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PROPOSED DECISION Agenda ID #24505 (REV. 1)
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10/08/2026 Item #49

Decision **PROPOSED DECISION OF PRESIDENT JOHN REYNOLDS**
(Mailed 09/04/2026)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Update
the California LifeLine Program.

Rulemaking 25-11-005

**DECISION ESTABLISHING SPECIFIC SUPPORT AMOUNTS AND
MINIMUM SERVICE STANDARDS AND
REVISING GENERAL ORDER 153-A**

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Attachment 1 – R2511005 SSA MSS GO 153-A Redlined Excerpts

Attachment 2 – R2511005 2026 Wireless Retail Rates Survey

Attachment 3 – R2511005 GO 153 -A

**DECISION ESTABLISHING SPECIFIC SUPPORT AMOUNTS AND
MINIMUM SERVICE STANDARDS AND
REVISING GENERAL ORDER 153-A**

Summary

This decision adopts new specific support amounts and minimum service standards applicable to the California Universal Telephone Service Program (the Program). This decision also modifies the terms of the Program's non-usage rule and the wireless activation/connection and conversion charge reimbursement amount. Lastly, General Order 153-A is updated to reflect these changes.

This proceeding remains open.

1. Background

The California Universal Telephone Service Program (California LifeLine or the Program) offers wireless, fixed Voice over Internet Protocol (VoIP) and wireline service providers a subsidy reimbursement, or specific support amount (SSA) for offering qualifying telecommunications service plans that meet minimum service standards (MSS). The subsidy is funded by a surcharge on all access lines in California.¹ Service providers may also receive a subsidy from the federal Lifeline program if they are Eligible Telecommunications Carriers and comply with federal law and rules set by the Federal Communications Commission (FCC) and if they serve customers enrolled in federal Lifeline.

The Commission's SSA methodology sets the maximum SSA at 55 percent of the highest basic rate of the California Carriers of Last Resort (COLRs) for the prior year.² The methodology aligns with the requirement in Public Utilities Code (Pub. Util. Code) Section 874 that California LifeLine participants' rates must not exceed

¹ The Commission defines "access line" as a "wire or wireless connection that provides a real-time two-way voice telecommunications service or VoIP service to or from any device utilized by an end user, regardless of technology, which is associated with a 10-digit NPA-NXX number or other unique identified and a service address or Place of Primary Use in California." (D.22-10-021 at 52.)

² Decision (D.) 10-11-033 at Ordering Paragraph (OP) 6; *see also* General Order (G.O.) 153-A Section 8.5.1.

50 percent of the rates for basic flat rate service. This COLR-based SSA is applicable to wireless, fixed VoIP and wireline California LifeLine services. The Commission reviews the SSA annually.

AT&T's basic service rate has dictated the SSA for some time. In Decision (D.) 24-12-006, the Commission noted that AT&T has had the highest basic rate of the COLRs for a decade — increasing from \$23.00 in 2014 to \$34.50 in 2024, without a corresponding increase in service offerings.³ Effective January 1, 2026, AT&T increased its basic service rate to \$50.00 in most exchanges, again, without a corresponding increase in service offerings.⁴ For comparison, another California COLR, Frontier California, prices its flat rate basic service at \$25.00 per month.⁵

The wireless MSS has not changed since 2020 and has failed to keep pace with the increases in the COLR-based SSA. Table 1, below, illustrates the annual SSA over time, assuming it remains tied to AT&T's basic service rate.

Table 1: SSA and Wireless MSS, 2019-2027

	2019	2020	2021	2022	2023	2024	2025*	2026*	2027*
CA LifeLine SSA	\$14.85	\$14.85	\$14.85	\$16.23	\$17.90	\$19.00	\$20.65	\$23.35	\$27.50
SSA Annual Increase		0%	0%	9.3%	10.3%	6.2%	8.7%	13.1%	17.8%
MSS	4.5 GB	6 GB	6 GB	6 GB	6 GB	6 GB	6 GB	6 GB	6 GB

³ D.24-12-006 at 2-3, citing CPUC Communications Division Staff, Staff Proposal on LifeLine specific Support Amount and Minimum Service Standards at 4 (Oct. 30, 2023).

⁴ AT&T California Advice Letter 50170 (Dec. 18, 2025).

⁵ Frontier California Advice Letter 12934 (Jul. 16, 2024).

MSS if Tied to SSA**				6.5 GB	7 GB	7.5 GB	8 GB	9 GB	10.5 GB
*What the SSA would be/would have been had the Commission not frozen the SSA in D.24-12-006. **Rounded to the nearest half gigabyte (GB).									

In the previous LifeLine rulemaking, (R.) 20-02-008, the Commission considered a staff proposal that recommended delinking the SSA from the highest COLR basic service rate and tying the SSA to service offerings. While there was general support or lack of opposition amongst parties in that proceeding for delinking the SSA from the highest COLR basic service rate, several providers raised concerns. They recommended that the Commission further consider market conditions, LifeLine participant impacts, current pilot programs, and regulatory changes at both the state and federal levels before changing the SSA.⁶

Thus, in D.24-12-006, the Commission adopted a temporary freeze on the LifeLine SSA to afford the Commission time to further consider updates to the SSA methodology. The Commission adopted a freeze that would last from January 1, 2025, through December 31, 2026, or until the Commission adopted a new SSA methodology, whichever came first.⁷ R.20-02-008 closed before it could resolve this issue, and deferred the development of a new methodology for updating the LifeLine SSA/MSS framework to this proceeding.

1.1. 2025 SSA/MSS Staff Proposal

On November 20, 2025, the Commission opened this proceeding, R.25-11-005, to consider additional changes to the California LifeLine Program. The Commission attached to the Order Instituting Rulemaking (OIR) a new staff proposal (2025 Staff Proposal) that again proposed new wireless and wireline

⁶ D.24-12-006 at 4.

⁷ D.24-12-006 at Finding of Fact (FOF) 8 and OP 1.

SSA/MSS frameworks that would delink the SSA from the highest COLR basic service rate.⁸

On the same date that the Commission adopted the OIR and issued the 2025 Staff Proposal, the FCC released an order (FCC Order) which revoked the exemption that enabled California to opt out of the use of the National Lifeline Accountability Database (NLAD) for the federal Lifeline program. The FCC Order also adjusted the federal Lifeline National Eligibility Verifier (National Verifier) processes in California to end the use of state eligibility results for enrollment in federal Lifeline.⁹

In comments responding to the OIR and the 2025 Staff Proposal, many parties noted that the revocation of California's ability to make federal Lifeline eligibility determinations means that applicants will now be required to undergo two separate application processes to enroll in and receive service discounts from both Lifeline programs. The additional application burdens could lead to fewer applicants enrolling in both programs.¹⁰

A decrease in the number of California LifeLine subscribers that are also subscribed to federal Lifeline impacts our analysis of the appropriate SSA/MSS framework. Providers are required to provide service that meets the California LifeLine MSS regardless of whether their subscribers are also enrolled in federal Lifeline. However, previously, 98 percent of California LifeLine customers were also enrolled in federal Lifeline. Thus, the California SSA calculation has historically

⁸ Rulemaking (R.) 25-11-005, Order Instituting Rulemaking (OIR) to Update the California LifeLine Program, Appendix B, *Staff Proposal on LifeLine Specific Support Amount and Minimum Service Standards* at 1 (2025 Staff Proposal).

⁹ In the Matter of Lifeline and Link Up Reform and Modernization at ¶ 1, WC Docket No. 11-42, DA 25-965 (Nov. 20, 2025), available at <https://docs.fcc.gov/public/attachments/DA-25-965A1.pdf> (FCC Order).

¹⁰ See e.g., Opening Comments of Verizon Value, Inc. (Verizon) on Administrative Law Judge's Ruling Requesting Comments on Impacts on California LifeLine Program Resulting from Changes to Federal Policy and Permanent Disaster Relief Measures at 8-9 (hereinafter Verizon Opening Comments on March Ruling) See also AirVoice Wireless, LLC and TAG Mobile, LLC (jointly, AirVoice), Opening Comments on the March Ruling at 3.

assumed providers would also receive federal Lifeline subsidies. If fewer California LifeLine subscribers enroll in federal Lifeline, this impacts the total subsidy amount providers can expect to receive.

1.2. Procedural Background

This OIR, which attached the 2025 Staff Proposal, was initiated on November 20, 2025. Parties filed opening comments responding to the 2025 Staff Proposal on January 9, 2026.¹¹ Parties filed reply comments responding to the 2025 Staff Proposal on February 9, 2026.¹² Parties filed opening comments on the OIR on January 26, 2026,¹³ and reply comments on February 26, 2026.¹⁴

The assigned administrative law judge (ALJ) issued a ruling requesting comment on impacts to the Program stemming from the FCC Order (March Ruling). Parties filed opening comments responding to this ruling on April 14, 2026.¹⁵

¹¹ The Public Advocates Office at the California Public Utilities Commission (Cal Advocates), AirVoice, CTIA, Verizon, Calaveras Telephone Company, Cal Ore Telephone Co., Ducor Telephone Company, Foresthill Telephone Co., Kerman Telephone Co., Pinnacles Telephone Co., The Ponderosa Telephone Co., Sierra Telephone Company, Inc., The Siskiyou Telephone Company, and Volcano Telephone Company, (collectively, the Independent Small LECs) Center for Accessible Technology (CforAT), California Broadband & Video Association (CalBroadband), The National Lifeline Association (NaLA) and its participating members in California (Boomerang Wireless, LLC, AmeriMex Communications Corp. dba SafetyNet Wireless, American Broadband & Telecommunications Company, i-wireless, LLC and TruConnect Communications, Inc., collectively NaLA), The Utility Reform Network (TURN), Pacific Bell Telephone Company dba AT&T California (AT&T), and Assurance Wireless USA, L.P. dba Assurance (Assurance) filed opening comments responding to the 2025 Staff Report.

¹² TURN, NaLA, CforAT, Assurance, AT&T, Verizon, CTIA and the Independent Small LECs filed reply comments responding to the 2025 Staff Report.

¹³ CalBroadband, Cal Advocates, the Independent Small LECs, TURN, Neighborhood Legal Services of Los Angeles County (NLSLA), CforAT, Verizon, NaLA, Assurance, and Ameelio, Inc. (Ameelio) filed opening comments responding to the OIR.

¹⁴ NaLA, CalBroadband, AT&T, TURN, CforAT, CTIA, the Independent Small LECs, and Verizon filed reply comments on the OIR.

¹⁵ Verizon, CTIA, Assurance, CforAT, NaLA, TURN, Cal Advocates, AT&T, AirVoice, the Independent Small LECs joined with Winterhaven Telephone Company, Happy Valley Telephone Company and Hornitos Telephone Company (jointly, the Small LECs) filed opening comments responding to the March Ruling.

Parties filed reply comments on April 21, 2026.¹⁶ The assigned ALJ issued a ruling requesting additional comments on the 2025 Staff Proposal on May 4, 2026 (May Ruling). Parties filed opening¹⁷ and reply comments¹⁸ on May 26 and June 5, 2026, respectively.

1.3. Submission Date

This matter was submitted on June 5, 2026, upon the filing of reply comments on the May Ruling.

2. Issues Before the Commission

The issues decided by the Commission in the instant decision are:

1. Should the Commission modify the Program's SSA and/or MSS to support policy goals, including better addressing the evolving communications needs of low-income Californians, improving affordability, maintaining program integrity, and preventing waste, and if so, how?
2. Should the Commission adopt changes to General Order (G.O.) 153-A to reflect changes made through decisions issued in this proceeding, to reflect changes made in prior proceedings that have not been captured in prior updates, and to incorporate changes in technology, legislation, policies, and other developments?¹⁹

¹⁶ Assurance, Verizon, CforAT, the Small LECs, CTIA, TURN, NaLA, and AT&T filed reply comments responding to the March Ruling.

