

Decision 07-05-030 May 3, 2007

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)

**DECISION ADOPTING STRATEGIES TO IMPROVE THE CALIFORNIA
LIFELINE CERTIFICATION AND VERIFICATION PROCESSES,
AND REINSTATING PORTIONS OF GENERAL ORDER 153**

I. Summary

This decision adopts modifications to General Order (GO) 153 to improve the California LifeLine certification and verification processes. It also reinstates portions of GO 153 relating to the annual LifeLine verification process that were suspended by Assigned Commissioner Ruling (ACR) on November 1, 2006. The Commission subsequently ratified that ACR in Decision (D.) 06-11-017. Finally, we approve strategies (beyond GO 153) to improve the LifeLine process, including commencement of a Phase II of this docket to address longer-term solutions and delegate authorization to the assigned Commissioner to take the steps necessary, working with staff, to ensure full implementation of the directives in this decision.

II. Background

Pursuant to California Public Utilities Code Article 8,¹ LifeLine provides discounted residential wireline telephone service to eligible low-income Californians.² Currently, carriers provide the discounted service to nearly 3.5 million Californians at a cost of \$304.5 million annually in federal funds, and \$251.35 million annually in state LifeLine funds.

In D.05-04-026, the Commission took the initial steps necessary to ensure that the state would continue to receive the annual federal Lifeline/Link-Up funds to protect the financial viability of the Universal Lifeline Telephone Service (ULTS) or California LifeLine program. Specifically, that decision adopted a program of initial income certification and annual verification, as required by the Federal Communications Commission's (FCC) Lifeline Order.³

The certification process is for new LifeLine customers; it requires potential new customers to provide proof of program eligibility by providing income documentation or by self-certifying participation in one of several approved assistance programs. The verification process occurs annually for existing LifeLine customers; this process requires current LifeLine customers to self-certify annually as to their continued eligibility on either an income basis or

¹ Article 8 of the Public Utilities Code, also known as the Moore Universal Telephone Service Act, requires the Commission to implement lifeline telephone service to meet minimum residential communications needs. Minimum residential communications needs include, but are not limited to, the ability to originate and receive calls and the ability to access electronic information services.

² The Commission reviews and adopts annual income limits for the LifeLine Program.

³ *Lifeline and Link-Up Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 03-109, FCC 04-87 (rel. April 29, 2004).

via participation in a recognized assistance program. The verification process requires customers to complete and return LifeLine forms to the certifying agent, self-certifying their eligibility.

In D.05-12-013 and in Resolution T-16996, the Commission adopted revisions to GO 153 necessary to implement changes to the LifeLine program. The Telecommunications Division⁴ issued a Request for Proposal (RFP) and entered into a contract with Solix, Inc. (Solix) to serve as third-party certifying agent (CertA) for the certification and verification process. The Commission implemented the new certification/verification process on July 1, 2006.

The annual verification process calls for verifying the continued eligibility of the approximately 3.5 million customers currently enrolled in the LifeLine program. Shortly after implementing the new program, Commission staff found that the customer response to the LifeLine verification notice was extremely low: in August 2006, 29% returned the verification notice; by the end of September, the percentage was only 49%. According to the telephone carriers that previously administered the LifeLine process prior to the federal changes, they experienced response rates of over 70%.⁵

Under the Commission's new process, those customers who did not respond to the verification notice were sent a letter informing them that they were being removed from the LifeLine program and would be required to pay regular telephone rates. Those who received the denial letters could appeal the

⁴ The Telecommunications Division is now known as the Communications Division.

⁵ The carrier response rates are not strictly comparable to current response rates since the program was administered differently at that time and only required that customers self-certify their income eligibility.

denial to the Consumer Affairs Branch (CAB) at the Commission. Since adoption of the new LifeLine verification system, customer phone calls and complaints to CAB and the carriers have increased significantly. By October 2006, CAB was receiving 300-500 letters per day from customers appealing their elimination from the LifeLine program.

On November 1, 2006 Commissioner Dian M. Grueneich issued an Assigned Commissioner's Ruling (ACR or November ACR), temporarily suspending portions of GO 153 relating to the annual LifeLine verification process. The suspension, which was instituted for a period not to exceed six months, has provided Commission staff an opportunity to identify the reasons for the low response rate and take steps to solve the problems.

The November ACR also ordered Commission staff to hold a workshop including telephone carriers, Solix, and other interested parties to discuss solutions to the verification form response rate problem. The Commission ratified the November ACR in D.06-11-017 on November 9, 2006.

In compliance with D.06-11-017, staff convened workshops on November 13-14, 2006. Problems associated with the verification process were identified and two working groups, the Implementation Working Group and the Marketing Working Group, were established. The Implementation Working Group initially met on a weekly basis, and now meets on a bi-weekly basis to discuss and find solutions to the low response rate for the verification process, while the Marketing Working Group meets regularly to develop marketing strategies and improve customer recognition of California LifeLine changes.

The above discussion has focused on the LifeLine verification process. Towards the end of 2006 it became clear that there was a growing problem with

the certification process. Currently, the percentage of certification forms returned is about 46%, compared to 49% for verification forms.⁶

One contributing factor to the low certification response rate appears to have been problems with the carrier-customer interaction when new LifeLine customers are signed up. Between January 29, 2007 and the end of February 2007, CAB staff conducted approximately 50 calls to Verizon California Inc. (Verizon) and Pacific Bell Telephone Company d/b/a AT&T California (AT&T) call centers to determine whether customers receive correct and complete information regarding the California LifeLine program. In nearly half of the calls, the AT&T and Verizon representatives provided incomplete or inaccurate information on the program. GO 153 requires carriers to provide information on the LifeLine program to customers. The Consumer Protection Services Division has initiated an investigation into the practices of the AT&T and Verizon call centers to determine whether both carriers are complying with GO 153.

Further, AT&T's customers who applied for the LifeLine discount but were rejected were being charged a conversion/regrade charge when they were placed back into a non-LifeLine residential service rate. This does not comply with GO 153 § 5.4.4. On February 28, 2007, Commissioner Grueneich issued a second ACR directing AT&T and Verizon to comply immediately with GO 153 and

D.06-11-017 and set follow-up actions. The February ACR requires carriers to

⁶ *Report on Strategies to Improve the California LifeLine Certification and Verification Process*, California Public Utilities Commission, April 2, 2007, p. 41 (the Attachment to this decision). The data include actual results July 1, 2006 through February 2007.

hold customers harmless from the imposition of all charges that would otherwise not accrue pursuant to the certification process of GO Section 5.4.4, and directs carriers to charge customers only those charges specified in the GO, which are as follows: previously waived or discounted charges, service initiation charges, end user common line charges, taxes, and surcharges associated with LifeLine discounts.

