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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding
Revisions to the California Universal
Telephone Service (LifeLine) Program.

Rulemaking 11-03-013
(Filed March 30, 2011)

ASSIGNED COMMISSIONER RULING AND SCOPING MEMO

1. Summary

This ruling sets the scope of this proceeding and establishes a procedural plan for the Commission's consideration of revisions to the LifeLine Program.

2. Background

On March 30, 2011, the Commission opened this Rulemaking to focus on the revisions to the California LifeLine program. This program was designed to ensure that basic telephone service remains affordable for low-income Californians. Our on-going commitment to achieving that objective requires additional work. This proceeding is a successor to the Commission's earlier Rulemaking (R.) 06-05-028, where the Commission addressed its telecommunications public policy programs, and a sequel to its revision of Basic Service in Decision (D.)12-12-038.

In 2006, the Commission opened R.06-05-028 to evaluate whether California's universal service public policy programs should be updated to reflect changes in the telecommunications industry. Through that Rulemaking, the Commission set out to reform California LifeLine in order to guarantee that high-quality communication services were affordable and widely available to all.

In D.10-11-033, the Commission adopted a new methodology for providing LifeLine support to eligible consumers and in doing so ensured that the Commission was able to monitor impacts on ratepayers so that the basic rate would remain just and reasonable and that the LifeLine rate would remain affordable.

That decision acknowledged that significant technological and regulatory changes in the telecommunications industry had occurred since the Moore Universal Telephone Service Act, which we now refer to as the California LifeLine Program (California LifeLine or LifeLine).¹ Consumers have accelerated their use of communications options, many of which have never been subject to traditional utility regulation or whose regulatory regime differs from traditional wireline LifeLine providers, and whose providers have not previously participated in the California LifeLine Program. We recognized the challenge to making these newly popular communication services and platforms available to LifeLine customers. In D.10-11-033, the Commission clarified that non-traditional carriers might participate in California LifeLine.

The decision targeted reforms to the most pressing problems confronting the California LifeLine Program and approved numerous changes, including “delinking” California LifeLine from the AT&T basic rate structure, adopting a Specific Support Amount methodology as the best option to set carrier support, and capping, until December 31, 2012, the then current California LifeLine rate of \$6.84. The decision allowed non-traditional carriers, such as wireless carriers and voice-over-internet-protocol (VoIP) companies, to participate in the

¹ The program is established in Pub. Util. Code §§ 871–884.

California LifeLine program consistent with current requirements, but designated this phase of the proceeding as the place to consider implementation changes needed to facilitate participation of wireless carriers and other non-traditional carriers in LifeLine.

The decision anticipated that this phase would clarify any outstanding issues regarding how wireless and VoIP carriers might participate in the LifeLine program under a revised version of General Order 153.

The Commission's decision also noted that The Utility Reform Network, National Consumer Law Center, and Disability Rights Advocates recommended that the scoping memo for this proceeding address the following issues:

1. Declining levels of enrollment in the LifeLine program;
2. Creating a process for determination of LifeLine eligibility prior to signing up with a carrier; and
3. Issues raised by applying the LifeLine subsidy to bundled services.

In addition to the Commission's own expectations regarding the scope of this phase of the proceeding, the Commission's Division of Ratepayer Advocates (DRA) on January 26, 2010, issued its report on its 2009 LifeLine Wireless Forum held in partnership with Assembly member Felipe Fuentes, then Chair of the Utilities and Commerce Committee. The two-day Forum included California Public Utilities Commissioners Grueneich and Simon. DRA explained that the Forum was convened to bring together a broad range of stakeholders to (i) identify issues and concerns about modernizing LifeLine, and (ii) elicit ideas on the best ways to incorporate wireless service into the program consistent with the Commission's public policy goals under the Moore Universal Telephone Service Act.

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

Public safety concerns, including the availability of emergency telephone service, 9-1-1;

Features and plans, including whether the Commission should set a number of minutes for outbound calls, charges for incoming calls or to toll-free numbers, contract termination fees, and the role of prepaid wireless;

Administrative issues, including the use of a third-party administrator and whether households could qualify for more than one LifeLine service; and

Consumer education, including how to inform LifeLine customers, among whom are those with special needs, of changes to the program.

Most recently, in D.12-12-038, the Commission adopted updated requirements for residential basic telephone service. (See Appendix A below.). D.96-10-066 had first provided a uniform definition of basic service appropriate for meeting universal service needs by defining a certain minimum level of service. The Commission's revisiting of the basic service definition was intended to be technology-neutral in updating the original service elements.

The new definition applies on a statewide basis to all telecommunications carriers wishing to offer basic residential telephone service.

In adopting a new definition, the Commission recognized that the basic service elements would serve as a starting point for defining LifeLine service in this proceeding. Would households that qualify for LifeLine discounts need telephone service differing from the basic service elements as defined in D.12-12-038, and if so, how? The Commission explained that it intended to provide low-income customers with a broader range of choices for discounted

LifeLine options, consistent with their LifeLine service needs and accompanied by appropriate consumer protections.

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

2.1 Wireless Eligible Telecommunications Carriers

Since at least 2010, the Commission has been evaluating proposals by wireless carriers seeking Eligible Telecommunications Carrier (ETC) status to provide federally funded discounted wireless service to low-income customers.

The federal and California ETC requirements are set out in detail in Appendix B to today's ruling. Generally, to obtain federal ETC status under California's rules, the carrier must offer local usage plans comparable to that provided by the incumbent local exchange carrier and be in the public interest. In the most recent instances involving service offerings from federally supported wireless ETCs, the Commission staff has prepared an analysis of the price for the wireless carrier's proposed service, including additional amenities such as unlimited long distance calls and caller ID, and compared the proposed offering to a similar set of services from AT&T and Verizon, the two largest wireline incumbent local exchange carriers in California. To evaluate the public interest component, the staff looked at the advantages to customers offered by the proposed services and their price points. Where the staff found enhanced service offerings at a lower retail price, the staff concluded that the wireless proposed service was in the public interest.

