

PROPOSED DECISION

Agenda ID #19574 (Rev. 1)
Quasi-legislative
7/15/2021 Item #10

Decision PROPOSED DECISION OF COMMISSIONER SHIROMA
(Mailed 6/8/2021)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking 20-02-008

**DECISION ADDRESSING THE CALIFORNIA LIFELINE
PILOT PROGRAMS OF BOOST MOBILE, INC. AND IFOSTER, INC.**

Summary

This decision extends the iFoster, Inc. pilot program through January 2023 and directs T-Mobile to share anonymized data sets from the Boost Mobile, Inc. pilot program. This proceeding remains open.

1. Procedural Background

In Decision (D.) 18-12-019, the California Public Utilities Commission (Commission) established criteria for pilot programs and partnerships within the California Universal Telephone Service Program (California LifeLine or Program).

In D.19-04-021, the Commission authorized the iFoster, Inc. (iFoster) pilot program and the Boost Mobile, Inc. (Boost) pilot program. D.19-04-021 directed the Commission's Communications Division staff to prepare an evaluation of each pilot program and recommendations consistent with D.18-12-019.

On March 2, 2021, assigned Administrative Law Judge (ALJ) Wang issued a ruling attaching the Boost pilot program evaluation report (Boost Evaluation Report) prepared by the Commission's Communications Division staff and requested party comments. Parties filed comments on March 19, 2021.¹

On May 6, 2021, the assigned ALJ issued a ruling attaching the iFoster pilot program evaluation report (iFoster Evaluation Report) prepared by the Commission's Communications Division staff and requested party comments. Parties filed comments and replies in May 2021.²

On May 11, 2021, T-Mobile West LLC, MetroPCS California, LLC, Sprint Spectrum, L.P., and Assurance Wireless USA, L.P. (collectively, T-Mobile or T-Mobile/Sprint) provided notice to the Commission's Communications Division that it will terminate the Boost pilot on June 30, 2021 in accordance with D.19-04-021.

2. Issues Before the Commission

The issues before the Commission are (a) whether to adopt the recommendations in the Boost Evaluation Report, and (b) whether to adopt the recommendations in the iFoster Evaluation Report.

¹ The Greenlining Institute, the Center for Accessible Technology, and The Utility Reform Network (together, the Joint Consumers) and TruConnect Communications, Inc. filed opening comments on the Boost pilot. No party filed reply comments.

² The Joint Consumers, the Commission's Public Advocates Office (Cal Advocates), and TruConnect Communications, Inc. filed opening comments on the iFoster pilot on May 17, 2021. iFoster filed reply comments on May 24, 2021, and T-Mobile West LLC and Sprint Spectrum, L.P. filed reply comments on May 25, 2021.

3. Whether to Adopt Boost Evaluation Report Recommendations

In D.18-12-019, we established criteria for California LifeLine pilots, including data collection and evaluation reports. Pilot programs should include recurring data collection with the goal of sharing anonymized data publicly.³

In D.19-04-021, the Commission authorized the Boost pilot and directed the Commission's Communications Division staff to prepare an evaluation of the Boost pilot and make recommendations consistent with D.18-12-019.

The Boost pilot was authorized to achieve the following objectives: (i) to increase participation of facilities-based service providers, (ii) to lower barriers to entry, (iii) to increase Program subscribership, and (iv) to provide a scalable solution for the Program.⁴

The Boost pilot includes several features that differentiate it from the standard California LifeLine program. The Boost pilot distributes single-use promotion codes that provide a \$15.00 monthly discount for up to two years to qualified consumers toward the purchase of any of Boost's prepaid cell phone plans. The Boost pilot program categorically authorizes participants in the Commission's California Alternate Rates for Energy Program to participate in the pilot.⁵

In D.19-04-021, we directed Boost to (a) submit a monthly report that includes these metrics: activation rate, churn rate, tenure in the pilot program, and promotion code redemption, (b) submit a quarterly report that includes metrics related to usage behavior for the selected service plan and for any add-on

³ D.18-12-019 at 18-19.

⁴ D.19-04-021 at Finding of Fact 4.

⁵ D.19-04-021 at 15-17.

purchases/spending trends, and (c) provide survey data collected at different intervals throughout the duration of the pilot program.⁶

The **Boost Evaluation Report** assesses pilot expenses, outreach methods, participation trends, program challenges, and participant behaviors.