On March 2, 2007, AT&T filed a motion for clarification of certain aspects of the February ACR. On March 26, 2007, AT&T made a further filing, saying that in its March 2, 2007 motion, AT&T had argued based on the language of GO 153 § 5.4.4 and its tariffs, that the LifeLine certification process authorized a conversion charge for those customers who fail the certification process. Based on conversations with Commission staff and further review, AT&T concluded that the arguments advanced in those pages of the motion were in error, and AT&T withdrew them.

On March 28, 2007, Commission Grueneich issued a third ACR (March ACR), clarifying that D.06-07-017 suspended only the verification process, not the certification process. The March ACR also clarifies paragraphs seven and eight of the February ACR and directs AT&T to comply immediately with paragraphs seven and eight of the February ACR, as clarified. Although AT&T withdrew its argument that the LifeLine certification process authorized a conversion charge for those customers who fail the certification process, the March ACR clarified that GO 153 Section 5.4.4 does not allow for such a

conversion charge. The March ACR notes that D.05-12-013⁷ expressly prohibits such charges for new LifeLine customers who fail to qualify for the program.

The Proposed Decision (PD) was issued on April 3, 2007. Seven parties filed comments on the PD.⁸

III. Action Plan to Improve the LifeLine Certification and Verification Processes

As a result of the November ACR, staff has been working diligently with the carriers, Solix, and other interested parties to identify the reasons for the low response rates for certification and verification and to develop strategies to improve the processes. Assigned Commissioner Grueneich with the assistance of Executive Director Steve Larson and staff, held an all-party meeting on March 8, 2007 to hear directly from staff, carriers, Solix, and other interested parties on continuing problems and steps being undertaken to address those problems.

On April 2, 2007, Commission staff completed work on a comprehensive study of the issues, "Report on Strategies to Improve the California LifeLine Certification and Verification Processes" (Staff Report). Many of the

⁷ D.05-12-013 approved modifications to GO 153.

⁸ The parties that filed comments include: AT&T; Cox California Telcom, LLC d.b.a. Cox Communications (Cox); The Greenling Institute (Greenlining); Calaveras Telephone Company, Cal-Ore Telephone Co., Ducor Telephone Company, Foresthill Telephone Co., Global Valley Networks, Inc., Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Co., Pinnacles Telephone Co, The Ponderosa Telephone Co., Sierra Telephone Company, Inc., The Siskiyou Telephone Company, Volcano Telephone Company, and Winterhaven Telephone Company (Small LECs); SureWest Telephone and SureWest TeleVideo (SureWest); The Utility Reform Network, The National Consumer Law Center, Disability Rights Advocates and the Latino Issues Forum (Joint Consumers); and Verizon.

recommendations in the Staff Report result from the working groups established pursuant to D.06-11-017.

The Staff Report is attached as an Attachment to this decision. The Staff Report stands on its own, and it is not necessary for us to restate all of the information contained there in this decision. However, with the concurrence of staff, we have made a few changes to the Staff Report to correct two things: a typographical error on page 3 and to clarify that AT&T's customers who had applied for the LifeLine discount but were rejected were being charged a regrade charge, which does not comply with GO 153, Section 5.4.4 (page 13). We are not aware of any other carrier charging the conversion/regrade charge when customers were placed back onto a non-LifeLine residential service rate.

By and large, staff's review since November 1, 2006 has determined that both new customers applying for the LifeLine program and existing customers verifying their continued eligibility are being disqualified for reasons other than not meeting income or social service program requirements. Based on work with LifeLine customers, consumer groups, Solix, and carriers, staff has identified a variety of problems contributing to the low LifeLine response rates and affecting customer enrollment in the program. They include:

- Late receipt or non-receipt of LifeLine forms and documents sent by Solix to customers;
- Database interface issues between carriers and Solix;
- Issues with the information both Solix and carriers provide to customers about the LifeLine process;
- Insufficient outreach to customers on the new federal requirements; and
- Lack of customer recognition of new program administration by a third party (Solix).

As the Staff Report explains, there is no single, simple solution to resolve the problems with the LifeLine program. Rather, a plethora of strategies, short- and longer-term must be pursued. Some of those strategies involve formal Commission action, such as we take today and will pursue in Phase II of this docket, and some involve continued focus by our staff and other interested parties, as described below and in the attached Staff Report.

A. Short-Term Strategies

Various short-term strategies are necessary to address program suspension issues. Some of these elements are already in progress, while others require Commission approval. Those strategies include five major elements:

- Amendments to GO 153 and decision clarification;
- An amendment to the contract with Solix that outlines and funds changes in the administrative and marketing activities that Solix will conduct;
- Increased short-term outreach efforts;
- Short-term Solix-carrier interface improvements; and
- Customer-carrier interface solutions.

1. General Order and Decision Clarification

Staff recommends amending GO 153 to improve the LifeLine response rate from customers as well as the processing of their program eligibility. Staff states that the GO should be amended to allow for more time to return and process the LifeLine forms, provide more reminders to customers from the certifying agent and carriers, and broaden the types of documentation permissible under the LifeLine program. Staff also proposes that the Commission allow it to make further amendments to the GO via the resolution process as long-term solutions to the mailing and other issues are identified and changes to the GO are warranted.

a) Mailing and Response Delays

Both carriers and CAB staff have reported LifeLine customer complaints of delays in receiving or of non-receipt of LifeLine certification and verification forms and other correspondence from Solix. Recent information indicates that the mail reaches LifeLine customers in 8 to 14 days. Since standard mail delivery is not guaranteed, the Commission has no guarantee that LifeLine forms and documents are delivered to addressees nor that undelivered mail is returned to Solix.

In addition, Solix has reported untimely receipt of a significant number of certification and verification forms. Currently, GO 153 mandates that customers return completed certification and verification forms to CertA within 30 days from the date that they were mailed to customers. If a form is received after the end of the 30-day period, the customer is disqualified from the LifeLine program for "non-response." Between July 1, 2006 and December 17, 2006, Solix received a total of 22,783 certification forms and 58,412 verification forms after 34 days. Of those late responses, 82% of the certification forms and 77% of the verification forms were received within 60 days.

Mailing delays may also impact the ability of LifeLine applicants to correct deficiencies on their form to avoid disqualification. Currently, GO 153 provides 15 days for customers to correct problems with their certification and verification forms, as identified by the CertA. If customers do not return the correction to the CertA in that time period, they are disqualified from the LifeLine program. Clearly, if the requests for correction are not getting to customers on a timely basis, (given a mail delivery timeframe of up to 14 days) then LifeLine customers do not have sufficient time to make corrections and return them to Solix within the currently required 15 days.

