

Decision 18-12-019 December 13, 2018

**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

**DECISION ESTABLISHING THE CRITERIA FOR PILOT PROGRAMS  
AND PARTNERSHIPS WITHIN THE CALIFORNIA LIFELINE PROGRAM**

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## **DECISION ESTABLISHING THE CRITERIA FOR PILOT PROGRAMS AND PARTNERSHIPS WITHIN THE CALIFORNIA LIFELINE PROGRAM**

### **Summary**

The California Public Utilities Commission (Commission) seeks to develop and test strategies to increase participation in the California LifeLine Program by underserved and unserved low-income households through pilot programs and government partnerships. In furtherance of these goals, this decision adopts criteria for government partnerships, a framework for pilot programs, and submission of pilot program proposals for the Commission's consideration.

The Commission will review pilot program proposals in early 2019 and will authorize pilot programs that advance certain identified objectives and meet pilot program elements as set forth in this decision. Authorized pilot programs will provide data that will allow the Commission to evaluate the pilot programs. The Commission intends to share pilot program evaluations with stakeholders and parties to this proceeding.

### **1. Procedural Background**

The California Public Utilities Commission (Commission) opened this rulemaking on March 24, 2011. During the course of this rulemaking, the Commission issued several decisions expanding and modernizing the California LifeLine Program. In 2014, the Commission issued Decision (D.) 14-01-036 Adopting Revisions to Modernize and Expand the California LifeLine Program (California LifeLine or the Program). D.14-01-036 adopted minimum service elements for California LifeLine wireless telephone services. On October 27, 2016, the Commission further expanded the Program to allow fixed-Voice over Internet Protocol (VoIP) service providers without Certificates of Public Necessity and Convenience to qualify as California LifeLine Program service providers.

On January 25, 2017, the Commission issued D.17-01-032, which modified the California LifeLine Program in response to revised federal Lifeline program requirements. The Commission implemented a 60-day benefit portability freeze to mirror the benefit portability freeze mandated by the Federal Communications Commission (FCC). The Commission concurrently administers the enrollment process for the state and federal universal service programs for low-income households, and thus, generally, adopts policies that enable consumers to benefit to the full extent possible from both programs. The Commission recognized a rapidly changing regulatory environment and anticipated that there would be numerous changes to California LifeLine given the issues, policy changes and challenges surrounding the federal Lifeline program.

Subsequently, on February 9, 2018, the Commission issued D.18-02-006 revising the eligibility criteria for the California LifeLine Program. D.18-02-006 enabled low-income Californians to temporarily be exempt from the federal Lifeline program's more restrictive eligibility criteria. D.18-02-006 restored Low-Income Home Energy Assistance Program, Temporary Assistance for Needy Families, California Work Opportunity and Responsibility to Kids, Stanislaus County Work Opportunity, Welfare-to-Work, Greater Avenues for Independence, National School Lunch Program, and Women, Infants and Children Program to the list of qualifying public assistance programs for California LifeLine. This decision also increased the income threshold for households to be at or below 150 percent of the Federal Poverty Guideline for the corresponding household size.

Less than eight months after implementing a benefit portability freeze, the FCC suddenly reversed course and eliminated the benefit portability freeze. The FCC concluded that the benefit portability freeze ultimately failed to yield

improved service offerings and instead, disadvantaged consumers by unnecessarily restricting consumer choice, diminishing service providers' motivation to offer competitive service offerings, and preventing consumers from obtaining the services that they need. On August 31, 2018, the Commission reduced the benefit portability freeze's duration from 60 days to up to 24 hours and eliminated the exceptions to the California LifeLine benefit portability freeze in D.18-08-027.