The Boost Evaluation Report includes the following key findings and lessons learned:

- a. **Low participation.** The pilot did not meet its objectives of meaningfully increasing participation. The Boost pilot aimed to enroll 350,000 participants. However, only 5,000-6,000 households participated in the pilot at any time since the pilot launched on July 22, 2019. Approximately 89.6% of pilot participants were existing Boost customers who applied the promotional \$15.00 discount to reduce the cost of plans that they had already been paying the full price for before receiving the discount offer.
- b. **Barriers to participation.** Response to the direct mail marketing was low. The postcard and supporting website created by the Commission failed to persuade consumers of the legitimacy of the Boost pilot program. The Fresno call center was unavailable when most of the direct mail was sent. Boost retail locations were temporarily closed during the pandemic.
- c. **Operational challenges.** The pilot was difficult and time-consuming for the Commission's Communications Division staff to administer. Discounts were "falling off" accounts during the pilot's initial implementation. In April 2020, the T-Mobile/Sprint merger transaction was completed. The merger of Sprint and T-Mobile resulted in the divestment of Boost from Sprint to the DISH Network. However, T-Mobile was able to secure the necessary federal approvals to continue to serve Boost pilot participants. Boost staff who worked on the pilot were replaced with staff from T-Mobile and the DISH Network.

⁶ D.19-04-021 at 27 and Ordering Paragraph 5.

- d. **Participant behavior.** Over 80% of participants' individual and family plans included unlimited data. However, the median participant used around 4 gigabytes (GB) of data. On average, participants spent \$189-\$352 on their mobile devices.

The Boost Evaluation Report includes the following recommendations:

- i. **Conclude the pilot.** The Commission should conclude the Boost pilot at the end of the two-year pilot period because it did not meet its stated objectives of meaningfully increasing participation or lowering barriers to entry.
- ii. **Direct T-Mobile to notify participants of the transition.** The Commission should require T-Mobile to notify participants that the pilot discount will conclude in 30 days.
- iii. **Consider for future pilot programs.** The report also includes recommendations for future pilot programs to improve outreach, categorical eligibility determination, streamline data collection, provide opportunities to improve a pilot, consider personnel and resource needs to implement pilots, and pre-determine the role of the administrator of the pilot.

TruConnect Communications, Inc. (TruConnect) and The Greenlining Institute, the Center for Accessible Technology, and The Utility Reform Network (together, the Joint Consumers) and filed comments on the Boost Evaluation Report.⁷ TruConnect and the Joint Consumers both support the report's finding that the Commission should conclude the Boost pilot because the pilot did not meet its stated objectives. We find that the Boost pilot did not meet its stated objectives of meaningfully increasing participation or lowering barriers to entry.

⁷ TruConnect and the Joint Consumers filed opening comments on March 19, 2021. No party filed reply comments.

The Boost pilot expired at the end of the authorized two-year pilot period on June 30, 2021. On May 11, 2021, T-Mobile provided notice to the Commission's Communications Division that it would terminate the Boost pilot on June 30, 2021 in accordance with D.19-04-021. The notice included T-Mobile's transition plan: (a) a notice of termination to current pilot program subscribers via SMS message at least 30 days prior to the termination date, with a link to a webpage for further information; and (b) a webpage will provide additional information on the termination including a customer care number and a link to the Commission's LifeLine Program webpage for further information about other programs and eligibility requirements.

The Joint Consumers offer additional lessons learned from the Boost pilot. The Joint Consumers point out that the Commission should have required Boost to invest in the creation and distribution of marketing materials for the pilot. The Joint Consumers recommend that future pilots include minimum service standards and caps on co-pays to prevent the risk of wasting ratepayer funds on "inferior" services. We appreciate these insights.

The Joint Consumers also commented on the data analyses included in the Boost Evaluation Report. The Joint Consumers point out that Boost pilot participants are "likely not representative of California LifeLine participants" since customers with incomes below 200 percent of the federal poverty line could qualify for the pilot, but only customers with incomes below 150 percent of the federal poverty line can qualify for California LifeLine.

Recognizing the limitations of the pilot data, the Joint Consumers urge the Commission to provide parties access to more granular data (by month, by plan, and by cellular device capability on the plan) for the entire pilot period.

