



**FILED**

05-07-08  
08:22 AM

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Into  
Implementation of Federal Communications  
Commission Report and Order 04-87, As It  
Affects The Universal Lifeline Telephone Service  
Program.

Rulemaking 04-12-001  
(Filed December 2, 2004)

**ADMINISTRATIVE LAW JUDGE'S RULING  
SOLICITING COMMENTS ON BACK-BILLING ISSUE**

On November 14, 2007, Commissioner Dian M. Grueneich issued an Assigned Commissioner's Ruling (ACR) setting the scope of Phase 2 of this proceeding. That ACR proposed that the Commission adopt a customer pre-qualification system for the LifeLine program. In the initial phase of this proceeding, the Commission decided to continue the existing LifeLine procedure where customers are enrolled in the LifeLine program immediately following their initial contact with a carrier. LifeLine customers begin receiving their LifeLine discount on the date of initial carrier contact. In compliance with Federal Communications Commission requirements, a third-party administrator – Solix – then certifies the eligibility of the customer. Several months after initially enrolling, customers found to be ineligible for the program are subject to back-billing to pay regular rates. The ACR concluded that for many of these customers, the back-billing can equal a substantial amount of money and create a financial burden.

The ACR proposed revising the current enrollment process to perform the certification of a customer's qualification prior to enrollment. Pre-qualification would simplify the process for both Solix and the carriers, since customers would not be added to the LifeLine program until they have proven they qualify. Pre-qualification would also create a disadvantage to customers, since they would have to wait to begin receiving the LifeLine discount. During this waiting period, the customer would complete the eligibility certification form and submit it to Solix for processing. The Commission needs to balance the delay in getting new customers on the program with the simplified process for Solix and carriers and the burden on customers to pay large backbills if they are found to be ineligible for the program. An estimated 20% of new enrollees choose "income" to qualify, which is subject to the postal service. "Program" enrollees can now certify online, dramatically shortening the waiting process.

In comments filed in response to the ACR, some parties questioned the shift to a pre-qualification system saying that the record lacks evidence to support that change. I agree that the record of the proceeding did not include data on back-billing that would allow the Commission to determine the scope of the back-billing problem. Therefore, I asked the Communications Division (CD) to solicit that information from carriers. On January 30, 2008, an e-mail was sent to all LifeLine carriers asking for the following information:

1. The number or customers back-billed because they were deemed ineligible for LifeLine. The data were provided on a monthly basis for the period July 2006 to the present.
2. Carriers were also asked if they provided payment plans when customers are back-billed.
3. Carriers were asked what their customer representatives say, if anything to new LifeLine customer about back-billing.



## APPENDIX

### Responses to January 30, 2008 Staff Data Request

#### 1. Back-billings by Carrier

Carrier	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	January 2008	Total
AT&T	136	32,503	31,248	58,762	53,495	41,459	33,788	37,283	36,060	36,089	35,976	36,338	12,105	36,120	41,678	33,962	27,296	29,307	27,895	641,620
Verizon	111	24,761	57,262	130,714	37,819	14,336	12,590	14,232	12,590	12,291	11,004	17,744	7,585	18,724	24,081	8,904	10,646	16,981	18,291	450,666
Calaveras			2	13	12	7	7	9	13	10	6	6	3	6	14	6	8	10	18	150
CalOre																				
Direc	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	158
Global Valley																				
Foothill	2	15	4	8	8	6	11	1	5	4	10	1	4	7	6	2	7	8	35	33
Happy Valley																				
Homios	1	1	1	0	0	0	2	1	0	2	1	0	0	1	0	1	0	1	1	13
Kerman																				
Primeres																				
Ponderosa																				
SureWest	0	0	0	0	0	0	0	31	13	14	42	14	23	4	12	21	8	8	8	190
Serra	0	0	3	54	50	40	72	48	46	59	48	42	43	15	27	34	46	35	28	662
Siskyou																				
Volcano	1	10	8	18	25	27	20	33	17	16	14	23	11	16	17	8	9	22	44	339
Verizon WC	5	2	7	5	6	3	5	1	2	0	2	2	3	2	4	3	1	3	20	76
Winterhaven																				
Citizens - TU																				
Citizens of CA																				
Citizens - GS																				
AT&T Comm	3	1,420	1,134	1,591	1,389	1,136	4,511	970	936	1,039	948	825	125	553	1,075	534	361	549	420	19,519
MCI																				
Talk.com																				
Cox																				
Comcast																				
Free Choice																				
PCSI																				
Wave BB																				
SureWest TV																				
SureWest TV																				
ForesAll																				
APEX																				
Sage							1	1	1	0	2	1	0	0	0	3	2	2	2	13
Telesp							3,994	3,369	2,609	3,323	3,726	3,785	2,959	2,579	4,274	7,373	3,257	3,689	4,127	68,402
CharTel																				
CharTel																				
Blue Casa																				
	259	58,904	92,662	196,876	98,674	61,664	55,016	56,102	52,309	52,862	51,800	58,830	22,872	59,501	72,932	52,459	42,862	51,544	50,879	1,189,007