Given the above issues, staff proposes to amend Appendix E of GO 153 for the return and processing of LifeLine forms as follows:⁹

Certification Form Return and Review

- Delay customer reminder from CertA to return forms by seven days to offset mailing delays;
- Increase the timeframe for new customers to return certification forms from 30 to 44 days; and
- Add an eight-day grace period for the late receipt of certification forms.

Verification Form Return and Review

- Mail verification forms to existing customers 104 days prior to their anniversary dates instead of 60 days prior; and
- If verification form is not received within 44 days, send second form to customer and allow another 21 days to return it.

Lifeline Form Corrections

- Expand the timeframe for customers to correct problems with their certification and verification forms from 15 to 22 days.

Staff acknowledges that while the changes to the GO do not address the problem that standard mail is not guaranteed to be delivered to customers, the changes do help remedy the problem of LifeLine customers being penalized with unwarranted disqualification due to untimely mail delivery.

In their opening comments, the Small LECs, SureWest, Cox, and Verizon all raise the issue of back-billing and the problem it can cause for a customer found not to be eligible for the program. Verizon, the Small LECs and SureWest

⁹ Staff's proposed changes to Appendix E, "Timeline for Processing Customer's ULTS Qualification" appear as Attachment 1 to the Staff Report.

advocate a system of pre-qualification so that no customer is placed on the program until his/her eligibility has been demonstrated. The Small LECs assert that customers should not be back-billed for more than three months of service. They suggest that the remainder of any backbilled amounts should be claimed from the ULTS Fund. The Small LECs point out that there have been instances where some customers were informed several months after enrollment that they did not qualify for the program.

Cox states that the proposed process changes which extend the time for certification/verification, could take longer than 90 days. Cox finds this to be problematic since a longer backbilling period directly impacts subscribers and it will likely be difficult for them to pay larger-than-expected backbilled amounts. Cox also states that in California, pursuant to D.86-12-025, carriers may only backbill for a period of 90 days, and this limitation is found in most carriers' tariffs. Cox asks the Commission expressly to allow carriers to claim lost revenues associated with such delays in processing.

In their Reply Comments, the Joint Consumers suggest that the backbilling issue should be addressed in Phase II of this proceeding. During that phase, the Commission and carriers should gather data to determine whether backbilling is an actual problem. The Joint Consumers note that the expanded timeline is being proposed as a short-term response to the serious shortcomings of standard mail. Once the mailings are switched to first class, they expect the timeline will retract as the need for additional time to address the lag in receipt of forms and notices is removed.

In its Reply Comments on the PD, AT&T says the comments by Cox and the Small LECs point to a difference in opinion as to whether carriers can backbill for more than 90 days. AT&T points out that GO 153, Section 5.4.4

allows for backbilling of all LifeLine discounts received by a customer who is subsequently disqualified, regardless of how long ago the customer received such discounts. AT&T suggests that the PD be clarified so there is no misunderstanding that carriers are allowed to backbill disqualified customers for more than 90 days.

We concur with AT&T's interpretation of Section 5.4.4 that there is no time limit associated with the backbilling of LifeLine discounts. Pursuant to Section 5.4.4, carriers may backbill for more than 90 days. However, that said, we are concerned that large backbilled amounts could be difficult for customers to pay. One proposal is that they be given three months to pay backbilled amounts, but AT&T opposes that suggestion because it would require the company to incur costs to implement changes to their billing systems. At the Joint Consumers suggestion, we will review this issue further in Phase II of this proceeding. We want to ensure that disqualified customers are not forced off the telephone network due to sizable debt incurred prior to being disqualified for the LifeLine program. Therefore, while at this time we do not order that carriers allow customers to pay the backbilled amounts over three months, we strongly encourage carriers work with customers on special payment arrangements on a case-by-case basis.

In its comments on the PD, AT&T proposes that Solix should process late forms, as long as the forms are complete. AT&T sees no reason to disqualify customers based on arbitrary deadlines for when forms must be received. In this scenario, Solix would have previously disqualified the customer for non-response and the service provider would have removed the customer from LifeLine. AT&T proposes that if the customer has already been removed from the program, then Solix should be allowed process-completed forms and allow

the customers to be reinstated effective when Solix processes the form, and allow LifeLine discounts from this date forward. The customer would not receive the LifeLine discount retroactively for the period when they were not in the program.

In its Reply Comments, Greenlining endorses AT&T's recommendation. However, the Small LECs and SureWest are opposed to AT&T's proposal saying it is impractical under the current program configuration. The Small LECs and SureWest express concern that the proposal would create confusion regarding the processing of certification documents, particularly given the possibility that a customer could be pursuing an appeal of a certification denial and a new certification at the same time that Solix might process a late-mailed original certification. We concur with the Small LECs and SureWest that, as the program is currently configured, AT&T's proposal could create confusion. We will not adopt AT&T's proposal at this time. However, we suggest that this issue be discussed further in working group meetings to see if there would be a way to implement it in the future.

In its comments on the PD, AT&T suggests that the PD be clarified to ensure that verification disqualification notices will be sent from Solix to the service provider and customer on the customer's anniversary date. Prior to the suspension of the verification process, customers and service providers were notified of a customer's pending disqualification effective at the customer's anniversary date. However, in most cases, this notice was provided several weeks prior to the customer's actual anniversary date. This time period was known as the "dead zone" in which Solix made a decision, but the customer could not do anything to prevent the pending disqualification.

The “dead zone” required AT&T to hold the disqualification decision in its system until the anniversary date. This timing issue caused significant problems for AT&T when customers called in to put themselves back on Lifeline. AT&T seeks clarification that the new verification disqualification process eliminates the “dead zone” and customers and service providers will be informed of the customer’s disqualification on the effective date (anniversary date) of disqualification.

AT&T is correct. The revised verification process does eliminate the “dead zone.” The customer and carrier should both receive notice from Solix on (or close to) the effective date of disqualification.

We see these changes as a key element to improving the response rate for both certification and verification. In light of the problems with standard mailing, it is critical that customers have additional time to respond. We will adopt staff’s proposed revisions to Appendix E of GO 153.

Staff also asks for authority to make additional changes to the GO, as warranted by further study. We concur with staff’s request. We hereby authorize staff to use the resolution process to present further changes to GO 153 for our consideration.

In their comments on the PD, Cox opposes having staff use the resolution process for additional changes to the GO, stating that those changes could have a significant impact on interested parties and so should only be made through the rulemaking process. The Joint Consumers also express concern with the use of the resolution process. The Joint Consumers point out that a stakeholder’s opportunity to comment on a draft resolution is limited. They point to Rule 14.5 that allows for comments on a draft resolution once it has been put on the Commission’s agenda, but those comments must be in ten days prior to the

Commission vote. To mitigate the potential due process harm, Joint Consumers propose that any draft resolution sent out for comments be submitted to the service list in this docket, and that a comment period of 20 days be established.

