Decision 14-09-014 September 11, 2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program.	R.11-03-013 (Filed March 24, 2011)

ORDER MODIFYING DECISION (D.) 14-01-036, AND DENYING REHEARING OF DECISION, AS MODIFIED

I. INTRODUCTION

Decision (D.) 14-01-036 (or "Decision") adopted revisions to modernize and expand the California Lifeline (or "LifeLine") program, consistent with the mandates of the Moore Universal Telephone Service Act ("Moore Act").[1] Pursuant to this Act, the Commission's goal is to offer "high-quality basic telephone service at affordable rates to the greatest number of California residents … by making residential service affordable to low-income citizens." (D.14-01-036, p. 4.) The Moore Act is established in Public Utilities Code Sections 871 -884.)[2]

The program revisions made in D.14-01-036 included "extending the price cap on LifeLine wireline services and adopting specifications for LifeLine wireless services." (D.14-01-036, p. 2.) In the Decision, we adopted Lifeline service elements that "promote[d] competition by preserving essential consumer protections across technology platforms and by assuring that minimum communications needs are met regardless of income." (D.14-01-036, p. 2.)

[1] Except as otherwise noted, all citations to Commission decisions are to the official pdf versions which are available on the Commission's website at: http://docs.cpuc.ca.gov/cyberdocs/Libraries/WEBPUB/Common?decSearchDsp.asp.

[2] Unless otherwise stated, subsequent section references are to the Public Utilities Code.

Specifically, in the Decision, we set caps on the monthly rate for California Lifeline wireline service at $6.84 for flat-rate local service, and $3.66 for measured-rate local service. (D.14-01-036, pp. 37-38.) We did not set a rate cap for California Lifeline wireless service providers.

For the monthly reimbursement amount per participant ("Set Support Amount" or "SSA") from the Lifeline Fund, we used similar maximum monthly reimbursement amounts for wireline providers and for wireless providers' that offer plans of 1,000 or more voice minutes. Through June 30, 2015, all California Lifeline providers, both wireline and wireless, could combine federal Lifeline support of $9.25 a month and California Lifeline monthly support of up to $12.65, plus a $0.50 a month administrative fee, for a total monthly support of up to $22.40 per eligible participant. (D.14-01-036, pp. 38-41.)

In ordering paragraph 24 (k), we ordered that all California Lifeline providers must "[e]xempt LifeLine participants from paying public purpose program surcharges, the Commission's user fee, federal excise tax, local franchise tax, and California 911 tax." (D.14-01-036, p. 176.)

AT&T California and Affiliated Entities, ("AT&T") timely filed an Application for Rehearing of D.14-01-036. In this rehearing application, AT&T alleges that the Decision violates both state and federal law. Specifically, it argues that (1) the Decision's rate and support cap provisions for wireline providers as opposed to wireless providers run counter to the Moore Act's requirement that the program be administered fairly, equitably and without competitive consequences; (2) the Decision violates federal law, which requires that carriers contribute to universal service programs in a manner that is "equitable and nondiscriminatory"; and (3) the Commission has violated federal law by purportedly exempting LifeLine customers from paying the federal excise tax ("FET").

AT&T's rehearing application is supported by a number of other parties who filed responses to it: Cox California Telcom et al.; the "small ILEC's" (Calaveras Telephone Company, Cal-Ore Telephone Co. et al.); and Surewest Telephone. Joint Consumers (composed of The Greenlining Institute, The Utility Reform Network, National

Consumer Law Center and Center for Accessible Technology) also filed a response opposing AT&T's rehearing application and supporting the Decision.

We have reviewed each and every issue raised in the application for rehearing of D.14-01-036. We are of the opinion that good cause for rehearing has not been demonstrated. However, for purposes of clarification, we will modify Ordering Paragraph 24(k) and Conclusion of Law No. 32, and provide additional Findings of Fact ("FOF") and Conclusions of Law ("COL"). With those modifications, we deny rehearing of D.14-01-036, as modified.