Since issuing D.18-08-027, the Commission hosted additional workshops and public meetings to gather detailed comments from stakeholders and parties about increasing Program participation, the future of the California LifeLine Program given the rapidly changing federal Lifeline program, the use of pilot programs to increase participation by lowering barriers to participation, increasing overall participation and participation by unserved and underserved communities, increasing the number and types of service providers offering California LifeLine, and expanding California LifeLine participants' access to widely available retail offerings in the market. The Commission sought stakeholder and party input actively throughout this rulemaking. In addition to filing formal comments, stakeholders have been invited to public meetings (e.g., Webinars and workshops) stakeholders also had the option to join the California LifeLine Working Groups.<sup>1</sup>

The Commission held two workshops in Sacramento on August 6-7, 2018 (August Workshop) and September 14, 2018 (September Workshop). On August 31, 2018, the Assigned Administrative Law Judge (Judge) issued a ruling

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<sup>1</sup> Stakeholders will continue to have these options for participation going forward.

requesting comment on the August workshops.<sup>2</sup> On September 10, 2018, the Public Advocates Office,<sup>3</sup> Sprint Corporation and iFoster (Pilot Partners), iFoster, TracFone Wireless, Inc. (TracFone), and the Center for Accessible Technology, the Greenlining Institute, and The Utility Reform Network (collectively referred to hereafter as the Joint Consumers) filed comments responsive to the August 31 2018 ruling.

On September 18, 2018, Pacific Bell Telephone Company d/b/a/ AT&T California and its affiliates AT&T Corp.; Teleport Communication America, LLC; and AT&T Mobility LLC; AT& T Mobility Wireless Operations Holdings, Inc.; and Santa Barbara Cellular Systems, Ltd. (collectively referred to hereafter as AT&T) and the Joint Consumers filed reply comments.

On September 14, 2018, the Commission held a workshop in Sacramento, California to discuss, amongst other things, the framework for pilot program proposals.<sup>4</sup> On October 18, 2018, the Judge issued a ruling requesting comments on the pilot program framework, specific pilot program presentations, and the transcript of comments made by stakeholders at the conclusion of the workshop.

Comments and reply comments filed in response to both the August and September 2018 Workshops addressed a variety of topics including the

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<sup>2</sup> The ruling asked parties to comment on the transcript of party comments recorded at the end of the workshop, presentations presented at the workshop, and on potential changes to the federal Lifeline program.

<sup>3</sup> The Office of Ratepayer Advocates was renamed the Public Advocates Office of the Public Utilities Commission (Cal Advocates) under Senate Bill Number 854, which was signed by the Governor on June 27, 2018 (Chapter 51, Statutes of 2018).

<sup>4</sup> In addition to presenting a framework for the review and approval of pilot programs, specific proposals for pilot programs were also presented.

framework for pilot programs. Only those comments relevant to the pilot program framework will be addressed in this decision.

## **2. Background**

The California Public Utilities Commission (Commission) designed the California LifeLine Program to ensure that high quality basic service remains affordable for low-income Californians consistent with the Moore Universal Telephone Service Act (Moore Act). As Public Utilities (Pub. Util.) Code Section 871.7 (a) states:

The Moore Universal Telephone Service Act, enacted in 1987, was intended to offer high quality basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service. In addition, Pub. Util. Code § 709 enjoins us to focus our efforts on affordability and availability, economic growth and investment, state-of-the-art services, bridging the digital divide, assuring competitive choices, and fair treatment of consumers regardless of telecommunications technologies.

Since the California LifeLine Program's inception, the Commission consistently adopted policies that preserve consumer choice, promote competition and ensure just and reasonable prices for low-income households.