As the Joint Consumers point out, pursuant to Rule 14.5, draft resolutions are subject to a shorter comment schedule than proposed decisions. We see the value in providing the same timeline as for a proposed decision so stakeholders have an adequate opportunity to review the draft resolution. Therefore, we order that the draft resolutions which include changes to the GO that arise out of the issues addressed in this proceeding shall be provided to interested parties 30 days before the Commission meeting when they will be considered. Opening Comments are due in 20 days, and Reply Comments, five days later. Also, we concur with Joint Consumers' request that those draft resolutions should be served on the Service List of this proceeding. This should address the due process concerns raised by parties.

b) Remind and Notify Customers

Staff has directed Solix to provide additional reminders and notifications to LifeLine customers to encourage them to complete and return the required forms. These additional reminders and notifications are included in the contract amendment described above. Correspondingly, staff recommends minor amendments to GO 153 to permanently include those additional reminders and notifications in the LifeLine qualification process. These changes to GO 153, which appear in Attachment 1 to the Staff Report, will require Solix, the certifying agent, to:

- Alert customers at the point when LifeLine certification and verification forms are mailed to them; and
- Provide additional reminders to LifeLine customers to complete and return certification and verification forms if the

forms have not been received by the CertA within 21 days of mailing.

We support the use of additional methods to contact customers to encourage return of the forms. We adopt the proposed changes to GO 153 which are described above.

c) Clarify Allowable Income Documentation

Staff has become aware of a problem relating to an undefined term in GO 153. Specifically, the GO sets forth a list of specific types of income documentation an applicant can submit to be determined eligible for the LifeLine program. The last item on the list is identified simply as “other official documents.”

Staff recommends that the Commission adopt a broad definition including categories of documents that will allow staff some discretion to review documents presented, and to develop some guidelines for what specific documents should be accepted. Specifically, staff recommends that the Commission deem documents from a state or federal agency or from a state or federal judicial or administrative court as “other official documents” for purposes of meeting the income verification requirements set forth in GO 153.

We concur with staff’s request that the language be clarified. However, since the document presented is to verify that the customer’s income meets the requirements for inclusion in the program, we specify that the documentation in question from a government agency or court should be one the purpose of which is to verify or establish income. With that caveat, staff is authorized to interpret what specific documents can be included under the catchall phrase: “other official documents.”

2. Contract Amendment Initiatives

The November 13-14, 2006 workshop and related working group meetings resulted in the identification of a number of issues contributing to the low LifeLine response rates as well as potential solutions to those issues. Because the recommended solutions are procedural changes that were not envisioned and were not included in the existing contract, a contract amendment is required both to incorporate those process changes in Solix's administrative activities as well as to provide \$10.496 million in additional funding. The contract amendment was subject to the Department of General Services' (DGS) guidelines on Non-Competitive Bids (NCB). An NCB request was approved by DGS March 21, 2007. The contract amendment is now in the implementation phase.

The procedural changes contained in the contract amendment include improvements in the existing communication process with customers and other improvements such as:

- Changing the appearance of the envelopes;
- Using an outbound dialer to inform the customer that a certification or verification form has been sent to them and reminding the customer to return the certification/verification form;
- Implementing revisions to the form letters and certification and verification forms;
- Instituting changes in the verification process to allow a "soft" denial on the 45th day instead of an outright denial and using the balance of the 60-day period prior to the customer's LifeLine anniversary date to get the customer to respond to the request for verification;
- Periodically updating and maintaining Solix's Interactive Voice Recognition (IVR) system; and

- Creating a “True Up” file for carriers to improve data reconciliation between carriers and Solix.¹⁰

The proposed changes appear to be a thoughtful approach to helping to solve the low response rate problem. Use of colored envelopes with special marking should help to alert recipients that this is not another piece of junk mail. We also support the use of the outbound dialer. The two calls made to customers will serve as a reminder to look for the specially-marked envelope in the mail and timely return the document.

Many of the recipients complained that they received their certification/verification notices too late to respond. We agree with staff’s recommendation to extend the application processing time. Under the existing verification procedure, customers are sent verification forms 60 days before their anniversary date to recertify their continued participation in LifeLine. Failure to submit the forms on the 31st day is a cause for disqualification. Since there is insufficient time for the customers to respond, the timeline for the verification process will be revised by issuing a “soft” denial on the 45th day instead of the outright denial in the current process and using the balance of the 60-day period prior to the customer’s anniversary date to get the participant to respond to the request for verification. Since the same issue is true for certification forms, the application processing time will also be extended, similar to that for verification.

While extending the response time should help to increase the response rate, we are concerned with the use of standard mail, as opposed to first class mail, for these time-sensitive mailings. With standard mail, there is no

¹⁰ For a detailed description of these elements, see Staff Report, pp. 20-22.

guaranteed delivery, nor return to sender. This is not satisfactory in a program based on time-sensitive mailings.

In their comments on the PD, AT&T, Cox, Joint Consumers, Small LECs and SureWest all strongly support the use of first class mail. The Small LECs and SureWest state that “the most significant cause of the low response rate and customer complaints is the fact that customers are not receiving certification documents in a timely manner, and in some instance, it appears that customers are not receiving documents at all.” AT&T urges the Commission to order an additional contract amendment to require Solix to use first class postage. We recognize there is no specific provision in the current contract requiring the use of first class mail, so we order the Communications Division to take the steps necessary to implement first class mail for all aspects of the program as quickly as possible. Hopefully, this can be accomplished through another amendment to the existing contract with Solix. If not, the requirement for first class mail should be included in any future RFP. We leave it to CD to determine how best to accomplish this.

In their comments on the PD, AT&T posits that the LifeLine mailings may not even meet the United States Postal Service requirements for standard mail. AT&T believes that the customer-specific letters, and certification and verification forms constitute “personalized business correspondence.” According to AT&T, based on U.S. Postal Service definitions, those critical LifeLine documents do not appear to satisfy the requirements for standard mail.

We disagree with AT&T’s conclusion that LifeLine documents do not qualify to be sent as standard mail. CD staff has worked closely with Solix on this issue. Solix provided copies of the various forms used in the program to the United States Postal Service for their review and received a communication back

from the Postal Service that the documents used in the LifeLine program do qualify for standard mail. We are satisfied that the LifeLine documents meet the United States Post Office requirements to be sent via standard mail.

In their comments on the PD, Cox, the Small LECs and Verizon all stress the need for more frequent “true-ups” between Solix’s data file and each carrier’s data file. The Staff Report indicates that a one-time true-up will be performed once the contract amendment is approved, but Cox would like the true-up performed monthly, and the Small LECs and Verizon ask that it be performed quarterly.