As a rule, the Commission staff examines whether the proposed offering complies with state requirements, including General Order 153, and meets the existing LifeLine Service Elements. In recent reviews, the Commission staff has allowed that wireless carriers can deviate from two requirements and yet remain in compliance with the elements that are otherwise required: (1) the offering of a flat rate or measured rate local service, and (2) the provision of telephone directories.

Finally, staff reviews have acknowledged two safety considerations deemed inherent in any LifeLine wireless service: 1) The likely removal of the handset from the home; and 2) Poor mobile reception resulting from weather conditions, terrain, service inside some buildings, or gaps in service coverage, and power back-up limitations. In Resolution T-17258, for example, Staff noted these concerns and in Ordering Paragraph 7 of that Resolution, the Commission required the carrier to “include adequate information about the potential coverage and service quality issues a customer may encounter if s/he opts to select a federal wireless LifeLine plan versus a State LifeLine wireline plan, with such customer information subject to Staff review and approval.”

A summary of the Commission-approved wireless, federally-supported LifeLine offerings in California shows the following features:

- Cricket Communications, T-17266 (December 7, 2010):
 - \$21.50 Plan, unlimited local, long-distance, text, and Caller ID.
- Telscape, T-17339 (October 17, 2011)
 - All Plans include: free handset, Caller ID, voicemail, call waiting, 3-way calling, \$30.00 activation fee.
 - Plan 1, 300 minutes or texts for \$2.50.
 - Plan 2, 1100 minutes or text for \$20.00.

- Virgin Mobile, Resolution T-17388 (March 5, 2013)
 - All plans include free handset, Caller ID, Call Waiting, voicemail and local calling. No contract required and no activation fee.
 - Free Plan, 250 voice minutes, 250 domestic messages.
 - \$5.00 Plan, 500 voice minutes, 500 domestic messages.
 - \$20.00 Plan, 1,000 voice minutes, 1,000 domestic messages.
 - \$30.00 Plan, unlimited voice, domestic messages, and Virgin XL downloads.
- Nexus, Resolution T-17389 (March 6, 2013), three offerings, all with free handset, no contracts, and no activation fees:
 - Free Plan, 250 voice minutes, 250 domestic texts, Instant Message (IM), or emails.
 - \$5.00 Plan, 500 voice minutes, 500 domestic messages.
 - \$20.00 Plan, 1000 voice minutes, 1000 domestic messages.

Common elements in the case of the plans for Nexus, Telscape, and Virgin Mobile include free handsets and a “free” plan that includes a limited number of voice minutes and texts or a limited number of minutes and texts for a very small monthly fee.

3. Scope of the Proceeding

We seek comment on whether and, if so, in what respects, California’s LifeLine Service Elements may or should differ from the Basic Service Elements recently adopted by the Commission. At the outset, we believe the scope of the rulemaking should include the following questions:

1. Definition of CA LifeLine Service Elements

- a. Are there any legal or statutory impediments to LifeLine service elements differing from Basic Service elements?
- b. Are there any policy impediments to LifeLine service elements differing from Basic Service elements?
- c. For policy or legal reasons, should the LifeLine service elements be the same as the Basic Telecommunications Service Elements adopted in D.12-12-038? What is the rationale for or against distinguishing the service elements for LifeLine and Basic Service? Note that LifeLine currently diverges from the Basic Service elements in D.12-12-038, and that it differed from the Basic Service elements under the prior Basic Service definition.
- d. If the LifeLine service elements diverge from basic service, how should they diverge? What service elements should be different? Please address the advantages and disadvantages of any differences in the LifeLine service elements as compared to the Basic Service elements.
- e. Should the basic service elements follow the federal LifeLine definition? Please address the advantages and disadvantages of using the federal LifeLine service elements definition.
- f. The federal LifeLine definition allows carriers to participate in the program if they comply with the E911 standard. Is this the appropriate standard for emergency service provided by LifeLine wireless carriers? Should wireline LifeLine providers be required to continue to provide 911 service, as opposed to E911 service, for LifeLine customers? How do proposals about next generation 911 and E911 affect this analysis?
- g. Are changes in the LifeLine service elements appropriate to entice wireless carriers and other non-traditional providers to offer LifeLine service, and to

increase competition and choices for Californians about the type of LifeLine service they can receive and the range of providers?

- h. Should the wireless LifeLine service offerings include a specified number of monthly voice minutes or texts at a set price? If so, what should those monthly minutes, number of texts, and price be? The parties are encouraged to make specific recommendations. Note that the Basic Service definition requires the ability to make and receive local calls all month. What would be the advantages and disadvantages to adopting that standard for LifeLine? If a “bucket of minutes” is required for LifeLine Service elements, how can we ensure access and affordability per the requirements of Pub. Util. Code §§ 871–884 if subscribers use all of their minutes before month-end?
- i. If the Commission required a “bucket of minutes” for LifeLine, should this requirement be the same across technologies? For example, is a “bucket of minutes” requirement more or less appropriate for wireless or wireline service offerings? Is a “bucket of minutes” standard appropriate for wireline LifeLine which currently offers unlimited incoming and outgoing local calls all month long?
- j. If the Commission decides not to require a specified set of monthly minutes and/or texts at a set price, what service should be required for LifeLine? Note that the LifeLine statute requires service to meet “minimum communications needs.” What are those needs and how can we ensure that they are met?
- k. Should the LifeLine Specific Support Amount (SSA) be applicable to a variety of non-minimal service plans as a LifeLine “discount” to be applied at the discretion of the eligible subscriber?

