

**California Public Utilities Commission**  
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**PRESS RELEASE**

Docket #: R.06-05-

**CPUC MODERNIZES CALIFORNIA LIFELINE PROGRAM**

SAN FRANCISCO, November 19, 2010 - The California Public Utilities Commission (CPUC) today modernized the California LifeLine Telephone Program in order to better achieve the goals of ensuring that high-quality communication services remain affordable and widely available.

LifeLine provides discounted basic telephone services to eligible California households.

The changes made to the program today include:

- Freezing the current California LifeLine rate at \$6.84 for the next two years for most customers.
- Expanding the LifeLine program to include data services for consumers who receive wireless equipment through the CPUC's Deaf and Disabled Telecommunications Program (DDTP).
- Clarifying that wireless, VoIP, and other non-traditional carriers are eligible for reimbursement by LifeLine for providing discounted service to customers. The CPUC will consider implementation changes needed to facilitate participation in LifeLine for non-traditional carriers, including data services for DDTP-eligible consumers, wireless carriers, and other non-traditional carriers.
- Controlling the amount that non-LifeLine customers pay for the program by, among other things, eliminating extra payments to carriers for administration, bad debt, and to make up for forgone federal support.

The LifeLine rate is currently capped at \$6.84 for most customers and will remain at that level until January 1, 2013, when a new "Specific Support Amount" methodology goes into full effect. The CPUC extended the LifeLine rate cap in order to ensure an orderly phase-in of the new methodology. While the new methodology is expected to maintain the LifeLine rate well below this cap, today's decision takes this extra step to protect those consumers most reliant on basic telephone service.

Said Commissioner John A. Bohn, “Today’s decision carefully balances the needs of low income LifeLine customers, who wish to select the communications technology of their choice at an affordable rate, while recognizing the dynamic nature of the telecommunications marketplace. The methodology set forth in this decision will allow LifeLine customers to remain with their traditional wireline phone service or to elect a LifeLine service with a wireless or VoIP provider, and will provide low income consumers stability by allowing carriers to change their LifeLine rate only once a year.”

“Today’s decision authorizes wireless services to be eligible for LifeLine discounts. This major policy change is in response to the large number of low income Californians that only have a wireless phone. In addition, our decision freezes LifeLine rates for two years and a cap will then be in place,” said CPUC President Michel R. Peevey. “I will be vigilant to see how carriers price basic service during those two years and I will not hesitate to restore a freeze if LifeLine rates would otherwise rise dramatically. In as simple terms as possible, LifeLine rates will always be affordable.”

Added Commissioner Dian M. Grueneich, “This decision adopts protections for LifeLine customers during the next two years while the revisions to the LifeLine program are fully implemented. The revisions should provide more stability and choice to LifeLine customers while controlling the costs of the program for non-LifeLine customers.”

Said Commissioner Timothy Alan Simon, “While California LifeLine has helped move closer to the Universal Service goal of a 95 percent penetration rate for many years, assisting almost 2 million households, its policies should provide an evolving level of telecommunications services, taking into account advances in telecommunications and information technologies and services in order to help connect low income communities in the 21<sup>st</sup> century.”

“I am pleased to see that LifeLine rates are not going up at such a time of economic hardship,” said Commissioner Nancy E. Ryan. “It is up to us to make sure customers truly benefit from competition. I will closely monitor voice service prices over the next two years to ensure that competition yields quality service at affordable rates.”

The LifeLine discount will be set annually at 55 percent of the highest basic rate of the state's Uniform Regulatory Framework carriers of last resort. The initial Specific Support amount is set at \$11.50, effective July 1, 2011. Each carrier's LifeLine rate will be capped at no more than 50 percent of its basic service rate. Each carrier may reset its LifeLine rate on an annual basis and their rate will be calculated by subtracting the Specific Support Amount and any applicable Federal LifeLine and Linkup subsidy from its basic rate.

The proposal voted on today is available at:

[http://docs.cpuc.ca.gov/word\\_pdf/AGENDA\\_DECISION/126727.pdf](http://docs.cpuc.ca.gov/word_pdf/AGENDA_DECISION/126727.pdf).

For information on communication issues, please visit [www.CalPhoneInfo.com](http://www.CalPhoneInfo.com).

For more information on the CPUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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