The carriers believe that the synchronization of data must flow from the carrier to Solix and not the other way around. We do not agree that Solix must ensure that it modifies its records to match those of the carriers. When Solix gives the carriers a data feed, the carriers have an obligation to correct incorrect data in their files. We note that the contract amendment provides information to carriers to facilitate the reconciliation of data between Solix and the carrier. However, we see the benefit of more than a one-time true-up of data between Solix and the carriers and will delegate to CD staff to work with Solix to explore the possibility of implementing true-ups on a periodic basis.

In a closely allied issue, Verizon points to a section of the Staff Report that directs carriers to “closely monitor their LifeLine applicants and make sure they hear back from Solix in a timely manner.” Verizon states that it is unaware of any such directive and states that carriers have no way to monitor that Solix sends forms to customers or that the customer returns an application. The specific issue referred to in the Staff Report is that where carriers did not hear back from Solix about customer eligibility for up to six months. Solix has made database changes to prevent similar situations in the future. However, we

reiterate that carriers do have an obligation to review the data feeds from Solix, and if a customer's eligibility is pending for an extended period of time, the carriers should check back with Solix. The carrier certainly knows if it has not heard back from Solix and a particular customer's status is still pending. Solix provides the data feeds to carriers so that carriers can update their records as necessary. We recognize that the customer-specific information that Solix has, as a result of contacting the consumer, may be more accurate than that in the carrier's file. It does not make sense to assume that the carrier's information is always the most accurate and force Solix to make its records mirror those of the carrier.

The contract modifications described above should help to increase the response rates and we endorse them.

3. Short-Term Outreach Efforts

The Staff Report points to customers' lack of awareness of the new LifeLine processes as a potential contributing factor to the low response rate. Staff identified that more "touches" or outreach efforts were needed to inform and educate customers of the program changes. Following is a list of short-term outreach measures already implemented or underway:

- **Educating Consumers and Involving Key Agencies**

On February 6, 2007, in recognition of Consumer Protection Week, the Commission issued a press release announcing the launch of a new initiative to educate consumers about the California LifeLine program. In addition, Commission staff, under the direction of Commissioner Grueneich, designed a brochure addressing the current issues with LifeLine phone service enrollment and verification. The brochure was sent to over 500 Community Based

Organizations (CBOs) and government agencies, along with an invitation to contact the Commission to sign up for training on LifeLine issues.

- **Expanding Carrier Communications**

Commission staff, working with the Marketing Working Group, identified the need for additional outreach to customers informing them of the new LifeLine verification process. The Marketing Working Group, which is composed of carriers, consumer interest groups, Solix and staff, has been meeting on a regular basis to develop messages that will better inform LifeLine customers.

The Marketing Working Group also recently developed correspondence (either a postcard or a letter) that will be sent by all carriers to their existing LifeLine customers informing them of the new LifeLine verification process. The correspondence, using both the carrier's name and the LifeLine name, will highlight the partnership between the carrier and the LifeLine program. The correspondence will be sent out to coincide with the re-launch of the verification program.

The Marketing Working Group is also working with carriers to ensure that the carriers send reminder material to new LifeLine customers informing them of the arrival of application forms and the need to return the completed forms in a timely manner. Since some carriers already send out confirmation letters to customers with similar information, the final details on this measure are still being developed.

Staff asks that the Commission formalize the requirement that carriers send reminders to new LifeLine customers in GO 153. Attachment 6 to the Staff Report contains a new GO Section 4.1.3 to implement this requirement.

Cox, the Small LECs and SureWest all oppose the PD's requirement that carriers provide "reminder notices" to LifeLine customers because they find it to be inconsistent with the Commission's policy of relying on a third-party certifying agent as the focal point of certification. Cox postulates that requiring carriers to send out confirmation letters will cause confusion in a process that the Commission is attempting to clarify and improve. The Small LECs and SureWest say that if the Commission elects to adopt a "reminder notice" requirement, the requirement should not be adopted on a permanent basis. Rather than modifying GO 153, the Commission could adopt this proposal as an interim measure until the mailing issues can be resolved. The Small LECs say that they would need significant time to implement such a requirement, so any reminder notice proposal would have to be accompanied by at least a six-month phase-in period.

Verizon does not oppose the requirement but urges the Commission to include a 90-day implementation period for the letters to new customers. The notice indicates that the customer will receive a LifeLine certification form in a "PINK" envelope from Solix. Verizon faces several practical limitations that will require at least 90 days to address. Verizon's current confirmation notification letter system does not allow for any color printing or for a particular word to be emphasized in bolding, underlying or capital letters. Instead, an entire sentence can be emphasized. Additional work would be required to provide the notices in Asian languages since Verizon's computer system does not support Asian language characters.

Verizon should work with CD staff to develop workarounds for this problem. If Verizon, or any other carrier, is unable to implement the letter within the timeframe established in this order, Verizon should file a request for

extension of time pursuant to Rule 16.6. We are unwilling to delay implementation of the notice when other carriers may be able to implement more quickly.

In their Reply Comments, both Greenlining and AT&T support the new carrier reminder notice. AT&T believes that such a notice will assist customers in understanding the certification process. According to AT&T, one of the issues that has arisen since the implementation of changes in the LifeLine process is that customers do not recognize mailed materials from Solix as related to their telephone service. The reminder notice from the carriers will help customers realize that the continuity of the LifeLine discount for their telephone service is tied to completion of the forms received from Solix.

It makes sense to us to include the reminder materials as part of the process to educate customers. CD Staff, in coordination with the carriers that participate in the LifeLine Marketing Group, developed language and design parameters for the existing customer correspondence. Rather than cause confusion, the notice clarifies that the customer's telephone company is now "partnering with the California LifeLine Program (formerly ULTS) to provide your telephone service." We will require carriers to send the reminder materials to new LifeLine customers.

We modify GO 153 as shown in Attachment 6 of the Staff Report. We do not agree with the Small LECs that the PD is proposing "a permanent solution to a temporary problem." This may well not be a temporary problem that will disappear when the mailing issues have been resolved. We see the value on a going forward basis of reminding customers of the respective roles of the telephone company and the certifying agent.

- **Improving LifeLine Outreach Materials**

The Marketing Working Group has developed language and format changes to the verification and certification instructions and application forms to instruct customers more clearly and simply. Since the contract amendment has been approved, Solix is in the process of implementing the changes in the instructions and forms. Unfortunately, the application form itself is a scanned document and cannot easily be modified without incurring millions of dollars in additional expense to reprogram the scanning equipment. Thus, no major modifications to the forms will be made at this time, but less extensive changes are being developed by staff in the short term. Staff recognizes that it is desirable to make some modification to the scanned portion of the application forms and recommends implementing changes as part of the next contract cycle (July 2008).