- l. Could the Commission do both – that is, adopt a minimal wireless LifeLine service definition, but also allow wireless provider to offer a discount equal to the SSA to any existing service offering?
- m. Should the Commission adopt a conversion factor to allow customer to adjust voice minutes and various text combinations? For example, is it feasible for the Commission to adopt, after notice and comment, a 1:10 minutes to texts ratio (or some other appropriate ratio) to allow a customer to customize the allowed number of minutes and texts? What of a LifeLine service definition that includes 250 minutes and 100 texts? Could LifeLine service elements flexibility go so far as to allow customer A, who wants more minutes and does not use text, to convert an allowance of 100 texts to an allowance of 10 more voice minutes? Would the reverse be feasible, that is, to trade voice minutes for texts?
- n. If the Commission were to adopt a specific number of voice minutes and texts at a given support amount, would the Commission be obliged to review and possibly update those numbers given changes in technology, customer use, and the telecommunications market-place, and taking into account demographic and regional differences in use? If so, how should the Commission determine when such updates were necessary?
- o. What issues are raised by the application of LifeLine to bundled service offerings? Are any additional steps or requirements necessary to ensure that Californians are not required to purchase additional or bundled services as a gateway to subscribing to LifeLine?
- p. What rules, if any, are warranted regarding contract early termination fees or cancellation of contracts without penalty if service is not adequate? Should these rules differ for wireless or wireline LifeLine?

- q. What additional issues should the Commission consider regarding LifeLine service elements and requirements for LifeLine service?
2. Program Administration and General Order 153
 - a. What changes are necessary to make the administration of the CA LifeLine program more efficient and accessible for customers and other stakeholders? California uses a third party administrator for initial LifeLine qualification and for annual renewal. Is that process effective or are adjustments warranted?
 - b. What changes to program administration and General Order 153 are needed to accommodate pre-paid services? Please be specific about the proposals and about any advantages and disadvantages of those proposals to accommodate pre-paid services.
 - c. Should the CA LifeLine program continue to require “pre-qualification” of LifeLine subscribers, that is that a subscriber must obtain service from a carrier before being approved for LifeLine?
 - d. Should the Commission pursue an option to allow customers to be pre-registered for CA LifeLine service (obtain an eligibility determination before signing up for service with a carrier), rather than requiring customers to obtain regular service while awaiting the determination of their LifeLine eligibility (and back-crediting them to the date of the request for LifeLine)? What would be the advantages and disadvantages of such a system?
 - e. Should California continue to support non-recurring or connection charges through the LifeLine program?
 - f. Is outreach about the LifeLine program adequate or effective for all Californians, including those with special needs and non-English speaking Californians? What changes should be made, if any,

to the outreach and information programs relevant to LifeLine? Should in-language marketing be required?

- g. Does Public Utilities Code 710 raise any issues about LifeLine eligibility for VoIP providers? If so, should VoIP eligibility to participate in LifeLine be referred to a second phase of this proceeding to ensure accountability to program rules and requirements?
- h. Should the following issues be addressed in the first phase of the proceeding or reserved for a subsequent phase:
 - i. How might the LifeLine program better provide for the security of subscriber data and subscriber privacy?
 - ii. What should be the status of joint LifeLine accounts?
 - iii. What role should Community Based Organizations play in a reformed LifeLine program?
 - iv. How does the LifeLine Program ensure service quality for LifeLine subscribers?
 - v. Should the CAB Appeals Process be retained as is or modified? If modified, in what way?
 - vi. Are there additional procedures that might be useful in eliminating waste, fraud and abuse in a revised LifeLine Program?
- i. Are there additional issues, not addressed in this Scoping Memo, that need the immediate attention of the Commission in this opening phase of the proceeding? If so, please explain what they are and why they need immediate consideration by the Commission.

3. Should the Commission extend the Cap on LifeLine Rates and carrier SSA subsidies?
 - a. How should the Commission respond to the TURN Motion filed June 12, 2012 (along with the responses by other stakeholders)? The Commission issued D.12-07-022 granting a limited rehearing of D.10-11-033.
 - i. How should the Commission address those factors identified in D.00-12-028 (and not addressed in D.10-11-033), and how should their potential effect on wireless providers in California be addressed?
 - ii. How should the incorporation of the study entitled "Affordability of Telephone Service 2010, Survey of Households" and telephone affordability in general be addressed?
 - b. Is it in the public's interest to extend a customer rate freeze for a set period of time (beyond June 30, 2013)? What would be rationale for the Commission to, in effect, re-regulate rates? How should the Commission address concerns that carriers will shift price burdens onto low-income consumers rather than claim government subsidy.
 - i. Please comment on TURN's argument that LifeLine rates could increase to \$10.50 (under AT&T's \$21.00 basic service package) which assumes the carrier will maximize the rate the customer pays (limited only by 50% of the basic rate from the Moore Act), and claim less from the federal and state LifeLine funds.
 - c. Should the Commission consider a state-wide LifeLine basic service rate (or maximum) for all

carriers? How would this apply to wireless providers?

- d. How should the Commission address the question of carrier compensation? The SSA was created to increase along with the rates of the four largest ILECs so as to give incentive for carriers to charge less to customers. Should this process be re-evaluated? If the SSA is frozen, when basic rates increase, the LifeLine customers will be forced to make up the difference (barring a corresponding price freeze).
 - i. Should the Commission reconsider its decision to eliminate bad debt reimbursement for carriers?
 - ii. Should the Commission consider the use of geographic de-averaging of basic rates when computing the SSA?
- e. Would it be appropriate for the Commission to use an Order from the Executive Director (or an Assigned Commissioner Ruling) to extend the rate cap during the pendency of this proceeding, or is a formal Commission decision to that effect necessary? (See Appendix C for a summary of rates for the largest ILECs from 2006 to present.)