D.18-12-019 provides that California LifeLine pilot programs should support the goal of sharing anonymized data publicly.⁸

We conclude that T-Mobile should serve to the service list of this proceeding anonymized versions of the Boost pilot data sets within 60 days of the effective date of this decision. These Boost pilot data sets should include all information required by D.19-04-021.

4. Whether to Adopt iFoster Evaluation Report Recommendations

In D.19-04-021, the Commission authorized the iFoster pilot to achieve the following objectives: (i) lower barriers to participation in the Program; (ii) increase California LifeLine participation of unserved and underserved consumers, specifically, California's foster youth; and (iii) provide scalable solutions that the Program may adopt in the future.⁹

In D.19-04-021, we approved a budget of \$22,295,000 for up to 33,000 foster youth¹⁰ to participate in the iFoster pilot over the two-year pilot period.

Eligible foster youth (ages 13 through 26) receive a smartphone and monthly prepaid mobile services free of charge. The budget includes a Program subsidy of \$25 per month for each participant for mobile phone services and up to \$70 per participant for the cost of mobile phone devices.

⁸ D.18-12-019 at 18-19 provides that California LifeLine pilot programs should support the goal of sharing anonymized data publicly.

⁹ D.19-04-021 at 37.

¹⁰ In D.19-04-021, we approved the iFoster pilot program budget based on a maximum participation level of 33,000 foster youth because iFoster estimated that approximately 33,000 foster youth between 13-26 are eligible for pilot participation.

In D.20-11-006, the Commission increased the monthly Program subsidy from \$25 to \$40 per participant for the second year of the iFoster pilot, without increasing the budget authorized in D.19-04-021.

The iFoster pilot includes several features that differentiate it from California LifeLine, including eligibility for the pilot, iFoster's coordination with government agencies to ease Program enrollment, iFoster's education and outreach plan, a separate application and renewals process, and iFoster's partnership with Boost (now T-Mobile/Sprint)¹¹ to implement the pilot.¹²

The **iFoster Evaluation Report** includes following key findings about the pilot program:

- a. **Serves foster youth across the state.** The iFoster pilot serves over 11,000 California foster youth in 56 out of 58 California counties. The pilot provides numerous benefits to participating foster youth, including connecting foster youth with essential services, remote learning, supportive services, social workers, mentors, legal counsel, family and friends;¹³
- b. **Lowers barriers to participation.** The iFoster pilot established collaborative relationships with California state and local governments and developed a customized program tailored to meet the specific needs and privacy considerations of California foster youth;
- c. **Remaining budget.** The iFoster pilot will have a remaining budget balance of around \$14 million at the end of November 2021, when the authorized pilot period will

¹¹ See iFoster Evaluation Report at 4. When T-Mobile and Sprint merged in April 2020, Sprint sold Boost to the DISH Network. The Commission secured an exemption so that iFoster pilot participants could remain on the Sprint network. T-Mobile/Sprint now oversees the management of devices, monthly service plans and pilot participant utilization reporting.

¹² D.19-04-021 at 33-39.

¹³ In D.19-04-021 at 39, we noted that iFoster estimated that approximately 33,000 foster youth between pages 13-26 would be eligible for pilot participation.

end. Extending the pilot for an additional 14 months will cost the program around \$10 million based on following assumptions: (i) the number of participants increases by 350 per month during the extension period, (ii) the Commission authorizes a \$40 monthly subsidy per participant, and (iii) the Commission authorizes \$70 per new participant for the costs of mobile devices.

The iFoster Evaluation Report includes the following recommendations for next steps:

- i. **Extend the pilot.** Extend the iFoster pilot for at least 14 additional months (sunsetting at the end of January 2023 rather than at the end of November 2021) without increasing the authorized budget for the pilot;
- ii. **Align pilot services with usage.** Align the pilot data plan and features with participant data usage and the California LifeLine minimum service standards (6 GB of high-speed data, hot spot capability, and unlimited voice and text messaging) since 81% of pilot participants used 3 GB or less of data per month and only 8% of participants used more than 15 GB of data per month after pilot participants received an increase in high-speed data limits (from 3 GB to 47 GB) to support distance learning; and
- iii. **Include foster youth in California LifeLine.** Establish categorical eligibility in California LifeLine for California's current foster youth ages 13 through 26 and former foster youth 21-26, if they were in foster care on or after their 13th birthday.

