued allowance for joint LifeLine accounts; and (3) the residual

impact of untimely certification decisions and/or delayed denials. The Small LECs would also like to see increased record keeping from the LifeLine working group calls and meetings so that the proceedings can become more transparent. The Small LECs request that the Commission hold additional workshops to address ongoing administration issues and develop new rules and procedures for the working group.

In their reply comments the Small LECs reiterate their recommendation that the Commission not adopt a proposal that requires providers to offer service to potential customers who do not provide social security numbers, without further analysis. The PD fails to consider the impact of the loss of federal funding on California LifeLine providers, the LifeLine fund, LifeLine subscribers, and California ratepayers. The Small LECs also hope the Commission does not restrict the ability to assess fees beyond payments via cash or check; they hope the Commission will adopt a policy that allows fees, so long as they are applied without discrimination between LifeLine and non-LifeLine customers. ORA and the Small LECs agree that the commission should continue funding non-recurring charges for companies with tariffed rates. Additionally, the Small LECs request that the Commission not require the extension of LifeLine discounts to all retail service offerings, which could cause technical and administrative challenges in addition to discounting services not well suited for low income consumers. Their reply comments also restate their recommendation that the LifeLine rate cap be eliminated or applied to all service providers, but in a manner that does not force rate-of-return companies to operate at a loss.

ORA/Brown/CPA (ORA)

In summary, ORA supports the PD with respect to the following: (1) extending the LifeLine rate caps on wireline flat-rate service until December 31,

2015; (2) requiring LifeLine providers to have a CPCN, WIR, and/or Franchise authority to provide LifeLine service; (3) exempting prepaid LifeLine phones from the prequalification requirement; (4) requiring unlimited N11 services for wireless LifeLine customers; and (5) requiring all providers to comply with CPUC consumer protection rules. ORA disagrees, however, with the PD recommendation that LifeLine providers should be prohibited from charging LifeLine customers early termination fees. Customers should be given 30 days to amend their service, without penalty, and the Commission should adopt a sliding scale for early termination fees, based upon the percentage of the contract fulfilled by the customers.

ORA also recommends the PD be revised to strengthen customer protections against unethical marketing tactics. While bundling of services is not allowed in the PD, ORA additionally recommends prohibiting "upselling." LifeLine providers should require customer service representatives to explain unbundled options to the consumer prior to explaining bundled options, unless the consumer specifically requests information on bundled or affiliated services. ORA requests that the PD be revised to require staff to monitor the future draw of LifeLine subsidies used to support non-recurring activation and connection charges, which could be used so that a carrier could claim greater reimbursement. ORA endorses a reevaluation as to whether the Commission should maintain or reduce the $39 ceiling on non-recurring charges within 12 month after implementation of the new program . ORA now supports the inclusion of prepaid wireless providers in the California LifeLine program and agrees with the PD that carriers cannot be allowed to retire bad debt using the LifeLine fund.

In its reply comments, ORA recommends that the Commission should dismiss AT&T and Verizon's opposition to the extension of the LifeLine rate cap. ORA agrees with Joint Consumers that a proposed tier structure for a wireless minutes allowance should include aspects that encourage the inclusion of wireless LifeLine plans that provide unlimited minutes. Additionally, ORA states unlimited N11 access should be provided to LifeLine customers. ORA agrees with Cricket that the Commission should clarify which service attributes do and do not count against the bundled service obligation found in the PD. Lastly, ORA believes the Commission should clarify the purpose for its support for non-recurring charges and how this subsidy may be used.

The Greenlining Institute, National Consumer Law Center, and the Utility Reform Network (Joint Consumers)

Joint Consumers support the holding that VoIP providers are required to hold a CPCN and/or franchise authority to offer LifeLine service and that if those providers offer basic residential service to customers, they must also offer LifeLine. Similarly, while Joint Consumers supports the PD's holding that VoIP LifeLine providers must release their rates and terms of service to the Commission, Joint Consumers requests that the Commission clarify its stance as to whether VoIP LifeLine providers must also file a tariff in order to satisfy this requirement. In addition, the PD should be revised to clarify that COLRs must also comply with the requirements of D.12-12.038, for at least one of their LifeLine offerings.

Joint Consumers agree with the PD that a graduated reimbursement structure for wireless LifeLine is a good plan, yet they hope the Commission will recognize that the highest level of subsidy reimbursement should be for plans that offer unlimited minutes. Such unlimited plans should be incentivized by the

Commission, and the PD should be revised so that only those specific plans are eligible to receive maximum subsidization.

Joint Consumers requests clarification on the issue of whether connection charges remain subject to the cap on what a customer pays, in addition to the $39 cap for reimbursement. In order not to deplete the LifeLine fund, Joint Consumers suggest the PD should state that if a customer cancels service within the three- day window, as discussed, the customer will be entitled to receive a reimbursement of all up-front charges, but the service provider should not be entitled for any nonrecurring charges. If, however, the customer cancels between 4 and 14 days after commencement of service, no penalty can be applied, but the customer would be reimbursed his or her money and the provider would be reimbursed from the LifeLine fund. Joint Consumers also recommend the cancellation time frame be extended for up to 30 days. Subsequently, the PD must make clear that the LifeLine fund will only be used to reimburse for connection or service activation for stand-alone plans and services (not for broadband or data services). In addition, service providers should not be able to invent new fees or unreasonably charge customers in order to obtain LifeLine reimbursement. With regards to cancellation, Joint Consumers believes that a change in address of the customer should allow the customer to cancel his or service, without the imposition of fees or charges. The Commission should also consider similar triggering events that would allow a customer to cancel service without penalty. Similarly, Joint Consumers feels that the Commission should set a one-year maximum for contract terms. If customers must leave their contracts early, Joint Consumers feels that the declining fee structure, based on the timing of the cancelation, should be made mandatory. Joint Consumers also

asserts the PD should be modified to ensure all LifeLine customers can access their telecommunications network from within their residence.

Joint Consumers suggest the PD be modified to add a requirement that providers state on their promotional material which products are eligible for the California LifeLine program. Joint Consumers urge the Commission to thoroughly analyze the impact of subsidiary structures on the LifeLine program and determine how to apply the non-discrimination rules. If non-discrimination rules apply only against individual subsidies or brands, the Commission should prevent brands from becoming sub-standard LifeLine-only services.

With regards to E991, Joint Consumers recommend the Commission use the "reasonably comparable" standard and related requirements found in the basic service decision and apply them to all LifeLine providers, not only COLRs. Since the PD does not require a plan with unlimited minutes from wireless LifeLine providers, Joint Consumers recommend at least one plan be offered with 8XX toll free calling, that does not apply against minutes.

While the Joint Consumers applaud the Commission's PD for discussing ongoing monitoring of certain issues, such monitoring should be added to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs of the Decision. In addition, Joint Consumers urges the Commission to open a docket to analyze the LifeLine program at the end of December 2015, and should, until that date, gather useful information on the LifeLine program.

Joint Consumers believe the PD should ban carriers from charging a pre-payment or deposit if a customer opens an application for California LifeLine and additionally should create a valid pre-registration plan to be implemented in the forthcoming decision. The Commission should also require in-language customer service and access for those with disabilities seeking LifeLine service.

In reply comments, The Utility Reform Network (TURN) supports the PD's balancing of jurisdictional reach and consumer protection. TURN requests that the Commission require AT&T, Verizon, and all other COLRs to continue to offer LifeLine to all of their residential customers, regardless of which technology is used to deliver the voice communications. TURN states the PD should be modified so that it clearly asserts the Commission will continue to impose requirements on ETCs in California, regardless of whether or not they participate in the LifeLine program. The Commission must ensure that federal-only LifeLine providers are complying with the State's consumer protection objectives. For wireless carries in the state program, TURN believes the Commission should keep the requirement that customers have the option to apply a discount to any service meeting the minimum requirements. Lastly, TURN urges the Commission to impose a rate cap until 2015.

In reply comments, the National Consumer Law Center (NCLC) approves of ORA's recommendation that the Commission should revisit and analyze non-recurring charges within one year. Additionally, NCLC recommends that the PD clarify that LifeLine reimbursements should only be used for customary, non-recurring charges. NCLC agrees with the PD that fees should be prohibited on the forms of payment of LifeLine customers. Lastly, NCLC agrees with the Small LECs that a more formalized process is required to make continuing improvements to the LifeLine program.

Center for Accessible Technology (CforAT)

CforAT supports the PD's requirements regarding N11 services. In particular, relay service, under 711, is imperative for those with disabilities and free and unlimited access to such service should be required. CforAT argues that since substantive calls made using the relay service are intertwined with

communication to the relay operator it would be difficult to allocate minutes based on each portion of the call. In addition, charging minutes for relay service may violate state and federal protections for those with disabilities. Consequently CforAT stresses that the PD should be modified so that it is clear that no portion of a call to 711 will be assessed against a LifeLine customer's allotted minutes. CforAT also supports unlimited access to all other N11 services.

Since those with disabilities may rely more heavily on 8XX numbers than do other California residents, at least one plan should be required of LifeLine providers that offer unlimited 8XX access. In addition, the PD should do more to incite providers to offer plans with unlimited minutes. For disclosures, CforAT reminds the Commission that for effective communication, written materials must be made available in accessible formats for those with disabilities and in-language for those with limited English proficiency.

For E911, CforAT recommends the Commission revise the PD to make it consistent with the requirements of the Basic Service Decision. LifeLine providers should be required to meet the same standards as providers of basic service. CforAT agrees with the Joint Consumers that the grace period for canceling service without penalty should be extended from 14 to 30 days. Additionally CforAT supports the creation of a preregistration program and the addition of language regarding effective oversight and monitoring to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs of the PD, as suggested by Joint Consumers.

In reply comments, CforAT reiterates their support for free and unlimited N11 services. Additionally, CforAT asks that all appropriate disclosures are made in a manner that the customer can effectively utilize. Lastly, CforAT urges

the Commission not to restrict the 14-day cancellation window, as suggested by CTIA.

TracFone Wireless, Inc. (TracFone)

TracFone supports all of the comments made by CTIA. In addition, TracFone offers two additional points: that (1) California LifeLine discounts and maximum reimbursement amounts for connection or activation and service conversion charges are not necessary; and (2) concerns regarding expansion of accessibility to LifeLine.

TracFone hopes the Commission will end LifeLine reimbursement for non-recurring charges, including activation and connection charges, particularly since such charges were discontinued by the FCC. If the subsidy is continued, however, the Commission should clarify the purposes for which it can be used. If extended to wireless, TracFone argues providers should be allowed to use the funds to offset the costs of wireless devices.

While TracFone does not object to the expansion of benefits under California's LifeLine program, they note that they will be unlikely to participate in the California market if federal subsidies are removed.

Budget Prepay, Inc. (Budget)

Budget requests that the Commission adopt a new process to approve carriers already designated as ETCs, so that they may participate in the California LifeLine program without going through the Tier 3 Advice Letter process. Specifically, Budget recommends that ETCs be granted authority to operate as LifeLine providers via a Tier 2 Advice Letter.

Cox California (Cox)

Cox recommends six changes to be made to the PD. First, Cox believes that there should be no ceiling imposed on the rates that wireline and fixed-VoIP providers can charge. Similarly, the proposed cap on reimbursement amounts available to LifeLine providers who submit claims to the LifeLine fund should be eliminated. Cox asserts that the PD must be made consistent with § 710 of the Public Utilities Code and allow VoIP and other IP enabled service providers to voluntarily participate in the LifeLine program. The Commission should also defer consideration of rules that would allow for LifeLine applications to occur without the last four digits of a social security number, and the PD should clarify that some low-income customers may be allowed to pre-register with any LifeLine service provider. Lastly, the PD's recommendations regarding the collection of surcharges must be made consistent with applicable statutes.

Cox asserts that rate caps would be unlawful and are not supported by the record. Extending the LifeLine rate cap, without legal justification, could but an unfair burden on non-LifeLine customers. If the PD does, however, adopt a rate cap, it must apply the cap to all LifeLine providers. The Commission has authority to place a cap on wireless providers since it is not regulating their rates and is instead adopting LifeLine rules required for participation in the program. In addition, Cox contends the Commission would commit legal error by capping the SSA.

Cox states that the Commission is prohibited from forcing VoIP providers to obtain a CPCN or require CPCN holders to offer VoIP pursuant to a CPCN and that such language in the PD must be modified. This prohibition is required since the FCC has not categorized fixed-VoIP as a telecommunications service and it is therefore not clear how or whether VoIP may be regulated. In addition, § 710 prevents the Commission from regulating VoIP or IP-enabled services.