I encourage parties to meet and confer, with assistance from the Communications Division as needed or desired, to develop a joint proposal(s) on these issues. Specific proposals, with well-articulated supporting rationales, will provide the other parties, the public, and the Commission with clear alternatives on these issues.

4. Category of Proceeding and Need for Evidentiary Hearings

This proceeding is categorized as quasi-legislative as defined by Rule 1.3(d), and I find that evidentiary hearings are not necessary.

5. Schedule

Pursuant to Pub Util. Code § 1701.4(a), it is anticipated that this proceeding will be concluded within 18 months of the issuance of this Scoping Memo.

Parties to this proceeding may file opening and reply comments on the schedule as set forth below:

Event	Date
Parties file and serve opening comments	May 13, 2013
Parties file and serve reply comments	May 31, 2013

Those comments and replies will be analyzed and reviewed by the Commission’s Communications Division Staff and together we will develop a proposal for a subsequent round of focused comment, possibly including workshops on minimal LifeLine service elements or other issues. The procedural schedule for the subsequent round will be set in a later ruling.

6. Public Participation Hearings

This ruling sets a schedule for public participation hearings (PPHs) regarding proposed revisions in LifeLine telephone service requirements being contemplated in this proceeding. Telecommunications carriers currently providing telephone service within California shall provide timely written notice to their customers of the PPHs via bill inserts or other means subject to the approval of the Public Advisor. Such notifications shall begin as soon as practicable and all telecommunications carriers shall submit their notice plans to the Public Advisor within five business days of this ruling.

The PPHs scheduled below will provide a forum to hear from the public regarding possible revisions to the LifeLine service and rate, and potential impacts of other proposed revisions to the LifeLine program.

City	Date and Time	Location
Rancho Cordova	May 14, 2013 4:00 pm to 7:00 pm	Rancho Cordova City Hall Council Chambers 2729 Prospect Park Drive Rancho Cordova, CA 95670
San Francisco	May 15, 2013 4:00 pm to 7:00 pm	Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
San Diego	June 12, 2013 4:00 pm to 7:00 pm	Al Bahr Shriners Center 5440 Kearny Mesa Road San Diego, CA 92111
Riverside	June 17, 2013 4:00 pm to 7:00 pm	City Hall 3900 Main Street Riverside, CA 92522
Los Angeles	June 18, 2013 4:00 pm to 7:00 pm	Caltrans District 7 Headquarters Room 01.040A and B 100 S. Main Street Los Angeles, CA 90012
Eureka	July 16, 2013 4:00 pm to 7:00 pm	Humboldt County Board of Supervisors 825 5 th Street Eureka, CA 95501
Fresno	July 31, 2013 4:00 to 7:00 pm	Fresno City Hall Council Chambers, 2 nd Floor 2600 Fresno Street Fresno, CA 93721
Salinas	August 13, 2013 4:00 pm to 7:00 pm	Laurel Inn and Conference Center 801 West Laurel Drive Salinas, CA 93906

7. Ex Parte Communications

The Commission's *ex parte* communication rules set forth in Rule 8.3(a) shall apply in this proceeding.

8. Presiding Officer

Pursuant to Rule 13.2(c), I am the presiding officer in this Rulemaking.

IT IS RULED that:

1. This Scoping Memo is adopted.
2. Parties shall file and serve comments and reply comments as follows:

Event	Date
Parties file and serve opening comments	May 13, 2013
Parties file and serve reply comments	May 31, 2013

3. The schedule set forth above for Public Participation Hearings is adopted.
4. Telecommunications carriers currently providing telephone service within California shall provide timely written notice to their customers of the PPHs via bill inserts or other means, subject to the approval of the Public Advisor. Such notices shall begin as soon as practicable and all telecommunications carriers shall submit their notice plans to the Public Advisor within five business days of this ruling.
5. The category of this rulemaking is quasi-legislative as defined in Rule 1.3(d) of the Commission's Rules of Practice and Procedure. *Ex parte* communications are allowed pursuant to Rule 8.2(a).
6. Pursuant to Rule 13.2(c), I am the presiding officer in this Rulemaking.

Dated April 10, 2013, at San Francisco, California.

/s/ CATHERINE J.K. SANDOVAL
Catherine J.K. Sandoval
Assigned Commissioner

APPENDIX A

D.12-12-038

Basic Telecommunications Service Elements

At a minimum, the following service elements must be offered on a nondiscriminatory basis by any carrier providing Residential Basic Telephone Service (basic service) within California. These revised basic service elements do not impose an obligation to provide basic service upon any carrier where no such obligation exists today. Nor do they prohibit a carrier from electing to provide additional elements as part of its basic service offering. Any carrier may use any technology to satisfy any obligation to provide basic service as detailed below:

I. Basic Service Elements:

1. The provider must offer customers the ability to place and receive voice-grade calls over all distances utilizing the public switched telephone network or successor network.
 - a. Carriers offering basic service must at a minimum enable calls to be sent and received within a local exchange or over an equivalent or larger-sized local calling area.
 - b. A basic service provider must allow equal access to all interexchange carriers within the local calling area in accordance with state and federal law and regulation.
 - c. Carriers offering basic service must provide a voice-grade connection from the customer residence to the public switched telephone network or successor network.
 - d. Carriers offering basic service must disclose to each customer before subscription that they are entitled to a voice-grade connection and the conditions under which the customer may terminate service without penalty if one cannot be provided.
 - e. If at any time, a basic service customer fails to receive a voice-grade connection to the

residence and notifies the provider, the basic service provider is required to (1) promptly restore the voice-grade connection, or if not possible (2) provide basic service to that customer using a different technology if offered by the provider and if the customer agrees; or (3) allow the customer to discontinue service without incurring early termination fees, if applicable. Nothing in these rules should be inferred as modifying the service obligation of a COLR to ensure continuity of customers' basic service.