¹⁷ Cal Advocates, CforAT, the Small LECs, AT&T collectively with AT&T Enterprises, LLC, and AT&T Mobility Wireless Operations Holdings Inc., New Cingular Wireless Pcs, LLC, and Santa Barbara Cellular Systems, Ltd., all doing business as AT&T Mobility, and Cricket Wireless LLC (collectively, AT&T), Assurance, EchoStar, NaLA, Verizon, and TURN filed opening comments on the May Ruling.

¹⁸ CTIA, TURN, CforAT, the Small LECs, AT&T, and Verizon filed reply comments responding to the May Ruling.

¹⁹ While this decision updates G.O. 153-A to reflect the modifications made in response to Issue 1, the Commission intends to make additional changes to G.O. 153-A throughout this rulemaking, as needed, to reflect changes made through forthcoming decisions, to reflect changes made in prior proceedings that have not been captured in prior updates, and to incorporate changes in technology, legislation, policies, and other developments.

3. Discussion and Analysis

The Commission modifies the California LifeLine wireline and wireless SSA and MSS as described herein. We modify the non-usage rule and activation and connection fees reimbursement as proposed in the 2025 Staff Proposal.

3.1. Modification of the Specific Support Amount and Minimum Service Standards for Wireless Services

We revise the wireless SSA/MSS framework to delink the wireless SSA from COLR basic service rates, to ensure that LifeLine rates and the LifeLine surcharge remain just and reasonable. We adopt a three-tier wireless SSA/MSS framework. The Standard/Tier 2 plan MSS is based on average usage as presented in the 2024 FCC Marketplace Report,²⁰ to ensure LifeLine services continue to provide a minimum level of communications service access necessary to participate in modern life. We adopt a corresponding SSA that reflects wireless retail rates, the impacts of associated portability freezes, and Commission policy goals. Associated limited portability freezes are anticipated to reduce customer churn and provider costs, and could reduce Program costs and waste, fraud, and abuse. Providers may only charge customers a copay for plans that substantively exceed the Tier 3 MSS, as discussed further below, and must offer a Tier 3 plan without a copay to be eligible to offer plans that require a copay. Providers are required to offer a Tier 1 plan to participate in LifeLine. We adopt these requirements expecting competition among LifeLine providers to ensure access to a variety of LifeLine service plans, including zero copay plans.. Table 2 provides the current wireless SSA/MSS framework, showing the Standard plan SSA based on the highest COLR basic rate.

²⁰ See *In the Matter of Communications Marketplace Report*, GN Docket No. 24-119, FCC 24-136 (Dec. 31, 2024), available at <https://docs.fcc.gov/public/attachments/FCC-24-136A1.pdf>.

Table 2: Current Wireless California LifeLine SSA/MSS Framework²¹

Tier	Plan	CA SSA	Max Federal Subsidy²²	Voice & Text Allotment	Data Allowance	Total
1	Basic	\$12.85	\$9.25	Unlimited	4.5 GB	\$22.10
2	Standard	\$19.00	\$9.25	Unlimited	6 GB	\$28.25
3	Family	\$19.00	\$9.25	Unlimited	6 GB	\$28.25

3.1.1. 2025 Staff Proposal

In the 2025 Staff Proposal, staff proposed delinking the wireless SSA from the COLR-based SSA. Staff proposed first setting a Standard-tier MSS based on the average monthly usage per subscriber in 2023 provided in the FCC's 2024 Marketplace Report - 15 GB.²³ Staff proposed linking the MSS to an SSA based on a "review[] [of] different types of data related to service provider service plans, including data from market studies, the affordability ratio metric,²⁴ and CA LifeLine."²⁵ Staff provided rate data for certain wireless service plans offered in the retail market as of May 1, 2025, and June 20, 2025. Staff averaged the retail rates of certain wireless providers' plans in different data offering groups. The resulting

²¹ <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/lifeline/Lifeline-SSA-and-MSS-Chart.pdf>. D.24-12-006 See G.O. 153-A at Appendix A-2 (providing wireless MSS of 4.5 GB and 6 GB) and at Appendix C (providing wireless SSAs).

²² See FCC Public Notice, Wireline Competition Bureau Announces Updated Lifeline Minimum Service Standards and Indexed Budget Amount, WC Docket No. 11-42 (July 14, 2025), *available at* https://docs.fcc.gov/public/attachments/DA-25-619A1_Rcd.pdf. See also 47 C.F.R. §54.403(a)(1) (setting a \$9.25 federal subsidy amount for qualifying Lifeline plans).

²³ 2025 Staff Proposal at 16, citing FCC 2024 Communications Marketplace Report at 55, which shows a 15.5 GB per subscriber per month average in 2023.

²⁴ Staff's affordability analysis assessed copay (out of pocket charge) affordability in certain regions in Los Angeles County using the Commission's affordability ratio framework. Staff concluded that even a \$5.00 copayment for a communications service plan is unaffordable in the areas reviewed, highlighting the need for a \$0 copayment option for these households. 2025 Staff Proposal at 13.

²⁵ 2025 Staff Proposal at 8.

average rates are near the proposed SSA amounts for plans offering similar data allotments.²⁶

Table 3: Staff's Proposed Set Price Wireless SSA/MSS Framework

Tier	Data Allotment	Hotspot Allotment	SSA	Maximum Copay	Additional per GB	Total (No Additional Data)	Total With Federal Subsidy
1 (Basic)	6 GB	N/A	\$13.00	\$0.00	\$3.19	\$13.00	\$22.25
2 (Standard)	15 GB	N/A	\$19.00	\$0.00	\$2.77	\$19.00	\$28.25
3 (Family)	15 GB	N/A	\$19.00	\$0.00	\$2.77	\$19.00	\$28.25
4	25 GB	10 GB	\$20.00	\$5.00	\$1.50	\$25.00	\$34.25
5	40 GB	20 GB	\$20.00	\$10.00	\$0.56	\$30.00	\$39.25

Staff also included in the 2025 Staff Proposal a review of other states' Lifeline service support amounts, concluding that California offers the highest SSA in the country. Staff noted "that the average data allowance across the states [that offered support on top of federal Lifeline support] meets the FCC MSS at 4.5 GB, while California provides 6 GB and Oregon offers unlimited data."²⁷

3.1.2. Party Positions

In general, parties are divided on whether they support the 2025 Staff Proposal's wireless SSA/MSS framework. Many commenters support basing wireless SSAs on a retail rate analysis, but they disagree with the retail rate analysis staff performed. For example, Verizon states that staff's retail rate analysis is out of date.²⁸ Verizon proposed an SSA/MSS framework it states uses the same plans as those surveyed for the 2025 Staff Proposal, updated to May 2026.²⁹ Verizon's

²⁶ For example, staff derived a \$31.00 average rate from its survey of retail plans offering 15 to 17 GB of data. The proposed SSA for staff's proposed Standard plan, offering 15 GB, is \$19.00, which, when added to the federal SSA, would total a \$28.25 reimbursement for the provider.

²⁷ 2025 Staff Proposal at 11.

²⁸ Verizon Opening Comments on the 2025 Staff Proposal at 5.

²⁹ Verizon Opening Comments on the May Ruling at 9-10. Verizon states that its resurvey "is from the same sources used in the Staff Report." However, Verizon's survey omits the plans from Tello. Incorporating Tello plan rates as of July 9, 2026, decreases average rates in the 8-10 GB, 20 GB, and unlimited GB plan groups. See Attachment 2. See also <https://tello.com/buy/custom-plans>, last visited July 9, 2026.

proposal is discussed further below. NaLA agrees that staff's marketplace analysis is out of date and states that it includes irrelevant plans.³⁰

NaLA also states that the proposed SSA/MSS framework assumes providers will receive federal subsidies, and so does not reflect the potential decrease in federal Lifeline subscribers due to the FCC Order.³¹ Other providers note that the methodology linking staff's retail analysis with its proposed SSAs is unclear.³² AirVoice states that using retail prepaid rates to set the SSA underestimates the cost of providing LifeLine service, for which reimbursement is not guaranteed and for which AirVoice provides free devices.³³

TURN supports the 2025 Staff Proposal's framework and argues that LifeLine plan rates as well as prepaid and postpaid rates should be surveyed. TURN advocates for use of post-paid plans in the analysis because "Lifeline is not and should not be thought of as a second-class service for 'second-class' consumers[.]" and states that only by using postpaid plans in the analysis can the Commission ensure LifeLine "beats the market."³⁴ CforAT also states that in the absence of cost of service or state-by-state pricing data, CforAT does not oppose adoption of the 2025 Staff Proposal.³⁵

Finally, parties disagree over the appropriate data upon which to base the MSS. CforAT states that average industrywide wireless data consumption is

³⁰ NaLA Opening Comments on the 2025 Staff Proposal at 10. NaLA also argues that it is not necessary to set an MSS and doing so would in fact harm competition. *Id.* at 5.

³¹ NaLA Opening Comments on the 2025 Staff Proposal at 7.

³² *See e.g.*, Assurance Reply Comments on the 2025 Staff Proposal at 2.

³³ AirVoice Opening Comments on the Staff Proposal at 2-4. *See also* CTIA Reply Comments on the Staff Proposal at 4, concurring.

³⁴ TURN Opening Comments on the May Ruling at 3-4. TURN argues that the surveyed retail rates should represent a ceiling on the SSA, as CA LifeLine is a "guaranteed payer." TURN Opening Comments on the 2025 Staff Proposal at 3-4.

³⁵ CforAT Opening Comments on the May Ruling at 2.

necessary to evaluate the amount of data that wireless customers use when not limited to low data caps.³⁶ CTIA notes that the FCC attempted to use industry averages to set MSS levels, but found the first adjustment based on their rule would have significantly raised the MSS with no adjustment to the federal support, raising affordability concerns.³⁷

Verizon proposes a three-tier SSA/MSS framework that it states is based on a May 2026 “resurvey” of the plans staff surveyed for the 2025 Staff Proposal.³⁸ Verizon’s proposal incorporates portability freezes, which would prevent customers from switching service providers for certain periods of time after enrolling with a new provider.³⁹ Verizon states that because portability freezes decrease customer churn, providers will be incentivized to offer additional plans with more data and customers will be less likely to be transferred without their consent.⁴⁰ A 24-hour portability freeze currently applies to all LifeLine plans.⁴¹ Verizon states that its proposal does not incorporate customer usage data into the MSS, as surveying such data may create an inaccurate reflection of customers’ actual usage and need, given that capped data users may ration data use, and usage data does not account for when customers are connected to Wi-Fi.⁴²

³⁶ CforAT Opening Comments on the May Ruling at 3. *See also* NaLA Reply Comments on the May Ruling at 8

³⁷ CTIA Opening Comments on the May Ruling at 9.

³⁸ While Verizon states that its resurvey “is from the same sources used in the Staff Report[,]” Verizon’s survey omits plans from Tello. Incorporating Tello plan rates as of July 9, 2026, decreases average rates in the 8-10 GB, 20 GB, and unlimited GB plan groups. Verizon, Opening Comments on the May Ruling at Attachment A. *See* Attachment 2. *See also* https://tello.com/buy/custom_plans, last visited July 9, 2026.

³⁹ Verizon recommends that port freezes be subject to the same exceptions that applied to previous port freezes. Verizon Opening Comments on the May Ruling at n.14, citing 47 C.F.R. §54.411(c) (2016). *See* Section 3.1.3, below.

⁴⁰ Verizon Opening Comments on the May Ruling at 10-11.

⁴¹ G.O. 153-A at Section 5.11.

⁴² Verizon Opening Comments on the May Ruling at 2-3.