Finally, to require CPCN holders offering fixed-VoIP to participate in the LifeLine goes against past Commission decisions.

With regard to abandoning the social security number requirement for LifeLine eligibility, Cox asserts that there is not an adequate record on which to base such a decision. In addition, such a change would be inconsistent with FCC rules. If adopted, the PD does not discuss how providers offering service to those who do not provide social security numbers will be reimbursed for their LifeLine commitments. The PD additionally does not demonstrate that the rule change will help to prevent waste, fraud, or abuse. As such, Cox recommends the Commission not change the existing rules regarding social security number registration.

Cox recommends that in order to maintain competitive neutrality in the LifeLine program, the Commission should require LifeLife providers to allow for either pre-qualification or pre-registration. Providers should be permitted, but not required, to make both options available for LifeLine participants. In order to be consistent with applicable law, Cox asserts, the PD must be modified regarding the collection of surcharges, particularly since the PD attempts to incorporate VoIP service providers in the definition of telephone corporations.

In reply comments, Cox reasserts its opinion that re-establishing a cap on wireline LifeLine rates and adopting a new cap on the SSA would be unlawful. In addition, Cox states that the CPUC cannot require VoIP providers to participate in the LifeLine program and that such a decision must be made voluntarily by the provider. Cox agrees with Verizon that the Commission has departed from the Moore Act's definition of LifeLine as a class of service for low-income customers. Cox additionally reiterates its previous comments

regarding the utilization of either pre-registration or pre-qualification for LifeLine providers.

Cox argues the Commission should reject the Joint Consumers proposal regarding initial fees under pre-qualification and should, instead, utilize existing rules for customers who wish to apply for LifeLine service under pre-qualification and allow LifeLine applicants to pre-register and obtain a decision on their eligibility prior to subscribing to LifeLine service. Cox additionally recommends the Commission, with regards to rate floors, confirm that claims for reimbursement will be calculated as described in General Order 153. Cox believes that the PD language regarding not assessing fees for payment options online cannot apply to wireless LifeLine providers. If, however, the restriction on fees applies to all providers, it should not apply to all payments, specifically cash or check. Cox agrees that at least one no fee option should be offered by providers. Cox disagrees with ORA's proposal that LifeLine providers should be prohibited from offering features, services, and bundles to customers, unless the customers ask for such offerings. Cox contends such offerings could result in cost-savings to LifeLine participants. Finally, Cox does not believe that interveners or the Commission should review providers' marketing materials, as other regulations and agencies protect against unethical marketing.

California Association of Competitive Telecommunications Companies (CALTEL)

CALTEL states that the interim process to permit new providers to enter the LifeLine program must also include an expedited process for changing the terms and conditions of existing ETC certifications and allow for the filing of

information in order to start initiate LifeLine service quickly. Such changes are required so that VoIP and wireless providers can become LifeLine providers.

National Asian American Coalition (Coalition)

The Coalition encourages the Commission to adopt procedures whereby the Communication Division can informally review potential providers marketing materials in order to streamline the approval process for new LifeLine providers. The Coalition supports the Commission's PD in that it does not require wireless reception in a subscriber's home and supports the requirement of free and unlimited access to N11 services. The Coalition additionally supports the Commission's current plans regarding bundled and unbundled offerings. The Coalition urges the Commission to, in future phases, take steps to ensure major carrier participation in order to protect and benefit LifeLine customers.

Comments to the Revised Proposed Decision Issued on December 17, 2013

Commissioner Sandoval released a revised proposed decision on December 17, 2013, and the parties were authorized to file and serve comments on the revisions no later than January 6, 2014. Comments were filed by Verizon, AT&T, CTIA, the California Cable and Telecommunications Association, Cox California, the Small LECs, Cricket and the Joint Consumers.

Verizon argued that the revisions for fixed-VoIP service required clarification regarding whether non-tariffed VoIP service providers are or would be mandated to provide LifeLine service. Verizon contended that such a requirement would violate Pub. Util. Code § 710. Verizon also claimed that the revised proposed decision was unclear as to whether non-traditional providers, i.e., an entity that is not a telephone corporation, could offer LifeLine service.

AT&T criticized the revisions to the proposed decision as creating a "complex web of regulations that will dissuade providers from participating."[169] AT&T, echoing Verizon, explained that the revised proposed decision provisions requiring VoIP providers to offer LifeLine service and be subject to the Commission's regulatory jurisdiction violated Pub. Util. Code § 710. AT&T challenged the LifeLine rate cap as creating an "artificial cap" that puts carriers "at a disadvantage."[170] AT&T also argued that the requirement to make all plans and services available to LifeLine participants was not clear because the standards the Commission would use to consider an exemption were not articulated. AT&T opposed extending future LifeLine requirements to federal-Lifeline-only carriers. AT&T contended that free unlimited N11 calling is unnecessary because low-income customers are already switching to wireless without the added benefit of unlimited N11 calling. Finally, AT&T opposed an additional phase of this proceeding.

The Small LECs contended that Ordering Paragraph 13 and its associated discussion contained inaccurate descriptions of rate of return ratemaking rules for the California LifeLine Program, and should be deleted.

The Joint Consumers opposed the request to allow comments on the revisions to the proposed decision, and contended that the additional comments would only delay implementation of the Commission's decision. The Joint Consumers supported the revisions addressing VoIP providers as being consistent with Pub. Util. Code § 710 and the Moore Act. The Joint Consumers also supported the Commission's approach to federal-only Lifeline providers.

CTIA recommended that the Commission provide clear standards for assessing requests for exemptions from the requirement that all service offerings

[169] AT&T and Affiliated Entities Comments at 1 (January 6, 2014).
[170] *Id.* at 6.

be available to Lifeline customers. CTIA also sought clarification on the N11 requirements, and that only the current provisions of General Order 153 apply to federal Lifeline providers.

The California Cable and Telecommunications Association argued that the revisions to the proposed decision were "unlawful, contrary to public policy and the public interest."[171] Specifically, CCTA stated that Pub. Util. Code § 710 prohibited the Commission from requiring that any VoIP provider participate in the California LifeLine Program and comply with all Commission rules, orders, decisions, and the Public Utilities Code.

Cricket proposed further revisions to the in-language rules to allow LifeLine providers the option of providing customer support in the language in which it markets its services, as set forth in the Commission's Limited English Proficiency Rules found in D.07-07-043. Cricket also sought clarification that service termination for purposes of free N11 calls can include service suspension for non-payment. Finally, Cricket explained that it should be able to assess a fee for payments made in its retail locations because its employees must process the payment and are not available to make sales.

Cox California recommended that the revised proposed decision allow VoIP carriers to voluntarily participate in the California LifeLine Program on a similar basis to wireless carriers. Cox argued that Pub. Util. Code § 876 provides no exception to the prohibition on regulation of VoIP providers found in Pub. Util. Code § 710, and that the Commission should not set interaction between these two statutes for further review in a subsequent phase of this proceeding. Cox also objected to requiring existing LifeLine providers to submit their marketing materials to the Communications Division for review and approval.

[171] California Cable and Telecommunications Association Comments at 1 (January 6, 2014).

Cox argued that this was a "solution in search of a problem" because there have been no reports of problems with marking materials.[172] Finally, Cox proposed that paragraphs addressing filing an advice letter to LifeLine service offerings and the list of items delegated to staff should be deleted.

These comments were fully considered by the Commission and, where appropriate, incorporated in today's decision.

7. Assignment of Proceeding

Catherine J.K. Sandoval is the assigned Commissioner and Maribeth A. Bushey is the assigned ALJ in this proceeding.

Findings of Fact

1. The Commission convened eight public participation hearings throughout California and 392 persons were in attendance, with 239 offering comments to the Commission.

2. Formal written comments and reply comments were submitted by 29 parties on the issues listed in the Scoping Memo.

3. The California LifeLine service elements set forth in Attachment D do not alter the updated Basic Service requirements that were adopted in D.12-12-038 for COLR.

4. The California LifeLine service elements set forth in Attachment D for wireline, fixed-VoIP, and wireless voice services are reasonable and promote affordability, service accessibility, choice, competition, consumer protection, and public safety.

5. The California LifeLine service elements set forth in Attachment D reflect the updated BSE of D.12-12-038 where possible.

[172] Cox California Comments at 6 (January 6, 2014).

6. The cap on California LifeLine wireline service for flat-rate local service of $6.84 and for measured service rate service at $3.66 from the effective date of this Decision through December 31, 2015 is reasonable and will allow parties and the Commission an opportunity to review the effect of the caps in subsequent phases of the proceeding.

7. The cap on California LifeLine fixed-VoIP service for voice service of $6.84 from the effective date of this Decision through December 31, 2015 is reasonable and promotes affordability and service accessibility.

8. California LifeLine wireline providers are eligible to receive up to $11.85 in SSA from the effective date of this Decision through December 31, 2013 and up to $12.65 from January 1, 2014 through December 31, 2015 per month for each eligible LifeLine participant.

9. California LifeLine fixed-VoIP providers are eligible to receive up to $11.85 in SSA from the effective date of this Decision through December 31, 2013 and up to $12.65 from January 1, 2014 through December 31, 2015 per month for each eligible LifeLine participant.

10. California LifeLine wireless providers that offer qualifying LifeLine plans with 501 to 999 voice minutes are eligible to receive $5.75 in SSA from the effective date of this Decision through December 31, 2015 per month for each eligible LifeLine participant.

11. California LifeLine wireless providers that offer qualifying LifeLine plans with 1,000 or more voice minutes are eligible to receive $12.65 in SSA from the effective date of this Decision through December 31, 2015 per month for each eligible LifeLine participant.

12. California LifeLine providers may claim up to a $0.50 per month administrative fee for each eligible LifeLine participant.

13. The California LifeLine Program will continue to support and extend the current rate caps in EAS through December 31, 2015.

14. California LifeLine providers that are ETC are currently authorized for federal Lifeline support of $9.25 per month for each eligible LifeLine participant.

15. Members of the public testified that they valued wireless service and the mobility it offered, but wanted their service to work at home, have unlimited 800 or 800-like toll-free numbers, and sufficient wireless minutes to safely allow access to N11 (211, 311, 511, 611, 711, 811 and 911), up to unlimited minutes.

16. The 2010 Affordability Study information is several years old and is no longer useful, and public participation hearing testimony is up-to-date and pertinent.

17. Since the cap on basic service rates was lifted, basic service rates have increased, leading to an increase in the SSA and raising concerns about affordability if subscriber rates were not capped; many speakers at the public participating hearings emphasized the need for predictable and affordable telephone bills, and supported continuing the current rate of $6.84 per month for wireline LifeLine participants.

18. No party presented persuasive evidence that geographic de-averaging of basic rates should be taken into account in setting the SSA.

19. No party presented persuasive evidence that our rule adopted in D.10-11-033 disallowing bad debt costs should be altered.

20. The issues set for rehearing in D.12-07-022 were included in the scope of this proceeding, and comments were received and considered in this proceeding.

21. The California LifeLine service elements set forth in Attachment D allow LifeLine service to be provisioned on different technologies.

22. The California LifeLine service elements set forth in Attachment D are a minimum set of service elements that LifeLine providers must offer on a non-discriminatory basis.

23. California LifeLine providers may provide additional service elements as part of their California LifeLine service offerings.

24. California LifeLine providers may offer California LifeLine wireless plans on a pre-paid or a post-paid basis.

25. All service plans offered by a California LifeLine service provider, including bundled, family and promotional plans, should be eligible for California LifeLine support if they meet or exceed the applicable minimum California LifeLine service elements.

26. California LifeLine wireless providers should not be prohibited from offering domestic messaging with voice plans that are otherwise consistent with the LifeLine wireless service elements.

27. Households with an eligible household member who is hearing impaired or uses a teletypewriter may be eligible to receive the California LifeLine discounts on two separate telephone lines.

28. California LifeLine wireless providers should offer LifeLine participants the option of paying a deposit in lieu of a credit check or offer a deposit on the same basis as offered to non-LifeLine customers if the LifeLine participants do not qualify for the provider's credit score criteria established for all customers choosing that plan.

29. California LifeLine wireless providers may withdraw LifeLine service at any time after providing a 30-day notice to customers and fulfilling contractual obligations entered into with their customers.

30. California LifeLine providers should provide free, unlimited access to customer service representatives and calls to the provider's customer service representatives should not be counted against plan minutes.

31. California LifeLine providers should provide free, unlimited access to customer service representatives fluent in the same language in which California LifeLine was originally sold or marketed and calls to the provider's customer service representatives should not be counted against plan minutes. This requirement should be limited to customer service representatives the provider employs or supervises and may be satisfied through use of outside translation services.