2. Free access to 911/Enhanced (E) 911 service.

- (a) A basic service provider must provide free access to 911/E911 emergency services, in compliance with current state and federal laws and regulations.
- (b) Any carrier that is not a traditional wireline provider of basic service will be required to make a showing by filing a Tier 3 Advice Letter that demonstrates its ability to provide 911/E911 location accuracy and reliability that is at a minimum at least reasonably comparable, but not necessarily identical to, that traditional wireline service offered by the existing COLR.
- (c) The basic service provider will further be required to certify in a Tier 3 Advice Letter filing that it is compliant with 911/E911 standards established by state and federal laws and regulations, and will not be deemed to provide basic service if it has obtained a waiver from such state and federal laws and regulations.
- (d) Each basic service provider must provide its potential and existing customers information regarding its 911/E911 emergency services location accuracy and reliability standards.

3. Access to directory services.

- (a) Each basic service provider must offer access to directory assistance within the customer's local community that covers an area at least equivalent to the size of the geographic area the existing COLR's directory assistance service provides.

- (b) For basic service provided by other than a traditional wireline carrier, a customer's listing may be excluded from the local directory and directory assistance as a default unless the subscriber affirmatively requests to have the number listed.
- (c) For basic service provided by a traditional wireline carrier, a customer's listing shall be included for free in the local directory and directory assistance as a default unless the customer affirmatively requests to have the number unlisted.
- (d) A basic service provider must provide customers the option to receive a free white pages directory covering the local community in which the customer resides. For purposes of this definition, the local community shall include a geographic region at least equivalent to the area covered by the white pages directory that the existing COLR currently provides.
- (e) Because Verizon California, Inc. (Verizon) and other providers of basic service to customers residing in Verizon's service territory have been authorized to provide electronic delivery pursuant to Resolution T-17302, that authorization is compliant with the white pages directory requirement for basic service in Verizon's territory.
- (f) The requirement to provide a free published directory can be satisfied using the procedures authorized in Resolution T-17302 in other territories upon the filing of a Tier 2 Advice Letter. Under this authorization, the affected customers will receive delivery of the directory electronically by CD-ROM or by on-line access, unless a customer affirmatively elects to receive a traditional printed paper copy by contacting the basic service provider under the procedures authorized in Resolution T-17302.

4. Billing Provisions

- (a) Providers of basic service must offer customers the option to receive unlimited incoming calls without incurring a per-minute or per-call charge.
- (b) Carriers offering basic service must offer a flat rate option for unlimited outgoing calls that at a minimum mirrors the local exchange or an equivalent or larger sized local calling area in which the basic service customer resides.

- (c) Basic service must be offered on a non-discriminatory basis to all residential households within the provider's service territory. A carrier may satisfy this obligation using different technologies throughout its service territory.
- (d) Basic service providers must offer LifeLine rates on a non-discriminatory basis to any customers meeting LifeLine eligibility requirements residing within the service territory where the provider offers basic service.
- (e) Carriers providing basic service must offer an option with monthly rates and without contract or early termination penalties.
- (f) Carriers may offer added features and/or enhanced service elements without additional charge(s) as part of a basic service offering. For example, carriers must not obligate customers to also subscribe to service bundles that require subscription to data and/or video services as a condition of receiving basic service.
- (g) As of January 1, 2011, the Commission no longer imposes caps on basic rates. A COLR serving in a high-cost area, however, will continue to be required to certify that its basic rate in a designated high-cost area does not exceed 150% of the highest basic rate charged by a COLR in California outside of the high-cost area.

5. Access to 800 and 8YY Toll-Free Services.

- (a.) Each provider of basic service must offer at least one basic service option that allows unlimited calls to 800 and 8YY toll-free numbers with no additional usage charges for such calls. A provider may offer alternative billing plans for basic service that may include usage charges for calls to 800 and 8YY toll-free numbers.
- (b) In any event, the carrier must provide full disclosure to the customer concerning how charges for 800 numbers would apply if the customer does not subscribe to an unlimited calling flat rate option.

6. Access to Telephone Relay Service as Provided for in Pub. Util. Code § 2881.

Basic service providers must offer free access to California Relay Service pursuant to § 2881 for deaf or hearing-impaired persons or individuals with speech disabilities.

7. Free Access to Customer Service for Information about Universal LifeLine Telephone Service (ULTS) Service Activation, Service Termination, Service Repair and Bill Inquiries.

The basic service provider shall provide free access to customer service for information about the above-referenced services.

8. One-Time Free Blocking for Information Services, and One-Time Billing Adjustments for Charges Incurred Inadvertently, Mistakenly, or Without Authorization.

Basic service must include the provision of one-time free blocking for 900/976 information services and one-time free billing adjustments for changes inadvertently or mistakenly incurred, or without authorization.

1. Access to operator services

Basic service shall include free access to operator services.

II. General Requirements

In addition to the basic service elements and related requirements listed above, basic service shall be provided consistent with the following requirements.

- a) A basic service provider must file and maintain tariffs or schedules with the Commission by a Tier 2 Advice Letter for its basic service offerings which must include its basic service rates, charges, terms, and conditions; and must make them publicly available. Requirements for customer notice and/or Commission filings for revisions in basic service rates, charges, terms, and/or conditions must be made in accordance with the applicable requirements for tariff filings set forth in General Order 96-B.
- b) If a carrier chooses to offer basic service in all or part of its service territory using multiple, different technologies, each type of offering must be tariffed or scheduled with the Commission. This requirement does not extend beyond basic service.
- c) Each basic service provider must clearly inform all potential residential subscribers who contact the provider prior to initiating service of their option to purchase basic service

and to subscribe to basic service on a month-to-month basis with no termed contracts.