NaLA opposes Verizon's proposal, stating that Verizon's retail survey does not support Verizon's "generous proposal" and that the proposed SSA/MSS requirements could only be met by Verizon and Assurance, driving away competition from non-facilities based providers.⁴³

3.1.3. Discussion

We adopt the three-tier wireless SSA/MSS framework proposed by Verizon, with modifications, as shown in Table 4 below. It is reasonable to base the wireless SSA/MSS framework on the wireless retail market, rather than the wireline COLR basic rate framework, which bears no connection to the wireless market. However, the five-tier framework proposed by the 2025 Staff Proposal is complex, particularly when considering the task of assessing copay and extra data charge affordability. Verizon's proposed framework more closely reflects recent retail market rates, and more effectively leverages the federal Lifeline subsidy to benefit consumers. However, we make an adjustment to Tier 3 to better ensure that all eligible low-income Californians have access to the data they may need at an affordable rate. We also incorporate rates from the provider Tello that were included in the 2025 Staff Proposal but omitted from Verizon's retail survey. We agree with TURN that the retail survey upon which LifeLine SSAs should be based should include post-paid plan rates to ensure LifeLine plans "beat the market." Our adopted framework is consistent with our prior finding that retail rates may inform our SSA, but there is no requirement for the Program to maximize provider profits or match the profits they receive for retail plans.⁴⁴

While NaLA argues that Verizon's proposal is not supported by its survey and will price out non facilities-based providers from offering LifeLine, NaLA's

⁴³ NaLA Reply Comments on May Ruling at 6.

⁴⁴ D.20-10-006 at 10, citing TURN's Aug. 6, 2020 comments in R.20-02-008.

comments do not address the impact of the portability freezes on provider costs, nor does NaLA provide cost data or other evidence to support its position.

Table 4: Adopted Wireless SSA/MSS Framework

Tier	Talk/Text	Data*	SSA*	Max Copay	Portability Freeze Period
1	Unlimited	8 GB	\$20	\$0	24 hours
2	Unlimited	15 GB	\$20	\$0	60 calendar days
3	Unlimited	20 GB	\$20	\$0	90 calendar days
*Subscribers approved for the federal Lifeline discount for a mobile usage allowance shall receive an additional usage allowance equal to the current federal usage allowance ⁴⁵					

Table 5: Verizon's Proposed Wireless SSA/MSS Framework

Tier	Talk/Text	Data*	SSA*	Max Copay	Portability Freeze Period
1	Unlimited	8 GB	\$20	\$0	24 hours
2	Unlimited	12 GB	\$20	\$0	60 calendar days
3	Unlimited	15 GB	\$20	\$0	90 calendar days
*Subscribers approved for the \$9.25 federal Lifeline subsidy shall receive an additional 4.5 GB					

For the Tier 1 Wireless MSS, we adopt Verizon's proposal for unlimited talk, unlimited text, and 8 GB of data. This is a substantial increase over the existing California LifeLine program's entry-level wireless MSS and will provide substantially more data, particularly when combined with federal Lifeline program support.

⁴⁵ This requirement to provide the federal minimum usage allowance, currently 4.5 GB, in recognition of the receipt of federal Lifeline subsidies similarly applies to those customers who qualify for federal make-up support. Providers are required, as a condition of participation in the California LifeLine Program, to provide additional data to customers who have elected to combine federal and state program discounts but are not required to provide an additional data allowance to customers who only receive voice-only federal Lifeline discounts.

For the Tier 2 Wireless MSS, we adopt a modified version of Verizon's proposal for unlimited talk, unlimited text, and 15 GB of data. As recommended in the 2025 Staff Proposal, it is reasonable to base a Tier 2 Wireless MSS on average customer usage provided in the 2024 FCC Marketplace Report, rounded to the nearest whole number, here 15 GB. We reject suggestions to forgo establishing an MSS or to set an MSS based on the SSA and retail plans. The first suggestion fails to satisfy the Commission's obligation to ensure access to a minimum level of communications services and the second unreasonably delegates the responsibility to wireless service providers who create plans for customers to choose from based on considerations including maximizing profit. The nationwide figure developed by the FCC incorporates a wide range of customers who, like LifeLine customers, have access to unlimited as well as capped plans. This is a simple and transparent administrative proxy we have used to inform our MSS in the past.⁴⁶ We permit providers to require a 60-day portability freeze for this service tier, subject to the requirements detailed below.

For the Tier 3 Wireless MSS, we adopt a modified version of Verizon's proposal, to allow for unlimited talk, unlimited text, and 20 GB of data. We deviate from Verizon's proposal in adopting a Tier 3 MSS of 20 GB, rather than 15 GB. Fifteen GB represents the recent *average* monthly customer usage, and so we find it reasonable to adopt a Tier 3 that ensures that low income Californians that require more than the average amount of data have access to such data at an affordable rate.⁴⁷ Further, Verizon's retail rate survey supports a \$20.00 support amount for a

⁴⁶ See D.20-10-006 at 8, noting that the 2018 Marketplace Report reported a 6.6 GB per month average usage per customer in 2018 and estimated that there would be an over 11 GB total in 2020, and *id.* at Attachment 1, adopting a 6 GB Standard plan and 12 GB Upgrade plan for Dec. 2020 - Nov. 2021.

⁴⁷ In the 2025 Staff Proposal, Staff performed an affordability analysis of certain parts of Los Angeles County, concluding that, for some households "even with a \$5 copayment, a communications plan is unaffordable, highlighting the need for a \$0 copayment option for these households." 2025 Staff Proposal at 12.

20 GB plan.⁴⁸ We permit providers to require a 90-day portability freeze for this service tier, subject to the requirements detailed below.

Providers may offer service plans that substantively exceed the Tier 3 MSS for an additional copayment if they offer at least one plan that meets the Tier 3 MSS for no copay.⁴⁹ To determine whether a service plan “substantively exceeds the Tier 3 MSS,” staff should review proposed copay plans to ensure that such plans exceed the MSS required for Tier 3 plans by at least 5 GB. Providers offering a copay plan are obligated to clearly inform customers about the availability of zero-copay plans in their marketing materials. Service providers must file a Tier 2 advice letter and updated marketing materials before offering and seeking reimbursement for copay plans. This ensures that subscribers are informed of their eligibility for no-cost service plans. Staff will review providers’ advice letters to confirm that proposed copay plans:

1. offer data allowances that exceed the Tier 3 MSS by at least 5 GB;
2. that purport to offer unlimited data do not throttle speeds at lower gigabyte allotments than those offered in the zero copay plans; and
3. conform to all other Program rules, Commission decisions, and applicable state law.

Staff must approve copay plans that conform to these requirements and for which the associated marketing materials have been submitted and comply with Program rules. Additional details for implementation of new service tiers and copay plans are provided in section 5.3 of this decision.

⁴⁸ See Attachment 2. Mint Mobile offers a 20 GB plan at \$20.00 per month and requires a three month customer commitment.

⁴⁹ We will continue to require providers to offer plans with an MSS that exceeds the Tier 3 MSS, and so permit copays, as “bolt ons,” to the plan offering the most data while prohibiting copays, here the Tier 3 plan. See D.20-10-006 at COL 15.

Data offered through all three MSS tiers must be at a standard 4G or 5G speed, and permit “tethering,” the sharing of a mobile device's cellular internet connection with other devices, such as laptops or tablets. Further, we permit all plans to be Family plans. The previous MSS only permitted Tier 2 plans to be eligible to be converted into Family Plans. Given the higher amount of data being offered, we find it reasonable to allow all service tiers to operate as Family Plans. Family Plan additional lines may not receive a California LifeLine subsidy. The terms and conditions for the access line receiving the LifeLine subsidy, “Family Plan Line 1,” are subject to Tier 2 advice letter review. If a participant fails to make Family Plan copayments, service providers shall revert the Family Plan Line 1 to a single line plan.

Consistent with Verizon’s proposal, we adopt an SSA of \$20.00. The SSA for the Tier 2 plan is informed by the average rate for plans offering 15 GB per the Verizon retail survey - \$28.75. While the adopted SSA amount, \$20.00, is less than the average retail rate for 15 GB plans, many of the retail plans surveyed differ from our LifeLine plans in ways that provide greater customer benefits, justifying higher retail rates than our SSA.⁵⁰ Further, industry parties claim that the accompanying portability freeze will reduce churn, reducing costs for providers,⁵¹ likely also reducing Program costs. Finally, the only 15 GB retail plan noted by Verizon as requiring a customer commitment is the Mint Mobile plan, which requires a three month commitment and retails for \$15.00 per month.⁵² Given our two-month required commitment, we find a \$20.00 SSA reasonable for a 15 GB LifeLine plan.

⁵⁰ For example, Tracfone charges no activation fee for its 20 GB prepaid plan, while the Program will reimburse customers if a provider chooses to charge for activation in some circumstances. Tracfone offers 5G access LifeLine does not require this. Tracfone website, <https://www.tracfone.com/plans/30-days-smart-phone-prepaid-plan-03#>, last visited July 9, 2026.

⁵¹ Verizon Opening Comments on the May Ruling at 11.

⁵² See Attachment 2.

Participating providers are required to offer a plan that meets the Tier 1 MSS for no copay. If providers choose to offer Tier 2 and Tier 3 plans, they must also make those plans available with no copay.

We acknowledge the reasonableness of Cal Advocates' and CforAT's recommendations that SSAs should be based on provider costs to ensure the efficiency of the Program. However, the Commission does not have sufficient data, related contextual information, or staff resources to develop a cost-based SSA framework at this time. It is important for the Commission to update the SSA/MSS framework in the near term, as the wireless MSS has not kept pace with customer needs. The adopted framework is reasonable because it increases customer benefits without increasing customer costs. Further, it takes into account the impacts of the FCC's Order, and more effectively leverages the federal Lifeline subsidy. Finally, this decision also sets forth a framework to more regularly monitor and make changes to the MSS/SSA.

Portability Freeze:

We do not take lightly the reimposition of lengthy portability freezes. The Commission previously implemented a 60-day portability freeze, unconnected to the SSA. In 2018, however, the Commission reduced the freeze from 60 days to 24 hours to ensure continued receipt of federal funding (after rescindment of the federal Lifeline portability freeze). The Commission also found that the evidence did not show that the freeze improved the Program or, at the time, yielded a decrease in the rate of inter-carrier transfers by Program participants.⁵³ Here, adoption of the 60- and 90-calendar-day portability freezes, as proposed by Verizon, purportedly benefits the Program because doing so supports adopting SSAs that reimburse providers for plans at a rate less than average retail rates. In addition, our framework is not reliant on receipt of federal funding, and so consistency with the

⁵³ D.18-08-027 at 9.

federal rules is less crucial than in the past, though, as noted by Verizon, the FCC recently issued a Notice of Proposed Rulemaking⁵⁴ requesting comment on reestablishing a portability freeze for the federal Lifeline program.

We recognize that this is a new SSA/MSS framework and it incorporates portability freezes at lengths we have previously rejected. Therefore, we adopt these portability freezes with various consumer protections in mind, direct staff to report to parties one year from the date of implementation on relevant Program metrics and authorize staff to put forward a resolution ending the extended portability freezes at any point should they cause more harm than benefit. Commission staff will monitor Consumer Affairs Branch complaints, complaints received by the Third Party Administrator (TPA), and metrics related to the portability freeze and churn for issues on an ongoing basis. We authorize staff to develop additional rules, requirements, and procedures governing portability freezes for consideration by the Commission through a staff resolution to ensure effective implementation and oversight of the portability freeze provisions.

Service providers may, but are not required, to have portability freezes for Tier 2 and Tier 3 plans they offer. Providers are required to obtain affirmative customer consent⁵⁵ from subscribers before enrolling them in plans subject to a 60- or 90-day portability freeze. Providers must also notify subscribers, through the subscriber's preferred communication method, at least seven days before the extended portability freeze expires. These consumer protection measures ensure that subscribers knowingly enroll in a LifeLine plan with an extended portability freeze and receive advance notice of when the portability freeze will end.