II. DISCUSSION

A. The Decision is consistent with State Law.

In its rehearing application, AT&T alleges that the Decision's rate and support cap provisions overtly discriminate against wireline LifeLine providers, putting them at a competitive disadvantage in favor of wireless LifeLine providers. It alleges the caps run counter to the Moore Act's requirement in Section 871.5(d) that the program be administered "fairly, equitably, and without competitive consequences." (Rehrg. App., p. 1.) It claims that "[t]he Legislature clearly intended that all LifeLine participants be treated equally and that no provider be put at a disadvantage by participating in the program." (Rehrg. App., p. 2.) AT&T argues that because the Decision caps support amounts for wireline providers and requires them to sell LifeLine service at $6.84/month, it raises the specter of wireline providers self-funding their LifeLine customers. It argues that wireless LifeLine providers will never have to self-fund because they get a fixed support amount with no LifeLine rate cap, and can sell LifeLine service at whatever price they want. (Rehrg. App., pp. 2-3.) As discussed below, we reject these arguments as they have no merit.

1. The Decision does not unlawfully discriminate against wireline providers.

"To constitute unlawful discrimination, the treatment must 'draw an unfair line or strike an unfair balance' between similarly situated entities, and there must be no rational basis for the different treatment for those similarly situated." (*CommPartners,*

LLC v. Pacific Bell Telephone Company, dba AT&T California (2010) [D.10-04-054] (2010) ___ Cal.P.U.C.3d ___, p. 7 (slip op.); see also, *Order Instituting Rulemaking to Consider Annual Revisions to Local Procurement Obligations and Refinements to the Resource Adequacy Program* [D.13-04-013] (2013) ___ Cal.P.U.C.3d ___, p. 14 (slip op.); *Hansen v. City of San Buenaventura* (1986) 2 Cal.3d 1172, 1180.)[3]

Here, AT&T offers no argument or evidence in the record to demonstrate that wireline and wireless providers are similarly situated for purposes of proving unlawful discrimination. Even if they were similarly-situated, there is a rational basis for treating them differently.[4] The primary reason is that federal law prohibits the Commission from regulating wireless pricing or entry.[5] In addition, wireless providers are not compelled to participate in the California LifeLine Program, they do so voluntarily. Therefore, the Commission cannot lawfully put a cap on wireless providers' Lifeline rates, as it can for wireline providers. In the Decision, we reasoned that:

> "[t]o facilitate the participation of wireless service providers and choice for wireless customers, we hereby establish California LifeLine rules for wireless service providers that vary from those applicable to wireline service providers. We do this in recognition of the fact that there are differences in technologies and jurisdiction due to *federal rules that allow state regulation of wireless terms and conditions of service, consumer protection, and other elements, but do not allow state regulation of wireless pricing or entry*. (Emphasis added.)

[3] "[T]he law must afford equal treatment to those who are "similarly situated." Similarly-situated discrimination is lawful if there is a rational basis for the different treatment in the Commission's economic regulation. (*In the Matter of the Updated and Corrected Application of Great Oaks Water Co. for an Order, Authorizing an Increase in Rates Etc.* [D.12-10-045] (2012) ___ Cal.P.U.C.3d ___, citing, U.S. Const., 14th Amend., Cal. Const., art. 1, § 7, *Griffiths v. The Superior Court of Los Angeles County* (2002) 96 Cal.App.4th 757, 775-776.)

[4] See D.14-01-036, p. 160 [FOF No.6]: "The cap on California LifeLine wireline service for flat-rate local service of $6.84 and for measured service at $3.66 from the effective date of this Decision through June 30, 2015 is reasonable and will allow parties and the Commission an opportunity to review the effect of the caps in subsequent phases of the proceeding."

[5] 47 U.S.C. Section 332(c)(3)(A).

(D.14-01-036, p. 50, citing to 47 U.S.C. Section 332(c)(3)(A).)

There are also differences with respect to Commission rules about service quality, communication offerings, funding, and 911 calls, for example, that help form a rational basis for treating them differently in this instance. (See, e.g. D.12-12-038 pp. 14-16, 19-21, 22-24, 26-30, 32-36, 38-39, 41-42, and 47; Findings of Fact 8, 9, 10, and 11.)