- d) A provider must not represent to customers, or in advertising or by any other means, that any services, service elements, or service conditions, except those authorized by the Commission, constitute basic service in California.
- e) Until the Commission determines the extent to which new service quality standards should be adopted for carriers, a provider that wishes to offer basic service utilizing anything other than traditional exchange-based wireline technology that cannot comply with all the requirements of General Order 133-C must file a Tier 3 advice letter.
- f) This filing must indicate what General Order 133-C service quality measurements and reporting procedures it can comply with, those it can provide functionally equivalent reporting information for and lastly what measurement and reporting requirements are not applicable to the technology it is using to provide basic service. This filing must further indicate how the new service or new technology maintains essential basic services or standards.

(END OF APPENDIX A)

APPENDIX B

To be designated an ETC, an applicant must meet the following five generally established ETC requirements:

- 1) commitment to, and ability to provide service in its proposed service area;
- 2) ability to remain functional in emergencies;
- 3) commitment to satisfying consumer protection and service quality standards;
- 4) an offering of local usage comparable to that offered by the incumbent LEC; and
- 5) ability to offer equal access if all other ETCs in the area relinquish their ETC designations.²

The FCC encourages state Commissions to apply these requirements to all ETC applicants over which they have jurisdiction. Additionally, the FCC and state commissions must determine that an ETC designation is in the public interest. Factors to be included in the public interest analysis are the following: 1) increased consumer choice, 2) advantages and disadvantages of particular service offerings, and 3) potential for cream-skimming in rural service areas.³

To be eligible for universal service subsidies, an ETC must offer the services the FCC reimburses through the federal universal service support mechanisms under 47 U.S.C. § 254(c). The ETC can accomplish this either by using its own facilities or through combining its own facilities with resale of another carrier's services. The ETC must advertise the availability of such services and the charges for these services using media of general distribution.⁴

² FCC 05-46 §IV. ETC Designation Process ¶20

³ FCC 05-46 § IV.B

⁴ 47 U.S.C. § 214(e)(1)

The primary responsibility for designating a carrier as an ETC rests with state commissions for those carriers over which they have jurisdiction⁵. In cases where a state does not have jurisdiction over a carrier, the Federal Communications Commission (FCC) conducts the ETC designation process.⁶

To discharge its obligation to evaluate ETC designation requests, the CPUC issued Resolution T-17002 in May 2006 that contains comprehensive procedures, guidelines, and reporting requirements that are consistent with, yet broader than federal rules⁷ for ETC designation request reviews. Resolution T-17002 reflects the ETC designation requirements found in FCC 97-157⁸ and portions of FCC 05-46⁹, which are contained in Appendices A & B, and are included as Attachment 1 to this resolution.

In addition to the federal and CPUC requirements for evaluating ETC requests, the Communications Division (CD) staff reviews the requests for compliance with CPUC General Order (G.O.) 153 and with other state regulatory requirements for telephone corporations operating in California.

G.O. 153 implements the Moore Universal Telephone Service Act, and contains California LifeLine service requirements for wireline carriers offering basic residential telephone service in California, including twenty-two elements of LifeLine service that

⁵ 47 U.S.C. § 214(e)(2).

⁶ 47 U.S.C. § 214(e)(6).

⁷ Resolution T -17002, pg. 2, "CPUC finds that additional mandatory requirements for ETC designation and ETC eligibility reasonable as it provides a means to monitor and ensure that any funds given to California ETCs are used to achieve the goals of universal service."

⁸ FCC 97-157, adopted May 7, 1997, established the definition of services to be supported by the federal USF support mechanism and a timetable for implementation. It also adopted the statutory criteria in 47 U.S.C. §214(e) as the rules to govern which carriers are eligible to receive federal USF support.

⁹ FCC 05-46, Docket No. 96-45, adopted February 25, 2005, addressed the minimum requirements for a telecommunications carrier to be designated an ETC.

carriers must provide. A list of the LifeLine service elements is included in Attachment 2 to this resolution. At this time wireless carriers providing service in California can offer California LifeLine service. If a wireless carrier is able to comply with GO 153¹⁰ as an ETC, then the carrier can offer Federal LifeLine service also. CD staff has applied the provisions of G.O. 153 in its evaluation of Cricket's ETC designation request. CD recommends that, until the Commission adopts California LifeLine rules for wireless service providers in Phase II of R. 06-05-028, Cricket's federal LifeLine offerings must comply with G.O. 153. Once the CPUC adopts rules for the offering of wireless LifeLine in California, wireless ETCs, including Cricket, must comply with those rules.

All telephone corporations operating in California are required to possess a certificate of public convenience and necessity (CPCN) for wireline carriers, or a wireless identification number (WIN) for all commercial mobile radiotelephone services (CMRS) providers¹¹. Both of these classes of carriers are required to pay CPUC user fees¹² and submit surcharge¹³ amounts assessed on customers' intrastate telecommunications services to support the CPUC's universal service programs. CD reviews each ETC applicant for compliance with these regulatory requirements as part of the determination as to whether it is in the public interest to approve an ETC designation request.

(END OF APPENDIX B)

¹⁰ See D.10-11-033, *mimeo* at 68.

¹¹ See D.94-10-031.

¹² See P.U. Code § 432.

¹³ See D.96-10-066 (8)(g).