As mentioned earlier, lack of consumer familiarity with the LifeLine logo along with plain white envelopes containing the forms was identified as a possible contributing factor to the low response rate. Solix and Commission staff conducted an envelope trial mailing test in which six different envelopes were sent to LifeLine customers from late December 2006 through January 2007. Based on the results of the trial, Solix will send all future mailings in a pink envelope with no logo and the red message. The pending Solix contract amendment contains additional funding for this mailing option.

4. Short-Term Solix-Carrier Interface Improvements

In order to resolve issues with regard to the interface between Solix and carriers, Commission staff has been serving as mediators between Solix and carriers, especially on database issues. Through this process, short-term fixes have been implemented. Staff will monitor their effectiveness going forward.

Since July 2006, staff has been working with Solix to improve the certification and verification process. Staff directed that these improvements be instituted based on feedback received from carriers, CAB staff and customers.

These changes include:

- Easing the application requirements on signatures and printing of applicant's name on the form;
- Making the IVR accessible to LifeLine customers using rotary phones;
- Modifying the IVR by rearranging prompts and introducing new prompts to make it easier for customers to obtain information and order new forms;
- Expanding the name field in Solix database to accommodate multiple name entries; and
- Correcting database errors that incorrectly disqualified LifeLine customers attempting to transfer to a new carrier.

In addition, since the start of the implementation of the new LifeLine process, Solix has encountered problems in its system that have impacted, among other things, its review of customer eligibility for the LifeLine program.¹¹ Staff has worked closely with Solix to solve those issues.

Solix must identify and rectify problems – especially any that impact LifeLine customers – as quickly as possible. Solix shall report any such system “glitches” to the Communications Division within 48 hours of when they are discovered. We delegate to the assigned Commissioner the authority to work

¹¹ See Staff Report, pp. 25-26 and Attachment 2 of the report for a complete description of the system problems.

with staff and Solix in order to ensure speedy implementation of measures needed to correct problems in this area.

In their comments on the PD, the Small LECs and SureWest indicate that in some instances, Solix has not properly informed carriers of system changes that affect them. They propose that the CertA be required to maintain a list of carrier contacts and provide three business days' advance notice via e-mail of any changes to the Solix system or processing protocols. The collection of contact information can be facilitated through the implementation working group, at the direction of Commission staff. We support this requirement and direct Solix to maintain a contact list and give carriers three business days' advance notice via e-mail of any changes to the Solix system or processing protocols.

The Small LECs and SureWest propose another step that should be taken to prevent problems from arising in connection with systems changes instituted by the certifying agent. They suggest that any changes to the system should occur at non-business hours in the Pacific Time Zone. They indicate there have been instances where system changes have been made in the middle of the day on the West Coast, thereby disrupting LifeLine records processing during the business day. We agree that routine scheduled system changes should not occur during the business day and order the certifying agent not to make such scheduled system modifications from 7:00 a.m. to 7:00 p.m., Pacific Time.

In their comments, the Small LECs and SureWest ask the Commission to clarify the allocation of informational responsibilities between CAB, the certifying agent and carriers. They understand from customers that there have been some cases where customers are bounced back and forth between carriers and Solix and the Commission without receiving answers to their questions. According to SureWest and the Small LECs, unless the information the customer

is requesting is uniquely within a carrier's purview, such as in the case of specific billing-related issues, Solix should be responsible for handling customer inquiries.

We agree that there is a need to clarify the various roles so that customers receive timely answers to their questions. The responsibilities of carriers are specified in Section 4 of GO 153, specifically Sections 4.1, 4.2, 4.3, 6.2 and 6.3. The responsibilities of the CertA are in Section 6 of GO 153, specifically 6.1 and 6.4. The role of the Commission is in Section 6.4.1.

To summarize, carriers should answer questions about LifeLine, e.g., enrollment procedures, criteria for qualifying under LifeLine, how the LifeLine process works (the customer will receive a form from the CertA, the need to return the form, the requirement for existing customers to verify annually, that failure to return the form will mean disqualification from the program, and that backbilling occurs in the case of disqualification.) The CertA will address questions on the status of the customer's certification or verification and will address issues such as Solix's receipt of the form, due date of the form, the process for ordering a new form, reasons for disqualification, the appeal process, etc. The Commission's role is to answer customer queries on the status of their appeal and the appeals process in general.

5. Customer-Commission Interface Solutions

CAB is the Commission's internal workgroup responsible for intake of informal complaints. With implementation of the new certification and verification processes, CAB was designated as the arbiter of any appeal that a customer has regarding Solix's determination that a customer is not qualified for the LifeLine program. The current process allows the CAB representative to uphold or overturn any decision by Solix regarding the customer's eligibility,

after review of the case materials. Furthermore, CAB representatives are authorized to update the customer's status in the Solix database, which reflects the outcome of the customer's appeal. This information, in turn, is updated to the customer's carrier.

Most calls that CAB has received are not in reference to appeals of Solix determinations, but rather center around problems with both the verification and certification process where customers have not been able to complete the eligibility process within the specified deadlines. In many cases, this failure to act within deadlines has resulted in significant backbilling to the customer due to the difference between LifeLine service rates, basic service rates and other previous discounts when the customer is moved from LifeLine service to basic service. Customers continue to contact CAB to dispute the backbilled charges and/or Solix's determination of ineligibility.

These new duties have caused a reallocation of resources away from CAB's primary role resolving informal complaints and answering customer inquiries on utility services. From July 2006 through the end of January 2007, CAB received 12,400 LifeLine appeals, with over 4,000 of those appeals still open. This incremental increase in the LifeLine case load has led to increases in call volumes, call durations, and written appeals, and these have all reduced CAB's ability to respond to phone calls and resolve written complaints, both for LifeLine and for all other matters handled by CAB.

Because of the significant increase in CAB's workload related to LifeLine, CAB has established regular meetings with AT&T and Verizon to address customer-related issues. Also, CAB has initiated a special team to deal with LifeLine appeals and informal complaints, and reconfigured the Commission's IVR to direct customers away from "regular" complaint/inquiry channels into a

specific LifeLine queue. The Lifeline Queue contains responses to Frequently Asked Questions, and allows for live access to a team representative. CAB also participates in the two Working Groups addressing LifeLine issues. The phased reinstatement of the verification process will allow for a thorough analysis of process changes that have been instituted in CAB. This, in turn will allow the Commission to explore future process changes to the Lifeline appeals processes required under GO 153 § 6.4.1.