The Joint Consumers, Cal Advocates, and TruConnect commented on the iFoster Evaluation Report, and iFoster provided reply comments. Each of these parties support the report's recommendation to incorporate California's foster youth ages 13-26 into the general Program. Cal Advocates notes that the iFoster pilot provides California's foster youth with a vital connection to family, friends, support networks, school, telehealth, and other supportive services.

In the iFoster Evaluation Report, the Commission's Communications Division recommends an extension of the pilot period for at least 14 months to provide sufficient time for the Commission to "establish categorical eligibility" for California foster youth to participate in the general California LifeLine program.

Cal Advocates and the Joint Consumers agree that the Commission should extend the iFoster pilot for 14 months and conclude the pilot at the end of January 2023. Cal Advocates notes that extending the pilot will not impact the Program's budget because the Commission's staff estimates that the pilot will have over \$4 million remaining at the end of the extended pilot period.

The Joint Consumers support a temporary extension of the pilot to enable the incorporation of foster youth into the California LifeLine program. The Joint Consumers urge the Commission to transition foster youth to the general California LifeLine program within 14 months to provide foster youth with access to plans offered by other service providers.

TruConnect opposes an extension of the iFoster pilot and proposes to allow foster youth receive service from any California LifeLine Eligible Telecommunications Carrier going forward.

As Joint Consumers recognize in their comments, it will take time for the Commission to implement this transition. Joint Consumers urge the Commission to "immediately" begin to develop a plan to integrate the pilot to "ensure a seamless transition of foster youth enrolled in the Pilot program to the full LifeLine program." The Joint Consumers recommend using this transition period to make administrative and technical system changes to allow enrollment of eligible foster youth in the Program and to solidify relationships with county-level foster youth organizations.

We conclude that the Commission should (i) extend the iFoster pilot through January 2023, and (ii) develop a plan to enable California's foster youth to participate in the general Program beginning no later than February 1, 2023. The terms and conditions of D.19-04-021 will continue to apply during the iFoster pilot extension period except as expressly provided in this decision. During the second quarter of 2022, the Commission's Communications Division should propose how to include foster youth in the general Program, including changes to General Order (GO) 153, and host a workshop to discuss this proposal. We will provide an opportunity for parties to comment on the staff proposal and workshop before issuing a proposed decision to address these proposed Program changes.

Cal Advocates, the Joint Consumers and TruConnect each support the iFoster Evaluation Report's recommendation to align the pilot's data plan and features with participant data usage and California LifeLine minimum service standards. Each party points to the iFoster Evaluation Report's findings that the vast majority of pilot participants used 3 GB or less of high-speed data per month after pilot participants' high-speed data limits were increased to 47 GB per month. Each party also urges the Commission to concurrently reduce the iFoster pilot's monthly service plan subsidy from \$40 to the California LifeLine subsidy level or the original authorized subsidy of \$25 per participant.

We conclude that it is not necessary to extend the increase in the subsidy level authorized by D.20-11-006 for the second year of the pilot during the 14-month extension period. Accordingly, the authorized monthly Program subsidy shall revert to \$25 per month per participant during the extension period. We direct T-Mobile and iFoster to file a Tier 2 Advice Letter to propose a pilot service plan for the extension period. We expect that the proposed pilot

service plan(s) shall be similar to approved service plan offerings to California LifeLine participants.

T-Mobile/Sprint filed reply comments to request that the Commission clarify that T-Mobile/Sprint may offer postpaid or prepaid service plans to iFoster pilot participants. We clarify that T-Mobile/Sprint may propose postpaid or prepaid pilot service plans for the extension period.

In addition, the Joint Consumers raised several concerns about the iFoster Evaluation Report. First, the Joint Consumers comment that “the pilot has enrolled fewer than one-third of the projected foster youth anticipated by iFoster” and noted that the report did not explain the “low enrollment levels” of the pilot. In reply comments, iFoster explained that D.19-04-021 mistakenly identified more foster youth for the pilot (33,000) than are eligible for the pilot in California. iFoster estimates that there are around 16,000 California foster youth who meet the eligibility requirements for the iFoster pilot. Therefore, the iFoster pilot has enrolled around 70% of eligible foster youth.