APPENDIX C - Carrier Rates

Summary of URF ILEC Residential Service Rate Changes

AT&T	September 2006	March 2009	September 2012	Beginning 1/2/2013	\$ Rate Change (since Sept 2006)	% Rate Change (since Sept 2006)
Residential Basic Rate						
Flat Rate Service/Month	\$10.69	\$13.50	\$21.00	\$23.00	\$12.31	115.2%
Measured Service	\$5.70	\$7.28	\$15.37	\$18.35	\$12.65	221.9%
LifeLine Basic Service *						
Flat Rate	\$5.34	\$6.11	\$6.84	\$6.84	\$1.50	28.1%
Measured Rate	\$2.85	\$3.27	\$3.66	\$3.66	\$0.81	28.4%
Other Associated Basic Services or Elements						
Local directory free allowance	3	1	0	0		
Local directory per call charge	\$0.46	\$1.50	\$1.89	\$1.89	\$1.43	310.9%
Non-published listing:						
(a) Exclude from white page directories/month	\$0.14	\$1.00	\$1.00	\$1.00	\$0.86	614.3%
(b) Exclude from white page directories & calls to DA/month	\$0.28	\$1.25	\$1.25	\$1.25	\$0.97	346.4%
Installation/Activation Charges	\$33.00	\$33.00	\$49.00	\$49.00	\$16.00	48.5%
Reactivation charge	\$19.00	\$19.00	\$25.00	\$25.00	\$6.00	31.6%
Visit Charge/hr	\$67.45 - 88.35	\$67.45 - 88.35	\$55 1 st :15; \$20 each ad'l :15	\$55 1 st :15; \$20 each ad'l :15		
Repair Service:						
-- WirePro/Month	\$2.99	\$5.00	\$8.00	\$8.00	\$5.01	167.6%
Returned Check Charge	\$6.65	\$25.00	\$25.00	\$25.00	\$18.35	275.9%
Late Payment (fixed charge)	0	\$2.50	\$2.50	\$2.50	\$2.50	
-- plus % apply to all unpaid when unpaid balance >= \$20 now \$30	1.5%	2.0%	2.0%	2.0%		33.3%
-- Assume unpaid balance \$10	\$0.00	\$0.00	\$0.00	\$0.00		
-- Assume unpaid balance \$30	\$0.38	\$5.75	\$3.10	\$3.10	\$2.72	715.8%
-- Assume unpaid balance \$50	\$0.75	\$6.00	\$3.50	\$3.50	\$2.75	366.7%
Local Toll Service	\$0.028 - \$0.092	\$0.07 - \$0.12	\$0.25	\$0.30	\$0.29	

Access Recovery Charge (ARC)			\$0.00	\$0.00		
Custom Calling Service						
Anonymous Call Rejection	\$1.90	\$4.00	\$7.00	\$7.50	\$5.60	294.7%
Call Forwarding	\$3.23	\$5.00	\$7.50	\$7.50	\$4.27	132.2%
Caller ID	\$6.17	\$9.00	\$9.99	\$9.99	\$3.82	61.9%
Call Waiting	\$3.23	\$5.00	\$8.50	\$9.00	\$5.77	178.6%
Three-Way Calling	\$3.23	\$5.00	\$7.50	\$8.00	\$4.77	147.7%

Verizon	September 2006	March 2009	March 2012	September 2012	\$ Rate Change (since Sept 2006)	% Rate Change (since Sept 2006)
Residential Basic Rate						
Flat Rate Service/Month	\$16.85 - 17.25	\$19.50 - \$19.91	\$20.50 - \$20.91	\$20.50 - \$20.91	\$3.65	17.8%
Measured Service	\$10.00	\$11.80	\$12.39	\$12.39	\$2.39	23.9%
LifeLine Basic Service *						
Flat Rate fGTE	\$5.34	\$6.03	\$5.91	\$6.66	\$1.32	24.7%
Flat Rate fContel	\$5.34	\$6.03	\$5.50	\$5.50	\$0.16	3.0%
Measured Rate	\$2.85	\$3.21	\$2.50	\$2.50	(\$0.35)	(12.3%)
Other Associated Basic Services or Elements						
Local directory free allowance	5	0	0	0		
Local directory per call charge	\$0.46	\$0.95	\$1.50	\$1.50	\$1.04	226.1%
Non-published listing:	\$1.50	\$1.75	\$2.00	\$2.00	\$0.50	33.3%
Non-Listed Rate	\$1.00	\$1.25	\$1.75	\$1.75	\$0.75	75%
Installation/Activation Charges	\$46.00	\$46.00	\$46.00	\$46.00	\$0.00	0.0%
Reactivation charge	\$23.00	\$23.00	\$23.00	\$23.00	\$0.00	0.0%
Repair Service:						
-- WirePro/Month	\$2.99	\$5.95	\$6.99	\$7.99	\$5.00	167.2%
Visit Charge/hr	\$60 - \$240	\$60 - \$240	\$60 - \$240	\$60 - \$240	\$0.00	0.0%
Returned Check Charge	\$11.30	\$25.00	\$25.00	\$25.00	\$13.70	121.2%
Late Payment, fixed charge for =>\$20, or	0	\$2.50	\$2.50	\$2.50	\$2.50	
Late Payment variable charge, whichever is greater	1.5%	1.5%	1.5%	1.5%	\$0.00	0.0%
-- Assume unpaid balance \$10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.0%
-- Assume unpaid balance \$30	\$0.45	\$2.50	\$2.50	\$2.50	\$2.05	455.6%
-- Assume unpaid balance \$50	\$0.75	\$2.50	\$2.50	\$2.50	\$1.75	233.3%
Local Toll Service	\$0.042 --0.136	\$0.10 -- \$0.16	\$0.10 -- \$0.16	\$0.10 -- \$0.16	\$0.058 - \$0.03	138.1%
Access Recovery Charge (ARC)				\$0.00		
Custom Calling Service						
Anonymous Call Rejection	\$1.00	\$1.00	\$1.50	\$1.50	\$0.50	50.0%
Call Forwarding	\$2.50	\$3.00	\$3.50	\$3.50	\$1.00	40.0%
Caller ID	\$7.95	\$7.95	\$7.95	\$7.95	\$0.00	0.0%
Call Waiting	\$3.50	\$4.75	\$4.75	\$4.75	\$1.25	35.7%
Three-Way Calling	\$3.50	\$4.00	\$4.50	\$4.50	\$1.00	28.6%

