

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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

Rulemaking 20-02-008

**OPENING COMMENTS OF THE PUBLIC ADVOCATES OFFICE  
ON ADMINISTRATIVE LAW JUDGE'S RULING  
REQUESTING COMMENTS ON STRAW PROPOSAL  
ADDRESSING SPECIFIC SUPPORT AMOUNTS FOR CALIFORNIA LIFELINE**

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## **I. INTRODUCTION**

Pursuant to Administrative Law Judge Stephanie Wang’s July 17, 2020, *Administrative Law Judge’s Ruling* (“Ruling”) seeking comments on Straw Proposal Addressing Specific Support Amount (“SSA”) for California LifeLine in Rulemaking (R.) 20-02-008 (“Straw Proposal”), the Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”) submits the following comments.

The Ruling identifies seven questions for parties to address. The questions pertain to the SSA and Minimum Service Standards (“MSS”) of the California Universal LifeLine Telephone Service Program (“LifeLine”). Cal Advocates supports the Straw Proposal’s recommendation to provide fixed broadband service to LifeLine’s participants. The Ruling takes an important step toward providing essential tools and broadband services to low-income families. Specifically, the Ruling improves access to fixed broadband services that are essential to support students’ distance learning needs in the next school year as a result of the current pandemic. Cal Advocates provides the following response to the seven questions, focusing first on wireline proposal questions and then on wireless proposal questions.

## **II. SUMMARY OF RESPONSES**

- 1) The California Public Utilities Commission (“Commission”) should increase the SSA for wireline broadband service to support low-income families’ access to distance learning, telehealth, and telework.
- 2) The Commission should encourage adoption of wireline broadband since wireless broadband is not a substitute for essential functions.
- 3) The Commission should include standalone wireline broadband plans, including a no-cost plan, as a service option within LifeLine.
- 4) The Commission should eliminate measured rates and convert existing measured rate participants to flat rate.
- 5) The Commission should establish clear caps on customers’ out-of-pocket costs to ensure the affordability of wireless plans with expanded broadband offerings of various tiered plans.

- 6) The Commission should revise the mobile voice and mobile broadband MSS of Standard, Data, Unlimited, and Family Plans.
- 7) The Commission should review and refine its wireless SSA and MSS annually based on actual pre- and post-enrollment data.

### III. DISCUSSION

#### A. Wireline Proposal Questions

1. **Straw Proposal Question 4: How would you refine the wireline SSA and MSS proposal? For example, would you adjust the proposal to replace \$2 of the federal subsidy decrease for wireline participants for one year?**

The Commission should offer a LifeLine standalone wireline broadband plan. Including a wireline broadband connection is essential for low-income families to access distance learning, telework, health care and emergency services.<sup>1</sup> Further recommendations on this can be found in subsequent responses.

2. **Straw Proposal Question 5: What other approaches would you propose to address these critical needs in light of LifeLine’s budget constraints?**

The Commission should also incentivize the adoption of wireline broadband service. Wireless broadband is not a substitute for wireline broadband for performing distance learning, telehealth, and telework. In the Commission’s Affordability Proceeding on energy, communications, and water services, Rulemaking (R) 18-07-006, the Commission found that,

“...[M]obile broadband services are not a viable substitute for fixed broadband services due to current cost, access, and capacity limitations of wireless technology. For example, schoolwork, job applications, and government services are functions that are difficult, if not impossible, to accomplish using mobile broadband services for most ratepayers.”<sup>2</sup>

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<sup>1</sup> Public Advocates Office’s Opening Comments on Administrative Law Judge’s Ruling, R. 20-02-008, June 22, 2020.

<sup>2</sup> D.20-07-032, Attachment A - Affordability Metrics Framework Staff Proposal, R.18-07-006, January 24, 2020, p. 23.

