

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 THE ASSIGNED COMMISSIONER'S RULING
REQUESTING COMMENTS ON A PILOT TO LEVERAGE
THE AFFORDABLE CONNECTIVITY PROGRAM**

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I. INTRODUCTION

Pursuant to the October 14, 2022, *Assigned Commissioner's Ruling Requesting Comments on a Pilot to Leverage the Affordable Connectivity Program* (Commissioner's Ruling), the Public Advocate's Office at the California Public Utilities Commission (Cal Advocates) submits these Opening Comments. The Commissioner's Ruling seeks comments on a potential pilot to leverage the Affordable Connectivity Program (ACP) through a test approach of a bundled plan for voice and wireless or wireline broadband services. The ruling asks parties to comment on a set of 12 questions to develop specifics of the pilot.

The Federal Communications Commission (FCC) launched the ACP as a long-term replacement of the Emergency Broadband Benefit (EBB) program to assist low-income households in meeting their broadband needs. The ACP offers a discount of up to \$30 per month to qualifying households and up to \$75 for households on qualifying tribal lands for subscription to broadband services.¹

While the purpose of the pilot is to test the creation of a bundled plan for both wireless and wireline broadband services,² the California Public Utilities Commission's (CPUC or Commission) should prioritize the creation of a standalone wireline broadband plan. The Commission found that while California LifeLine and federal Lifeline are enough to cover the cost of wireless broadband services, California LifeLine and the combined federal subsidies does not completely cover the cost of wireline broadband.³ Focusing on the creation of a standalone wireline broadband plan will allow California residents greater choice in purchasing a plan that best accommodates their needs.

¹ *Affordability Connectivity Program*, <https://www.fcc.gov/acp>, Accessed October 28, 2022.

² *Assigned Commissioner's Ruling Requesting Comments on a Pilot to Leverage the Affordable Connectivity Program* (Commissioner's Ruling), October 14, 2022, at 5.

³ *California LifeLine Staff Proposal: Reimbursement for ACP Service Offerings* (Staff Proposal), March 21, 2022, at 5.

II. DISCUSSION

The pilot to leverage ACP seeks the most effective method to utilize the California LifeLine subsidy when both federal Lifeline and ACP are being applied for both wireless and wireline broadband. However, as the pilot is being developed, the Commission should acknowledge predatory sales tactics currently affecting customers. These sales tactics create issues ranging from increasing broadband plan prices to customers unknowingly losing their wireline broadband subsidies.⁴

Additionally, while the pilot program seeks to address both wireless and wireline broadband, the focus should be on wireline broadband. Wireline customers experience higher broadband costs, with those in the highest cost areas seeing unsubsidized broadband plans cost a median of \$102.95.⁵ Allowing customers to apply ACP and the combined LifeLine subsidies to a standalone broadband plan helps customers in high-cost areas. Under existing rules, customers can only apply ACP and the combined LifeLine subsidies to a bundled voice and wireline broadband plan, regardless of their need for voice services. The proposed pilot should focus on a standalone wireline broadband plan, as wireless customers are already generally covered by the combined LifeLine subsidies and do not require the assistance of ACP. To address the specifics of the pilot, below are Cal Advocate's responses to the Commissioner's questions.

A. Should the Commission authorize a pilot program to leverage ACP to test an approach to providing a bundled service plan that includes voice service and sufficient wireline or wireless broadband service to meet household needs?

The pilot program should prioritize creating a standalone, wireline broadband plan to assist low-income households. The Commission has already found that ACP and

⁴ See Tony Romm, *U.S. aid program to keep people online was riddled with deception, fraud*, October 25, 2022, Accessible at: <https://www.washingtonpost.com/business/2022/10/25/broadband-subsidies-coronavirus-aid/>, Accessed October 25, 2022.

See Samantha Masunaga, *If you get free phone or internet in California, watch out for this snag - Los Angeles Times*, August 12, 2022, Accessible at: <https://www.latimes.com/business/technology/story/2022-08-12/free-mobile-phone-service-is-available-but-it-could-end-your-free-home-broadband>, Accessed October 25, 2022.

⁵ Staff Proposal at 12.

federal Lifeline are sufficient to cover the wireless needs of customers without California LifeLine support.⁶ The same is not true for wireline customers. Even with ACP and the combined LifeLine subsidies, customers still require a copay.⁷ Historically, the Commission has seen that less than 1% of California LifeLine customers apply their discount to a bundled voice and wireline broadband plan.⁸ Despite this, 66% of California LifeLine customers still purchase wireline broadband plans, even in areas with high priced wireline broadband plans.⁹ A standalone broadband service plan would be more affordable for customers, as they would not be required to purchase voice service they may not need.

1. How should “high-speed data” be defined for wireless and wireline data?

High-speed data should be defined using the California LifeLine minimum service standards (MSS), which are currently 3 generation (G) for wireless and 25 megabit per second (Mbps) download and 3 Mbps upload (25/3) for wireline. Using equivalent definitions for high-speed data across both LifeLine programs and ACP would allow customers to select a plan that qualifies for all three programs, making enrollment easier.

2. How many GB of high-speed data should the pilot provide participant households through a wireline broadband subscription or wireless hotspot/tethering capability?

As explained in response to question 2, the pilot should require participants to offer the same quantity of gigabytes for high-speed data as required by the California LifeLine MSS. California LifeLine MSS are tied to federal Lifeline MSS for data usage, wireline broadband data usage is 1229 GB.

⁶ Staff Proposal at 2.

⁷ California LifeLine Program Assessment & Evaluation (Assessment) at 17, Accessible at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M478/K367/478367564.PDF>, Accessed November 28, 2022.