SureWest	September 2006	March 2009	March 2012	September 2012	\$ Rate Change (since Sept 2006)	% Rate Change (since Sept 2006)
Residential Basic Rate						
Flat Rate Service/Month	\$18.90	\$19.99	\$19.99	\$19.99	\$1.09	5.8%
Measured Service	\$12.95	\$13.99	\$13.99	\$13.99	\$1.04	8.0%
LifeLine Basic Service *						
Flat Rate	\$5.34	\$5.47	\$5.00	\$5.00	(\$0.34)	-6.4%
Measured Rate	\$2.85	\$2.91	\$2.50	\$2.50	(\$0.35)	-12.3%
Other Associated Basic Services or Elements						
Local directory free allowance	3	0	0	0		
Local directory per call charge	\$0.25	\$0.45	\$0.45	\$0.45	\$0.20	80.0%
Non-published listing:	\$0.30	\$1.99	\$1.99	\$1.99	\$1.69	563.3%
Installation/Activation Charges	\$23.75 - 83.25	\$23.75 - 83.25	\$23.75 - 83.25	\$23.75 - 83.25	\$0.00	0.0%
Repair Service:						
Visit Charge/hr	\$89.00	\$126.00	\$94.95 1hr	\$94.95 1hr	\$5.95	6.7%
-- WirePro/Month	\$1.00	\$2.00	\$2.00 - \$3.00	\$2.00 - \$3.00	\$1.00 - \$2.00	100% - 200%
Returned Check Charge	\$10.00	\$20.00	\$20.00	\$20.00	\$10.00	100.0%
Late Payment (apply to all unpaid if > \$20)	1.5%	1.5%	1.5%	1.5%		
Local Toll Service	\$0.028 --0.099	\$0.028 -- 0.099	\$0.028 -- 0.099	\$0.028 -- 0.099	\$0.058 - \$0.03	138.1%
Access Recovery Charge (ARC)				\$0.50		
Custom Calling Service						
Anonymous Call Rejection	\$1.50	\$2.99	\$2.99	\$2.99	\$1.49	99.3%
Call Forwarding	\$2.50	\$3.99	\$3.99	\$3.99	\$1.49	59.6%
Caller ID	\$5.95	\$7.99	\$7.99	\$7.99	\$2.04	34.3%
Call Waiting	\$3.75	\$4.99	\$4.99	\$4.99	\$1.24	33.1%
Three-Way Calling	\$3.75	\$3.99	\$3.99	\$3.99	\$0.24	6.4%

Frontier	September 2006	March 2009	March 2012	September 2012	\$ Rate Change (since Sept 2006)	% Rate Change (since Sept 2006)
Residential Basic Rate *						
Flat Rate Service/Month	\$17.85	\$17.85	\$19.00	\$19.00	\$1.15	6.4%
Measured Service	\$9.60	\$9.60	\$13.25	\$13.25	\$3.65	38.0%
LifeLine Basic Service *						
Flat Rate	\$5.34	\$5.47	\$5.47	\$5.47	\$0.13	2.4%
Measured Rate	\$2.85	\$2.91	\$2.91	\$2.91	\$0.06	2.1%
Other Associated Basic Services or Elements						
Access to local directory assistance:						
(a) free allowance	5	5	5	5		
(b) per call charge	\$0.35	\$0.99	\$0.025 - \$1.50	\$0.025 - \$1.50	(\$0.10) - \$1.15	(28.6%) - 328.6%
Non-published listing	\$1.00	\$1.99	\$1.99	\$1.99	\$0.99	99.0%
Installation/Activation Charge	\$37.25 - \$68	\$37.25 - \$68	\$29.50 - \$37.25	\$28.00 - \$60.25	(\$9.25) - (\$7.75)	(24.8%) - (11.4%)
Reactivation Charge	\$23.25	\$25.00	\$23.25 - \$46.25	\$23.25 - \$46.25	0 - \$23.00	98.9%
Repair Service:fkly						
-- WirePro/Month	\$1.00	\$2.99	\$2.99 - \$4.99	\$2.99 - \$4.99	1.99 - 3.99	299.0%
Visit Charge/hr	\$50.00 - \$75.00	\$50.00 - \$75.00	\$30.00 - \$50.00	\$30.75 - \$77.00	(\$19.25) - \$2.00	(38.5%) - 2.7%
Returned Check Charge	\$10.00	\$10.00	\$10.00	\$10.00	\$0.00	0.0%
Late Payment (charges apply to all unpaid balance when it exceeds \$20)	1.5%	1.5%	\$0.02	\$0.02		
Local Toll Service	\$0.042 - \$0.147	\$0.042 - \$0.147	\$0.042 - \$0.147	\$0.042 - \$0.147	0	0.0%
Access Recovery Charge (ARC)				\$0.50		
Custom Calling Service						
Anonymous Call Rejection	\$3.50	\$3.50	\$3.50	\$3.50	\$0.00	0.0%
Call Forwarding	\$2.50	\$2.50	\$5.99	\$5.99	\$3.49	139.6%
Caller ID w/ Name	\$5.95	\$5.95	\$9.99	\$9.99	\$4.04	67.9%
Call Waiting	\$3.75	\$3.75	\$5.99	\$5.99	\$2.24	59.7%
Three-Way Calling	\$3.75	\$3.75	\$5.99	\$5.99	\$2.24	59.7%

(END OF APPENDIX C)