32. The California-only-fund LifeLine Program that does not require an SSN from eligible low-income Californians who otherwise qualify for LifeLine service promotes access to affordable telecommunications services, public safety and creates safer communities.

33. Federal-only Lifeline wireless ETCs should continue to comply with the terms and conditions of their ETC designation grant until the Commission revises General Order 153 to conform to this Decision and determines the extent to which California LifeLine service elements and rules adopted in this Decision should apply.

Conclusions of Law

1. All LifeLine providers must have a valid CPCN, WIR, or Franchise from the Commission.

2. A LifeLine provider with a CPCN, WIR or Franchise from the Commission, but without an ETC status, is eligible to participate in the California LifeLine Program.

3. The Moore Act, California Public Utilities Code Section 876, stipulates that "The commission shall require every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service. Every telephone corporation providing service within a service area shall inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for and obtain service, and shall accept applications for lifeline telephone service according to procedures specified by the Commission." Accordingly, all wireline and fixed-VoIP service providers with a CPCN from the Commission or Franchise authority to operate within California and that provide residential retail telephone service through that CPCN or Franchise under a tariff or schedule of rates and charges must offer LifeLine service.

4. D.12-12-038 requires a basic service provider to offer Lifeline service to any eligible persons within the region where the provider offers basic service.

5. COLRs must offer LifeLine service and provide the applicable LifeLine service elements adopted in this Decision.

6. Wireless providers may participate in the California LifeLine Program on a voluntary basis.

7. CPCN holders that provide residential basic telephone service are required to file tariffs or schedules of rates and charges, and must comply with all CPUC rules, regulations and orders and the California Public Utilities Code.

8. The Moore Act, Public Utilities Code Section 871 *et seq.,* allows this Commission broad authority to designate a class of lifeline service necessary to meet minimum communication needs.

9. The Moore Act, Public Utilities Code Section 871 *et seq.,* is technology neutral.

10. Public Utilities Code Section 270(b) provides that the moneys in telecommunications public purpose funds are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service.

11. Public Utilities Code Section 876 requires telephone corporations that provide residential telephone service to offer California LifeLine service and to file a schedule of rates and charges for the California LifeLine service.

12. Public Utilities Code Section 710(a) creates an exception to the prohibition against regulation of VoIP services where expressly directed to do so by statute and the Commission is expressly directed by the Moore Act to administer a universal lifeline telecommunications service program and directs that "The commission shall require every telephone corporation providing telephone service within a service area to file a schedule of rates and charges providing a class of lifeline telephone service. Every telephone corporation providing service within a service area shall inform all eligible subscribers of the availability of lifeline telephone service, and how they may qualify for and obtain service, and shall accept applications for lifeline telephone service according to procedures specified by the commission."

13. The Commission determines whether a service provider is a telephone corporation through the Commission's issuance of a CPCN, WIR or Franchise under Public Utilities Code Sections 1001-1013.

14. Any service provider that is not certificated or registered or does not have a Franchise from the Commission is ineligible to participate in the California LifeLine Program as Public Utilities Code Section 270(b) provides that the moneys in telecommunications public purpose funds are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of

providing universal service. Accountability to the CPUC's jurisdiction, rules, orders, decisions, and the Public Utilities Code is also important to assure the integrity of the ULTS fund, the Lifeline program, and the provision of telephone service that affects LifeLine subscribers, those who LifeLine subscribers call or receive calls from, all ratepayers, and the telephone and electrical system to which telephone services attach facilities.

15. The revisions to Appendix A of General Order 153, including LifeLine service elements for wireline in Appendix A-1, for fixed-VoIP in Appendix A-2, and for wireless in Appendix A-3, contained in Attachment D to today's Decision should be adopted.

16. The cap on California LifeLine wireline service for flat-rate local service of $6.84 and for measured service rate service at $3.66 should be extended through December 31, 2015.

17. General Order 153 deposit rules for service initiation also apply to LifeLine wireless providers.

18. Federal deposit rules in 47 C.F.R. § 54.401(c) should be extended to all California LifeLine providers.

19. California LifeLine wireless providers that offer qualifying LifeLine plans with 501 to 999 voice minutes should be eligible for SSA of $5.75, with LifeLine subscribers receiving the same amount of discount on such service.

20. California LifeLine wireless providers that offer qualifying LifeLine plans with 1,000 or more voice minutes should be eligible for SSA of $12.65, with the LifeLine subscribers receiving the same amount of discount on such service.

21. California LifeLine wireless providers should apply the applicable SSA, plus any additional federal Lifeline support, to reduce the cost of any qualifying

California LifeLine service plan and charge the LifeLine participant the resulting amount.

22. California LifeLine providers should not require LifeLine participants to purchase voice plans that are bundled with video, data, and/or any other services to receive the California LifeLine discounts.

23. California LifeLine providers should not assess a fee to LifeLine participants for paying their bills in person by cash, check, or other form of payment ~~if the participant's service is on a pre-paid basis~~.

24. The service elements for LifeLine wireless may vary from LifeLine wireline because of differences in technology, regulatory jurisdiction, and service offerings.

25. LifeLine carriers may satisfy this obligation by offering a plan that does not count such calls toward plan minute limitations, or by offering at least one plan to LifeLine subscribers that provides unlimited voice and may include text, but does not include video or data.

26. A LifeLine wireless provider that is not a COLR should not be required to provide voice-grade service in the residence of the LifeLine participant if their disclosure of coverage limitations and implementation of return policies enable informed customer choice.

27. The California LifeLine Program should not make up lost federal support for LifeLine providers that are not ETC.

28. California LifeLine providers should continue to charge no more than $10.00 to participants for non-recurring charges, including service connection/activation and service conversion associated with California LifeLine service.

29. California LifeLine providers should continue to receive up to $39.00 in reimbursement for service connection/activation and service conversion discounts provided to participants.

30. California LifeLine wireless support levels should be set to encourage LifeLine providers to offer LifeLine participants sufficient quantities of voice minutes to assure public safety and convenience as well as equitable treatment.

31. California LifeLine wireless participants should receive free, unlimited access to 611 numbers to facilitate resolution of billing and service issues and 611 calls should not be counted against plan minutes.

32. California LifeLine participants are exempt from paying the public purpose program surcharges, the CPUC user fee, federal excise tax, local franchise taxes and the state 911 tax.

33. California LifeLine providers are required to assess, collect, and remit public purpose programs surcharges and CPUC user fees on revenues collected from non-Lifeline end-users for intrastate telecommunications services.

34. LifeLine providers should offer at least one plan that meets California LifeLine service elements on a stand-alone basis, but the discount may be applied to any service package that meets or exceeds the minimum requirements.

35. California LifeLine wireless participants should be allowed to terminate service for any reason within 14 days of service activation without incurring an early termination fee.

36. California LifeLine wireless participants should be refunded in full all service connection fees and deposits if the service is cancelled within three business days of service activation, excluding national holidays.

37. California LifeLine wireless participants should not be charged a restocking fee if a wireless device is returned within three business days of service activation, excluding national holidays.

38. California LifeLine wireless participants should be offered equivalent rates for extra minutes and for handsets as set for non-LifeLine customers.

39. California LifeLine wireless providers should prominently disclose terms and conditions of service.

40. Pre-paid LifeLine participants should be exempt from pre-qualification requirements that require post-paid customers to pay the non-LifeLine rate until approval of LifeLine eligibility by the California LifeLine Administrator.

41. For pre-paid LifeLine participants, LifeLine discounts should begin with the date of approval notification or the date California LifeLine service is activated, whichever is later.

42. Wireless service providers that participate in the California LifeLine Program must file a schedule of rates and charges for services offered to eligible LifeLine participants.

43. All LifeLine providers must comply with the CPUC's rules, orders, decisions, and the California Public Utilities Code.

44. All LifeLine providers are subject to CPUC jurisdiction, audits, inspections and penalties for non-compliance on the same basis as other holders of CPCN, WIR or Franchise operating authority.

45. All LifeLine providers must offer California LifeLine service elements on a non-discriminatory basis.

46. California LifeLine providers should apply the applicable LifeLine support to the service plan chosen by the California LifeLine participant if the plan meets or exceeds the applicable minimum California service elements.

47. The Moore Act does not limit LifeLine to Californians with an SSN and the act's purpose of universal service, safety, and economic inclusion are furthered by ensuring that LifeLine is available to all income-eligible California residents, including those without an SSN. Eligible Californians must provide a government-issued identification to ensure that compliance with the LifeLine rules, deter fraud, and manage ULTS funds. Phase II of this proceeding will determine the implementation steps for this aspect of the LifeLine Program to include eligible Californians without an SSN.

48. Commission staff has the authority to revise administrative procedures pursuant to the direction provided in this Decision to help ensure the efficient operation of the California LifeLine Program and address any California LifeLine Program irregularities or other issues.

49. Commission staff has the authority to determine the type and frequency of information provided by LifeLine providers and by consumers to enroll and participate in the California LifeLine Program.

50. Commission staff has the authority to audit and investigate LifeLine providers for program compliance.

51. There should be another phase in this proceeding, to address pending issues noted in today's Decision and such other related matters as may be appropriate.

ORDER

IT IS ORDERED that:

1. All California LifeLine providers must comply with the policies, procedures and rules adopted in this Decision.

2. No later than 45 days from the effective date of this Decision, all existing California LifeLine providers must file and serve a Tier 2 advice letter with the Communications Division conforming their LifeLine tariffs to this Decision. Existing California LifeLine providers shall continue to offer and provision the existing California LifeLine services pending approval of their Tier 2 advice letter.

3. All LifeLine providers must have a valid Certificate of Public Convenience and Necessity, Wireless Identification Registration, and/or Franchise operating authority from the Commission.

4. The revised General Order 153 Appendix A listing California LifeLine service elements for wireline (Appendix A-1), for fixed-Voice over Internet Protocol (Appendix A-2), and for wireless services (Appendix A-3) in Attachment D to this Decision is adopted.

5. California LifeLine providers shall extend the current California LifeLine rate caps in Extended Area Service Exchanges through December 31, 2015.

6. The Specific Support Amount for California LifeLine wireline and fixed-Voice over Internet Protocol providers shall be capped at $11.85 per month for each eligible participant from the effective date of this Decision through December 31, 2013, and $12.65 per month for each eligible participant from January 1, 2014 through December 31, 2015.

7. The Specific Support Amount for California LifeLine wireless providers that offer qualifying wireless telephone service plans with 501 to 999 voice minutes shall be $5.75 per month for each eligible participant.

8. The Specific Support Amount for California LifeLine wireless providers that offer qualifying wireless telephone service plans with 1,000 or more voice minutes shall be $12.65 per month for each eligible participant.

9. If the resulting cost of any qualifying California LifeLine service plan is equal to zero after applying the applicable monthly federal Lifeline support, the service plan shall not be eligible for any California LifeLine support and the Specific Support Amount shall be equal to zero.

10. The reimbursement amount for service connection/activation and service conversion charges shall be capped at $39.00 per participant per instance.

11. Rate-of-return companies, operating under Commission-approved tariffs, may seek lost revenue recovery for service connection/activation and service conversion charges from the California High Cost Fund A through the general rate case process (or through an annual advice letter until the general rate case filing year) for service connection/activation and service conversion charges that neither the California LifeLine participant nor the California LifeLine Program will reimburse.

12. Rate-of-return companies, operating under Commission-approved tariffs, may seek lost revenue recovery for monthly recurring residential basic telephone service rates from the California High Cost Fund A through the general rate case process (or through an annual advice letter until the general rate case filing year) for monthly recurring residential basic telephone service rates that neither the California LifeLine participant nor the California LifeLine Program will reimburse.

13. ~~As currently required in Commission Decision 10-02-016,~~In seeking lost revenue recovery, the rate-of-return companies ~~shall not~~may receive California High Cost Fund A support ~~of more than~~to help earn their respective authorized rates of return~~. Additionally, rate-of-return companies shall be prohibited from drawing additional support from~~, subject to and pending any further Commission action in the California High Cost Fund A ~~for the rate differential~~

~~above the monthly residential basic telephone service rate of $20.25 pending Commission action in Rulemaking~~ Program Review in R.11-11-007.

14. All California LifeLine providers may receive the Specific Support Amount no more than once per month.

15. California LifeLine providers without Eligible Telecommunications Carrier designation shall continue to receive California LifeLine support for eligible participants.

16. The Communications Division shall implement a LifeLine Program funded solely by California which does not require a Social Security Number to determine, identify or to deter fraud for California LifeLine.