Historically, while acknowledging the importance of competitive neutrality and equitable administration of the LifeLine program, the Commission has lawfully provided variations in the administration of the program for carriers in different circumstances.[6] When making accommodations for different business models, sizes of carrier, or technology, we have frequently agreed with the carriers' arguments that one-size does not and should not fit all. For example, we rejected a challenge to the rules allowing subsidy only for incremental costs that CLECs claimed would have a disproportionately negative impact on smaller carriers.[7] In that proceeding, we did not allow a full reimbursement structure for the higher-cost CLECs to ensure that Fund size and LifeLine surcharges would remain reasonable. Even today, we have different administrative cost reimbursement structures for those carriers that produce detailed cost records and those that cannot, and instead must accept a safe-harbor reimbursement amount.[8]

D.14-01-036 is no different. In addition to federal law prohibiting wireless rate regulation, the reimbursement and rate mechanisms in the Decision rationally take into account the differences in business models between wireless and wireline LifeLine

[6] See *Universal Service and Compliance with the Mandates of Assembly Bill 3643* [D.9-10-066] (1996) 68 Cal.P.U.C.3d 524, 633 & 637-638 – continuing exemption of Small LECs from requirements to offer choice of flat or measured rate service and from charging customers state-wide LifeLine rate; denying carriers LifeLine subsidies for services with rates higher than "standard telephone service."

[7] *Opinion Denying Fones4All's Amended Petition to Modify Decision 00-10-028 and Modifying ULTS Administrative Expense Process* ("*Fones4All"*) [D.03-01-035] (2003) ___ Cal.P.U.C.3d ___. p. 27 (slip op.).

[8] General Order ("G.O.") 153, Section 9.3.9.

providers while attempting to keep the Fund size reasonable. The result does not violate statutory mandates for non-discrimination.

As we stated:

> "[t]he Commission's approach is to recognize that in each instance – that is, with California LifeLine wireline and wireless – there are commonalities and differences in service features and differences in technologies. A one-size-fits-all approach would neither serve the goals of the California LifeLine Program, nor reflect technical realities that distinguish different technologies."

(D.14-01-036, p. 46.) Furthermore, we stated:

> "[o]ur purpose is to maintain a high degree of uniformity in practice and program integrity across all technologies without being blind to their different capacities, billing arrangements, service features, and market characteristics, or to the Commission's jurisdiction with respect to those technologies. One of the chief objectives of the Moore Act is affordability of service. While that is a comprehensive and singular purpose, it requires program distinctions and distinctive service elements for each technology in order for affordability to be realized in practical terms."

(D.14-01-036, p. 47.)

Therefore, AT&T's claim that the Decision unlawfully discriminates against wireline providers has no merit, and we reject it.

2. *Fones4All* [D.03-01-035] is distinguishable, and thus, does not support AT&T's discrimination argument.

In its rehearing application, AT&T relies on *Fones4All*, *supra,* as authority for its argument that the Decision puts wireline providers at a competitive disadvantage to wireless LifeLine providers, and that the Commission cannot cap rates and support amounts for one class of LifeLine provider, while at the same time granting complete pricing flexibility to another class of provider. (Rehrg. App., p. 3.) AT&T says Fones4All supports this argument because in 2002*, Fones4All* requested the Commission approve a pilot project whereby CLECs – but not ILECs – would be reimbursed for LifeLine advertising and

marketing costs. We found that allowing one type of LifeLine provider to seek reimbursement for marketing expenses while forcing all other providers to self-fund their marketing costs was anti-competitive and would "violate [] Section 871.5(d)…." (*Id.* at p. 42 [Conclusion of Law 2] (slip op.).)

We do not agree that *Fones4All* supports AT&T's argument for equal treatment of wireline and wireless providers. The proceeding that led to that decision concerned proposed use of Fund money for reimbursement of marketing efforts that we found could have resulted in a competitive advantage for some carriers. *(Id.* at pp. 21-22 [COLs 2-4] (slip op.).) There, we focused on the fact that "ULTS marketing, in order to be competitively neutral, should be conducted by an organization that has no vested interest in a customer's choice of carrier" and for that reason reimbursement for carrier marketing was rejected as violating 871.5(d). We also noted that ILECs would not be able to participate in the reimbursement program.[9]

The situation in 2003, where we found competitive disadvantage directly from the use of Fund money going to certain carriers, is demonstrably different from today because in the Decision the Fund reimbursements are equally capped for wireline and wireless carriers, providing no single carrier or type of carrier a benefit from the Fund.[10] Therefore, Fones4All is distinguishable, and thus, does not give merit to AT&T's argument.