The Commission should include a standalone wireline broadband plan in addition to the proposed three tiers of wireline plans. As currently proposed, Tier B (Bundled) is the only plan that incorporates a wireline broadband connection when bundled with voice service. A standalone wireline broadband will provide LifeLine customers the option to apply total discounts to a wireline broadband connection with higher speeds and data allowances as shown in Table 1 below:

**Table 1: Cal Advocates Proposed Tier D and E LifeLine Wireline Plans**

Tier	Plan	California Subsidy Level	Dec 1, 2020 Federal Subsidy Level	SSA covered by California	Fixed Broadband (Speed)	Fixed Broadband (Allowance)
Tier A	Standard Voice	\$14.85	\$5.25	\$2	None	None
Tier B	Bundled	\$14.85	\$9.25	None	FCC MSS	FCC MSS
Tier C	Measured	See Straw Proposal				
<i>Tier D (recommended new tier)</i>	<i>Standalone Wireline Broadband</i>	<i>\$19.85</i>	<i>\$9.25</i>	<i>None</i>	<i>25 Mbps Download/3 Mbps upload</i>	<i>Unlimited</i>
<i>Tier E (recommended new tier)</i>	<i>No-Cost Wireline Broadband</i>	<i>\$14.85</i>	<i>\$9.25</i>	<i>None</i>	<i>FCC MSS</i>	<i>FCC MSS</i>

The Commission should add Tier D and Tier E. The newly recommended Tier E would be a no-cost tier for standalone wireline broadband service with the Federal Communications Commission’s (“FCC”) MSS.<sup>3</sup> In comparison, Tier D would have some additional cost<sup>4</sup> for customers but have higher SSA and higher MSS for standalone wireline broadband.

The Commission should form partnerships with existing low-cost retail broadband plans offered by California’s major wireline service providers. The Commission could incorporate these plans into LifeLine or help subsidize them to expand low-income customers’ choices. As referenced in prior comments,<sup>5</sup> most retail wireline service

<sup>3</sup> As of December 1, 2019, the federal fixed broadband MSS are 20 Mbps download and 3 Mbps upload with 1024 GB of data per month. DA-19-704A1, July 25, 2019, WC Docket No. 11-42.

<sup>4</sup> This additional cost would be determined by the cost of the unsubsidized broadband plan and would go through the same approval process as for additional costs for wireless service as noted in the Straw Proposal.

<sup>5</sup> Public Advocates Office’s Opening Comments on Administrative Law Judge’s Ruling, R. 20-02-008, June 22, 2020, p. 4, Table 1.

providers offer a non-LifeLine broadband option for low-income households. Generally, customers qualify for these plans by participating in programs such as the National School Lunch Program or Medicaid<sup>6</sup> all of which would also qualify a household for LifeLine. The Commission should review available options provided by non-LifeLine providers as a guide for wireline standalone broadband plans in LifeLine.

**3. Straw Proposal Question 6: Fixed Broadband Implementation**

**a. What are the barriers to providing wireline bundled service to LifeLine participants?**

The most significant barrier is the high cost of wireline bundled service. According to recent data collected by Cal Advocates, the average cost of bundled wireline voice and broadband plans range from \$36.99 and \$232 per month at download speeds between 10 and 29 Megabits per second (“Mbps”) in California.<sup>7</sup> Low-income households may not be able to afford the cheapest bundled service plan even with the full state and federal subsidies. For example, for a bundled plan costing \$36.99, net the \$14.85 California and \$9.25 Federal SSA, a customer will pay \$12.89 per month in out-of-pocket to cover the remaining costs excluding any applicable fees.<sup>8</sup> This additional cost can be prohibitively expensive to low-income families.

Although the Straw Proposal finds that for wireless service, “providing free service is essential for some low-income people,”<sup>9</sup> no such determination is made for wireline service. The Commission should offer a no-cost wireline service option to bring parity between wireless and wireline LifeLine plans and to lower the barrier to entry. There also should be incentives for customers to subscribe to wireline broadband service;

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<sup>6</sup> For example, see Comcast’s Internet Essentials program, last viewed July 22, 2020.

<https://www.internetessentials.com/Apply>

<sup>7</sup> Data as of January 2020, for download speeds between 10 and 29 Mbps, Cox offers a voice and broadband plan for \$36.99 compared to Pinnacles Telephone Co. at \$232 per month.

<sup>8</sup> LifeLine customers are exempted from most surcharges and fees on their voice telephone bill, barring certain federally mandated charges, such as the Subscriber Line Charge, which may be upwards of \$6.50.

<sup>9</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 10.

otherwise, their only option will be to use sub-par wireless broadband that cannot accommodate distance learning, telework, and health care services.