17. The Communications and Legal Divisions shall continue their efforts to request a waiver of the federal Social Security Number LifeLine eligibility requirement from the Federal Communications Commission to qualify for federal Lifeline support.

18. All LifeLine telephone service plans, including bundled, promotional, and family plans, which meet or exceed the minimum service elements and are consistent with California LifeLine rules, shall be eligible for the California LifeLine discounts.

19. California LifeLine pre-paid wireless services shall be exempt from the pre-qualification requirement adopted by the Commission in Decision 08-08-029 and General Order 153, but remain subject to the Commission's process for verification of LifeLine eligibility prior to provision of LifeLine service and prior to seeking reimbursement from the LifeLine Program.

20. Federal Lifeline pre-paid wireless services shall be exempt from the pre-qualification requirement adopted by the Commission in Decision 08-08-029 and General Order 153, but remain subject to the Commission's process for

verification of LifeLine eligibility prior to provision of LifeLine service and prior to seeking reimbursement from the LifeLine Program.

21. California LifeLine providers shall provide free, unlimited access to customer service representatives and calls to the provider's customer service representatives shall not be counted against plan minutes.

22. California LifeLine providers shall provide free, unlimited access to customer service representatives fluent in the same language in which California LifeLine was originally sold or marketed and calls to the provider's customer service representatives shall not be counted against plan minutes. This requirement shall be limited to customer service representatives the provider employs or supervises and may be satisfied through use of outside translation services.

23. Federal-only Lifeline wireless Eligible Telecommunications Carriers shall continue to comply with the terms and conditions of their Eligible Telecommunications Carriers designation grant until the Commission revises General Order 153 to conform to this Decision and determines the extent to which California LifeLine service elements adopted in this Decision should apply.

24. All California LifeLine providers must comply with the following requirements:

a. Obtain Commission authorization to offer and provide California LifeLine service.

b. File advice letter with tariff(s) or schedule of rates and charges with the Communications Division:

i. Holders of a Certificate of Public Convenience and Necessity or a Franchise, shall file a Tier 2 advice letter. Existing California LifeLine providers as of the effective date of this

Decision have up to 45 days to conform their LifeLine tariffs to this Decision.

ii. Holders of a Wireless Identification Registration with an Eligible Telecommunications Carrier designation, shall file a Tier 2 advice letter.

iii. California LifeLine providers revising any previously approved California LifeLine services or plans, shall file a Tier 2 advice letter.

iv. California LifeLine wireless providers seeking an exemption as permitted by this Decision from the duty of a LifeLine carrier to offer LifeLine subscribers all plans and phones, shall file a Tier 2 advice letter explaining the proposed plans and phones they intend to offer or plans or phones they do not propose to offer to LifeLine subscribers and the reasons why such plans or phones should not be available to LifeLine subscribers.

v. Holders of a Wireless Identification Registration without an Eligible Telecommunications Carrier designation, shall file a Tier 3 advice letter.

c. Submit marketing materials, including scripts used by customer service representatives, to the Communications Division for review and approval prior to dissemination to the public.

d. Obtain a consumer's California LifeLine or federal Lifeline eligibility determination from the California LifeLine Administrator.

e. Comply with all eligibility rules and validation checks in the enrollment process administered by the California LifeLine Administrator.

f. Facilitate, participate in, and comply with the California LifeLine Administrator's enrollment process to eliminate waste, fraud, and abuse.

g. Inform consumers about the California LifeLine Program, accept consumers' requests to participate in the program, and pass through the relevant California LifeLine discounts to eligible participants.

h. Offer California LifeLine service on a non-discriminatory basis.

i. Offer California LifeLine service on the same terms and conditions as other comparable services offered to non-LifeLine customers, except as provided for in the California LifeLine Program requirements.

j. Offer at least one California LifeLine plan that meets or exceeds the California LifeLine service elements, and is not bundled with any video or data services. The provider may offer added features and/or enhanced service elements without additional charge(s) while meeting this California LifeLine unbundled obligation.

k. Exempt LifeLine participants from paying public purpose program surcharges, the Commission's user fee, federal excise tax, local franchise tax, and California 911 tax.

l. Provide free, unlimited access to customer service and in the language in which California LifeLine service was originally sold to inform consumers about California LifeLine, service activation, service termination, service repair, and bill inquiries. This requirement may be satisfied through use of outside translation services.

m. Provide LifeLine participants interest-free payment plans for service connection/activation fees and deposits.

n. May collect a deposit from an applicant or participant, but must refund the deposit in full if the applicant or participant is approved for the California LifeLine Program.

o. May not collect a service deposit from an applicant or participant if the service provider does not charge any additional fees for toll calls or if the applicant or participant elects toll-limitation service.

p. Shall apply the relevant Specific Support Amount to any qualifying California LifeLine service plan chosen by the participant, plus any additional federal Lifeline support, to reduce the price of the service plan, and charge the participant the resulting remainder.

q. Shall not claim from the California LifeLine Fund more than the amount of support provided to a participant.

25. California LifeLine wireline providers must comply with the following:

    a. Provide all of the California LifeLine service elements set forth in General Order 153, Appendix A-1.

    b. Charge no more than $6.84 for flat-rate local service, and $3.66 for measured rate local service, through December 31, 2015.

    c. Charge no more than $10.00 for the service connection/activation and service conversion charges, through December 31, 2015.

26. California LifeLine providers using fixed-Voice over Internet Protocol shall comply with the following:

    a. Provide all of the California LifeLine service elements set forth in General Order 153, Appendix A-2.

    b. Charge no more than $6.84 for voice service through December 31, 2015.

    c. Charge no more than $10.00 for the service connection/activation and service conversion charges through December 31, 2015.

27. California LifeLine wireless providers must comply with the following:

    a. Provide all of the California LifeLine service elements set forth in General Order 153, Appendix A-3.

    b. Unless waived by the Commission upon the service provider's request through the Tier 2 or Tier 3 Advice letter process described in this Order, offer to LifeLine participants all handsets that are offered to non-LifeLine customers on the same terms and conditions. This obligation shall apply to the licensee or entity identified as the telephone service provider with an operating authority from the Commission approved to offer the California LifeLine service.

    c. Unless waived by the Commission upon the service provider's request through the Tier 2 or Tier 3 Advice letter process described in this Order, offer to LifeLine participants all plans that meet or exceed the minimum service elements and are consistent with California LifeLine rules. This obligation shall apply to the licensee or entity identified as the telephone service provider with an operating authority from the Commission

> approved to offer the California LifeLine service. The obligation to provide free, unlimited access to the special service N11 numbers (except for 911) ends once the California LifeLine service terminates and/or the Administrator de-enrolls the participant.

28. All LifeLine providers shall follow the directions of the Commission and its staff with respect to the administration, adjudication, and oversight of the California LifeLine Program and timely respond to all requests for information and data with respect to their participation in the California LifeLine Program and the Federal Lifeline Program.

29. Commission staff has the authority to revise administrative procedures pursuant to the direction provided in this Decision to help ensure the efficient operation of the California LifeLine Program and address any California LifeLine Program irregularities or other issues.

30. Commission staff has the authority to determine the type and frequency of information provided by LifeLine providers and by consumers to enroll and participate in the California LifeLine Program.

31. Commission staff has authority to audit California LifeLine providers to ensure compliance with all Commission LifeLine rules, including rules adopted in this Decision and General Order 153.

32. Commission staff has authority to investigate California LifeLine providers and participants in order to detect and prevent program waste, fraud and abuse.

33. Commission staff has authority to remedy any instances of waste, fraud, and abuse of the program by LifeLine providers and by participants.

34. The scope and schedule of the next phase of this proceeding shall be set by further ruling of the assigned Commissioner.

35. Rulemaking 11-03-013 shall remain open.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A

Basic Telecommunications Service Elements

ATTACHMENT A

D.12-12-038

Basic Telecommunications Service Elements

At a minimum, the following service elements must be offered on a nondiscriminatory basis by any carrier providing Residential Basic Telephone Service (basic service) within California. These revised basic service elements do not impose an obligation to provide basic service upon any carrier where no such obligation exists today. Nor do they prohibit a carrier from electing to provide additional elements as part of its basic service offering. Any carrier may use any technology to satisfy any obligation to provide basic service as detailed below:

I. Basic Service Elements:

1. The provider must offer customers the ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network or successor network.

    a. Carriers offering basic service must at a minimum enable calls to be sent and received within a local exchange or over an equivalent or larger-sized local calling area.

    b. A basic service provider must allow equal access to all interexchange carriers within the local calling area in accordance with state and federal law and regulation.

    c. Carriers offering basic service must provide a voice-grade connection from the customer residence to the public switched telephone network or successor network.

    d. Carriers offering basic service must disclose to each customer before subscription that they are entitled to a voice-grade connection and the conditions under which the customer may terminate service without penalty if one cannot be provided.

    e. If at any time, a basic service customer fails to receive a voice-grade connection to the residence and notifies the provider, the basic

service provider is required to (1) promptly restore the voice-grade connection, or if not possible (2) provide basic service to that customer using a different technology if offered by the provider and if the customer agrees; or (3) allow the customer to discontinue service without incurring early termination fees, if applicable. Nothing in these rules should be inferred as modifying the service obligation of a COLR to ensure continuity of customers' basic service.

2. Free access to 911/Enhanced (E) 911 service.

   (a) A basic service provider must provide free access to 911/E911 emergency services, in compliance with current state and federal laws and regulations.

   (b) Any carrier that is not a traditional wireline provider of basic service will be required to make a showing by filing a Tier 3 Advice Letter that demonstrates its ability to provide 911/E911 location accuracy and reliability that is at a minimum at least reasonably comparable, but not necessarily identical to, that traditional wireline service offered by the existing COLR.

   (c) The basic service provider will further be required to certify in a Tier 3 Advice Letter filing that it is compliant with 911/E911 standards established by state and federal laws and regulations, and will not be deemed to provide basic service if it has obtained a waiver from such state and federal laws and regulations.

   (d) Each basic service provider must provide its potential and existing customers information regarding its 911/E911 emergency services location accuracy and reliability standards.

3. Access to directory services.

   (a) Each basic service provider must offer access to directory assistance within the customer's local community that covers an area at least equivalent to the size of the geographic area the existing COLR's directory assistance service provides.

   (b) For basic service provided by other than a traditional wireline carrier, a customer's listing may be excluded from the local directory and directory assistance as a default unless the subscriber affirmatively requests to have the number listed.

(c) For basic service provided by a traditional wireline carrier, a customer's listing shall be included for free in the local directory and directory assistance as a default unless the customer affirmatively requests to have the number unlisted.

(d) A basic service provider must provide customers the option to receive a free white pages directory covering the local community in which the customer resides. For purposes of this definition, the local community shall include a geographic region at least equivalent to the area covered by the white pages directory that the existing COLR currently provides.

(e) Because Verizon California, Inc. (Verizon) and other providers of basic service to customers residing in Verizon's service territory have been authorized to provide electronic delivery pursuant to Resolution T-17302, that authorization is compliant with the white pages directory requirement for basic service in Verizon's territory.

(f) The requirement to provide a free published directory can be satisfied using the procedures authorized in Resolution T-17302 in other territories upon the filing of a Tier 2 Advice Letter. Under this authorization, the affected customers will receive delivery of the directory electronically by CD-ROM or by on-line access, unless a customer affirmatively elects to receive a traditional printed paper copy by contacting the basic service provider under the procedures authorized in Resolution T-17302.

4. Billing Provisions

(a) Providers of basic service must offer customers the option to receive unlimited incoming calls without incurring a per-minute or per-call charge.

(b) Carriers offering basic service must offer a flat rate option for unlimited outgoing calls that at a minimum mirrors the local exchange or an equivalent or larger sized local calling area in which the basic service customer resides.

(c) Basic service must be offered on a non-disriminatory basis to all residential households within the provider's service territory. A carrier may satisfy this obligation using different technologies throughout its service territory.

(d) Basic service providers must offer Lifeline rates on a non-discriminatory basis to any customers meeting Lifeline

eligibility requirements residing within the service territory where the provider offers basic service.

(e) Carriers providing basic service must offer an option with monthly rates and without contract or early termination penalties.

(f) Carriers may offer added features and/or enhanced serve elements without additional charge(s) as part of a basic service offering. For example, carriers must not obligate customers to also subscribe to service bundles that require subscription to data and/or video services as a condition of receiving basic service.

(g) As of January 1, 2011, the Commission no longer imposes caps on basic rates. A COLR serving in a high-cost area, however, will continue to be required to certify that its basic rate in a designated high-cost area does not exceed 150% of the highest basic rate charged by a COLR in California outside of the high-cost area.