3. The Commission has the authority to freeze the LifeLine Set Support Amount.

We acted within our authority to suspend or revise a reimbursement mechanism we put in place in 2010 for the reasons detailed in the Decision.

---

[9] The Commission had additional concerns such as improper financial incentives created by the proposal, duplicative marketing efforts and difficulties in monitoring and administration that also led it to reject the proposal. (See *Fones4All* [D.13-01-035], pp. 21-22 [COL Nos. 2-4] (slip op.).)

[10] Also, as discussed above, *Fones4All* actually maintained a separate more limited reimbursement structure for CLECs, and thus, disproving AT&T's claim that the LifeLine program must treat all carriers equally.

(D.14-01-036, p. 37.) As we pointed out in the Decision, the increase in basic service rates that has already taken place "raises concerns" about affordability for LifeLine and increases in the SSA that would dictate potentially unreasonable increases in the size of the Fund and the level of surcharge needed to support the Fund.[11] These concerns were echoed in public comments as noted in FOF No. 15 and set out in the detailed Appendix C to the Decision.

Public concerns as well as our own are well-placed. Under the 2010 reimbursement structure, AT&T's LifeLine reimbursement would track its enormous rate increases for its local basic wireline service. AT&T has increased its basic service rate over 115% during the past five years, and as a result the SSA has also increased, which creates significant pressure on the Fund and on all ratepayers that pay for the SSA. (See D.14-01-036, p.160.) Accordingly, we were justified and reasonable when we *temporarily* capped both the wireline rate and the reimbursement amount, while we determined the impacts of additional wireless reimbursement requirements.

4. The Commission's determination to cap the support amount is supported by the record.

AT&T argues that the Decision lacks adequate findings on the determination to cap wireline support amounts and is not supported by record evidence. (Rehrg. App., p. 4.) The Commission's determination is supported by the record. As we noted in the Decision:

> Based on comments from the parties and from the public at the eight PPHs conducted throughout the state, we find that the caps on the rate for California LifeLine wireline service for flat-rate local service at $6.84 and for measured-rate local service at $3.66 are reasonable and should be extended through June 30, 2015. California LifeLine will also continue to support and cap the rates in Extended Area Service Exchanges (EAS) to June 30, 2015. *Similarly*, we cap the monthly reimbursement amount per participant (SSA) for all California LifeLine providers that provide California LifeLine wireline consistent with the service elements in General Order 153 Appendix A-1 (in Attachment D of this Decision) at $12.65 through June 30, 2015.

[11] D.14-01-036 at FOF 6, 15.

(D.14-01-036, pp. 37-38 (citations omitted) (emphasis added).

The record included the following: Joint Consumers advocated freezing the SSA in Opening Comments on the Scoping Memo and filed a Motion requesting a freeze in the LifeLine rate.[12] Additionally, AT&T addressed the issue of freezing the SSA in its Opening Comments,[13] and Reply Comments.[14] AT&T also, contrary to its current argument, argued in its Opening and Reply comments on the Scoping Memo that the Commission *should set reimbursement rates at a fixed amount*. Thus, the record supports the determination.

Based on the actual evidence and argument in the record, we reject AT&T's argument that our decision to cap the SSA was not adequately supported. Nevertheless, in the ordering paragraphs below, we will modify D.14-01-036 by adding two findings of fact and one conclusion of law to specifically provide further clarification in response to AT&T's argument that the Decision contains no findings on wireline rate caps or wireline support amounts.

B. The Decision is consistent with Federal Law.

AT&T alleges that the Decision violates Section 254(f) of the Telecommunications Act, because it requires wireline providers to contribute more than wireless providers in the form of an artificially low, self-funded LifeLine rate. (Rehrg. App., p.5.) The Decision does not violate that statute. Section 254(f) covers state authority in the context of universal services:

> A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service. *Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable*

[12] Joint Consumer Opening Comments on Scoping Memo, filed May 28, 2013, at pp. 66-69. *Motion of TURN to Extend the Rate Freeze,* filed June 12, 2012.

[13] AT&T Opening Comments on Scoping Memo, filed May 28, 2013, at pp. 18-22.

[14] AT&T Reply Comments on Scoping Memo, filed June 12, 2013, at pp. 6-7.