⁵⁴ *Lifeline and Link Up Reform and Modernization et al.*, Notice of Proposed Rulemaking at ¶ 40, WC Docket Nos. 11-42, 17-287, 09-197, 21-450 and 20-445, FCC 26-8 (rel. Feb. 23, 2026).

⁵⁵ CD Staff shall develop a customer consent form that providers shall use to obtain customer consent before enrolling subscribers in Tier 2 or Tier 3 service plans subject to a portability freeze.

Providers that elect to provide Tier 2 or Tier 3 plans with a portability freeze must maintain the service level and MSS associated with the subscriber's selected plan for as long as the subscriber remains enrolled in that plan. This obligation remains in effect unless the subscriber transfers service to another provider after the applicable portability freeze has expired. While the plans that include service portability freezes will prohibit customers from changing LifeLine service providers for limited periods of time, customers are still free to select their initial provider and may upgrade plans with their current provider during the portability freeze period, though doing so does not reset a customer's data usage to zero.

When a customer upgrades from a Tier 2 to a Tier 3 plan that includes an applicable portability freeze while their current plan is already subject to a portability freeze, the new Tier 3 plan's portability freeze shall apply effective from the date the customer enrolled in (or transferred to) the Tier 2 plan. Customers are not permitted to downgrade plans while their portability freeze is in effect. With the exemptions listed below in place, at this time, we find that to the extent consumers select plans with portability freezes, such plans provide sufficient customer benefits, *i.e.*, increased data allowances without imposition of copays, to outweigh a temporary pause in customers' ability to change service providers.

In the following circumstances, subscribers are exempt from the 60- and 90-calendar-day portability freeze, following the initial 24-hour portability freeze applicable to all wireless customers:

- When the subscriber's current provider ceases operations or otherwise fails to provide service;
- When the subscriber's wireless LifeLine benefit was transferred without their consent to the current service provider;
- When the subscriber transfers service to the California LifeLine Home Broadband Pilot; and

- When the subscriber's current provider is found to be in violation of FCC or Commission rules during the portability freeze period and the subscriber is impacted by such violation.

3.2. Annual Review of Wireless Specific Support Amounts and Minimum Service Standards

Pub. Util. Code Section 873 (Section 873) requires the Commission to annually designate a class of LifeLine service necessary to meet minimum communication needs and to set the rates and charges for such services. This has previously been a ministerial process based on the highest-COLR rate formula.

3.2.1. 2025 Staff Proposal

The 2025 Staff Proposal does not clearly propose an annual update process for the wireless SSA framework. In one place, the 2025 Staff Proposal states, “[u]nder the Set Price SSA, staff will conduct an annual market analysis to evaluate affordability and any market changes, ensuring necessary adjustments to the SSA and MSS.”⁵⁶ In another, the 2025 Staff Proposal states that the new proposed methodology “eliminates the need for annual SSA updates required with the COLR methodology” and “is intended to be fixed for multiple years, so service providers have stable, predictable SSAs.”⁵⁷

3.2.2. Party Positions

Some commenters note that the 2025 Staff Proposal’s suggestions may not satisfy the requirements of Section 873.⁵⁸ Other commenters stress that setting the SSA and MSS is a Commission obligation that cannot be delegated to staff outside of a ministerial framework.

⁵⁶ 2025 Staff Proposal at 1.

⁵⁷ 2025 Staff Proposal at 15.

⁵⁸ See *e.g.*, TURN Opening Comments on the 2025 Staff Proposal at 3.

3.2.3. Discussion

The analysis that informs the adopted wireless SSA/MSS framework above is not a ministerial analysis. The average retail rate resulting from the survey that forms the basis of the Standard SSA was adjusted, not based on a mathematical formula, but based on judgment of factors including consideration of variations between LifeLine plan requirements and retail plan offerings, the potential impact of portability freezes on provider costs, and minimum communications service needs.

Because we find an adjusted retail rate wireless SSA/MSS framework to be reasonable, the annual update mechanism should reflect this analysis. We direct staff to perform the following two-part MSS and SSA analysis each year and produce a resolution with recommendations for Commission review if indicated or if staff otherwise believes the Commission should review an updated MSS or SSA. The thresholds for changes in MSS and SSA are designed to balance keeping pace with changes in customer needs and retail rates with predictability and decreasing administrative burdens. The baseline average rates used in Part B are those listed in Attachment 2 to this decision.

Wireless SSA/MSS Annual Review Process

- Part A: Review Tier 2 MSS. If no FCC Marketplace Report has been issued since the last Annual Review and if an MSS decision or resolution has been issued within the prior three years, staff may proceed to Part B.⁵⁹ If a new FCC Marketplace Report has been issued since the last Annual Review, staff will calculate annual change in average nationwide per customer monthly usage from prior FCC Marketplace Report and current FCC Marketplace Report. If the average annual increase in per customer monthly usage exceeds 15 percent or if Tier 2 MSS has not been reviewed via resolution or

⁵⁹ FCC Marketplace Reports are generally released biennially.

decision in three years,⁶⁰ staff shall prepare a resolution with MSS recommendation for Commission review.

If no FCC Marketplace Report has been issued since the last Annual Review and if no decision or resolution updating the MSS has been issued within the prior three years, staff shall prepare a resolution with MSS recommendation for Commission review. Proposed MSS updates may be based on a source other than the most recent FCC Marketplace Report, provided that staff's resolution contains analysis supporting its recommendation.

Staff is not required to recommend a new MSS in its resolution. Staff may prepare an MSS update resolution for Commission review at any time.

- Part B: Review SSA. Staff shall conduct retail marketplace review of prepaid and postpaid plans of the service providers listed below, to the extent that each provider provides wireless services in California at the time of the annual review. If the average retail rate for plans that offer the Tier 2 MSS and plans that offer 2 GB more and 2 GB less than the Tier 2 MSS⁶¹ changes by 10 percent or more from the average retail rate the prior year, staff shall prepare a resolution with SSA recommendations for Commission review. Staff is not required to recommend a new SSA in its resolution. Staff is required to conduct the annual Part B SSA review regardless of whether the Tier 2 MSS review or update is required. Staff may prepare an SSA resolution for Commission review at any time. If a staff resolution is not required or otherwise put forward by staff, Communications Division shall issue an administrative letter informing LifeLine providers that there are no annual changes to the SSA/MSS.
- AT&T
- Consumer Cellular

⁶⁰ Per customer monthly data usage increased 11% from YE 2022 to YE 2023 according to the 2024 FCC Marketplace Report (para.66). This figure increases approximately 12% from YE 2020 to YE 2021 (2022 FCC Marketplace Report, para. 80). YE 2018 to YE 2019 was a 39% increase to 9.2 GB per subscriber.

⁶¹ *I.e.*, the reference plan group for the adopted SSA/MSS framework would include plans offering 13-17 GB.

- Cricket Wireless
- Gen Mobile
- Mint Mobile
- SafeLink Wireless
- Simple Mobile
- T-Mobile
- Tello
- Total Wireless
- Tracfone
- Verizon Wireless

Wireless service providers shall report the monthly data usage of LifeLine subscribers, organized by each LifeLine subsidized rate plan the provider offers.⁶² Staff will take this information into account in the annual review of the MSS/SSA. Providers must incorporate notice of this reporting requirement into the terms and conditions of their service agreements and may choose to request affirmative customer consent to collect monthly usage data.

While staff review is limited to the providers listed above when determining whether developing a resolution is necessary,⁶³ staff is not limited to a review of these providers' rates in its recommendations as noted by TURN.⁶⁴ Any SSA/MSS resolution must incorporate a retail rate analysis and will be subject to notice and comment and Commission approval, and any SSA recommended by staff will need to be supported by facts and rationale.⁶⁵

⁶² Staff will provide a reporting template and additional guidance.

⁶³ Pursuant to G.O. 153-A Section 15.1, staff may propose adding providers to this list via resolution.

⁶⁴ TURN Opening Comments on the Proposed Decision (PD) at 2.

⁶⁵ Intervenor may submit intervenor compensation claims for work on resolutions related to this proceeding as part of broader compensation claims, and such claims for resolution-related work will be considered timely so long as the request for compensation is filed no later than 60 days after the issuance of the decision that closes this proceeding. If this proceeding has already been closed,

Footnote continued on next page.

The adopted mechanism incorporates the retail rate analysis we find reasonable, while reflecting the non-formulaic nature of developing an appropriate SSA for LifeLine service related to the retail rate analysis. The mechanism requires annual review but does not require annual changes and allows for stakeholder feedback on proposed changes. We find this mechanism reasonable and adopt it.

3.3. Modification of the Specific Support Amount and Minimum Service Standards for Wireline Services

We adopt staff's proposed Tier A wireline SSA for a voice-only plan, with modifications to reflect the specific circumstances of the Small Local Exchange Carriers (LECs). We decline to adopt staff's proposed Tier B wireline voice and broadband bundle SSA.

3.3.1. 2025 Staff Proposal

Staff proposed setting the wireline SSA for voice-only service (Tier A) for each COLR based on each COLR's individual basic service rate: staff proposed setting the wireline voice-only SSA at 55 percent of a wireline service provider's combined basic service rate and the federal end user common line charge (EUCL) or an SSA cap of \$19.00, whichever is lower.⁶⁶ Staff also proposed setting a Tier B SSA/MSS for a wireline plan that offers voice and broadband service; staff proposes capping the Tier B SSA at \$21.00 for providers that offer service that reaches speeds of no less than 100 megabits per second (Mbps) download and 20 Mbps upload, with a data allowance that would match the federal Lifeline broadband minimum data allowance (currently 1280 GB per month).⁶⁷

Table 6: Staff's Proposed Wireline SSA/MSS Framework

intervenor compensation claims for work on any related resolutions must be filed within 60 days of the resolution's issuance. *See* Rule 17.3 of the Commission Rules of Practice and Procedure (Rules).

⁶⁶ 2025 Staff Proposal at 19.

⁶⁷ 2025 Staff Proposal at 18-20.

Plan	Max CA LifeLine SSA	Fixed Broadband Speed	Fixed Broadband Allowance
Tier A	\$19.00	N/A	N/A
Tier B	\$21.00	100/20	FCC MSS

Regarding annual updates, staff proposes that wireline service providers may request to update their LifeLine rates (and the resulting SSA, up to the \$19.00 cap) by filing a Tier 2 advice letter by January 1 of each year.

3.3.2. Party Positions

AT&T opposes staff's Tier A proposal because it states staff has not established a need to update the COLR-based SSA methodology. AT&T states that there are so few wireline LifeLine customers, that any burden resulting from tying the SSA to the highest COLR rates is unlikely to have resulted from subsidizing wireline LifeLine service. AT&T states that if the Commission's objective is to protect the public interest and the LifeLine Fund, the Commission should reconsider other initiatives that draw on the Fund, such as the Home Broadband Pilot and the Commission's decision to allow the Fund to make up federal subsidies in some cases.⁶⁸ For these reasons noted above, AT&T asks the Commission to rescind the freeze on the wireline SSA and to continue using the existing wireline SSA methodology.

Alternatively, AT&T recommends that the Commission reject staff's proposed \$19.00 cap, set each wireline provider's SSA at 55 percent of that provider's combined EUCL charge and basic residential price and permit wireline providers to adjust their LifeLine prices annually based on their SSA.