Since the late 1990s, the Commission explored a variety of strategies to coordinate the Commission's low-income consumer programs internally and with other government agencies. The Commission explored aligning the eligibility criteria, adopting categorical eligibility,<sup>5</sup> leveraging enrollment

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<sup>5</sup> "Categorically" eligibility, also referred to as "automatically" eligible, allows eligibility to be found if that person receives assistance under any of the certain identified programs: TANF, SNAP, SSI or "certain means tested veteran's programs."

processes, sharing data of program participants, and synchronizing outreach efforts. The Commission implemented some of these strategies on a limited basis. For example, the California Alternative Rates for Energy (CARE) program reviewed the California LifeLine Program eligibility criteria and to a large extent adopted the same qualifying public assistance programs as California LifeLine for its consumer eligibility.<sup>6</sup> In addition, the energy utilities will share their list of CARE participants with the California LifeLine Program starting in January 2019.<sup>7</sup> Finally, the California LifeLine Program gives two California LifeLine discounts to Deaf and Disabled Telecommunications Program participants. The Commission estimates that there are more opportunities to further coordinate our low-income consumer programs with other government entities.

On December 1, 2017, the FCC issued *Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry*<sup>8</sup>. In the *NPRM/NOI*, the FCC proposed a number of changes to the federal Lifeline program with two objectives: 1) to curtail waste, fraud, and abuse; and 2) to target low-income areas lacking broadband internet access services (broadband service). The Commission continues to consider the impact of the *NPRM/NOI* on California LifeLine and whether changes to California

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<sup>6</sup> CARE eligibility differs slightly because it CARE has not added the veterans and survivors program and CARE income eligibility allows a participant to be at 200 percent of the Federal Poverty Guideline.

<sup>7</sup> See D.17-12-009.

<sup>8</sup> See, In the Matter of Lifeline and Link Up Reform and Modernization et al., WC Dkt Nos. 11-42, 09-197, 17-287 Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry (NPRM/NOI), FCC 17-155 (rel. December 1, 2017).



LifeLine are warranted as a result of the proposed changes put forward in the *NPRM/NOI*. The Commission remains concerned with the FCC's policy changes that reduce the size (number of people eligible for) of federal Lifeline. The FCC's proposed and adopted changes include: eliminating state-specific eligibility criteria; reducing the number of qualifying programs including eliminating the National School Lunch Program; limiting the geographic applicability of enhanced Lifeline and Link-Up support for federally recognized Tribal lands and the type of service providers to just facilities-based service providers; eliminating resellers; narrowing the applicability of federal Lifeline discounts to rural areas without broadband service; and limiting multi-tenant household Lifeline participation.

In light of the FCC's changing focus, the Commission seeks to develop and test strategies to serve low-income California households that would be ineligible for the federal Lifeline program. We remain committed to ongoing assessment of consumers' minimum communication needs under the Moore Act, ongoing evaluation and improvement of the California LifeLine Program's administration and enrollment processes, and a robust California LifeLine marketplace.

The Commission provides all stakeholders in the California LifeLine Program rulemaking with an inclusive, open, and transparent process, and venue to assist the Commission in constructing the Program's rules. The Commission takes a holistic approach in crafting Program policies by simultaneously weighing the possible challenges to implementation of such significant policies, accounting for all stakeholders' input, maximizing consumer choice, and fostering a competitive California LifeLine marketplace with a restrained hand in regulations in order to meet the communications needs of

California's low-income households. The Commission held four public meetings to seek input on the following issues:

1. Developing governmental partnerships focusing on the governmental agencies (state and local) with low-income consumer programs;
2. Recruiting more facilities-based service providers that can offer the California LifeLine discounts;
3. Reconsidering the Program's enrollment process; and
4. Assessing current consumer's needs (*e.g.*, types of communications services that should be eligible for California LifeLine discounts, the number of California LifeLine discounts provided to each eligible household, and the support amount of the California LifeLine discounts).

Through this process of seeking stakeholder input in public meetings and comments filed in this proceeding, the Commission received several proposals and strategies. In this Decision, the Commission sets a framework for the Program to utilize pilot programs to explore tangible strategies to target unserved or underserved, eligible Californians, to recruit more facilities-based service providers into the California LifeLine marketplace, to meet consumers' communication needs, and to improve the Program's application and renewal processes.