> *and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State.* A State may adopt regulations to provide for additional definitions and standards to preserve and advance universal service within that State only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms.

(Emphasis added.)

The California Lifeline program is funded through a uniform telecommunications end-user ULTS surcharge. (*See e.g.*, *Approval of Universal Lifeline Telephone Service Surcharge Rate and Revised fiscal Years 2006-07 and 2007-08 Budgets* [Resolution T-17071], issued March 1, 2007.) The surcharge rates in the Decision do not differ based on the type of carrier. Thus, the carrier contribution methodology for the California Lifeline program is equitable and nondiscriminatory.

AT&T confuses the carrier contribution methodology for the state LifeLine program with carrier costs and reimbursement. These are two different matters. Section 254(f) of the Telecommunication Act concerns the contribution methodology and not universal LifeLine telephone service rate or reimbursement caps. Further, our California LifeLine reimbursement methodology, as supported by AT&T in 2010 when it was adopted, is technologically neutral in the use of similar maximum monthly reimbursements to all California Lifeline service providers (wireline and wireless.) (D.14-01-036 at 37-39.)

C. The excise tax provision in the Decision is consistent with Federal Law and the status quo.

AT&T argues that the Decision errs by failing to clarify that carriers will continue to be reimbursed for the amount of federal excise tax the carrier pays on behalf of the LifeLine customer.[15] As we discuss below, the Decision did not amend the current requirement in G.O. 153 that California LifeLine service providers pay for the reimbursable

[15] Rehrg. App., pp. 6-7.

amount of the Federal Excise Tax ("FET") on behalf of California LifeLine subscribers.[16] However, for purpose of clarification, we will modify the Decision to clarify that it does not change the status quo. .

Ordering Paragraph 24(k) in the Decision reiterates that LifeLine participants are exempt from paying the FET. Further, on the issue of carrier reimbursement, we stated: "[t]his Decision does not alter our established claims processes and requirements." (See, e.g. D.14-01-036, p.38, fn. 22.) These processes and requirements are set out in Section 9 of G.O. 153 where the rules for carrier reimbursement of the excise tax payments are set out. While we cited the administrative reimbursement as an example, our footnote on p. 38 can be read broadly to include all of Section 9.3 of the G.O. in the context of the Decision's statements regarding continued exemption from the tax. Thus, we will modify the Decision to preclude any misunderstanding.

Finally, contrary to AT&T's assertion, the Decision did not amend any statement in D.10-11-033,[17] including the following: "[u]nder current rules, LifeLine customers are not assessed surcharges for our public purpose programs (CTF, CHCF-A, etc.). LifeLine customers also do not pay the Federal excise tax, the CPUC user fee, or any state/local taxes. *These charges are currently claimed by carriers from California LifeLine and passed through to the respective taxing authorities*." (*Id.* at p. 61 (slip op.), emphasis

[16] G.O. 153 provides, in relevant parts, the following: "California LifeLine Service Providers may recover the following costs and lost revenues from the California LifeLine Fund: (See Section 9.3.4.) The taxes, fees, and surcharges associated with the federal portion of the California LifeLine discount provided to California LifeLine subscribers. The taxes, fees, and surcharges that a California LifeLine Service Provider pays on behalf of its California LifeLine subsribers. (See Section 9.3.5.) The base for calculating the reimburseable amount of Federal Excise Tax (FET) shall include only the lost revenues from the following items: (a) Service Conversion charges, (b) measured and/or flat rate service, (c) EUCL, (d) surcharges, and (e) allowable recovery of untimed calls…. " (See Section 9.3.5 – 9.3.5.1.)

[17] See also *Rulemaking on the Commission's Own Motion to Review the Telecommunications Public Policy Programs* [D.10-11-033] (2010) ___ Cal.P.U.C.3d __ pp. 129 & 141 [FOF Nos. 61, 63, 64, 66, & 67; COL No. 22 ("Carriers shall continue to receive separate reimbursements for pass-through taxes (Federal excise and State/local taxes)."), rehearing granted on other grounds in *Rulemaking on the Commission's Own Motion to Review the Telecommunications Public Policy Programs* [D.12-07-022] (2012) ___ Cal.P.U.C.3d ___.)

added.) However, we will clarify Ordering Paragraph 24(k) by adding the italicized sentence just quoted to that ordering paragraph, as well as COL No. 32, in order to address AT&T's concerns.