The Small LECs allege that the Tier A SSA of \$19.00 is "antiquated," as it is based on 2024 COLR rates. Further, the Small LECs state that there is "the possibility that the SSA would be insufficient to allow [a Small LEC] to break even, even at the

⁶⁸ AT&T Opening Comments on the 2025 Staff Proposal at 3-4.

maximum \$19.00 cap proposed in the Staff Proposal.”⁶⁹ This could occur if the Commission approves a basic service rate in a Small LEC general rate case that is greater than the combination of the SSA, federal subsidy, and allowable customer rates under Pub. Util. Code Section 874.⁷⁰ They also oppose the Tier B SSA, as the \$21.00 SSA is significantly lower than the \$30.00 amount available when a customer receives both voice and broadband under the current Home Broadband Pilot Program.⁷¹

CalBroadband opposes creation of a Tier B SSA, stating that, “there does not appear to be a need or basis for the Commission to evaluate the merits of a competing broadband-inclusive Wireline Tier B proposal[,]” as it could deter participation in the California LifeLine Home Broadband Pilot Program.⁷²

CalBroadband also opposes the Tier A \$19.00 SSA, stating that it could increase costs for customers.⁷³ CTIA states the Commission should adopt a \$20.75 SSA and pin increases to inflation.⁷⁴

TURN supports staff’s proposal to update the wireline SSA, noting that AT&T’s basic service rate increases have “far outstrip[ped] the next highest provider.”⁷⁵ CforAT also supports the proposal to divorce the SSA from AT&T’s basic service rate, stating that “the current SSA methodology relying on AT&T’s prices for basic service have resulted in an SSA that is untethered from the actual cost of

⁶⁹ Independent Small LECs Reply Comments on the 2025 Staff Proposal at 6.

⁷⁰ Pub. Util. Code Section 874 requires that lifeline telephone service rates shall not be more than 50 percent of the rates for basic flat rate service, exclusive of federally mandated end user access charges.

⁷¹ Independent Small LECs Reply Comments on the 2025 Staff Proposal at 3.

⁷² CalBroadband Opening Comments on the 2025 Staff Proposal at 2.

⁷³ *Id.* at 4.

⁷⁴ CTIA Opening Comments on the 2025 Staff Proposal at 4.

⁷⁵ TURN Reply Comments on the 2025 Staff Proposal at 3.

providers' services."⁷⁶ CforAT supports adoption of staff's Tier A and Tier B proposals, but states that the Commission should monitor providers that offer both voice and broadband LifeLine offerings to ensure that providers are not cross-subsidizing those offerings.⁷⁷

TURN opposes AT&T's recommendation to remove the \$19.00 cap because, [a]s the Commission found in the Carrier of Last Resort Staff Proposal, rising wireline basic service prices coupled with service degradation and a lack of advertising may be resulting in households being disincentivized from purchasing wireline voice service, even if it is the option that would best suit their needs.⁷⁸

However, TURN states that the Commission should adopt a cap not only on the wireline SSA but also on wireline copays.

Finally, TURN and the Small LECs support removing G.O. 153-A rule 9.3.2.2, which incorporates a \$5.00 payment floor assumption into the wireline SSA calculation framework. TURN also states that the Commission should assess the affordability of wireline customer copays.⁷⁹ Citing the 2025 Staff Proposal's conclusion that even a \$5.00 copay could make LifeLine service unaffordable, TURN states that the current LifeLine rules "still do not guarantee reasonable wireline copayments."⁸⁰ While the 2025 Staff Proposal states that the proposed SSA update, participants' "bills will remain affordable," TURN notes that routine basic rate increases would still increase customer charges for wireline service under staff's framework and states that the Commission should therefore adopt a cap on wireline copayments.⁸¹

⁷⁶ CforAT Opening Comments on the 2025 Staff Proposal at 5.

⁷⁷ CforAT Opening Comments on the Staff Proposal at 10.

⁷⁸ TURN Reply Comments on the 2025 Staff Proposal at 4.

⁷⁹ TURN Opening Comments on the 2025 Staff Proposal at 14.

⁸⁰ TURN Opening Comments on the 2025 Staff Proposal at 15-16.

⁸¹ TURN Opening Comments on the 2025 Staff Proposal at 14.

3.3.3. Discussion

We adopt staff's Tier A wireline SSA⁸² as proposed, though we refine the proposed annual update mechanism to reflect the Small LECs' circumstances in section 3.4, below. We decline to adopt staff's proposed Tier B. Staff does not substantiate the significant difference between the support amount offered for its Tier B broadband and voice bundle plan under the proposed framework and the amount offered for the same plans supported by the Home Broadband Pilot Program. Further, given the recent initiation of the Home Broadband Pilot Program, and the Commission's intention to review the pilot program in the future,⁸³ it is premature to adopt a permanent SSA/MSS for a bundled broadband plan outside of the Pilot context. To avoid disrupting service for existing participants, California LifeLine customers currently receiving a wireline broadband and voice bundle plan should be permitted to continue receiving service under their existing plan and support level or may elect to enroll in or switch to the Home Broadband Pilot Program. This will ensure that no wireline bundle plan customers lose their current California LifeLine service.

The Tier A proposal reasonably divorces subsidy amounts from AT&T's basic service rate, which has increased for years without offering increased customer benefits. The adopted \$19.00 SSA cap significantly exceeds the federal support amount of \$5.25 for voice-only services, which is the only support provided in most states. AT&T's opposition to staff's proposal is unpersuasive. The relative impact of wireline customer participation in LifeLine on the Program fund is not sufficient reason to continue subsidizing wireline service at rates that vastly exceed federal

⁸² Fixed VoIP providers participating in California LifeLine have historically received the same SSA applied to wireline providers. Accordingly, the Commission will maintain this existing framework and continue applying the wireline SSA to fixed VoIP providers.

⁸³ D.25-08-050 at 15 (directing staff to perform a Pilot review within 18 months after launching the Home Broadband Pilot).

subsidies for the same service. While AT&T states that staff has not established a need to update the wireline SSA, we find that the disparities between California's subsidy, the federal subsidy, and other state subsidies, and between AT&T's basic service rates and other COLR basic service rates, establish sufficient reason to update the SSA framework. AT&T has not demonstrated that the proposed update is unreasonable and its alternative proposals are rejected.

No commenter alleging that the proposed SSA is insufficient has provided data to support this contention. While CalBroadband alleges that providers may increase customer costs in the future and so customer rates may become unaffordable, nothing in our adopted plan requires providers to increase customer rates or LifeLine customer rates in particular. CalBroadband's analysis also explicitly does not incorporate the federal subsidy, which still supports voice-only service.⁸⁴ We are also mindful of the potential for basic service rates of non rate-regulated carriers to be used to cross-subsidize more generous plans offering advanced telecommunications services, leading to basic service rates that do not reflect costs, noted by CforAT. As noted above, the LifeLine Program is not required to match the profits providers expect from the retail market.

We agree with CalBroadband and TURN that the 2025 Staff Proposal's conclusion that "[w]ith this update, participant bills will remain affordable[.]" is unsupported and speculative. Basic service rates may increase after providers reach the \$19.00 cap and customers may be required to pay an additional amount to cover those increases.⁸⁵ Two COLRs, AT&T and Consolidated, have already reached the cap.⁸⁶ Staff states that current participants' bill costs range from \$5.00 - \$19.00.⁸⁷

⁸⁴ CalBroadband Opening Comments on the 2025 Staff Proposal at 3.

⁸⁵ Pub. Util. Code Section 874 limits the wireline subscriber copayment amount to no more than 50 percent of the retail basic service rate.

⁸⁶ 2025 Staff Proposal at 19.

⁸⁷ 2025 Staff Proposal at 19.

Staff shall monitor wireline customer charges over the next 12 months and shall issue a resolution within 18 months of the issuance date of this decision, containing an assessment of the affordability of wireline copays. Staff's resolution may propose an SSA increase and/or a wireline copayment cap.

The Small LECs' recommendation that the Commission should update the SSA cap to match the current highest basic service rate is unsupported and is inconsistent with the Commission's intention to divorce the wireline SSA from AT&T's basic service rate. Further, the Small LECs have not established a reasonable basis to treat them differently than other wireline providers with regard to establishing an SSA framework. The Small LECs state that the \$19.00 SSA cap could result in confiscatory rates if Small LEC basic service rates increase to a point at which the combination of the California SSA, the federal subsidy, and the amount providers are allowed to charge customers under Pub. Util. Code Section 874 does not combine to cover a Small LEC's basic service rate and the EUCL charge. However, Small LECs have the opportunity to forecast this revenue shortfall in their general rate cases. There, the Small LECs may request to recover the difference between (1) what is recovered from the LifeLine Fund under the \$19.00 cap and the maximum allowable LifeLine customer charges under Pub. Util. Code Section 874⁸⁸ and (2) the revenue needed to allow the Small LECs to recover their authorized rates of return. When adopted via a general rate case decision, this difference would be recovered via other revenue sources and the California High Cost Fund-A (CHCF-A). Rather than creating a separate SSA framework for the Small LECs in the LifeLine Program, it is reasonable for the Commission to consider the impacts of regulatory

⁸⁸ Pub. Util. Code Section 874 and G.O. 153-A Section 8.1.4 require that LifeLine customers pay no more than 50 percent of the regular basic rate. While the Small LECs may continue to charge their LifeLine customers rates that are below this 50 percent maximum, any recovery from the CHCF-A shall be calculated using the maximum allowed LifeLine customer rate.

changes of industry-wide impact, such as an update to the LifeLine SSA, on Small LEC revenue forecasts in the Small LEC general rate cases.

If a Small LEC experiences such a shortfall between the issuance date of this decision and its next general rate case test year, then they may request recovery through the CHCF-A Annual Advice Letter process. A request for adjustment should be shown on Line 3 of its advice letter filing, cite to this decision, and be calculated using the maximum allowable LifeLine customer rate,⁸⁹ and reflect actual revenue and subscriber data. Recovery through the Annual Advice Letter is a temporary measure to avoid revenue shortfalls until each Small LEC's next general rate case. Beginning in each Small LEC's next general rate case test year, recovery via the Annual Advice Letter will not be permitted.

To avoid excessive burden on the CHCF-A and so that the Commission may monitor the interaction between the LifeLine Program and the CHCF-A, if any Small LEC Annual Advice Letter or general rate case application shows a loss of revenue from the difference between what is recovered from the LifeLine Fund under the \$19.00 cap and allowable LifeLine customer charges that is greater than 10 percent of the company's approved 2026 CHCF-A support amount, then this difference shall be identified by the Small LECs in their application or Annual Advice Letter, and the LifeLine Program shall consider changes to the SSA or Program rules to reduce this revenue loss and corresponding impact on the CHCF-A.

3.4. Wireline SSA Annual Update

We adopt staff's proposed wireline annual update but acknowledge that this mechanism is time-bound in its usefulness. As noted above, regarding the annual wireline SSA update, staff proposes that provider SSAs can stay the same if their basic service rates stay the same, or, if a provider's basic service rate increases, the

⁸⁹ As defined by Pub. Util. Code Section 874 and G.O. 153-A Section 8.1.4.

provider may request an increase in their SSA, up to \$19.00 through a Tier 2 advice letter.⁹⁰ Staff goes on to state:

Over time, as federal subsidies change and wireline service providers adjust their rates, the Commission may consider updates to MSS/SSA to ensure that wireline service is adequately subsidized. However, based on the historic service provider rate increases and federal subsidies, staff do not anticipate this will happen for many years. With current rates, all service providers will currently receive 55 percent of their rates.⁹¹

Thus, the annual advice letters used to implement the 55 percent cap are analogous to the annual review that increased the SSA based on 55 percent of the greatest COLR basic service rate. However, once all wireline providers' basic service rates have reached a point at which they are receiving the maximum \$19.00, no provider will have the ability under staff's framework to submit an advice letter requesting a new SSA. This does not satisfy the Commission's obligation to annually set LifeLine services, rates, and charges.

We adopt staff's recommendation to allow providers to submit Tier 2 advice letters to request authority to increase their SSA to 55 percent of basic service rates, up to the \$19.00 cap. Within three years of the issuance date of this decision, staff shall issue a resolution proposing an updated cap on wireline SSA or justifying retaining the \$19.00 cap. Staff's review may include consideration of removal of the \$5.00 assumed wireline copayment floor.