5. Access to 800 and 8YY Toll-Free Services.

(a.) Each provider of basic service must offer at least one basic service option that allows unlimited calls to 800 and 8YY toll-free numbers with no additional usage charges for such calls. A provider may offer alternative billing plans for basic service that may include usage charges for calls to 800 and 8YY toll-free numbers.

(b) In any event, the carrier must provide full disclosure to the customer concerning how charges for 800 numbers would apply if the customer does not subscribe to an unlimited calling flat rate option.

6. Access to Telephone Relay Service as Provided for in Pub. Util. Code § 2881.

Basic service providers must offer free access to California Relay Service pursuant to § 2881 for deaf or hearing-impaired persons or individuals with speech disabilities.

7. Free Access to Customer Service for Information about Universal Lifeline Telephone Service (ULTS) Service Activation, Service Termination, Service Repair and Bill Inquiries.

The basic service provider shall provide free access to customer service for information about the above-referenced services.

8. One-Time Free Blocking for Information Services, and One-Time Billing Adjustments for Charges Incurred Inadvertently, Mistakenly, or Without Authorization.

Basic service must include the provision of one-time free blocking for 900/976 information services and one-time free billing adjustments for changes inadvertently or mistakenly incurred, or without authorization.

9. Access to operator services.

   Basic service shall include free access to operator services.

II. General Requirements

In addition to the basic service elements and related requirements listed above, basic service shall be provided consistent with the following requirements.

a) A basic service provider must file and maintain tariffs or schedules with the Commission by a Tier 2 Advice Letter for its basic service offerings which must include its basic service rates, charges, terms, and conditions; and must make them publicly available. Requirements for customer notice and/or Commission filings for revisions in basic service rates, charges, terms, and/or conditions must be made in accordance with the applicable requirements for tariff filings set forth in General Order 96-B.

b) If a carrier chooses to offer basic service in all or part of its service territory using multiple, different technologies, each type of offering must be tariffed or scheduled with the Commission. This requirement does not extend beyond basic service.

c) Each basic service provider must clearly inform all potential residential subscribers who contact the provider prior to initiating service of their option to purchase basic service and to subscribe to basic service on a month-to-month basis with no termed contracts.

d) A provider must not represent to customers, or in advertising or by any other means, that any services, service elements, or service conditions, except those authorized by the Commission, constitute basic service in California.

e) Until the Commission determines the extent to which new service quality standards should be adopted for carriers, a provider that wishes to offer basic service utilizing anything other than traditional exchange-based wireline technology that cannot comply with all the requirements of General Order 133-C must file a Tier 3 advice letter.

f) This filing must indicate what General Order 133-C service quality measurements and reporting procedures it can comply with, those it can provide functionally equivalent reporting information for and lastly what measurement and reporting requirements are not applicable to the technology it is using to provide basic service. This filing must further indicate how the new service or new technology maintains essential basic services or standards.

(END OF ATTACHMENT A)

ATTACHMENT B

Scoping Memo Questions, April 10, 2013

Attachment B

Scoping Memo Questions, April 10, 2013:

1. Definition of CA LifeLine Service Elements

   a. Are there any legal or statutory impediments to LifeLine service elements differing from Basic Service elements?

   b. Are there any policy impediments to LifeLine service elements differing from Basic Service elements?

   c. For policy or legal reasons, should the LifeLine service elements be the same as the Basic Telecommunications Service Elements adopted in D.12-12-038? What is the rationale for or against distinguishing the service elements for LifeLine and Basic Service? Note that LifeLine currently diverges from the Basic Service elements in D.12-12-038, and that it differed from the Basic Service elements under the prior Basic Service definition.

   d. If the LifeLine service elements diverge from basic service, how should they diverge? What service elements should be different? Please address the advantages and disadvantages of any differences in the LifeLine service elements as compared to the Basic Service elements.

   e. Should the basic service elements follow the federal LifeLine definition? Please address the advantages and disadvantages of using the federal LifeLine service elements definition.

   f. The federal LifeLine definition allows carriers to participate in the program if they comply with the E911 standard. Is this the appropriate standard for emergency service provided by LifeLine wireless carriers? Should wireline LifeLine providers be required to continue to provide 911 service, as opposed to E911 service, for LifeLine customers? How do proposals about next generation 911 and E911 affect this analysis?

   g. Are changes in the LifeLine service elements appropriate to entice wireless carriers and other nontraditional providers to offer LifeLine service, and to increase competition and choices for Californians about the type of LifeLine service they can receive and the range of providers?

   h. Should the wireless LifeLine service offerings include a specified number of monthly voice minutes or texts at a set price? If so, what

should those monthly minutes, number of texts, and price be? The parties are encouraged to make specific recommendations. Note that the Basic Service definition requires the ability to make and receive local calls all month. What would be the advantages and disadvantages to adopting that standard for LifeLine? If a "bucket of minutes" is required for LifeLine Service elements, how can we ensure access and affordability per the requirements of Pub. Util. Code §§ 871–884 if subscribers use all of their minutes before month-end?

i. If the Commission required a "bucket of minutes" for LifeLine, should this requirement be the same across technologies? For example, is a "bucket of minutes" requirement more or less appropriate for wireless or wireline service offerings? Is a "bucket of minutes"standard appropriate for wireline LifeLine which currently offers unlimited incoming and outgoing local calls all month long?

j. If the Commission decides not to require a specified set of monthly minutes and/or texts at a set price, what service should be required for LifeLine? Note that the LifeLine statute requires service to meet "minimum communications needs." What are those needs and how can we ensure that they are met?

k. Should the LifeLine Specific Support Amount (SSA) be applicable to a variety of non-minimal service plans as a LifeLine "discount" to be applied at the discretion of the eligible subscriber?

l. Could the Commission do both – that is, adopt a minimal wireless LifeLine service definition, but also allow wireless provider to offer a discount equal to the SSA to any existing service offering?

m. Should the Commission adopt a conversion factor to allow customer to adjust voice minutes and various text combinations? For example, is it feasible for the Commission to adopt, after notice and comment, a 1:10 minutes to texts ratio (or some other appropriate ratio) to allow a customer to customize the allowed number of minutes and texts? What of a LifeLine service definition that includes 250 minutes and 100 texts? Could LifeLine service elements flexibility go so far as to allow customer A, who wants more minutes and does not use text, to convert an allowance of 100 texts to an allowance of 10 more voice minutes? Would the reverse be feasible, that is, to trade voice minutes for texts?

n. If the Commission were to adopt a specific number of voice minutes and texts at a given support amount, would the Commission be obliged

to review and possibly update those numbers given changes in technology, customer use, and the telecommunications market-place, and taking into account demographic and regional differences in use? If so, how should the Commission determine when such updates were necessary?

o. What issues are raised by the application of LifeLine to bundled service offerings? Are any additional steps or requirements necessary to ensure that Californians are not required to purchase additional or bundled services as a gateway to subscribing to LifeLine?

p. What rules, if any, are warranted regarding contract early termination fees or cancellation of contracts without penalty if service is not adequate? Should these rules differ for wireless or wireline LifeLine?

q. What additional issues should the Commission consider regarding LifeLine service elements and requirements for LifeLine service?

2. Program Administration and General Order 153

a. What changes are necessary to make the administration of the CA LifeLine Program more efficient and accessible for customers and other stakeholders? California uses a third party administrator for initial LifeLine qualification and for annual renewal. Is that process effective or are adjustments warranted?

b. What changes to program administration and General Order 153 are needed to accommodate prepaid services? Please be specific about the proposals and about any advantages and disadvantages of those proposals to accommodate pre-paid services.

c. Should the CA LifeLine Program continue to require "pre-qualification" of LifeLine subscribers, that is that a subscriber must obtain service from a carrier before being approved for LifeLine?

d. Should the Commission pursue an option to allow customers to be pre-registered for CA LifeLine service (obtain an eligibility determination before signing up for service with a carrier), rather than requiring customers to obtain regular service while awaiting the determination of their LifeLine eligibility (and back-crediting them to the date of the request for LifeLine)? What would be the advantages and disadvantages of such a system?

e. Should California continue to support non-recurring or connection charges through the LifeLine Program?

f. Is outreach about the LifeLine Program adequate or effective for all Californians, including those with special needs and non-English speaking Californians? What changes should be made, if any, to the outreach and information programs relevant to LifeLine? Should in-language marketing be required?

g. Does Public Utilities Code 710 raise any issues about LifeLine eligibility for VoIP providers? If so, should VoIP eligibility to participate in LifeLine be referred to a second phase of this proceeding to ensure accountability to program rules and requirements?

h. Should the following issues be addressed in the first phase of the proceeding or reserved for a subsequent phase:

   i. How might the LifeLine Program better provide for the security of subscriber data and subscriber privacy?

   ii. What should be the status of joint LifeLine accounts?

   iii. What role should Community Based Organizations play in a reformed LifeLine Program?

   iv. How does the LifeLine Program ensure service quality for LifeLine subscribers?

   v. Should the CAB Appeals Process be retained as is or modified? If modified, in what way?

   vi. Are there additional procedures that might be useful in eliminating waste, fraud and abuse in a revised LifeLine Program?

i. Are there additional issues, not addressed in this Scoping Memo, that need the immediate attention of the Commission in this opening phase of the proceeding? If so, please explain what they are and why they need immediate consideration by the Commission.

3. Should the Commission extend the Cap on LifeLine Rates and carrier SSA subsidies?

   a. How should the Commission respond to the TURN Motion filed June 12, 2012 (along with the responses by other stakeholders)? The Commission issued D.12-07-022 granting a limited rehearing of D.10-11-033.

i. How should the Commission address those factors identified in D.00-12-028 (and not addressed in D.10-11-033), and how should their potential effect on wireless providers in California be addressed?

ii. How should the incorporation of the study entitled "Affordability of Telephone Service 2010, Survey of Households" and telephone affordability in general be addressed?

b. Is it in the public's interest to extend a customer rate freeze for a set period of time (beyond June 30, 2013)? What would be rationale for the Commission to, in effect, re-regulate rates? How should the Commission address concerns that carriers will shift price burdens onto low-income consumers rather than claim government subsidy.

i. Please comment on TURN's argument that LifeLine rates could increase to $10.50 (under AT&T's $21.00 basic service package) which assumes the carrier will maximize the rate the customer pays (limited only by 50% of the basic rate from the Moore Act), and claim less from the federal and state LifeLine funds.

c. Should the Commission consider a state-wide LifeLine basic service rate (or maximum) for all carriers? How would this apply to wireless providers?

d. How should the Commission address the question of carrier compensation? The SSA was created to increase along with the rates of the four largest ILECs so as to give incentive for carriers to charge less to customers. Should this process be reevaluated? If the SSA is frozen, when basic rates increase, the LifeLine customers will be forced to make up the difference (barring a corresponding price freeze).

i. Should the Commission reconsider its decision to eliminate bad debt reimbursement for carriers?

ii. Should the Commission consider the use of geographic de-averaging of basic rates when computing the SSA?

e. Would it be appropriate for the Commission to use an Order from the Executive Director (or an Assigned Commissioner Ruling) to extend the rate cap during the pendency of this proceeding, or is a formal Commission decision to that effect necessary?

(See Appendix C for a summary of rates for the largest ILECs from 2006 to present.)

(End of Attachment B)

ATTACHMENT C

Reports from the Public Advisor's Office on LifeLine Public Participation Hearings

Attachment C

Reports from the Public Advisor's Office on LifeLine Public Participation Hearings

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: Rancho Cordova, CA

ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Tuesday, May 14, 2013

Time: 6:00 p.m.

# of Participants: 6

# of Speakers
Total: 4
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 4

Press present: No

Summary of key sentiments expressed:
There are service quality issues and reliability issues. There is also a big lack of area coverage that needs to be addressed.

Individuals representing seniors, low-income families, and Russian immigrants all support the CA LifeLine Program.

Complaint raised against the process of applying to program and waiting for adjustment to bills. Difficult for low-income families who initially get large bill(s) and then have to wait for adjustment to bills if they qualify for the discount.

A new alternative qualifying process is needed. The current process is problematic for many individuals.

Children need immediate access to families in case of emergencies. Families with more than one child in school should be allowed more than one cell phone.

LifeLine Program needs to be more refined. It should provide more services such as voice calls.

LifeLine should be extended to cover more carriers.

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: San Francisco, CA

ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Wednesday, May 15, 2013

Time: 4:00 p.m.

