

State of California

Public Utilities Commission
San Francisco

MEMORANDUM

Date : July 2, 2010

**To : The Commission
(Meeting of July 8, 2010)**

**From : Gretchen Dumas
Public Utilities Counsel IV**

Subject: Filing of Comments with the Federal-State Joint Board on Universal Service on the FCC's Referral to the Joint Board Proposing Reform of the Federal Lifeline/Link-Up Programs

RECOMMENDATION

The CPUC should file comments with the Federal-State Joint Board on Universal Service (Joint Board) on the Federal Communications Commission's (FCC) *Referral Order* to the Joint Board¹ as requested in the FCC Notice released June 15, 2010.² In the *Referral Order*, the FCC requested that the Joint Board review the FCC's eligibility, verification, and outreach rules for the Lifeline and Link Up universal service programs and recommend changes that may be necessary, given significant technological and marketplace changes since the current rules were adopted -- including changes that would be necessary if the federal Lifeline/Link-up programs were expanded to include broadband Internet access. The Joint Board now seeks public comment on the questions presented in the *Referral Order*. Comments are due July 15, 2010.

¹ *In the Matter of Federal-State Joint Board on Universal Service, Lifeline and Link-Up*, CC Docket No. 96-45, WC Docket No. 03-109, Order, FCC 10-72 (rel. May 4, 2010) (*Referral Order*). In the Telecommunications Act of 1996, Congress directed the FCC to establish a Federal-State Joint Board on Universal Service to make recommendations to implement the universal service provisions of the Act. The Joint Board is comprised of FCC Commissioners, state utility commissioners, and a consumer advocate representative. See 47 U.S.C. §§ 254(a) (10), 410(c).

² Federal-State Joint Board on Universal Service Seeks Comment on Lifeline and Link-Up Eligibility, Verification, and Outreach Issues referred to Joint Board, CC Docket No. 96-45, WC Docket No. 03-109, rel. June 15, 2010.

BACKGROUND

The current federal Lifeline program provides low-income consumers with discounts on the monthly cost of telephone service for a single telephone line in their principle place of residence. The Link-Up program provides low-income consumers with discounts on the initial costs of installing telephone service for a single telephone line in their primary residence.

According to the FCC, more than 40 states have established their own low-income universal service support programs.³ California is, of course, one of these states. For states that do not have their own state lifeline programs, the FCC sets the criteria for consumer eligibility, certification of consumers, and verification of continued consumer eligibility that low-income residents in those states must meet to receive federal subsidization of their monthly telephone service from the federal Universal Service Fund (USF). States with their own low-income programs may elect to establish their own criteria regarding consumer eligibility, certification of consumer eligibility, and carrier verification of continued consumer eligibility that would apply to both the state and federal support programs, as long as their criteria is consistent with federal law and FCC requirements. California has adopted its own criteria and has fine-tuned its program over many years.

In the *Referral Order*, the FCC asks the Joint Board to recommend any changes to these aspects of the Lifeline and Link Up programs that may be necessary, given significant technological and marketplace changes since the current rules were adopted, based on consideration of: (1) the combination of federal and state rules that govern which customers are eligible to receive discounts through the Lifeline and Link Up programs; (2) best practices among states for effective and efficient verification of customer eligibility, both at initial customer sign-up and periodically thereafter; (3) appropriateness of various outreach and enrollment programs; and (4) the potential expansion of the low-income program to broadband, as recommended in the National Broadband Plan. The FCC requests that the Joint Board prepare a recommended decision regarding these issues and submit its decision to the FCC within six months of the release of the order.

DISCUSSION

Staff recommends that the CPUC file comments to the Joint Board in response to the FCC's *Referral Order*, as follows:

- 1) Our comments should provide an overview of the CPUC's Lifeline program eligibility, certification and verification criteria and processes, and an overview of our marketing/outreach processes, to inform the Joint Board regarding its inquiry into best practices among the states.
- 2) Our comments should oppose suggestions by the FCC to set uniform criteria for eligibility, certification, verification, outreach, and document retention that would apply to all states. Support the current process whereby the FCC establishes certain criteria that

³ *Referral Order*, para. 3.

all states must meet, but permits states with their own programs to establish additional or different standards as long as they are consistent with the federal requirements. In other words, the federal standards should act as a floor. Also recommend that if the FCC does mandate new criteria, the federal government should reimburse states for any new costs resulting from such a mandate.

- 3) Our comments should oppose suggestions that the FCC should require more or different documentation from consumers than the states require in order for the consumer to receive the federal Lifeline/Link-Up subsidy.
- 4) Our comments should conditionally support a federal mandate that all states employ “automatic enrollment” whereby an “electronic interface between a state agency and the carrier . . . allows low-income individuals to automatically enroll in Lifeline/Link-Up and state lifeline programs following enrollment in a qualifying public assistance program.”⁴ CPUC support would be conditioned on federal dollars to pay for the design and establishment of the electronic communication system necessary to implement such a process. Also any such system would have to ensure privacy protection and online security of consumer information. Comments on this point should address the privacy concerns raised in California regarding such automatic enrollment, in addition to the expense of such a mandate.
- 5) Our comments should discuss problems with proposals to require an electronic certification process. Of the 75% of CA Lifeline subscribers that could use electronic certification, only about 10% do so. Low-income subscribers may not be able to afford computers and Internet access service, and there are also technical and privacy issues associated with putting documents on line.
- 6) In response to the FCC’s question of how states can ensure that a customer is not receiving federal Lifeline-supported service from more than one eligible telecommunications carrier, our comments should inform the Joint Board of our practices in California. Our comments should also recommend that the FCC require carriers to make clear in their marketing/advertisements/notices on federal Lifeline service that a customer can only sign up for such service from one carrier.
- 7) Finally, our comments should recommend the use of Pilot Programs to determine how the expansion of the federal Lifeline/Link-Up program to include broadband Internet access service would affect these aspects of state and federal lifeline programs.

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⁴ *Id.*, para. 18.