### **3. Party Comments**

In comments filed on September 10, 2018, Cal Advocates provided specific suggestions for developing a framework to consider and approve proposed pilot programs. Communications Division staff utilized many of Cal Advocates proposals in presenting a pilot program framework during the September Workshop.

The Joint Consumers felt pilot programs should provide value through cost effective solutions not only to the participants but also to those who pay the surcharge to support the program. The Joint Consumers urged the Commission to ensure that low-income customers be treated equitably by the program and service providers. Pilot programs, the Joint Consumers reasoned, must provide quality service to participants. The Joint Consumers ask the Commission to require proposed pilot programs to be designed so that they are transparent and fair to stakeholders, be scalable within program budgets, and provide good data and feedback to the Commission and participants. Like Cal Advocates, the Joint Consumers felt the Commission should require pilot program proposals to identify objectives such as target participation rates, target participant groups/markets that would be reached by a proposed pilot, or program administration element to be improved. Similarly, the Joint Consumers shared Cal Advocates' concern that consumer protection obligations and safeguards be maintained. Finally, the Joint Consumers urge the Commission to continue discounts for voice services.

TracFone, like other parties, advocated a rigorous research paradigm that included objectives and metrics as other parties supported but also advocated randomized controlled trials to make a pilot program effective.

#### **4. Framework for California LifeLineProgram Partnerships and Pilots**

##### **4.1. Partnerships with State and Local Government Agencies**

In April 2005, the Commission adopted eligibility criteria for the California LifeLine Program that allowed consumers enrolled in means-tested public assistance programs such as Medi-Cal, CalFresh, and Supplemental Security Income (SSI) to qualify for California LifeLine discounts. A majority of the program participants qualify for California LifeLine using this program-based

eligibility method. The California Department of Health Care Services and the California Department of Social Services administer the qualifying public assistance programs that most consumers use to qualify for the California LifeLine Program such as Medi-Cal and CalFresh. Accordingly, partnering with these government agencies would benefit California LifeLine.

We elect to partner with governmental (state and local) agencies that enroll California's low-income consumers into their respective public assistance programs. These partnerships with government agencies will implement categorical eligibility, coordinated enrollment processes, data exchange of participants' information, and/or synchronized outreach efforts between California LifeLine and their consumer programs. There are other state agencies (e.g., Labor and Workforce Development Agency, Department of Rehabilitation, and Department of Corrections and Rehabilitation) that provide services to consumers who can also benefit from the California LifeLine Program.

The Commission recognizes that low-income households apply for public assistance programs predominantly through the enrollment process used at the local county-operated welfare offices. Therefore, we deem it critical to establish partnerships with California's county welfare offices, the County Welfare Directors Association, and other groups/stakeholders that can facilitate partnerships with local governments. For example, staff has engaged with San Francisco (SF) County with regards to a potential partnership. Staff will continue efforts to finalize one component of a partnership, *i.e.*, data exchange and outreach efforts, with SF County by the first quarter of 2019. We also require that staff to continue to the effort establish additional aspects of an SF County partnership such as categorical eligibility and a coordinated enrollment process by December 31, 2019. With the California LifeLine Program establishing

categorical eligibility of the low-income consumer programs that SF County administers, more SF County residents can potentially receive the California LifeLine discounts.

These government-oriented partnerships require constant collaboration and coordination between the Commission and other agencies. There should also be flexibility in establishing governmental partnerships and in the approach h a government agency initiates, develops, or maintains a partnership with the Commission. The scope of each partnership may also vary. The Commission may establish partnerships with state or local government agencies using a memorandum of understanding (MOU) and/or inter-agency agreements (IAA), as needed.

If a partnership with a state or local government agency requires waiver of any Program rules, then the Commission will ling seek stakeholder review and comment prior to issuing a proposed decision for stakeholder input and for the Commission's consideration. If a local government agency requires funding for the partnership, then we can authorize monetary funds using a grant, which can be incorporated in the MOU. If a state government agency requires funding for the partnership, then we can authorize funding using an IAA.