Given the potential for Small LEC rate changes to be adopted and potentially become effective throughout the calendar year,⁹² the Small LECs are authorized to

⁹⁰ 2025 Staff Proposal at 19.

⁹¹ 2025 Staff Proposal at 19.

⁹² While the Commission generally endeavors to implement Small LEC general rate case test years (and so basic service rate changes) on January 1, that may not always occur. *See* D.14-12-084 at n.4. *See also* D.16-06-053 at OPs 3 and 4.

submit Tier 2 advice letters to update their SSAs to equal 55 percent of their basic service rates and EUCL charges up to \$19.00 as needed to align their LifeLine rate annual review with their basic service rate change implementation dates. All other wireline providers are authorized to submit Tier 2 advice letters requesting annual review of their LifeLine rates by January 1 of each year. If a provider does not submit an advice letter requesting an update to their SSA, staff shall set their SSA based on the prior year SSA amount, as proposed in the 2025 Staff Proposal.⁹³

3.5. Update to Non-Usage Rules

3.5.1. 2025 Staff Proposal

Staff proposes to revise the current non-usage rule so that it applies to all LifeLine customers. Currently, a customer that subscribes to a LifeLine plan that does not require a copay and that does not activate or use its LifeLine service within a 30 day period receives notice that their service is subject to cancellation if not used within 15 days of the notice. Staff proposes to extend this rule to all customers, regardless of whether they pay a copay. Staff states that extension of the rule to all customers not actively using subsidized services will identify customers who are not benefiting from the Program and will save ratepayer funds.⁹⁴

3.5.2. Party Positions

As an initial matter, CalBroadband states that it is unclear whether staff proposes to extend the non-usage rule to all customers that pay a monthly fee⁹⁵ or just wireless customers that pay a copay. CalBroadband states that there is no evidence supporting an extension of the rule to wireline customers.⁹⁶

⁹³ 2025 Staff Proposal at 19.

⁹⁴ 2025 Staff Proposal at 17.

⁹⁵ There is an assumed \$5.00 payment floor for all flat rate wireline LifeLine customers. G.O. 153-A Section 9.3.2.2.

⁹⁶ CalBroadband Opening Comments on the 2025 Staff Proposal at 6. *See also* Small LECs Reply Comments on the 2025 Staff Proposal at 7 (concurring with CalBroadband's position).

Some commenters oppose the proposed rule change. Verizon disagrees with staff's proposal because "[a] consumer who proactively pays a copayment for a LifeLine plan is making a choice to do so and, therefore, making a choice to keep their LifeLine service active."⁹⁷ Verizon opposes diverging from the federal non-usage rule, as, if a customer is dropped from California LifeLine for non-usage, but remains on federal Lifeline, the customer may be required to make up for the lack of California subsidy. Verizon states that enforcement of two rules will "likely become untenable[,] and will cause confusion."⁹⁸ NaLA argues that the proposed rule change is inconsistent with the Commission's prior decision to mirror our repeal of a portability freeze with the federal repeal, which we based in part on a desire not to jeopardize federal Lifeline funding.⁹⁹

CforAT and TURN support the proposed expansion of the non-usage rule.¹⁰⁰ CforAT suggests that copayments may not indicate active use, given "the reality of autopayments and other common situations where a customer may not realize they are being charged for service they are not using and do not want." CforAT also disputes that the proposal would impair customer choice, as customers are provided notice prior to being de-enrolled for non-usage.¹⁰¹ TURN states that the proposed rule would improve Program efficiency by subjecting all subscribers to

⁹⁷ Verizon Opening Comments on the 2025 Staff Proposal at 4.

⁹⁸ *Id.* See also CTIA Opening Comments on the Staff Proposal at 9-10, stating that the Staff Proposal does not provide sufficient justification for deviating from the federal rule, which is based on a finding that collecting a copay is sufficient to determine customer intent.

⁹⁹ NaLA Opening Comments on the 2025 Staff Proposal at 11.

¹⁰⁰ CforAT Opening Comments on the 2025 Staff Proposal at 9. TURN Opening Comments on the 2025 Staff Proposal at 12.

¹⁰¹ CforAT Reply Comments on the 2025 Staff Proposal at 7.

the same rule. TURN and CforAT recommend that providers educate customers regarding this rule change in advance and in multiple formats.¹⁰²

3.5.3. Discussion

We agree with CalBroadband that the 2025 Staff Proposal is not clear as to which services the proposed non-usage rule extension is intended to cover. The 2025 Staff Proposal's proposed G.O. 153-A amendments appear to extend the rule to all services, with no exception for wireline services.¹⁰³ We agree with CalBroadband that there is no evidence in the 2025 Staff Proposal supporting extension of the rule to wireline subscribers that pay monthly fees. We agree with the Small LECs that the non-usage rules are intended to address issues with wireless customers.¹⁰⁴ Further, it is more likely that wireline subscribers (as opposed to wireless subscribers) may be away from their phones for 45 days while still intending to retain service. We decline to adopt a non-usage rule that extends to wireline subscribers that pay monthly fees.

However, we extend the non-usage rule to wireless customers that pay copays. It is reasonable to assume intent to use a service based on actual use of that service. If a subscriber is not using subsidized services to communicate, it is unreasonable for the subscriber to be subsidized. Part of the Moore Act's mandates include ensuring that the benefits of including certain services within the definition of "universal telephone service" (such that such services are subsidized) must outweigh the costs.¹⁰⁵ Absent actual use of subsidized services, "proactive" monthly

¹⁰² TURN Opening Comments on the 2025 Staff Proposal at 13. TURN includes its comments on the proposed rule change under the heading "Wireless Issues," so we assume TURN refers to all wireless subscribers. *See also* CforAT Reply Comments on the 2025 Staff Proposal at 7.

¹⁰³ *See* 2025 Staff Proposal, G.O. 153-A Proposed Redlines, Section 5.7.

¹⁰⁴ Small LECs Reply Comments on the 2025 Staff Proposal at 7. *See also* In the Matter of Lifeline and Link Up Reform and Modernization at ¶ 255 et seq, WC Docket No. 11-42, FCC 12-11 (Feb. 6, 2012), available at <https://docs.fcc.gov/public/attachments/FCC-12-11A1.pdf>.

¹⁰⁵ *See* Pub. Util. Code Section 871.7(d)(3).

payments, which could be auto-debited, do not sufficiently demonstrate that LifeLine services are being used to a consumer's benefit or that the subsidies expended for such services effectuate the Moore Act.

We disagree with commenters who argue that the proposed rule change would impinge on customer choice: we agree with CforAT and TURN that the required notice is sufficient to ensure that a customer who wants to retain their subsidized service has the choice to do so. Divergence from the federal rule here is not dispositive. As stated in our recent decision adopting Program modification reflecting the FCC Order,¹⁰⁶ we intend for California LifeLine to operate separately from federal Lifeline and have adopted an SSA/MSS framework that reflects this choice. The customer will receive notice that their California subsidy is at risk and will have the choice whether to use their subsidized service to continue to receive it. Finally, contrary to NaLA's position, divergence from the federal rule does not jeopardize federal funding because a customer de-enrolled from California LifeLine for non-usage under the new rule would still be eligible for federal Lifeline.

Wireless service providers are required to notify all customers about the rule change within 45 days of the issuance date of this decision. Providers are also required to submit monthly reports to the Commission with the monthly data usage¹⁰⁷ – and non-usage – of their LifeLine customers. These usage reports must accompany claims for reimbursement. The Commission may withhold reimbursement if a monthly usage report is not submitted.

¹⁰⁶ The Commission adopted the referenced decision during the September 17, 2026, voting meeting. As such, this decision does not yet have a formal Commission decision number.

¹⁰⁷ The monthly usage reporting requirement is described in Section 3.2.3, above.

3.6. Update to Wireless Activation and Connection Reimbursement Amount

3.6.1. 2025 Staff Proposal

The 2025 Staff Proposal proposes two changes to the rules that govern reimbursements for activation/connection fees for wireless LifeLine customers. Currently, wireless LifeLine service providers may be reimbursed for two service activation or connection fees per subscriber per service year, with each reimbursement capped at \$39.00 per instance.¹⁰⁸ Staff proposes to decrease the reimbursement amount to \$15.00 per instance, and to decrease the number of reimbursements to once per year, beginning with the subscriber's initial date of service.¹⁰⁹

Staff states that its proposal "is intended to ensure that ratepayer funds are used wisely and maintained in a fiscally responsible manner." To support its proposal, staff notes the relatively high rate of churn in the LifeLine market as compared to the retail market: in 2024, wireless LifeLine customers had a churn rate¹¹⁰ of 155 percent, while from 2021 to the first quarter of 2023, AT&T, Verizon and T-Mobile had churn rates of between 2.5 and 4.9 percent. Staff notes that T-Mobile charges a \$25.00 activation fee for prepaid service, AT&T has waived its \$15.00 activation fee for prepaid subscribers, and Verizon charges no activation fee, suggesting that the LifeLine activation fee reimbursement is inconsistent with the retail market.¹¹¹

¹⁰⁸ G.O. 153-A Section 9.3.1. *See also* D.17-01-032.

¹⁰⁹ 2025 Staff Proposal at 18.

¹¹⁰ Churn measures the percentage of connections that are disconnected from mobile wireless service during a given time period. 2025 Staff Proposal at n.38.

¹¹¹ 2025 Staff Proposal at 18.

3.6.2. Party Positions

Certain providers oppose the proposed connection fee reimbursement rule change. NaLA, for example, states that the \$39.00 reimbursements are:

an important component of the California LifeLine subsidies that make the provision of unlimited voice, unlimited texts and 6 GB or more of data – and often free or discounted devices/equipment – available to low-income households in California.¹¹²

Verizon states that, while it does not oppose the concept of revising how the activation/connection charge is structured, the drastic reduction of the reimbursement is not supported in the Staff Proposal and fails to analyze how the greater churn seen in LifeLine might affect costs the reimbursement is meant to help offset.¹¹³ TURN urges the Commission to consider the impacts of a reduction in this reimbursement on handset costs, while not objecting to such a reduction “in concept,” given the high degree of churn in the LifeLine Program.¹¹⁴

CforAT supports reduction of the reimbursement amount, as proposed. CforAT notes that providers have declined to share their actual activation and connection costs and appear to have historically adjusted their activation fees to meet the maximum reimbursement amount.¹¹⁵

3.6.3. Discussion

We adopt the 2025 Staff Proposal’s recommendation. Staff’s proposed \$15.00 reimbursement is more consistent with the activation/connection fees charged in the prepaid retail market. As suggested by CforAT, providers have omitted actual

¹¹² NaLA Opening Comments on the 2025 Staff Proposal at 12. *See also* AirVoice Opening Comments on the 2025 Staff Proposal at 4, noting that reimbursements must consider provision of devices and the relatively higher operational and compliance costs of LifeLine service compared with prepaid service.

¹¹³ Verizon Opening Comments on the 2025 Staff Proposal at 2.

¹¹⁴ TURN Opening Comments on the 2025 Staff Proposal at 13.

¹¹⁵ CforAT Opening Comments on the 2025 Staff Proposal at 9.

activation/connection or related cost data from their comments. Without additional support, the contention that reducing the amount or frequency of activation/connection fee reimbursements will decrease the ability of providers to meet minimum service standards or to cover program costs is unpersuasive. The SSA is the total that supports providers offering services that meet minimum service standards. The LifeLine Program is not authorized to subsidize devices. Consistent with the finding in the 2025 Staff Proposal, we find that reduction of the activation/connection fee reimbursement is prudent administration of ratepayer funds. A \$15.00 connection reimbursement on behalf of a subscriber is available no more than once during any 365-day service year, measured from the date of that subscriber's most recent connection for which the TPA has determined the subscriber qualified for reimbursement. A subscriber's de-enrollment from and subsequent re-enrollment in the Program does not reset the one per service year reimbursement limitation.