# of Participants: 125

# of Speakers
Total: 72
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 72

Press present: No

Summary of key sentiments expressed:
Reduce financial barriers.

Lived in Mission District for 50 years; more important to have cell phones now; therefore, wireless should be included.

A New America: Sample survey taken, over 300 interviewed. Only two knew of LifeLine and those two did not have SSN. Would like SSN removed as a requirement. What are you doing to reach the most vulnerable populations?

More people are using cell phones and dropping their land lines

Almost 100% of customers use cell phones. We need flexibility, wireless for safety is extremely important

TURN: This hearing is very important, and kudos to the CPUC for the best yet. Thank you for taking the time to ask customers what they want. It is important to have two-way communication with people, especially for seeking employment, contacting schools, networking with each other and safety. Concerned about the Federal program – it is substandard. People deserve first class service at a discount.

Underserved populations are also students. No access. There should be one bill for both land line and cell phones.

This is a great way for low-income individuals to have phones at flat rates. Currently, there are no minutes to roll over, we need that.

As a single mother, I have a choice of paying bills or buying my son shoes. His shoes are a choice before me. I support this program

I need additional minutes just to speak to my therapist. I have to call her and speak one hour each week. I have no extra minutes for this.

Agree with charging for application process.

I need a cell phone for job seeking.

Central City Collaborative Services: Our clients need unlimited minutes. For those seniors on SSN and have to call, their minutes are used fast when they have to press 1 for English, press 2 for Spanish, then they are placed on hold. The hold continues when the operator comes on and says only 4 more minutes, then the music plays. Soon, the SSN seniors hang up because they know they are almost out of minutes. Because their minutes are used up quickly, they are faced with no extra minutes for an emergency. This forces them to ask others for phones because their minutes are depleted

Cell phones do not work much of the time as there is no signal. I manage a senior live-in facility in the Tenderloin. We have one-room tenants. Many are in wheelchairs. When they have to use their cell phones, and they cannot get a signal, they struggle to get downstairs in their wheelchairs to try and find locations where their phones work. Those in wheelchairs are not connected. This is dangerous for them.

I am advocating for unlimited minutes.

911 is essential for seniors and the homeless. This is our "life line;" please help.

Unlimited texting is also beneficial.

I have a roommate. She has a landline, and because of this, I cannot receive any LifeLine benefits for my cell. This is not right. There are two individual people living in one unit and the phone company said only one line per address. (Commissioner Sandoval requested Ben Schein to assist this customer as there is a rule applicable for this type of situation).

There are no payphones. They have all disappeared. They have been ripped off or destroyed. You cannot even find a phone directory where a payphone is, or the pay phone is not working. Please do something.

Discounts should be applied to flat rates.

More minutes please.

Please lessen the application process and make it easier.

LifeLine should apply to cell phones. There should be a variety of options to choose from. Go simplistically and review things. Make a plan, access it, evaluate it, maybe for a longer time, and look at optimal ways to utilize this better before adopting this program.

I have low income. We do not want to compromise on quality of service, especially in rooms for disabled. Low-income consumers need the service most; do not limit the minutes. Fit this into the budget.

A data plan is essential. 250 minutes does not work; need more minutes, especially when looking for employment or when calls come in from potential employers. After securing a cell phone, I finally secured employment.

The Federal program has too many problems. The people there are rude. They do not have accurate information or instructions, they cannot help us.

Those of us in shelters cannot become qualified through the current application process.

I do not understand LifeLine. What it is, where I should go, who has it. Application process needs streamlining.

My father-in-law had an accident outside; however, no one could contact his family because there was only a land line. If we had both cell and landline, it would have been helpful. I now have a cell phone too. Having unlimited minutes would be very helpful too.

Minutes should be based on individual needs.

My grandmother has Alzheimer's but she can dial my cell phone. Seniors like my grandmother need the wireless discount.

I go to Belmont School, and when the Sandy Hook tragedy occurred, many students became scared and needed to keep in contact with their parents. Having cell phones makes us feel better. Please keep cell phones; we need them.

I am a program manager for the Homeless Prenatal Program. Many clients have emergencies and have to contact me. Cell phones with unlimited minutes are essential.

Community Technology Alliance: Conducted a mobile phone survey. Findings were reported to the ALJ/Commissioner. Survey conducted in Santa Clara County, CA. Target population was telecommunications customers who are 18 years and older. Phone ownership, data accessibility, and phone carriers: 68.7% of the people interviewed have mobile phones. Of that total, 54.4% affirmed they have data access. Of the total interviewed, 51.8% were homeless and 48.7% were between 42 and 62 years old and 40% were families.

Please consider unlimited minutes.

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: San Diego, CA

Presiding ALJ: Julie Halligan

Assigned ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Wednesday, June 12, 2013

Time: 4:00 p.m.

# of Participants: 62

# of Speakers
Total: 29
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 29

Press present: No

Summary of key sentiments expressed:

Wireless phone service is more practical than landline service. It is the only telephone service homeless and transient families have to reach the services and resources they need.

A lot of people, especially in the immigrant community, could be excluded from LifeLine because of the requirement of subscribers to have a social security number to be eligible for benefits.

Wireless phone service is no longer a luxury but a necessity, and it should be made easily available to all, regardless of their socio-economic status.

The CPUC should offer a wireless service option with unlimited minutes and texting for a flat rate, or at a discount.

The only way refugees can be well integrated into the community is by wireless service with unlimited LifeLine minutes.

Each member of the family should benefit from the LifeLine wireless discount since eligibility is based on household income.

War veterans who become homeless will not have access to services and family members without a landline. A LifeLine wireless plan would be very beneficial to them.

Support a wireless service option, but at a flat rate with unlimited minutes. All service providers should offer this Lifeline plan and not just the four mentioned.

The CPUC plan should apply to whichever service the consumer chooses because consumer choice equals maximum connectivity. Everyone benefits when society is connected to education, healthcare, and social services.

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: Riverside, CA

Presiding ALJ: Julie Halligan

Assigned ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Monday, June 17, 2013

Time: 4:00 p.m.

# of Participants: 30

# of Speakers
Total: 26
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 26

Press present: No

Summary of key sentiments expressed:
A recent layoff created a personal need for the LifeLine Program. Supports a wireless Lifeline program with a fixed discount and availability of service inside the home.

It is important as a teacher to be able to contact parents and a wireless service with a fixed discount will allow more parents to be connected. Wireless service should work inside the home as well. Individual is indifferent about the application process.

More people have wireless phones than home phones because they are not a luxury anymore, but a necessity. Supports a fixed discount wireless program with extra options being offered based on the customer's needs. Believes that not all cell phone providers should be obligated to offer

LifeLine. Phone should not always have to work in the home because even phones without discounts have problems working in the home.

People should pick which service they want. Prefers 2nd application option and also prefers the Federal Lifeline over California LifeLine.

Many Indian casino dealers have low income and they all benefit from the LifeLine Program. The LifeLine Program is a good program.

Supports a wireless LifeLine Program that is instituted correctly with the right goals in mind. A low-income program should be affordable and have good quality of service. Supports a fixed cost service program that offers predictability and accountability so customers know exactly how much they will spend. Such a program should provide customers a good amount of minutes and text messages. Also, people should be allowed to apply first, get approved, and then, shop around to get the best service without being locked into a contract with a poor provider.

Supports a wireless fixed discount plan with several features, if customers can afford it. All providers should be mandated to provide LifeLine service. There are a lot of benefits in the LifeLine Program for many people.

The California LifeLine Program should provide free 911 service, free or discounted web service, a minimum of 750 minutes of talk, and unlimited texting because texting is more widely used than calling. It should be one plan that fits all services. Supports 2nd option in application process.

A fixed wireless discount rate is in the best interests for people. Such a service should offer a set number of minutes and have a discount on overage minutes and offer different features. It should be a "one-size-fits-all" service that all carriers offer. Cell phone should not have to work inside the home. Customers should not have to pay up front for the program because these are low income individuals who cannot afford it.

LifeLine Program is great for the elderly and disabled. LifeLine is not available in all areas because, even though they qualify for LifeLine, not all carriers offer a discount and they should. A wireless fixed discount program would help the disabled and elderly be more independent because they can leave the home by themselves. Such a service should be guaranteed to work inside the home. The application process should be as easiest as possible with fewer steps. Current application process is simple but the renewal process is not.

Supporting and praising the CPUC's process of taking in public comments before making a decision in this rulemaking. Emphasizing the importance of communication and having a phone. Encouraging audience to give their input.

LifeLine is important. Fixed discount works best. Should be extended to include wireless because people now always use cell phones. Cell phones should not be guaranteed to work in the home. The current options being given, however, are tying people down to their homes because they have to choose a home service or wireless service that might not work in the home. All carriers should offer the discount service. Application should be completed first rather than having to get a phone then apply to avoid some out-of-pocket fees that are not affordable.

LifeLine is a good viable service for a lot of people; government should not be providing the aide for people in need. Church should be the source for aid; then, non-profit agencies. It should not be the government's responsibility to pay for services with people's tax money unless all possible alternative aid sources have been exhausted. Not in favor of "forced benevolence." Not in favor to expand LifeLine, but supports a fixed discount LifeLine wireless service that works in the home.

We need to find a way to mobilize people to express their opinions on telecommunication matters. Supports a fixed "portable" discount that an individual can use with any provider after they go through a pre-approval process so they are not obligated to be in a situation they end up not liking. Discount should be offered to wireless phones. Wireless service offer should be basic with the freedom to add features as people deem necessary. Basic service should include some text and some access to internet. All telecommunications providers should offer LifeLine discount. Wireless service should be available in the home. An alternative application process that is simpler should be considered. We need to make sure there is a system that overlooks quality of service in the program and provides accountability.

Supports a fixed discount because people who sign up for LifeLine are of fixed incomes. Supports unlimited minutes and texting because when calls are made to customer service centers, customers are put on hold for long periods of time and most minutes are spent on these calls.

Supports a fixed discount wireless program with unlimited minutes and local emergencies services. The LifeLine application process is long and cuts off people after changing addresses; therefore, support is given to an alternative application process.

The people of COPE support a flat monthly service fee. This is what they mean when they mention support for a fixed wireless discount program

Wants the LifeLine Program to include a "Family Pack" for families to use in case of emergencies. Having one phone per family leaves the rest of the family members disconnected from the rest. The family pack should include as many lines as a family has members.

A fixed monthly rate is a better option for families than a fixed discount.

Supports a wireless LifeLine discount program with unlimited talk, text, web access, 911, 411, 211 services and without tax or service fees. Need such a service to stay connected to family and school children during emergencies and other important matters.

Supports a wireless discount program with unlimited minutes and web service that is no more than $30 per month. The current discount programs offer limited minutes and web usage and they are often not enough to make the calls necessary to stay in touch with important family matters.

A wireless LifeLine service will help local grassroots movement volunteers reach out to their communities via phone and internet by being able to contact individuals, mostly parents, to become involved in important community matters.

Customer describes how she was involved in a "slamming" incident that cost her over $400. Therefore, she supports an all-inclusive, fixed monthly rate service.

Families live on fixed incomes and require protection; therefore, a wireless California LifeLine Program is much needed. Under the federal wireless LifeLine Program, phones are old recycled phones without internet access or data access. The California LifeLine Program needs to offer phones of good quality and good customer service. Supports a fixed monthly fee service with no contracts, hidden fees, or termination fees. Providers need to offer contracts in the languages they market in and consumers should be pre-qualified before starting service.

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: Los Angeles, CA

Presiding ALJ: Julie Halligan

Assigned ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Tuesday, June 18, 2013

Time: 4:00 p.m.

# of Participants: 75

# of Speakers
Total: 53
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 53

Press present: No

Summary of key sentiments expressed:
The general sentiment of the attendees was that a wireless LifeLine Program is a necessity. A wireless program would give them the needed mobility to stay on the hunt for better employment opportunities.

The program is welcomed by the low-income population.

A monthly allowance of 250 minutes is not enough for a wireless phone plan. It amounts to about eight minutes a day.

The program should also include a "hotspot" option to assist students.

LifeLine would assist the homeless in accessing basic public services.

Wireless LifeLine would allow people greater mobility to accomplish other daily tasks.

It allows parents to keep in close contact with their kids when they are away from home.

The LifeLine plan should be 750 minutes and include unlimited data and texting.

There is a concern over the service of the wireless phone.

The California Public Utilities Commission should provide both and let the individual choose what plan is best for them.

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: Eureka, CA

Presiding ALJ: John S. Wong

Assigned ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Wednesday, July 17, 2013

Time: 4:00 p.m.