After the Commission finalizes these partnership agreements, staff can publicly disclose the MOU or IAA. Staff can also present information (e.g., timeline, implementation activities, and analysis of the partnership) about these partnership agreements during the meetings of the Commission's Committee on Finance and Administration or the California LifeLine Administrative Committee meetings. These framework for these governmental partnerships are separate from the pilot program that we establish in the next sections.

#### **4.2. Use of Pilot Program**

The Commission proposes utilizing pilot programs to innovate and improve the California LifeLine Program. We encourage and invite stakeholders to propose new and innovative pilots programs. Any approved pilot program proposals need to satisfy the framework requirements for a California LifeLine pilot programs adopted in this Decision.

We direct staff to be proactive in implementing the policies and procedures adopted in this Decision. Staff may: 1) hold one or more public workshops to evaluate proposed pilots; 2) submit draft resolutions for the Commission's consideration to develop additional procedures or policies, as necessary for implementation of pilot programs, and 2) support stakeholders in submitting pilot proposals for the Commission's consideration through this proceeding. As discussed in greater detail below, the Commission will evaluate the results of the pilot programs and request feedback from parties and stakeholders. The Commission may extend a successful pilot program or adopt aspects of a pilot on a Program-wide basis.

#### **4.3. Pilot Program Objectives**

Each proposal for a pilot program must contain a specific statement of the concern or problem that the proposed pilot seeks to address. In order for the Commission to consider authorizing a proposed pilot, the pilot program proposal must satisfy at least two or more of the following objectives:

1. Lower barriers for consumers to participate in the Program by streamlining eligibility for consumers who are already enrolled in other public assistance programs geared to help low-income households;
2. Increase participation in the Program, which includes increasing the overall Program participation rate or increasing the participation among those consumers who

are unserved or underserved by the Program. Examples of such consumers who may be eligible but face barriers to the Program's application or renewal processes may include, but are not be limited to foster youth, re-entry population, English language learners, Native Americans, or consumers with disabilities. There may be other groups of California consumers to consider;<sup>9</sup>

3. Encourage Program participation of facilities-based service providers that offer telephone and/or broadband internet access services while expanding Program participants; access to widely available retail offerings in the mass communications market;<sup>10</sup> and/or
4. Provide scalable solutions (e.g., expanding the scope to other target markets) that the Program may adopt in the future.

In considering these objectives, proposals for pilot programs must have an emphasis on the following key tenets:

1. New Partnerships and Technologies

Focusing on new partnerships and technologies will allow the Program to advance the service offerings in the fast-evolving retail communications market. New partnerships or the addition of new technologies might include, but are not limited to, the following examples: partnerships with government agencies and facilities-based service providers, enrollment that is not commission-based, partnerships with non-profit organizations with which the Program has not had a previous relationship via a contract, or availing California LifeLine participants with affordable broadband internet access.

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<sup>9</sup> See slides 11-14, 16, 19-20, 23 in SF County Presentation. See CA Labor Presentations. (See slides 4-5 in Greenlining August Presentation.) (See slides 4-6 of CETF Presentation.)

<sup>10</sup> As SF County explained cell phone service will not solely close the digital divide. (See slide 26 in SF County Presentation. See also slides 4-6 of CETF Presentation.)

## 2. Innovative Components

Emphasis on innovative components of a pilot program consisting of changes to the Program's application or renewal processes, eligibility determination, eligibility criteria, consumer education (including digital literacy), or options for service plans or devices.