Providers are welcome and encouraged to offer free handsets to better compete in the LifeLine market, but we decline to continue the existing activation/connection fee reimbursement framework to support this.

Verizon points to the high degree of churn as a reason to continue subsidizing activation and connection fee reimbursements at a rate that significantly exceeds the activation fees charged in the prepaid retail market noted in the 2025 Staff Proposal. However, the significant disparity between churn rates in the LifeLine market and the retail market warrant a change in Commission policy. It is unreasonable to subsidize such a high degree of churn in LifeLine as compared to the retail market.

4. Summary of Public Comment

Commission Rules of Practice and Procedure (Rules) Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the

Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There is one public comment listed on the docket card for this proceeding. The commenter opposes eliminating or reducing California LifeLine service and urges the Commission to reject any proposal that would weaken the Program or allow carriers, especially AT&T, to discontinue reliable copper landline service. The commenter notes the benefits of California LifeLine and copper landline service for many California constituencies, including low-income Californians and people with disabilities.

5. Comments on Proposed Decision

The proposed decision of Commissioner John Reynolds in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Opening comments were filed on September 24, 2026, by TURN, CforAT, AT&T, Assurance, CTIA, Verizon, the Small LECs, and NaLA. Reply comments were filed on September 29, 2026, by Verizon, CTIA, NaLA, CforAT, and TURN.

We have considered opening and reply comments on the proposed decision. We revise the decision to address technical and typographical errors and other errors as described below, and to make reasonable adjustments to the policies in response to comments, also as described below. We revise the findings of fact (FOF), conclusions of law (COL), and ordering paragraphs (OP) to ensure consistency with the body of the decision. We provide additional support from the record as described below. We do not address comments that do not allege errors of fact or law or that relitigate positions already taken throughout the proceeding.

5.1. Wireless SSA/MSS Framework and Portability Freezes

CforAT supports the proposed decision's SSA and MSS modifications and TURN supports "many aspects" of the updated wireless SSA/MSS framework,¹¹⁶ though they both oppose the imposition of portability freezes.¹¹⁷ Verizon supports the SSA/MSS framework with suggested modifications regarding the portability freezes noted below.¹¹⁸ CTIA "generally supports"¹¹⁹ the updated framework, also with suggested modifications to the portability freezes noted below.¹²⁰

NaLA and Assurance oppose the updated wireless SSA/MSS framework. NaLA states that the retail market analysis is flawed, "with no basis in actual retail market offerings or analysis supporting LifeLine providers' ability to meet these requirements."¹²¹

We disagree with NaLA and Assurance. The SSA/MSS framework is based on the retail market survey provided by Verizon, and the SSA results from adjustments reflecting the adopted portability freezes, with consideration of customer data usage needs.¹²² As we have stated previously, California should leverage the Program's position to secure volume discounts for participants. Market pricing is relevant, but as this decision makes clear, we do not bind ourselves to match market pricing alone.¹²³ In addition, the data received in response to the May 4, 2026, Ruling on

¹¹⁶ CforAT Opening Comments on the PD at 1-2. *See* TURN Opening Comments on the PD at 1-2.

¹¹⁷ TURN Opening Comments on the PD at 4. CforAT Opening Comments on the PD at 2.

¹¹⁸ Verizon Opening Comments on the PD at 3, 5.

¹¹⁹ CTIA Opening Comments on the PD at 1.

¹²⁰ CTIA Opening Comments on the PD at 2-6.

¹²¹ NaLA Opening Comments on the PD at 4.

¹²² *See also* CforAT Reply Comments on the PD at 3 (noting providers' past refusals to provide cost information and support for price-based, rather than cost-based, subsidy mechanisms).

¹²³ *See* D.20-10-006 at 10.

actual pricing and cost structures for wireless resellers further suggests that this framework is reasonable. Accordingly, we make no changes to the decision.

Assurance alleges that this framework should be rejected under Pub. Util. Code Section 871.5(d), which states that the Commission should implement the LifeLine Program “in a way ... without competitive consequences for the telecommunications industry in California.” Assurance states that the framework “could drive MVNOs and non-facilities-based providers out of the Lifeline program, concentrating the Lifeline program among a small number of facilities-based carriers.”¹²⁴

The Commission has addressed this argument previously in the context of adopting subsidies for a LifeLine pilot program:

The Commission may establish minimum service standards and subsidy levels that apply *to all wireless service providers* that choose to participate in California LifeLine. The Commission does not have an obligation to set the minimum service standards for California LifeLine low enough to match the retail service offerings of most service providers.¹²⁵

This rationale applies here and we make no changes to the decision.

Finally, Assurance contends that our framework “raises federal preemption concerns”¹²⁶ notwithstanding the holding in *National Lifeline Ass’n v. Batjer*. Assurance alleges that the Commission has gone beyond “a subsidy condition attached to a single qualifying service offering; it compels providers to build, maintain, and administer multiple commercial service tiers under Commission-prescribed economic terms” by requiring providers to offer three tiers at no charge

¹²⁴ Assurance Opening Comments on the PD at 9.

¹²⁵ D.23-06-003 at 33-34 (responding to NaLA’s argument that adopting a pilot program subsidy amount would “violate the Moore Act’s requirements to avoid competitive consequences because many wireless service providers would not be able to match TracFone/Verizon’s offer” (citation omitted)).

¹²⁶ Assurance Opening Comments on the PD at 9-10.

to customers.¹²⁷ This, Assurance contends, “implicates Section 332(c)(3)(A)’s limits on state regulation of commercial mobile service rates and entry.”¹²⁸

Assurance’s argument still disregards the crux of the holding in *Batjer*: where participation in the Program is voluntary, there is no rate regulation or restriction on market entry. Providers are still free to forgo the subsidy and set their own rates. Further, *Batjer* specifically contemplates that the Commission can impose a no-copay requirement on more than one plan.¹²⁹

However, while *Batjer* turned on the voluntary nature of the LifeLine program, and participation in LifeLine remains voluntary at this time for most providers, the framework that was upheld under *Batjer* allowed providers the flexibility to choose which of four adopted plans to offer. The Commission anticipated that competition would ensure carriers would provide options to maintain customer choice and stated that it would review that holding the following year.¹³⁰ Accordingly, we make no changes to the decision.

NaLA proposes that if we adopt the revised wireless SSA/MSS framework, we should only require providers to offer Tier 1 service plans and allow providers the option of offering Tiers 2 and 3 (with the applicable portability freezes).¹³¹ While this is not required under the holding in *Batjer*, we find this flexibility consistent

¹²⁷ Assurance Opening Comments on the PD at 10.

¹²⁸ Assurance Opening Comments on the PD at 10.

¹²⁹ The court also considered that providers may lose money charging no copays. This did not change the outcome of the challenge:

That some NLA members might lose money providing affordable plans to low-income consumers because they cannot charge a co-pay for certain plans is of no moment under § 332(c)(3)(A): service providers may forgo the state subsidy and set their own rates if they do not wish to comply with the 2020 Rule’s eligibility conditions. The rule therefore does not directly control—and thus does not impermissibly regulate—the rates that providers may set. *National Lifeline Ass’n v. Batjer*, No. 21-15969 at 10 (9th Cir. Jan. 31, 2023).

¹³⁰ D.20-10-006 at 14.

¹³¹ NaLA Opening Comments on the PD at 2.

with prior Commission decisions. Accordingly, we have modified the decision to adopt NaLA's recommendation.

Verizon states that the Commission lacks jurisdiction to require providers to offer customers an additional 4.5 GB if the customer is approved for federal Lifeline support.¹³² Verizon cites to the order revoking California's ability to make federal Lifeline eligibility determinations in support of its argument.

Verizon's argument regarding jurisdiction misses the mark – the Commission is not making federal eligibility determinations or exercising jurisdiction over federal Lifeline. Instead, the Commission is requiring that providers give customers the data providers are being paid to provide, either by the federal government, or by the Commission itself pursuant to our federal make-up provisions. The Commission may impose conditions on LifeLine providers that achieve reasonable and desirable policy outcomes. It is reasonable to do so here. Accordingly, we make no changes to the decision.

In connection with this argument, Verizon notes that the FCC is considering changing its MSS.¹³³ We modify the decision so that the amount of data a provider is required to provide to a subscriber that qualifies for federal Lifeline or for applicable federal make-up is equal to the then-current federal minimum usage allowance. NaLA asks us to clarify that this additional data allowance requirement applies only to those customers who qualify for the full \$9.25 federal discount, rather than to those customers who only qualify for the \$5.25 voice-only federal

¹³² Verizon Reply Comments on the PD at 4. Verizon states that this argument is in agreement with commenters "expressing concern over the Proposed Decision's treatment of the federal Lifeline Program as it relates to the California MSS/SSA." Replies to comments on proposed decisions "shall be limited to identifying misrepresentations of law, fact or condition of the record contained in the comments of other parties." Rule 14.3(d). Verizon does not cite any opening comments that address this issue.

¹³³ Verizon Reply Comments on the PD at 5.

discount.¹³⁴ This is consistent with the decision's intent and so we clarify that the additional data is only required for customers who qualify for a federal data usage allowance and for customers who elect to stack federal and state subsidies to support the same service plan.

A number of commenters propose additional clarifications of, or modifications to, the decision's rules regarding service tiers and associated portability freezes. We clarify the decision as recommended by CTIA to note that while customers may change service tiers mid-month, doing so does not reset a customer's usage to zero.¹³⁵ Whether the customer's data usage prorates or carries over should be left to the service provider, as should the effective date of a plan change request and limits on how frequently a customer may change tiers.¹³⁶ Variations on these rules may differentiate one provider from another, increasing competition in the LifeLine market. For this reason, providers should make these rules and constraints clear to customers.

The TPA will be the primary administrator of the portability freezes, *i.e.*, will track portability freeze initiation dates and durations and will reject port requests that occur during a LifeLine customer's portability freeze period without a valid exemption.¹³⁷ While the TPA will track portability freeze information and will respond to customer questions, providers will still be the primary entities responsible for sending regular notices to customers and remain responsible for the consent and notification requirements assigned to them in this decision.

¹³⁴ NaLA Opening Comments on the PD at n.33.

¹³⁵ CTIA Opening Comments on the PD at 3.

¹³⁶ See Assurance Opening Comments on the PD at 17 (asking the Commission whether a customer's data allotment resets, prorates, or carries over upon a mid-cycle plan change).

¹³⁷ See CTIA Opening Comments on the PD at 6. See also Verizon Opening Comments on the PD at 5 (suggesting the TPA track subscriber transfers to new plans). Assurance Opening Comments on the PD at 13.

CTIA, Verizon, and NaLA¹³⁸ oppose the decision's conclusion that customers who change from one LifeLine plan subject to a portability freeze to another should keep their original portability freeze. In short, they argue that this presents the opportunity for gamesmanship. For example, under this rule, a customer subscribed to a Tier 2 plan with a 60-day portability freeze may subscribe to a Tier 3 plan on the second day of their enrollment and be free from the Tier 3 plan's associated 90-day portability freeze. Providers argue that this would defeat the cost-saving purpose of the portability freezes.

We modify the decision so that if a customer changes service plans during their portability freeze from a Tier 2 plan to a Tier 3 plan, the newly applicable port freeze will apply effective from the customer's original date of enrollment in a Tier 2 plan. Providers must inform customers that the portability freeze will be extended because of their upgrade and again gain customer consent for the additional portability freeze. We also modify the decision to prohibit customers from downgrading service tiers during portability freezes.