**b. What are the barriers to accessing Lifeline subsidies for wireline bundled service from California and/or the FCC?**

The Straw Proposal correctly identifies the source of LifeLine funding as a major concern for incorporating wireline broadband into LifeLine.<sup>10</sup> The Commission should seek alternative sources to fund LifeLine to preserve the fund's long-term integrity. Cal Advocates supports The Utility Reform Network's (TURN) and the Greenlining Institute's recommendations that the Commission explore ways to broaden LifeLine's funding sources to support decisions to expand LifeLine funding.<sup>11</sup>

**c. Should California LifeLine offer a SSA tier for standalone broadband plans that meet the federal MSS? How could we ensure access to emergency services with a standalone broadband plan?**

Yes. The Commission should offer standalone wireline broadband plans which exceed the Federal MSS in LifeLine as illustrated in response to Straw Proposal question 5, above.

**d. Why would a California LifeLine provider be interested in receiving a subsidy for a standalone broadband plan rather than a subsidy for bundled voice and broadband?**

As mentioned in the response to question 6(c), standalone broadband plans may have a lower additional cost to customers than a bundled plan which potentially means more customer interest in wireline broadband service overall.

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<sup>10</sup> *Id.*, pp. 5-6.

<sup>11</sup> TURN and Greenlining LifeLine Reply Comments on Assigned Commissioner's Scoping Memo, R.20-02-008, May 26, 2020, p. 11.

**e. What Program implementation issues do you anticipate with implementing an SSA tier for standalone broadband plans?**

Attracting retail wireline broadband service providers may be an issue because their participation in LifeLine is voluntary. Currently, some major wireline providers, including Comcast, have chosen not to participate in LifeLine. The Commission should offer a standalone wireline broadband plan and consider increasing the SSA for wireline service. This could incentivize customers to subscribe to wireline broadband plans and wireline providers to participate in LifeLine.

The higher additional cost to LifeLine customers could be another major barrier. The Commission should seek to offer a no-cost wireline broadband service to customers, as illustrated in Table 1 above, in addition to offering plans with higher MSS at some additional cost.

**f. If California LifeLine implements a SSA tier for standalone broadband plans, should the program adjust any rules regarding reimbursable costs? If so, under what authority?**

LifeLine customers may not be able to afford equipment such as a router, laptop and/or tablet even if there is a no-cost standalone wireline broadband plan. The Commission should create a onetime subsidy for such equipment to help lower the barrier to broadband adoption. The Commission could also consider allowing the existing \$39 Service Connection Charge reimbursement to be used for routers, laptops, or tablets instead of only for service activation costs.

**4. Straw Proposal Question 7: Measured Rates**

**a. What are the challenges for participants or carriers in transitioning measured rate customers to flat rate service, if any?**

The Straw Proposal correctly identifies the challenge of a potential increase in monthly cost to customers if a measured rate customer were converted to flat rate service. However, staff also found that the average measured rate customer was receiving over

double the monthly support compared to a flat rate customer, for the same service.<sup>12</sup> Due to this inconsistency, Cal Advocates supports the staff recommendation of “...eliminating measured rate for new participants and converting existing participants to flat rate.”<sup>13</sup>

**b. How would you recommend adjusting the flat fee and measured rate subsidized by LifeLine?**

Please see response to question 7(a) above, Cal Advocates supports the staff recommendation of “...eliminating measured rate for new participants and converting existing participants to flat rate.”<sup>14</sup>

**B. Wireless Proposal Questions**

**1. Straw Proposal Question 1: Do you support the straw proposal’s approach, or do you recommend an alternative approach to address these critical needs in light of the Program’s budget constraints?**

Cal Advocates supports the Straw Proposal’s SSA and MSA tiers for wireless service “to incentivize wireless providers to offer improved broadband services.”<sup>15</sup> The proposed five tiers also provide a variation of wireless plans available to customers, including applying the California LifeLine discount to a family-plan. However, as discussed below, the current tiered plans<sup>16</sup> may result in added out-of-pocket costs for low-income customers.

The Straw Proposal’s Tier 1 (Basic Plan) is intended to serve as a no-cost plan to LifeLine customers. However, Tiers 2 through 5 (i.e. Standard, Data, Unlimited, and

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<sup>12</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 5.

<sup>13</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 5.

<sup>14</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 5.

<sup>15</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 11.

<sup>16</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 12, Table 3.