### **4.3. Pilot Program Proposal Elements**

The proposal for a pilot program must also include the following elements:

1. *Description of a Pilot* - The proposal must explain how it is consistent with pilot program framework and addresses the key tenets for a California LifeLine pilot program. The proposal needs to identify the variables or changes to the Program that the pilot program proposes it will test. If there are any Program rules that should not apply, the proposal needs to identify them. Pilot program proposals must include an implementation plan that describes activities, milestones, and objectives. The proposal must explain how the pilot program will benefit the Program and the consumers of which the pilot will serve. The proposal must identify the group(s) of consumers that the pilot program intends to reach and justify the selection of each set of consumers.
2. *Pilot Program Budget* - The proposal must accurately calculate the proposed total cost of the proposed pilot program including all of the line items for which the proposal seeks funding. The Program will implement a guideline subsidy level for an eligible consumer acquired by a pilot in the amount of \$15 maximum per month.<sup>11</sup> Funding for non-recurring charges will not be available. Proposals shall be based on a \$15 a month subsidy to a participant; pilot proponents must thoroughly justify a request for a support amount above \$15 a month. The proposal must indicate the number of consumers it

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<sup>11</sup> This is amount approximates the estimated Specific Support Amount for 2019.



- estimates that the pilot program will enroll. Proposals may require the eligible consumer contribute to the cost of the telephone and/or broadband internet access service. Lastly, if the applicant seeks funding for proposed pilot program's operational expenses, the proposal must also include the estimated, detailed operational expenses for which it seeks funding. Proposals seeking funding in excess of the monthly recurring amount of \$15, must acquire specific approval from the Commission.
3. *Duration of a Pilot Program*- The proposed pilot program shall not exceed two years<sup>12</sup> in duration. The Commission may issue a Ruling to extend a pilot program subject to the completion of the Commission's evaluation of the pilot program. We will provide stakeholders the opportunity to give feedback within the proceeding or successor rulemaking proceeding when considering extending a pilot program's duration. A two-year duration for each approved pilot program allows the Commission to compare it with the existing renewal process in which California LifeLine participants annually renew their discounts. The Commission also has the flexibility to terminate a pilot program at any time by issuing a Ruling.
  4. *Data Collection by the Pilot Program* – The pilot program proposal must state the metrics that it will collect and provide to Commission staff on a recurring basis for public dissemination. The proposal must provide a timeline for delivery of data collected in meeting the pilot program metrics. The selected metrics should demonstrate the pilot's performance. Some suggested metrics include:
    - Reason for a service provider to stop participating in the pilot;
    - Reason for a consumer to stop participating in the pilot;
    - Service offerings chosen by a consumer in the pilot;

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<sup>12</sup> See slide 6 of Greenlining August Presentation.

- Additional services, features, or devices purchased by a consumer in the pilot;
  - Devices purchased by a consumer in the pilot;
  - Devices brought by a consumer in the pilot instead of purchasing;
  - Payment behavior by a consumer in the pilot;
  - Usage (minutes, text messages, data) of a consumer in the pilot;
    - Volume of consumers in the pilot who have never been enrolled in the Program; and
    - Consumer experience with enrollment, service quality of communications services received, etc.
5. *Evaluation Plan of the Pilot Program* – The proposal must detail how the pilot program’s performance will be evaluated in close coordination with staff. Stakeholders may independently evaluate an approved pilot program through access to anonymized data collected by the approved pilot program that will be publicly available. The evaluation plan should analyze the data collected, identify best practices and lessons learned, and provide recommendations.
6. *Safeguards for Consumers and the Program* – The proposal must explain how the pilot program provides safeguards for consumers and the Program. The proposal should provide information to consumers that they are participating in a pilot program, which may not be offered after the pilot ends. Pilot programs should provide consumer education about the current California LifeLine service offerings such that consumers can choose whether or not to continue with the pilot. We deem consumer education regarding the termination of a pilot of paramount importance. Proposals should include a draft plan for transitioning customers at the conclusion of the pilot program. If the Commission by its own accord terminates a pilot’s duration, we will also attempt to

incorporate sufficient notice to consumers participating in the pilot.