# of Participants: 12

# of Speakers
Total: 6
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 6

Press present: KIEM TV Channel 3 News

Summary of key sentiments expressed:
A neighboring mobile home park has 88% of its residents enrolled in CARE. These individuals would also qualify for LifeLine, but few residents have landlines. LifeLine is a great program that only benefits people who have landlines, but the world now uses wireless voice, text, and data. Current unlimited calls, text, and data plans are very expensive compared to the $7 a month rate LifeLine offers on landlines. LifeLine should offer a low flat rate wireless service with similar services, and should mandate that all wireless carriers offer the service. It should not have to work inside the home, however, because that is not practical. Applicants should be able to apply first before getting the service.

Residents with low monthly incomes, disabilities, who struggle with housing, and have no phones or online access are "sitting ducks." Individuals cannot successfully access website information and the resources they are entitled to as veterans, disabled people, and students without internet access or wireless phones and text in 2013.

Phillipsville, CA in Southern Humboldt County has almost zero wireless capabilities, creating a challenge that forced people to move to another city. In a nearby city, people go to the local motel to pick up wireless internet access. People use wireless access to find lost relatives or friends in the area and to contact family in emergencies.

Humboldt County has about 10,000 households that are eligible for LifeLine but do not receive the services. The CPUC, along with the community, needs to do something about it. There are many means of communication such as wireless phone, VoIP, landlines, and others; and, the people should be provided with at least one form of communication if not another. Also, the CPUC should not be restricted by the state legislature when trying to help residents with telecommunications issues.

Access to communication is critical and essential for people to find the resources they need to help themselves. VoIP, text, and data should be offered to people. People should also have unlimited wireless service for a fixed amount. All carriers should be required to offer the service and provide 211 services. Lastly, the application process should be streamlined.

Wireless is an incredibly important service to be offered by LifeLine. Because of the changing foundation on how people use voice, people do not need or use landlines anymore. Schools, teachers, and school administrators have the need to reach parents very quickly, and for that, people need wireless. Rural areas do not have the best quality yet, but if there are existing wireless services, it is expected for all to have access. It is also important for voice service to be unlimited. Texting is cheaper and should be allowed, and in the case where voice is limited, texting could help offset the use of voice minutes. Lastly, service should offer unlimited minutes in respect to 800 numbers.

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: Fresno, CA

ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Wednesday, July 31, 2013

Time: 4:00 p.m.

# of Participants: 50

# of Speakers
Total: 29
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 29

Press present: No

Summary of key sentiments expressed:
The majority sentiments were:

CA LifeLine Program should be expanded to include wireless services. Mobile devices are being used more and more. A mobile population needs mobile communication.

One-size-fits-all policy is a bad idea. Consumers should have option to choose phone service and then apply for LifeLine service.

Alternative pre-qualification application process is better. Current application process is problematic and confusing.

Monthly flat rate is the best option. People can then project budget.

Fresno has a unique population in that it is transient due to the many migrant farm workers. Difficult for teachers to get ahold of parents who do not have wireless service. Often, the landline has been disconnected. Wireless is important for this population.

Process to apply should be simple and easy. Especially because seniors, disabled, and homeless can struggle with complicated process.

Homeless population needs affordable wireless service. It is the only way they can connect to others since they do not have a home. Looking for employment can be challenging since their service may be disconnected for a length of time; therefore, employers cannot reach them.

Difference between rural homelessness and urban homelessness. Homeless population faces different barriers in rural and mountainous areas such as finding access to free internet in libraries.

Domestic violence victims need wireless service especially since they live in fear. Need immediate emergency access. Wireless should have LifeLine option so that these victims can afford wireless service.

Should not matter whether you have or do not have an SSN to apply for LifeLine.

Would like to see discount cover overages, text, and data charges.

Customer should still be able to receive calls even if service has been disconnected. Important for emergency calls and for homeless individuals receiving calls from employers.

Minutes should be unlimited so that people do not have to deal with overage charges and face disconnection.

Technology should not be too complex since seniors struggle with changing technology.

Protection for consumers is important. If flat rate is set, what will stop carrier companies from inflating prices?

There are community groups that can help consumers with the application process, especially those who are Limited-English Proficiency individuals, seniors, and homeless. These community groups need to be funded.

Public Advisor's Office
Public Participation Hearing (PPH) Report

Proceeding #: R.11-03-013

Location: Salinas, CA

ALJ: Maribeth A. Bushey

Commissioner: Catherine Sandoval

Brief Description of Proceeding: Order Instituting Rulemaking regarding revisions to the California Universal Telephone Service (LifeLine) Program.

Date: Tuesday, August 13, 2013

Time: 4:00 p.m.

# of Participants: 32

# of Speakers
Total: 20
Supporting proceeding: 0
Opposing proceeding: 0
Neither supporting nor opposing (expressing other ideas): 20

Press present: No

Summary of key sentiments expressed:

Mayor Pro Tem, City of Seaside: It would be good to know if you are eligible before the process because to get money back is not worth it for some people. A one-size-fits-all plan would not work. A mixture of LifeLine discounts is the better of the two options. If you cannot combine the decision you should explain why. LifeLine should definitely include a wireless discount and should have coverage in the home, but it should not cover overages.

Mayor, City of Gonzales: Many families do not have access to phones in their homes; therefore, wireless availability is a good idea. It would be a benefit to farm-worker families. Whether it is a fixed flat rate or a fixed discount, they are both good.

The services provided should be technologically pertinent to today. The issue of access is essential and customers should be allowed flexibility.

Minutes should not be limited because when people call for social services they get put on hold and that uses up minutes. The Commission should consider public service announcements because people do not know this program exists.

Consider unlimited texting and web usage. In emergencies, sometimes text is the only service available. Create a multi-tier system where consumers can compare services across carriers.

LifeLine is a vital communication tool to find and maintain employment. Let customers decide what service serves their needs best.

LifeLine should apply to consumers' wireless and home phone service. Extending LifeLine to mobile phones will allow families to use the savings for other vital services. Low-income parents would be able to stay connected with their children's schools with wireless service.

Many high-functioning adults live in group homes where they do not have landlines. A wireless phone is a link to their family and to help. Without that option, there is a disconnect between the service and the user.

The consistency of having one number is very important and all carriers should be a part of the plan.

Many people have made wireless phones their primary mode of communication and small business owners support the expansion of LifeLine to include wireless phones. There should be a discount on overage fees.

People with low income are often in dependent situations where they are not really calling the shots, a LifeLine wireless phone would be a good idea. It should not be one wireless phone per household. It should be based on the number of adults in the household.

There should be a 24-hour personal emergency response service for the elderly.

There are different levels of low income and they all need to be serviced. There should be free accessibility to 211 and 911 numbers. What about seniors in rural areas, communication dead zones?

Some seniors cannot read. Access to service providers to assist in completing the applications would be great because a lot of them do not know how to apply.

Unlimited text and calls would be great. Many seniors depend on younger children to take care of them so some type of phone alert system would be great.

It is hard for low-income families because, right now, their wireless phone bills are $100 a month. They have to choose between paying their wireless phone or paying for food.

Force the providers to compete for customers. The providers should ask upfront if the consumer qualifies for LifeLine, and it should be offered at the point of sale.

Do not speak in terms of discounts; there is no certainty in discounts. A flat fee is better for people on a fixed budget. Let people keep their phone numbers and do not lock them into contracts.

Low-cost wireless service would help people connect with family, doctors, and possible employers. Have you considered VoIP options like Google Voice?

Families of enlisted individuals live only by phone and they use wireless phones. Incorporate the families of the Armed Forces in your decision. Everybody is different and has different needs.

(End of Attachment C)

ATTACHMENT D

General Order 153

Appendix A

Attachment D

General Order 153

Appendix A

CALIFORNIA LIFELINE PROGRAM SERVICE ELEMENTS

The California LifeLine Program's (California LifeLine) service elements reflect the changes in the communications marketplace. The updated service elements are designed to allow the California LifeLine service to be provisioned on different technologies. The service elements set forth in Appendix A-1 for wireline, Appendix A-2 for fixed Voice over Internet Protocol, and Appendix A-3 for wireless are a minimum set of service elements that must be offered on a non-discriminatory basis by any service provider providing California LifeLine telephone service within California. A California LifeLine provider (Provider) is not prohibited from providing additional elements as part of its California LifeLine telephone service offering.

All plans, including bundled service, promotional service, and family plans, that meet or exceed the minimum service elements and are consistent with California LifeLine rules shall be eligible for the California LifeLine discounts. The California LifeLine provider must apply the applicable support to the plan chosen by the California LifeLine participant (Participant) to the extent the plans meet or exceed the minimum service elements. Additionally, the California LifeLine service elements do not alter any of the responsibilities adopted for Carriers of Last Resort (COLR) in Decision 12-12-038, including the requirement that telephone service must work inside the residence.

General Order 153

Appendix A-1

Service Elements of California LifeLine Wireline

The California LifeLine service elements for wireline telephone services are as follows:

1. The provider must offer participants the ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network or successor network.

   a) The provider must, at a minimum, enable calls to be sent and received within a local exchange or over an equivalent or larger-sized local calling area.

   b) The provider must allow equal access to all interexchange carriers within the local calling area in accordance with state and federal laws and regulations.

   c) The provider must provide a voice-grade connection from the participant's residence to the public switched telephone network or successor network.

   d) The provider must disclose to each participant before activating service that they are entitled to a voice-grade connection and the conditions under which the participant may terminate service without penalty if one cannot be provided.

   e) If at any time a participant fails to receive a voice-grade connection to the residence and notifies the provider, the provider is required to (1) promptly restore the voice-grade connection, or if not possible (2) provide telephone service to that participant using a different technology if offered by the provider and if the participant agrees. Nothing in these rules alters or modifies the service obligation of a COLR to ensure continuity and functionality of basic service within the residence.

2. The provider must provide free, unlimited access to 911 emergency services, in compliance with current state and federal laws and regulations.

   a) Each provider must provide its potential and existing customers information regarding its 911 emergency services, in compliance with current state and federal laws and regulations.

3. The provider must provide for free, one directory listing per year and white pages telephone directory, to participants.

   a) The provider shall include a participant's listing for free in the local white pages telephone directory as a default unless the participant affirmatively requests to have the number unpublished.

   b) The provider shall include a participant's listing for free in the directory listing as a default unless the participant affirmatively requests to have the number unlisted.

   c) The provider must provide participants the option to receive a free printed paper copy of the white pages directory instead of an electronic copy covering the local community where the participant resides if the provider publishes the white pages directory in both printed and electronic forms. Some service providers may provide electronic delivery i.e., by CD-ROM or by on line access, of the free white pages directory pursuant to Resolution T 17302. However, participants may contact the provider to affirmatively elect to receive a printed paper copy instead of an electronic copy of the free white pages directory.

4. The provider must abide by the following additional billing provisions.

   a) The provider must offer at least one California LifeLine plan that meets or exceeds the California LifeLine service elements, and is not bundled with any video or data services. The provider may offer added features and/or enhanced service elements without additional charge(s).

   b) The provider shall apply the applicable California LifeLine discount to the participant's selected plan.

c) The provider must offer a flat rate option for unlimited outgoing calls that at a minimum mirrors the local exchange or an equivalent or larger sized local calling area in which the participant resides.

d) The provider must offer California LifeLine discounted services on a non-discriminatory basis to any customer residing within the service territory where the provider offers retail residential telephone services. The provider must only provide California LifeLine discounts to participants that are approved by the California LifeLine Administrator.

e) The provider must offer an option with monthly rates and without contract or early termination penalties.

f) The provider may offer features and/or enhanced services in plans that could potentially be eligible for California LifeLine support, if the plans meet or exceed the California LifeLine minimum standards set by the CPUC. However, providers must not obligate participants to also subscribe to service bundles that require subscription to data and/or video services as a condition of receiving the California LifeLine discounts.

5. The provider must offer access to California Relay Service pursuant to Public Utilities Code § 2881 for deaf or hearing-impaired persons or individuals with speech disabilities.

6. The provider must provide participants free blocking for 900/976 information services and a one-time free billing adjustment for 900/976 information services related charges inadvertently or mistakenly incurred, or without authorization.

7. The provider must provide free access to operator services.

8. The provider must provide the ability to receive free, unlimited incoming calls.

9. The provider must provide access to local directory assistance (DA). Each provider shall offer to its participants the same number of free DA calls that the provider provides to its retail customers.

10. The provider shall offer and file a schedule of California LifeLine service rates and charges.

11. The provider must offer a choice of local flat-rate service or measured-rate service. There are small ILECs that do not have to offer subscribers the choice of local flat or measured-rate service, unless the small ILEC offers this option to its retail customers.