6. Reinstatement of Portions of GO 153

In the preceding sections, we reviewed staff's short-term strategies for improving the response rates in the certification and verification processes. Where necessary, we have taken action to approve staff proposals. The staff's short-term strategies will improve both the certification and verification processes and help to increase the response rates. Therefore, we conclude that we should lift the suspension of those portions of GO 153 suspended in the November 1, 2006 ACR, as modified by D.06-11-017. However, AT&T and Verizon urge the Commission to include time for implementation of the various new requirements. AT&T points out that any changes will need to be incorporated in service provider's methods and procedures and communications with customers. AT&T recommends that these requirements become effective 60 days from the date of the decision for all the proposed changes, with the exception of the reinstatement of the verification process. According to AT&T, that process should only be reinstated once the first class postage issue is resolved.

Also, AT&T proposes that the Commission resume the verification process on a limited basis. AT&T suggests that the Commission first reinstate the process for 10% of the customers selected on a random basis, and then analyze

the results for those customers before reinstating the program for the other 90% of the customers. According to AT&T, this would limit the impact of any problems that customers encounter and allow time to make further improvements before reinstating the process for the entire population of verification customers.

As stated elsewhere in this order, we have ordered CD to move forward to implement first class postage as soon as possible. However, we have no idea how long it will take to amend the current contract, and we are not willing to keep the verification process on hold indefinitely. We believe that the steps we have taken in this order will improve the verification process, even without the implementation of first class mail.

Therefore, we will continue the current suspension of certain portions of GO 153 for approximately 30 days until June 1, 2007. We lift the suspension effective June 1, 2007 and order the resumption of the verification process. However, AT&T's proposal that we phase in the resumption of the verification process has merit. We believe that 10% is too small a sample, but we will order that the process be resumed for a 20% random sample of customers. Once staff has reviewed the results and made any additional adjustments to the process, they should require Solix to increase the percentage of customers included until the verification process is operating at 100%.

B. Long-Term Strategies

Staff recognizes that not all changes to the LifeLine program can be implemented in the short term and has identified several longer-term strategies to improve LifeLine program efficiency and effectiveness. These approaches (summarized in the attached Staff Report) include strategies to address issues related to: mailings, outreach, non-response data, eligibility approvals, the data

interface between Solix and carriers, synergies with other low income programs, and dealing with complaints and appeals. In addition, staff points out that California can learn a great deal from other states' experiences. Those long-term approaches build upon the short-term strategies described above.

We do not intend to micro-manage the LifeLine program, so we will not address most of the long-term strategies described in the report. We want to give staff the latitude, in conjunction with the Working Groups, to develop creative and successful solutions. We affirm that staff has the authority to continue to identify and implement longer-term strategies. To the extent that any of those elements require Commission authorization, staff should bring those issues to us for resolution. We will keep this proceeding open and authorize the assigned Commissioner to issue the directives needed to staff and carriers to ensure further pursuit of longer-term strategies.

In their comments on the PD, Joint Consumers, the Small LECs and SureWest ask the Commission to encourage the timely development of a web-based system for enrollment and verification. Joint Consumers indicate that the PD does not list web-based tools as an item to be addressed in the new phase of the proceeding, even though the Staff Report does comment on the need to move forward with a web-based system.

The Small LECs and SureWest point out that D.05-12-013 requires that work on a web-based system shall begin within one-year of the time when the certifying agent's contract is implemented, and the system must be implemented one year after work on the project begins. The Small LECs and SureWest support the development of a web-based system as a way to streamline and expedite the certification process.

We reiterate, once again, our support for the development of a web-based system as a way to expedite the certification and verification processes. We understand from CD Staff, that the requirement (and funding) for development is part of the current contract with Solix and work should begin on schedule on July 1, 2007. We order CD to monitor the process closely to ensure that Solix complete its development work in the time period established in our prior order. We see the web-based system as a critical way to facilitate the certification process for consumers applying on the basis of program-based eligibility, as well as all aspects of the annual verification process.

Some long-term strategies may require a more formal review than that of the resolution process. We hereby direct the assigned Commissioner to commence a second phase of the current LifeLine docket to ensure that these strategies are expeditiously explored. In particular, we wish to review certification requirements to explore whether modification to these requirements could resolve issues experienced since implementation of the new procedures last year.

We want to be kept abreast of the progress of the revised system so we will require the Executive Director to report once a month at our scheduled Commission meetings on the status of the LifeLine program. Those reports should include a report on any problems encountered, and the steps taken to implement program improvements. Those reports should continue until the assigned Commissioner determines that the program has stabilized and the reports are no longer necessary.

In their comments on the PD, the Joint Consumers state that the final decision should be much more explicit by requiring the report to be in writing and distributed to the service list. The Joint Consumers also include several

elements that the report should include, at a minimum. We believe that this degree of specificity is not required. We will rely on the Executive Director to provide us with all pertinent information, without our providing a laundry list of items to be covered. Also, if stakeholders are unable to attend the Commission meetings, they can listen in live to Commission meetings, or to archived tapes of prior Commission meetings.

As part of the continued analysis of the program changes, we should ensure that Solix is correctly and completely implementing the changes as required by its contract and any subsequent amendments. We will require an audit of the Solix contract to ensure complete contract compliance. Staff should commence the audit within 30 days of the effective date of this order.

The synergies of having working groups comprised of staff, carriers, Solix and consumer groups were an invaluable tool in developing the creative proposals found in the Staff Report. Therefore, we will require that the Implementation Working Group and the Marketing Working Group continue to meet on a regular basis to discuss issues relating to the low response rates for the certification and verification processes. In its Opening Comments, Cox suggests monthly meetings but, in their Reply Comments, Joint Consumers say that it would be premature to meet so infrequently. They support meeting every two weeks. We will rely on staff's discretion to determine how frequently the groups should meet. It does not make sense for us to set a timetable for meeting, when we do not know what issues may arise in the future. Consumer groups should be represented on both working groups so that staff has the benefit of their viewpoints and expertise.

IV. The February 28, 2007 and March 28, 2007 ACRs

Commissioner Grueneich's March 28, 2007 ACR provides clarification of the February 28, 2007 ACR. Today we ratify both the February 28, 2007 and March 28, 2007 ACRs.

V. Comments on Proposed Decision

The proposed decision of the Commissioner in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and Rule 14.2(a) of the Commission's Rules of Practice and Procedure. Comments were filed on April 23 and 24, 2007, and reply comments were filed on April 30, 2007. Those comments were taken into account, as appropriate, in finalizing this order.

VI. Assignment of Proceeding

Dian M. Grueneich is the assigned Commissioner and Karen A. Jones is the assigned ALJ in this proceeding.