7. *Payment and Reporting* – Service providers, businesses, and/or non-profit organizations proposing pilot programs must be able to accept payments on a monthly basis from the Program. The service provider, business, and/or non-profit organization must substantiate the monthly claimed amount. If staff determines that there is an overpayment or inaccurate claim for payment, staff will deduct the overpayment in future invoiced amounts or deduct from the current invoice amount, as applicable. Payments on a quarterly basis may also be possible. Overpayments may be a reason for the Commission to terminate a pilot program.

#### **4.4. Pilot Program Evaluation**

The Commission will evaluate each approved pilot program and may use this evaluation in shaping the future of the California LifeLine Program. Each pilot program proposal must propose potential methodologies to test the cost effectiveness of the pilot program. The proposed pilot program should include a recurring data collection with the goal of sharing anonymized data publicly. The Commission intends to identify and disseminate best practices and lessons learned from each pilot program authorized by the Commission. Here is the estimated timeline by which the Commission will evaluate an approved pilot:

ACTIVITY	ESTIMATED TIMEFRAME
Commission Approves Pilot Program	Month 0
Launch of the Pilot Program	Month 1
Collect Data	Month 1 until potentially Month 24
Staff Analyzes Data Collected Between Months 1 and 15	Months 13 to 15
Staff Presents Analysis	Months 16 to 17
Commission Considers Pilot Program Options: Termination, Extension, or modification of the Program	Months 18 to 21
Conduct Consumer Education about Pilot Program Future (Termination, Extension, addition to the Program)	Months 22 to 24
Staff Analyzes and Presents Data Collected Between Months 1 and 24 (if available)	Months 24 to 28

#### **4.5. Submission and Approval Process for Proposed Pilot Programs**

The Commission fosters a deliberative, transparent, and inclusive process in its administration of the California LifeLine Program. The Commission invites stakeholders who are interested in developing a proposal for a pilot program to take advantage of these informal avenues of collaboration: 1) discussions during the California LifeLine Working Group conference calls; and 2) communication with staff in the early or initial development of a proposal. For example, a stakeholder may wish to seek stakeholder input on an informal basis regarding approaches to safeguard consumers and the Program and such input could be beneficial to development of a proposal.

The Commission may authorize up to four pilot programs provided there are four proposals which meet the criteria established by this Decision. If a pilot program proposal does not contain all of the criteria, the Commission will not consider it. The Commission is not required to authorize the maximum number of pilot programs and has the discretion to authorize additional pilot programs. The Commission will evaluate pilot programs for authorization based on the criteria set forth in this Decision but may also consider the impact of a pilot program on Commission resources.

This Decision invites interested stakeholders to submit pilot program proposals that meet the criteria established by this Decision. The Commission shall issue a ruling in the first quarter of 2019 setting for the process for submitting a pilot program proposal, the date such proposals are due and a date by which the Commission will begin approving pilot programs.<sup>13</sup> The Commission shall include an opportunity for stakeholders to review pilot program proposals and an opportunity to comment on the proposals in its evaluation of these proposals. As of this writing the Commission seeks to authorize pilot programs in the second quarter of 2019. Afterwards, the Commission will issue a proposed decision regarding the proposed pilot programs.

In order to foster participation in this rulemaking by a diverse group of stakeholders, the Commission intends to grant party status to stakeholders who intend to actively participate in the proceeding. The Commission intends to

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<sup>13</sup> As of this writing the Commission estimates that pilot program proposals will be due no later than March 1, 2019 and the Commission will begin authorizing pilot programs on a rolling basis by June 1, 2019.

liberally allow stakeholders to participate in this rulemaking. Stakeholders who are not currently parties to this proceeding may move for party status.