Second, the Joint Consumers identify inconsistencies in the iFoster Evaluation Report survey data and request clarifications. In reply comments, iFoster provided clarifications about the survey results. iFoster reports that the October 2020 survey results show that 89% of participants used their phone for school work, 99% used their phone to communicate with family and friends, 97% use phone to communicate with support networks, and 67% used their devices for telehealth.

Third, the Joint Consumers urge the Commission to direct T-Mobile and iFoster to provide pilot usage data to stakeholders. In reply comments, iFoster recommends that the extension of the pilot be used to analyze the data needs of

foster youth post-COVID pandemic to more accurately reflect needs going forward.

As we note in Section 3 above, D.18-12-019 provides that California LifeLine pilot programs should support the goal of sharing anonymized data publicly.¹⁴ We conclude that iFoster and T-Mobile/Sprint should serve to the service list of this proceeding anonymized versions of the iFoster pilot usage data sets by February 1, 2022. These iFoster pilot data sets should include all pilot usage data through December 31, 2021. This data sharing requirement is in addition to the reporting requirements of D.19-04-021, which continue through the extension period of the pilot.

5. Comments on Proposed Decision

The proposed decision of Commissioner Shiroma 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. Comments were filed on June 28, 2021, and reply comments were filed on July 6, 2021 by the Joint Consumers and T-Mobile. Sections 3 and 4 of this decision include non-substantive revisions to address party comments.

6. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Stephanie S. Wang is the assigned Administrative Law Judge in this proceeding.

¹⁴ D.18-12-019 at 18-19 provides that California LifeLine pilot programs should support the goal of sharing anonymized data publicly.

Findings of Fact

1. The Boost pilot did not meet its stated objectives of meaningfully increasing participation in California LifeLine or lowering barriers to Program participation.

2. On May 11, 2021, T-Mobile provided notice to the Commission's Communications Division that it will terminate the Boost pilot at the end of the authorized two-year pilot period on June 30, 2021 in accordance with D.19-04-021.

3. The iFoster pilot achieves its objectives of lowering barriers to California LifeLine participation for California foster youth, increasing California LifeLine participation of unserved and underserved consumers, and demonstrating scalable solutions for the Program.

4. The iFoster pilot is scheduled to conclude at the end of November 2021 pursuant to D.19-04-021.

Conclusions of Law

1. It is reasonable to require T-Mobile/Sprint to serve to the service list of this proceeding anonymized versions of all of the Boost pilot data sets within 60 days of the effective date of this decision.

2. It is reasonable to extend the iFoster pilot through January 31, 2023 without increasing the pilot program budget authorized in D.19-04-021.

3. The Commission's Communications Division should develop a plan to enable California's foster youth to participate in the general Program beginning no later than February 1, 2023. During the second quarter of 2022, the Commission's Communications Division should propose how to include foster youth in the general Program, including changes to GO 153, and host a workshop to discuss this proposal.

4. It is reasonable to authorize the Program to provide a monthly service plan subsidy of up to \$25 per iFoster pilot participant during the extension period.

5. T-Mobile/Sprint and iFoster should file a Tier 2 Advice Letter within 60 days of this decision to propose pilot service plan(s) for the extension period.

6. It is reasonable to require T-Mobile and iFoster to serve to the service list of this proceeding anonymized versions of all of the iFoster pilot data sets by February 1, 2022.

O R D E R

IT IS ORDERED that:

1. Within 60 days of the effective date of this decision, T-Mobile West LLC and Sprint Spectrum, L.P. shall serve to the service list of this proceeding anonymized versions of all of the data sets regarding the California Universal Telephone Service Program pilot program of Boost Mobile, Inc.

2. The California Universal Telephone Service Program (Program) pilot of iFoster, Inc., authorized by Decision 19-04-021, is extended through January 31, 2023. The Program is authorized to provide a monthly service plan subsidy of up to \$25 per participant.

3. T-Mobile West LLC and Sprint Spectrum, L.P. and iFoster, Inc. shall file a Tier 2 Advice Letter within 60 days of this decision to propose pilot service plan(s) for the extension period.

4. By February 1, 2022, T-Mobile West LLC, Sprint Spectrum, L.P. and iFoster, Inc. shall serve to the service list of this proceeding anonymized versions of all of the data sets regarding the California Universal Telephone Service Program pilot program of iFoster, Inc.

5. Rulemaking 20-02-008 remains open.

This order is effective today.

Dated _____, at San Francisco, California.