⁸ Staff Proposal at 10.

⁹ Staff Proposal at 12.

a. Why should the pilot test these data allotments?

These data allotments should be tested as they provide a satisfactory level of data usage for wireline customers and have shown to be enough for wireless customers, as seen by the iFoster Youth Pilot.¹⁰ Additionally, providing more GB of data than is used by customers can lead to an unnecessary use of funds, as seen during the iFoster Youth Pilot.¹¹ During the iFoster Youth Pilot, there was an increase in data usage caps from 3GB to 47GB and an increase in subsidization from \$25 to \$40 per customer to cover the increased cap. However, most customers did not benefit from the increased data cap, as their data usage remained around 6GB. The data cap was subsequently reduced to match LifeLine MSS and reduced the subsidization back to \$25.¹²

b. Should these data caps differ for wireline and wireless data service plans?

Yes, data caps should differ for wireline and wireless data as they currently are for LifeLine MSS. Wireline and wireless broadband are not substitutes for one another, and consumer needs vary for both.¹³

3. How much California SSA should the pilot offer, in addition to ACP and federal Lifeline subsidies?

The pilot program should offer California specific support amount (SSA) only to wireline broadband plans as even with combined LifeLine subsidies and ACP, the full cost of a wireline broadband may not be covered.¹⁴ Wireline broadband should be eligible for the full California SSA, in addition to ACP and the federal Lifeline subsidy, to provide affordable broadband services to low-income households. California SSA should not be offered to wireless plans that are eligible for and receive ACP. The combined LifeLine subsidies are enough to allow customers to receive no cost wireless

¹⁰ D.21-07-008, *Decision Addressing the California Lifeline Pilot Programs of Boost Mobile, Inc. and iFoster, Inc. (iFoster Decision)*, July 19, 2021, at 8-9.

¹¹ iFoster Decision at 8-9.

¹² iFoster Decision at 11.

¹³ D.16-12-025, *Decision Analyzing the California Telecommunications Market and Directing Staff to Continue Data Gathering, Monitoring and Reporting on the Market*, December 8, 2016, at 185-186.

¹⁴ Assessment at 46.

plans.¹⁵ ACP provides a greater amount than the combined LifeLine subsidies, offering California SSA is unnecessary for wireless plans covered by ACP. Targeting the SSA to where it is most needed would prevent service providers from recovering an excessive amount of subsidies and would limit the burden on California ratepayers who cover the cost of California LifeLine.

a. Why is this amount necessary to provide more services to pilot participants than they could afford with ACP and federal Lifeline subsidies alone?

Wireline broadband costs are significantly higher than wireless broadband and requires customers higher subsidies to obtain affordable broadband service.

4. Should the pilot include free phones? If so, what parameters should the pilot set for the phones and what subsidy should the pilot provide, if any?

No comment at this time.

5. Should the pilot include any additional reporting requirements? If so, what additional requirements do you recommend?

No comment at this time.

6. Do you recommend limiting the number of pilot participants per provider to limit the ratepayer impact of the pilot? If so, what number of pilot participants do you recommend to balance the ratepayer impact with the need to gather sufficient pilot data?

No comment at this time.

7. What pilot duration should the Commission authorize?

No comment at this time.

a. Should the pilot duration be tied to the availability of ACP discounts?

No comment at this time.

¹⁵ Assessment at 45-46.

8. How should the pilot be designed to minimize administrative burdens on Commission staff, the program administrator, and service providers who choose to participate?

No comment at this time.

9. Should the Commission define what is an affordable co-payment or pre-payment for the pilot program for wireless and/or wireline service?

The co-payment amount should not overly burden low-income households and be set at a maximum of \$15 per month for wireline broadband services. Furthermore, the Commission should define “affordable” for the pilot program to avoid a definition that varies with each service provider. To define the term “affordable” for purposes of the co-payment or pre-payment for the pilot program for wireless and/or wireline service, the Commission should utilize the definitions of “low-income communities” and “low-income households” as seen in the Commission's Environmental and Social Justice Action Plan.¹⁶ This allows for a more inclusive definition of “low-income” to be used which would allow the pilot program to assist a greater number of low-income Californians.

a. If so, how should affordability be defined for wireless pilot service plans?

No comment at this time.

b. If so, how should the affordability be defined for wireline pilot service plans?

¹⁶ CPUC Environmental and Social Justice Action Plan at 2, Accessible at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf> Accessed on October 25, 2022.

Wireline broadband companies should offer a low-cost broadband plan for less than \$40 per month and guarantee that low-income households would pay no more than \$15 per month.¹⁷ ¹⁸

10. Should the pilot be exempted from certain rules of General Order 153? If so, which rules and why?

No comment at this time.

11. Should any California LifeLine service provider be permitted to partner with its non-California LifeLine affiliate to participate in the pilot program? If so, are any rules needed for the pilot partnerships?

No comment at this time.

III. CONCLUSION

The focus of the proposed pilot should be the creation of a standalone wireline broadband plan for customers as they experience high service costs. Establishing a standalone wireline broadband plan will further the state's goal to assist low-income Californians receive the broadband services they want and need.

Respectfully submitted,

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¹⁷ *Public Advocates Office's Opening Comments on the Administrative Law Judge's Email Ruling Requesting Comments on Affordable Connectivity Program Staff Proposal*, R.20-02-008, April 14, 2022, at 4.

¹⁸ *Public Advocates Office's Opening Comments on The Proposed Decision Adopting Federal Funding Account Rules*, R.20-09-001, March 22, 2022, at 1.