Findings of Fact

1. Many LifeLine recipients complained that they received their certification or verification notices too late to respond.
2. With standard mail, there is no guaranteed delivery, nor return to sender.
3. Standard mail, standing alone, is not satisfactory in a program based on time-sensitive, short-deadline mailings.
4. The proposed modifications to Appendix E of GO 153 are a key element in improving the response rates for both certification and verification.
5. The low response rate is multi-faceted, so the resolution will be multi-faceted as well.
6. When Solix gives carriers a data feed, the carriers have an obligation to correct incorrect data in this files.

7. There is a benefit to more than a single one-time true-up of data between Solix and the carriers.

8. The letter from carriers to new customers reminds customers of the respective roles of the telephone company and the certifying agent.

9. Staff needs to be informed of system problems – especially any that impact LifeLine customers – within 48 hours of when they are discovered.

10. Staff has identified problems that will require solutions beyond those that can be implemented in the short term.

Conclusions of Law

1. In light of the problems with standard mail, it is critical that customers have additional time to respond.

2. In order to respond quickly to problems, staff should make use of the resolution process to present further changes to the GO for Commission approval.

3. The draft resolutions relating to the GO should have the same timeline as for a proposed decision so stakeholders have an adequate opportunity to review the draft resolution.

4. Since there is insufficient time for the customer to respond, the timeline for verification should be revised by issuing a “soft” denial on the 45th day, instead of the outright denial in the current process.

5. Pursuant to GO Section 5.4.4, there is no time limit associated with the backbilling of LifeLine discounts.

6. The additional reminders and notifications included in the contract amendment should encourage LifeLine customers to complete and return the required forms.

7. CD should take the steps necessary to implement first class mail for all aspects of the LifeLine program as quickly as possible.

8. LifeLine documents meet United States Postal Service requirements for standard mail.

9. The contract amendment provides that Solix provide information to carriers to facilitate the reconciliation of data between Solix and the carrier.

10. Staff should have the authority to interpret what specific documents can be included under the catchall phrase: "Other official document," with the caveat that the document in question should be one the purpose of which is to verify or establish income.

11. Carriers should send the reminder materials to new LifeLine customers.

12. Solix should identify and rectify problems impacting LifeLine customers as quickly as possible.

13. Solix should not implement routine system modifications from 7:00 a.m. to 7:00 p.m. Pacific Time.

14. The contract modification described in the Staff Report should help to increase the response rates.

15. Verizon should work with CD staff to develop workarounds for the problems it has with the required notice to new customers.

16. If any carrier is unable to implement the letter to new LifeLine customers within the timeframe established in this order, the carrier should file a request for extension of time pursuant to Rule 16.6.

17. The Certifying Agent should maintain a list of carrier contacts and provide three business days' advance notice via e-mail of any changes to its system of processing protocols.

18. The steps outlined by staff under their short-term strategies will help to increase response rates.

19. The suspension of those portions of GO 153 suspended in the November 1, 2006 ACR, as modified by D.06-11-017, should be lifted effective June 1, 2007.

20. A web-based system should streamline and expedite the certification and verification processes.

21. Some long-term strategies may require a more formal review than that of the resolution process.

22. Commission staff should ensure that Solix is in compliance with its contract and any subsequent amendments.

O R D E R

Therefore, **IT IS ORDERED** that:

1. The proposed changes to Appendix E of General Order (GO) 153 that appear in Attachment 1 of "Report on Strategies to Improve the California LifeLine Certification and Verification Processes" shall be adopted.

2. Staff is authorized to use the resolution process to present further changes to GO 153 for the Commission's consideration. Those draft resolutions shall be provided to interested parties 30 days before the Commission meeting when they will be considered. Opening comments are due in 20 days, and Reply Comments, five days later. Those draft resolutions shall be served on the Service List of this proceeding.

3. GO 153 shall be modified to include the proposed additional reminders and notifications to customers.

4. Staff is authorized to interpret what specific documents can be included under the catchall phrase: "other official documents." However, the documentation in question shall be one from a government agency or court the purpose of which is to verify or establish income.

5. The Communications Division shall take the steps necessary to implement first class mail for all aspects of the LifeLine program as quickly as possible.

6. All telecommunications carriers subject to the provisions of GO 153 shall send correspondence to existing LifeLine customers informing them of the new LifeLine verification process. The correspondence will be sent to coincide with the re-launch of the verification process. Carriers shall also send reminder materials to new LifeLine customers as described in this decision.

7. The Certifying Agent shall maintain a list of carrier contacts and provide three business days' advance notice via-email of any changes to its system or processing protocols.

8. The Certifying Agent shall not implement routine system modifications from 7:00 a.m. to 7:00 p.m. Pacific Time.

9. GO 153 shall be modified to add Section 4.1.3, as it appears in Attachment 6 of the Staff Report. Section 4.1.3 requires carriers to send reminder notices to new LifeLine customers.

10. The assigned Commissioner shall work with the Communications Division and Solix to ensure timely implementation of measures to correct future problems with the LifeLine processes.

11. We lift the suspension of the following sections of GO 153 which were suspended in the November 1, 2006 assigned Commissioner Ruling, as modified by Decision 06-11-017: Section 4.5, including Appendix C; 5.5; those portions of 6.3 and 6.4 as they relate to the annual verification process; 8.1.3 as it relates to

customers who have not responded to the annual verification notice or returned it late; Appendix C; and the portion of Appendix E titled "Existing ULTS Customers (Verification)." Those sections of General Order 153 shall be reinstated effective June 1, 2007.

12. Initially, the verification process shall be resumed for a 20 percent random sample of customers. Once staff has reviewed the results and made any additional adjustments to the process, they shall require Solix to increase the percentage of customers included until the verification process is operating at 100%.

13. The assigned Commissioner shall commence a second phase of this proceeding to review long-term strategies requiring formal review.

14. The Executive Director shall report at the Commission's first regularly scheduled meeting of each month on the status of the LifeLine program. Those reports, which should include information on any problems encountered, and the status of steps taken to implement program improvements, shall continue until the assigned Commissioner determines that they are no longer necessary.

15. Commission staff shall monitor the process of implementation of the web-based system to ensure that Solix completes its development work in the time period established in D.05-12-013.

16. Commission staff shall perform an audit of the Solix contract to ensure compliance with contract requirements. The audit shall commence within 30 days of the effective date of this order.

17. Commission Staff shall continue to hold regular meetings of the Implementation Working Group and the Marketing Working Group to discuss issues relating to the low response rates for the LifeLine certification and

verification processes. Consumer groups shall be represented on both working groups.

18. The rulings made in the February 28, 2007 and March 28, 2007 assigned Commissioner's Rulings are confirmed, and adopted as orders of the Commission.

This order is effective today.

Dated May 3, 2007, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners

[D0705030 Attachment](#)