Thus, AT&T's assertion that we were silent on whether we would continue to reimburse LifeLine Providers for the FET paid to the IRS is incorrect. We did not intend to change the *existing* practice regarding the collection and remission of the FET for LifeLine customers nor the reimbursement policies for LifeLine providers.

III. CONCLUSION

Based on the above discussion, D.14-01-036 will be modified, as provided in the ordering paragraphs below, to clarify Ordering paragraph 24(k) and COL No. 32, and to add findings of fact and conclusions of law. Rehearing of D.14-01-036, as modified, is denied, as no legal error has been demonstrated.

THEREFORE, IT IS ORDERED that:

1. D.14-01-036 is modified to add Finding of Fact No. 33, which shall read as follows:

> "No party presented persuasive evidence that with regard to the LifeLine program, wireline and wireless providers are similarly situated."

2. D.14-01-036 is modified to add Finding of Fact No. 34, which shall read as follows:

> "AT&T presented no evidence that its costs exceed the rate cap price."

3. D.14-01-036 is modified to add Finding of Fact No. 35, which shall read as follows:

> "No party presented persuasive evidence that the Decision's disparate rate cap treatment of wireline and wireless providers will cause wireline providers any actual harm."

4. D.14-01-036 is modified to add Conclusion of Law No. 51, which shall read as follows:

> "Since there is a rational basis for the Commission's disparate treatment of wireline and wireless providers' LifeLine rates, there is no unlawful discrimination or a violation of the neutrality requirements of the Moore Act."

5. D.14-01-036 is modified to add Conclusion of Law No. 52, which shall read as follows:

> "Our determination to cap both the wireline rate and the reimbursement amount, temporarily, while we determine the impacts of additional wireless reimbursement requirements, is reasonable."

6. D.14-01-036 is modified to add Finding of Fact No. 36, which shall read as follows:

> "The record contains comments from the parties and from the public that support capping the wireline support amounts."

7. D.14-01-036 is modified to add Finding of Fact No. 37, which shall read as follows:

> "Joint Consumers advocated freezing the SSA, and AT&T argued that the Commission should set reimbursement rates at a fixed amount."

8. D.14-01-036 is modified to add Conclusion of Law No.53, which shall read as follows:

> "Based on comments from the parties and from the public, we find that the caps on the monthly reimbursement amount per participant (SSA) for all California LifeLine providers that provide California LifeLine wireline consistent with the service elements in General Order 153 Appendix A-1 (in Attachment D of this Decision) at $12.65 are reasonable and should be extended through June 30, 2015."

9. For purposes of clarification, Conclusion of Law No. 32 in D.14-01-036 is modified to read as follows:

> "California LifeLine participants are exempt from paying the public purpose program surcharges, the Commission's user fee, federal excise tax, local franchise tax, and the state 911 tax. These charges are currently claimed by carriers from California LifeLine and passed through to the respective taxing authorities. Carriers will continue to be reimbursed for the amount of federal excise tax the carrier pays on behalf of the LifeLine customer. Today's decision confirms that D.14-01-036 does not change the existing practice regarding the collection and remission of the FET for LifeLine customers nor the reimbursement policies for LifeLine providers."

10. For purposes of clarification, Ordering Paragraph No. 24(k) in D.14-01-036 is modified to read as follows:

> "All California Lifeline providers must comply with the following requirements: … k. Exempt California LifeLine participants from paying the public purpose program surcharges, the Commission's user fee, federal excise tax, local franchise tax, and the state 911 tax. These charges are currently claimed by carriers from California LifeLine and passed through to the respective taxing authorities. Carriers will continue to be reimbursed for the amount of federal excise tax the carrier pays on behalf of the LifeLine customer. Today's decision confirms that D.14-01-036 does not change the existing practice regarding the collection and remission of the FET for LifeLine customers nor the reimbursement policies for LifeLine providers."

11. Rehearing of D.14-01-036, as modified, is denied.

This order is effective today.

Dated September 11, 2014, at San Francisco, California.

MICHAEL R. PEEVEY
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
MICHAEL PICKER
Commissioners