#### **5. Additional Funding for Local Government Agencies and Non-Profit Organizations**

We understand that there may be a monetary cost to local government agencies and community based non-profit organization to implementing pilot programs and partnerships above the monetary support of the California LifeLine discounts provided to consumers. The Commission intends to explore and develop grants to assist with these costs. Such grants would be funded by the Program and administered by staff. If non-profit organization is a part of a proposed pilot, then the Commission may provide or reject the grant request when the Commission responds to the proposed pilot.

#### **6. Comments on Proposed Decision**

The proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure On November 29, 2018, Cal Advocates, the Joint Consumers and the Small LECs filed comments. On December 4, 2018, the Small LECs filed reply comments

#### **7. Assignment of Proceeding**

Martha Guzman Aceves is the assigned Commissioner and Katherine Kwan MacDonald is the assigned ALJ in this proceeding.

#### **Findings of Fact**

1. The Moore Universal Telephone Act was enacted in 1987.
2. The Commission opened the instant R.11-03-013 on March 24, 2011.
3. On December 1, 2017, the FCC issued the NPRM/NOI.

4. The Commission began hosting a series of public workshops to gather detail comments from parties, stakeholders, and the public about increasing participation in the California LifeLine program; the impact of the FCC's NPRM/NOI; and the use of pilot programs to increase participation by lowering barriers to participation, increasing overall participation and participation by underserved and unserved communities, increase the number and type of service provider offering California LifeLine, and expanding Program participants' access to widely available retail offerings.

5. The Commission requested comments from parties on two workshops held in Sacramento in August and September 2018.

6. Parties filed responsive comments on September 10, 2018 and Reply comments were filed on September 18, 2018. Subsequently, parties filed responsive comments on October 29, 2018.

7. Comments filed on September 10, 2018 by Cal Advocates outlined basic criteria that the Commission could consider in approving and implementing pilot programs for the Program.

### **Conclusions of Law**

1. The Commission designed the California LifeLine program to ensure that high quality basic service remains affordable for low-income Californians consistent with the Moore Act.

2. Pub. Util. Code § 709 enjoins us to focus our efforts on affordability and availability, economic growth and investment, state-of-the-art services, bridging the digital divide, assuring competitive choices and fair treatment of consumers regardless of telecommunications technologies.

3. The Commission adopts policies to preserve consumer choice, promote competition and ensure just and reasonable prices for low-income households.

4. The FCC's NPRM/NOI proposed a number of changes to the federal LifeLine program that will impact the California LifeLine program.

5. The Commission should partner with governmental (state and local) agencies that enroll California's low-income consumers into their respective public assistance programs.

6. After the Commission finalizes partnership agreements, staff should outline additional implementation tasks and a schedule for completing each of them.

7. The Commission should review and consider authorizing pilot programs that satisfy the framework requirements for the California LifeLine pilot program.

8. The Commission will only consider evaluating proposals for pilot programs that satisfy at least two or more of the pilot program objectives.

9. Each pilot program proposal must include the required pilot program proposal elements. Proposals that do not include all required pilot program elements will not be considered by the Commission.

10. The Commission will provide information regarding the procedural requirements for submission of a pilot program proposal, the deadline for submission of pilot program proposals and a date by which the Commission will authorize pilot programs.

## **O R D E R**

### **IT IS ORDERED** that:

1. The Communications Division staff may partner with state and local government agencies to increase participation of eligible consumers in the California Universal Telephone (LifeLine) Program.



2. The California Public Utilities Commission (Commission) adopts the framework and criteria as set forth above for a pilot program such that the Commission may authorize pilots and grants in the California Universal Telephone (LifeLine) Program. The Commission shall issue a ruling by January 2019, detailing the process for submission of proposals to the Commission, the deadline for submission of proposals and the date or dates by which the Commission will authorize pilot programs. The authorization process will provide an opportunity for comment by parties to this proceeding.

This order is effective today.

Dated December 13, 2018, at San Francisco, California.

MICHAEL PICKER

President

CARLA J. PETERMAN

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

Commissioners