Family Plans) may result in added costs to low-income customers. For example, when comparing Tier 2 through 5 plans with current comparable plans offered by LifeLine wireless providers, the out-of-pocket costs for customers range from \$15-\$20 for 5 GB of data to \$17.70-\$27.60 for unlimited data.<sup>17</sup> In addition, if LifeLine customers want to purchase extra data, their costs may increase by an additional \$5-\$15 per Gigabyte (GB).<sup>18</sup> These out-of-pocket costs are more than what is covered by the current levels of Federal (\$9.25) and California (\$14.85) SSA, which the Straw Proposal does not recommend increasing due to budget constraints.<sup>19</sup>

To ensure affordability of the tiered plans, the Commission should set clear caps on what low-income customers pay out-of-pocket for the plans as well as for each extra GB of data. While there is limited research on the upper limits of affordability for low-income consumers, some sources suggest that low-income customers cannot afford more than \$10/month in out-of-pocket costs.<sup>20</sup> The Commission should also clarify whether LifeLine's service providers are required to offer and advertise all tiers, rather than only specific tiers of plans, to current and prospective customers.

## **2. Straw Proposal Question 2: How would you refine the proposed wireless SSA and MSS tiers?**

The Straw Proposal's MSS for wireless voice and broadband should be adjusted as follows. For Tiers 2-5 plans, the voice MSS should increase to 'unlimited' and the mobile broadband data allowance MSS should also increase to reflect current mobile broadband usage needs. Many LifeLine wireless providers already offer unlimited talk,

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<sup>17</sup> [https://www.californialifeline.com/en/provider\\_search](https://www.californialifeline.com/en/provider_search). Please note that all these plans include unlimited talk and text features.

<sup>18</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 11; NaLA Comments to Commissioner's Scoping Memo and Ruling Questions, R.20-02-008, May 4, 2020, p.10; Tracfone, Responses to Scoping Ruling Questions, May 4, 2020, p.4.

<sup>19</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 11.

<sup>20</sup> *Broadband for America's future: A vision for the 2020s*, Jonathan Sallet, the Benton Institute for Broadband & Society, published October 2019, viewed July 17, 2020, p. 65-66.  
[https://www.benton.org/sites/default/files/BBA\\_full\\_F5\\_10.30.pdf](https://www.benton.org/sites/default/files/BBA_full_F5_10.30.pdf)

text, and 500 Megabytes-2 GB of data to their customers.<sup>21</sup> Furthermore, wireless providers that meet the FCC MSS for mobile broadband will receive \$9.25 in Federal subsidy starting December 1, 2021 regardless of their voice offerings.<sup>22</sup> As such, the proposal should modify the mobile broadband data allowance MSS to reflect the incremental benefits of the plans. For example, Tier 2's (Standard Plan) mobile broadband data allowance MSS can be set at 6.6 GB<sup>23</sup> while Tier 3's (Data Plan) can be set at a higher level of 8.75-11 GB.<sup>24</sup>

**3. Straw Proposal Question 3: What data should the CPUC collect on a regular basis and how should the CPUC facilitate regular reviews and adjustments to the wireless SSA and MSS?**

The Commission should review and adjust the wireless SSA and MSS annually to ensure that LifeLine offerings align with low-income customers' needs by collecting pre- and post-enrollment data from LifeLine's service providers. The data should include customer surveys on the plans low-income households subscribe to and customers' usage data.

#### **IV. CONCLUSION**

Cal Advocates commends the Commission on proposing wireline broadband service in LifeLine. Cal Advocates proposes the recommendations, above, to ensure low-income families can obtain essential communication services in order to participate in distance learning, telehealth, and telework.

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<sup>21</sup> For example, [https://www.californialifeline.com/en/provider\\_search](https://www.californialifeline.com/en/provider_search).

<sup>22</sup> Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 3, Table 1 (noting that FCC will discontinue its voice support starting December 1, 2021 in all areas except those where there is only one LifeLife provider).

<sup>23</sup> *Communications Marketplace Report – Updates*, Federal Communications Commission, published December 12, 2018, viewed July 21, 2020. <https://us-fcc.app.box.com/s/k8xxnlzw9qjttui3maik3pxzr1vv16of>. The figure of 6.6 GB is the estimated average mobile data usage per month according to FCC's 2018 Communications Marketplace Report-Update.

<sup>24</sup> *Lifeline and Link Up Reform and Modernization et. al.*, WC Docket No. 11-42 et al., Order, FCC 19-116, (Nov. 19, 2019); Straw Proposal Addressing Specific Support Amount for California LifeLine, R.20-02-008, July 17, 2020, p. 8.

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