12. The provider must provide free, unlimited access to 800 or 800-like toll-free services.

13. The provider must provide free, unlimited access to customer service for information about California LifeLine, service activation, service termination, service repair, and bill inquiries. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls.

14. The provider must provide free, unlimited access to customer service representatives fluent in the same language (English and non-English) in which California LifeLine was originally sold or marketed. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls.

15. The provider must provide free access to Toll-Blocking Service.

16. The provider must provide free access to Toll-Control Service, but only if (i) the California LifeLine Service Provider is capable of offering Toll-Control Service, and (ii) the California LifeLine subscriber has no unpaid bill for toll service.

17. The provider must provide access to two California LifeLine discounted telephone lines to Deaf and Disabled Telecommunications Program participants or teletypewriter users.

18. The provider must provide free access to the California Relay Service via the 711 abbreviated dialing code.

General Order 153

Appendix A-2

Service Elements of California LifeLine Fixed Voice over Internet Protocol

Telephone Service

The California LifeLine service elements for fixed Voice over Internet Protocol (VoIP) telephone services are as follows:

1. The provider must offer participants the ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network or successor network.

   a) The provider must, at a minimum, enable calls to be sent and received within a local exchange or over an equivalent or larger-sized local calling area.

   b) The provider must provide a voice-grade connection from the participant's residence to the public switched telephone network or successor network.

   c) The provider must disclose to each participant before activating service that they are entitled to a voice-grade connection and the conditions under which the participant may terminate service without penalty if one cannot be provided.

   d) If at any time a participant fails to receive a voice-grade connection to the residence and notifies the provider, the provider is required to (1) promptly restore the voice-grade connection, or if not possible (2) provide telephone service to that participant using a different technology if offered by the provider and if the participant agrees. Nothing in these rules alters or modifies the service obligation of a COLR to ensure continuity and functionality of basic service within the residence.

2. The provider must provide free, unlimited access to 911 emergency services, in compliance with current state and federal laws and regulations.

   a) Each provider must provide its potential and existing customers information regarding its 911 emergency services, in compliance with current state and federal laws and regulations.

3. The provider must provide for free, one directory listing per year and white pages telephone directory, to participants.

   a) The provider shall include a participant's listing for free in the local white pages telephone directory as a default unless the participant affirmatively requests to have the number unpublished.

   b) The provider shall include a participant's listing for free in the directory listing as a default unless the participant affirmatively requests to have the number unlisted.

   c) The provider must provide participants the option to receive a free printed paper copy of the white pages directory instead of an electronic copy covering the local community where the participant resides if the provider publishes the white pages directory in both printed and electronic forms. Some service providers may provide electronic delivery i.e., by CD-ROM or by on line access, of the free white pages directory pursuant to Resolution T 17302. However, participants may contact the provider to affirmatively elect to receive a printed paper copy instead of an electronic copy of the free white pages directory.

4. The provider must abide by the following additional billing provisions.

   a) The provider must offer at least one California LifeLine plan that meets or exceeds the California LifeLine service elements, and is not bundled with any video or data services. The provider may offer added features and/or enhanced service elements without additional charge(s).

b) The provider shall apply the applicable California LifeLine discount to the participant's selected plan.

c) The provider must offer California LifeLine discounted services on a non-discriminatory basis to any customer residing within the service territory where the provider offers retail residential telephone services. The provider must only provide California LifeLine discounts to participants that are approved by the California LifeLine Administrator.

d) The provider must offer an option with monthly rates and without contract or early termination penalties.

e) The provider may offer features and/or enhanced services in plans that could potentially be eligible for California LifeLine support, if the plans meet or exceed the California LifeLine minimum standards set by the CPUC. However, providers must not obligate participants to also subscribe to service bundles that require subscription to data and/or video services as a condition of receiving the California LifeLine discounts.

5. The provider must offer access to California Relay Service pursuant to Public Utilities Code § 2881 for deaf or hearing-impaired persons or individuals with speech disabilities.

6. The provider must provide participants free blocking for 900/976 information services and a one-time free billing adjustment for 900/976 information services related charges inadvertently or mistakenly incurred, or without authorization.

7. The provider must provide free access to operator services.

8. The provider must provide the ability to receive free, unlimited incoming calls.

9. The provider must provide access to local directory assistance (DA). Each provider shall offer to its participants the same number of free DA calls that the provider provides to its retail customers.

10. The provider shall offer and file a schedule of California LifeLine service rates and charges.

11. The provider must provide free, unlimited access to 800 or 800-like toll-free services.

12. The provider must provide free, unlimited access to customer service for information about California LifeLine, service activation, service termination, service repair, and bill inquiries. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls.

13. The provider must provide free, unlimited access to customer service representatives fluent in the same language (English and non-English) in which California LifeLine was originally sold or marketed. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls.

14. The provider must provide free access to Toll-Blocking Service.

15. The provider must provide free access to Toll-Control Service, but only if (i) the California LifeLine Service Provider is capable of offering Toll-Control Service, and (ii) the California LifeLine subscriber has no unpaid bill for toll service.

16. The provider must provide access to two California LifeLine discounted telephone lines to Deaf and Disabled Telecommunications Program participants or teletypewriter users.

17. The provider must provide free access to the California Relay Service via the 711 abbreviated dialing code.

General Order 153

Appendix A-3

Service Elements of California LifeLine Wireless

The California LifeLine service elements for wireless telephone services are as follows:

1. The provider must offer participants the ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network or successor network.

   a) The provider must, at a minimum, enable calls to be sent and received within a local exchange or over an equivalent or larger-sized local calling area.

   b) The provider must provide a voice-grade connection to the public switched telephone network or successor network.

   c) The provider must disclose to each participant before activating service that they are entitled to a voice-grade connection and the conditions under which the participant may terminate service without penalty if one cannot be provided.

   d) If at any time, a participant fails to receive a voice-grade connection and notifies the provider, the provider is required to (1) promptly restore the voice-grade connection, or if not possible (2) provide telephone service to that participant using a different technology if offered by the provider and if the participant agrees; or (3) allow the participant to discontinue service within 14 days of service activation without incurring early termination fees, if applicable. The provider shall also refund in full any applicable service connection charges and deposits if a participant terminates service within three days of service activation, excluding national holidays. These

rules also do not preclude the participant from terminating service for any reason within 14 days of service activation without incurring early termination fees. Nothing in these rules alters or modifies the service obligation of a COLR to ensure continuity and functionality of basic service within the residence.

2. The provider must provide free, unlimited access to 911 emergency services, in compliance with current state and federal laws and regulations.

   a) Each provider must provide its potential and existing customers information regarding its 911 emergency services, in compliance with current state and federal laws and regulations.

3. The provider shall offer a choice of a California LifeLine plan with 1,000 or more voice minutes, and may include domestic messaging or of a California LifeLine plan with 501 to 999 voice minutes, and may include domestic messaging.

4. The provider must abide by the following additional billing provisions.

   a) The provider must offer at least one California LifeLine plan that meets or exceeds the California LifeLine service elements, and is not bundled with any video or data services. The provider may offer added features and/or enhanced service elements without additional charge(s).

   b) The provider shall apply the applicable California LifeLine discount to the participant's selected plan.

   c) The California LifeLine eligible plans may be offered on a pre-paid or post-paid basis.

   d) The provider must offer California LifeLine discounted services on a non-discriminatory basis to any customer residing within the service territory where the provider offers retail wireless telephone services. The

provider must only provide California LifeLine discounts to participants that are approved by the California LifeLine Administrator.

e) The provider shall not require contracts lasting more than two years for participants; and the terms must be comparable to the provider's retail customers for the same service and/or device, except as needed to comply with California LifeLine rules.

f) The provider may add features and/or enhanced services as part of its California LifeLine offerings if they meet or exceed the California LifeLine minimum standards set by the CPUC. Nothing in these rules alter or modify the obligation of the provider to offer at least one plan that meets or exceeds the minimum service elements, and is not bundled with any video or data services.

g) The provider must allow participants to purchase additional voice minutes at the lowest rate that is offered to its retail customers for comparable plans with similar services and/or features.

h) The provider may offer plans that cease phone operation when all of the allotted minutes are used. The provider shall provide participants an option to purchase additional minutes. The provider must prominently disclose the charges, terms, and conditions associated with the purchase of additional minutes.

i) The provider shall not assess a fee to participants for paying their bills in person by cash, check or other form of payment~~ if the service is on a pre-paid basis~~.

j) The provider shall not assess a restocking fee to participants for devices returned within three days of service activation.

5. All handsets shall be available to participants on the same basis as the provider's retail customers.

6. The provider must offer access to California Relay Service pursuant to Public Utilities Code § 2881 for deaf or hearing-impaired persons or individuals with speech disabilities.

7. The provider must provide participants free blocking for 900/976 information services and a one-time free billing adjustment for 900/976 information services related charges inadvertently or mistakenly incurred, or without authorization.

8. The provider must provide access to operator services commensurate to its retail customers. The provider must disclose any charges or fees associated with using operator services.

9. The provider shall prominently disclose and disseminate terms and conditions, including their rates and fees, the charges, terms, and conditions associated with purchasing additional minutes, 911 emergency services location accuracy and reliability standards, potential service coverage and service quality issues, safety related considerations when handsets are removed from the home and when there is poor mobile reception, any charges associated with calling 800 or 800-like toll-free services, and the device's condition if refurbished, the device's applicability on other provider's wireless networks if the participant switches providers, and power back-up requirements for the system that supports California LifeLine wireless service including limitations due to power for equipment on towers or other facilities, e.g. that wireless telephone service may not work if the tower the wireless handset is trying to reach loses commercial or backup power. Additional disclosures must include the entitlement to a voice grade connection, the conditions under which the participant may terminate service without penalty, the charges or fees associated with using operator services, and the impact of terminating wireless service for contracts lasting more than one year, e.g., the consumer will be subject to the retail rates charged by the service provider and any applicable early termination fees.

10. The provider must provide access to local directory assistance.

11. The provider shall offer and file a schedule of California LifeLine service rates and charges.

12. The provider must provide access to 800 or 800-like toll-free services and provide a full disclosure to the participant concerning how charges for 800 or 800-like toll-free services would apply if the participant does not subscribe to unlimited voice service.

13. The provider must provide free, unlimited access to customer service for information about California LifeLine, service activation, service termination, service repair, and bill inquiries. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls.

14. The provider must provide free, unlimited access to customer service representatives fluent in the same language (English and non-English) in which California LifeLine was originally sold or marketed. Calls to the provider's customer service shall not count against the participant's allotted voice minutes or number of calls.

15. The provider must provide free access to Toll-Blocking Service.

16. The provider must provide free access to Toll-Control Service, but only if (i) the California LifeLine Service Provider is capable of offering Toll-Control Service, and (ii) the California LifeLine subscriber has no unpaid bill for toll service.

17. The provider must provide access to two California LifeLine discounted telephone lines to Deaf and Disabled Telecommunications Program participants or teletypewriter users.

18. The provider must provide free access to the California Relay Service via the 711 abbreviated dialing code.

19. The provider must provision access to public safety N11s (211, 311, 511, 711, 811 and 911). The provider must provide free, unlimited access to public safety N11s (211, 311, 511, 711, and 811) for California LifeLine eligible plans with 1,000 or more voice minutes. Calls to these special service N11s shall not count against the participant's allotted voice minutes or number of calls. Only the call to the 711 relay service is required to be free and not counted against minutes, not the associated call made using the 711 relay service.

20. The provider must provide free, unlimited access to 611 for service provider billing and repair services. Calls to 611 shall not count against the participant's allotted voice minutes or number of calls.

21. The provider must provide access to 411, and disclose charges and conditions associated with 411 access and information.

(End of Attachment D)

ATTACHMENT E

AT&T WIRELESS HOME PHONE AND FREE 611

ATTACHMENT E

AT&T WIRELESS HOME PHONE AND FREE 611

Learn how to use your AT&T Wireless Home Phone

Find out how to set up and use your phone on the Device How-To Center. Click **Select your device** and choose **Other** as your device type, **AT&T** as your brand, and **Wireless Home Phone (WF720)** as your device model to view instructions on using your Wireless Home Phone.

Open all

Features

The following features are included with the service:

- Call Waiting
- Call Forwarding
- Caller Id (number only)
- 3 Way Calling
- Basic Voicemail
- TTY/TTD compatibility
- 411*, 611, E911

* Per use charges apply.

(End of Attachment E)

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~~Deletion~~	
~~Moved from~~	
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Format change	
~~Moved deletion~~	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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