2. Payment Plans Offered by Carriers

- **Calaveras** – “We work with customers”.
- **Kerman/Foresthill** – Allow for payment plans.
- **Ponderosa** – Has payment plan/arrangement options.
- **Volcano** – System not set up for payment plans, but company works with customers on an individual basis.
- **Pinnacles** – Offers payment plans.
- **Ducor** – Offers payment plans.
- **Siskiyou** – Case by case basis, taking into account payment history of customer.
- **Sierra** – Allows payment plans on an individual case-by-case basis.
- **Verizon** – Customers can call carrier and request a payment plan. Carrier has consistently offered payment plans.
- **Sage** – Offers on an individual case-by-case basis.
- **Telscape** – Does not have “official” policy, but they work with customers on a case-by-case basis.
- **Global Valley** – Offer payment plans if needed by customer.
- **Cox** – No payment plan specific to LifeLine. All customers are given the option.
- **AT&T CA** – Customers who contact carrier and request payment plans are handled on a case-by-case basis.
- **AT&T Comm.** – Customers who contact carrier and request payment plans are handled on a case-by-case basis.
- **TDS (Happy Valley/Hornitos/Winterhaven)** – Discussed only upon customer request.

3. Customer Service Language (by Carrier) Regarding Back-billing:

- **Calaveras** – Show pink envelope to walk-in customers, inform all about back-billing.
- **Kerman/Foresthill** – Follows script, includes mentioning back-billing.

- **Ponderosa** – Customers advised about back-billing.
- **Volcano** – Emphasizes looking for the pink envelope, and informs all LifeLine applicants about back-billing.
- **Pinnacles** – Does not mention to customers.
- **Ducor** – Informs customers about the possibility of back-billing.
- **Siskiyou** – Customer are told to look for pink envelop, and told that they will be back-billed if forms are not returned.
- **Sierra** – Told they must return form or they will be back-billed.
- **Verizon** – Provided script that includes discussion of back-billing.
- **Sage** – Script includes mention of back-billing.
- **Telscape** – Sales agents and CSR’s mention back-billing.
- **Global Valley** – CSR’s explain that customers will be back-billed if LifeLine claim is denied.
- **Cox** – CSR’s are trained to explain LifeLine, including mention of back-billing.
- **AT&T CA** – Customers are informed that they must maintain eligibility, and that failure to return forms can result in back-billing.
- **AT&T Comm.** – Customers are informed that they must maintain eligibility, and that failure to return forms can result in back-billing.
- **TDS (Happy Valley/Hornitos/Winterhaven)** – Customers are informed that non-eligible customers will be back-billed.

(END OF APPENDIX)

**INFORMATION REGARDING SERVICE**

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated May 7, 2008, at San Francisco, California.

/s/ MICHAEL J. OLIVEROS  
Michael J. Oliveros