These modifications are consistent with our rationale that the portability freezes are an incentive for providers that support adopting SSAs below retail market rates (though supported by wholesale rates) and, as such, are part of a reasonable balancing of competing interests; that said, as described above, the portability freezes are not *necessary* for adoption of SSAs below market rates. Further, providers will be submitting customer usage data. This decision authorizes staff to put forward resolutions recommending additional or modified rules governing portability freezes. Should the usage data indicate that customers are consistently subscribing to plans with greater data allowances than needed and so

¹³⁸ CTIA Opening Comments on the PD at 3. Verizon Opening Comments on the PD at 5. NaLA Opening Comments on the PD at 11. Assurance also notes that this dynamic "defeat[s] the freeze logic that justifies the \$20 specific support amount for Tier 3." Assurance Opening Comments on the PD at 17.

are subject to portability freezes that restrict customer choice without customer benefits, we expect staff to recommend modifications.

This is a new framework that will take time to implement. As with many existing components of the LifeLine Program, the TPA and providers will need to work collaboratively to ensure a smooth transition and to guard against fraud and abuse. Staff will issue an administrative letter outlining clear processes and providing guidance on next steps for portability freezes. Additional implementation information is provided below.

5.2. Wireless Copay Plans

CTIA recommends that we clarify that staff may not reject an advice letter proposing a copay plan that meets Program requirements and exceeds the Tier 3 MSS.¹³⁹ The proposed decision allowed providers to offer service plans that “substantively exceed the Tier 3 MSS for an additional copayment if they offer at least one plan that meets the Tier 3 MSS for no copay” and directed staff to confirm that proposed copay plans “substantively” exceed the Tier 3 plan MSS – for example, plans that purport to offer “unlimited” data, but in actuality throttle customer speeds at lower gigabyte allotments than offered in the zero-copay MSS Tiered plans will be rejected.

We modify the decision to clarify that staff will review the advice letters to confirm that proposed copay plans (1) offer at least 5 GB more than the Tier 3 MSS, (2) speeds are not throttled at lower gigabyte allotments than those offered in the zero copay plans, and (3) conform to all other Program rules, Commission decisions, and applicable laws. Staff should approve plans that conform to these requirements and for which the associated marketing materials have been submitted and comply with Program rules.

¹³⁹ CTIA Opening Comments on the PD at 7.

5.3. Wireless SSA/MSS Implementation

In comments on the proposed decision, providers request an extended implementation period and a detailed transition plan for the new wireless SSA/MSS framework and portability freezes.¹⁴⁰ We modify the decision to remove the requirement that providers submit an advice letter within 45 days to identify and describe new Tiers 2 and 3 wireless plans.

However, Tier 1 plans do not have extended portability freezes, and so can be implemented more quickly. It is reasonable to do so to benefit customers in the near term. All wireless LifeLine providers must submit a Tier 2 advice letter no later than 45 days from the issuance date of this decision. The advice letter shall identify and describe Tier 1 wireless plans that comply with this decision. Tier 1 wireless plans that comply with this decision do not require customers to pay a copayment and provide, at minimum, the following:

1. 8 GB of wireless data per month for customers receiving California LifeLine only support; or
2. 12.5 GB¹⁴¹ of wireless data per month for customers receiving both California LifeLine and federal Lifeline support for the same provider or for customers receiving California LifeLine and applicable federal make-up support.

Providers shall include proposed marketing materials related to their Tier 1 plans in their Tier 2 advice letters. The advice letter required by this section shall also state

¹⁴⁰ Verizon Opening Comments on the PD at 8-9 (requesting that the Commission address customer transitions and recommending that customers be transitioned on their anniversary dates to spread the administrative burden over a longer period). CTIA Opening Comments on the PD at 6 (recommending the TPA issue an administrative letter when it is ready to begin processing portability freezes and then allow providers a six month implementation period to prepare and file advice letters). Assurance Opening Comments on the PD at 19 (suggesting the TPA will need six months to implement process changes and providers will need another six months to implement the decision). NaLA Opening Comments on the PD at 9 (stating that providers will need six months to transition customers to new tiers with portability freezes).

¹⁴¹ A 12.5 GB Tier 1 plan satisfies the requirements of this decision for customers who receive both California LifeLine and federal Lifeline support or applicable federal make-up because the current federal Lifeline usage allowance is 4.5 GB.

the estimated number of customers the provider anticipates transitioning to each applicable Tier 1 wireless plan.

All customers enrolled in a wireless plan that provides less data than a Tier 1 compliant plan as described above, whether that plan currently requires a copay or does not require a copay, should be transitioned to a compliant Tier 1 plan no later than February 1, 2027.¹⁴² At least 30 days prior to the customer transition, wireless service providers should notify existing customers who will be transitioned to a new Tier 1 plan that they will receive the applicable Tier 1 MSS. The notice may be provided in any communication format, including text messages or other electronic communication.

Until the Commission issues an administrative letter establishing the requirements and processes for implementing Tier 2 and 3 wireless plans and portability freezes, service providers may allow customers currently enrolled in existing Commission-approved copayment wireless plans to remain on those plans, provided those plans include more than the applicable Tier 1 plan MSS. Service providers should not enroll new customers in existing copayment plans that do not comply with the Tier 1 MSS.

5.4. Wireless SSA/MSS Annual Review

TURN recommends allowing staff to incorporate review of provider rates other than those listed in this decision when conducting its annual review of market rates for the annual wireless SSA/MSS review.¹⁴³ Staff's annual review for determining *whether a resolution is needed* is necessarily limited to the providers listed in this decision. However, because any resulting resolution will be subject to Commission review and approval, staff may base its SSA recommendations on a

¹⁴² Failure to timely submit an advice letter and to transition customers in order to comply with the adopted MSS may result in denial for claims for reimbursement.

¹⁴³ TURN Opening Comments on the PD at 2.

survey of listed providers and new market entrants it justifies including in the resolution. The resolution necessarily will be subject to notice and comment and a Commission vote. We have revised the decision to clarify this dynamic, but the SSA/MSS annual review process has not been changed in substance.

CforAT asks us to make clear that, while this proceeding remains open, intervenors may submit intervenor compensation claims for work on resolutions related to this proceeding as part of broader compensation claims for “a decision that resolves an issue on which the intervenor believes it made a substantial contribution,” and that resolution-related work will be considered timely requested.¹⁴⁴ This would result in efficient use of intervenor and Commission time. We clarify that intervenors may submit intervenor compensation claims for work on resolutions related to this proceeding as part of broader compensation claims, and such claims for resolution-related work will be considered timely so long as the request for compensation is filed no later than 60 days after the issuance of the decision that closes this proceeding. If this proceeding has already been closed, intervenor compensation claims for work on any related resolutions must be filed within 60 days of the resolution’s issuance.

Given that the timeline for implementation of the Tiers 2 and 3 SSA/MSS is uncertain, and providers suggest that extended implementation periods may be necessary, we also clarify that staff’s review process for further updated wireless SSA/MSS will not be required until January 2029, though nothing prohibits staff from recommending modifications sooner should conditions warrant modification.

5.5. Wireline SSA/MSS Framework

We modify the decision’s FOF and COL as proposed by the Small LECs and consistent with the body of the decision to address their concern that the beginning of each Small LECs’ next GRC test year may not be the effective date of their new

¹⁴⁴ CforAT Opening Comments on the PD at 4.

rates.¹⁴⁵ This accurately reflects our intention that the Commission will consider the impacts of the wireline SSA cap on Small LEC revenue recovery in Small LEC Annual Advice Letters until recovery via GRCs can be considered and addressed. This cap can be modified via resolution, and so we add this as a finding of fact, as proposed by the Small LECs.¹⁴⁶

We modify the FOF, COL, and OPs of the decision as proposed by the Small LECs to support inclusion of the interim cost recovery mechanism applicable to the Small LECs as a non-recurring adjustment to be noted on Line 3 of the CHCF-A annual Form CHCF-A 004 filing, which itemizes each requested adjustment.¹⁴⁷

AT&T states that the proposed decision contradicts itself in that it allows wireline providers to forego submitting annual advice letters if they do not intend to request an update to their SSAs, yet the relevant OP orders all wireline providers to submit an advice letter to update their SSAs.¹⁴⁸ We modify the decision to clarify that wireline providers are not required to submit annual advice letters if they are not requesting an increase in their SSA. If a provider does not submit an advice letter requesting an SSA modification, staff will assume the provider's prior year SSA amount remains accurate as proposed in the 2025 Staff Proposal.¹⁴⁹ In response to AT&T's comments we also clarify that the Commission does not approve wireline providers' basic service rates via annual advice letters.¹⁵⁰

TURN argues that the decision's requirement that staff review the \$19 wireline SSA cap when the last incumbent exchange carrier's authorized SSA reaches the cap is contrary to the Moore Act's intention of ensuring access to

¹⁴⁵ Small LECs Opening Comments on the PD at 2.

¹⁴⁶ Small LECs Opening Comments on the PD at A-1.

¹⁴⁷ Small LECs Opening Comments on the PD at 3-4.

¹⁴⁸ AT&T Opening Comments on the PD at 2.

¹⁴⁹ AT&T Opening Comments on the PD at 1.

¹⁵⁰ AT&T Opening Comments on the PD at 3.

affordable high-quality basic telephone service.¹⁵¹ Given that AT&T has already hit the cap (as has Consolidated), TURN recommends that staff review the wireline SSA if at least one incumbent exchange carrier hits the \$19.00 cap for three consecutive calendar years. It is reasonable to ensure that the timeliness of SSA reviews (and so customer affordability) are not dictated by provider choices. TURN's proposal is unclear, however, given that \$19.00 has been the SSA since January 1, 2025.¹⁵² We modify the decision to change the timeline for staff's review of the wireline SSA to "within three years of the issuance date of this decision."

5.6. Non-Usage Rule Update

NaLA alleges that the non-usage rule "must be technology neutral." NaLA notes that the decision concludes, "[i]f a subscriber is not using subsidized services to communicate, it is unreasonable for the subscriber to be subsidized." NaLA states that the decision does not explain why we conclude that it would be reasonable to subsidize wireline subscribers that are not using the subsidized services to communicate, nor how this complies with the Moore Act's requirement that LifeLine be implemented in a manner that is "equitable, nondiscriminatory, and without competitive consequences."¹⁵³

"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."¹⁵⁴ Here, wireline and wireless customers are not similarly situated in that wireless customers can carry their phones with them and so have less justification to not use

¹⁵¹ TURN Opening Comments on the PD at 10.

¹⁵² D.24-12-006 at OP 1.

¹⁵³ NaLA Opening Comments on the PD at 13-14.

¹⁵⁴ D.10-04-054 at 7. *See also* D.14-09-014: "[w]hile 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."

them for 45 days. NaLA ignores the portion of the decision that states, “[f]urther, it is more likely that wireline subscribers (as opposed to wireless subscribers) may be away from their phones for 45 days while still intending to retain service.” Even if these customers were similarly situated, this difference provides a rational basis for treating these customers differently. Accordingly, we make no changes to the non-usage rule.

5.7. Activation/Connection Fee Reimbursement

Verizon opposes our reduction of reimbursement for activation and connection charges, stating that doing so “will make enrollments more difficult” and that the Commission should use the decision’s other tools to reduce churn.¹⁵⁵ Assurance states that the decision lacks record support, would reduce customer access to the program, and is not based on a cost-based analysis,¹⁵⁶ though we note, again, that the proposal to reduce this reimbursement has been public since November 2025, and no provider has submitted cost data to support its opposition to the proposal.¹⁵⁷ NaLA also opposes the reduction in this reimbursement.¹⁵⁸ CforAT supports the reduction to the activation/connection fee reimbursement, noting, among other arguments, that providers regularly refuse to provide cost based data.¹⁵⁹ We provide additional rationale for the reimbursement reduction but do not modify the decision’s outcome in this area.

5.8. Customer Usage Data Collection

NaLA asserts that Pub. Util. Code Section 876.5’s prohibition on LifeLine service providers sharing with “a state government” “any information provided by an applicant or subscriber to the lifeline program” “would seem to apply to LifeLine

¹⁵⁵ Verizon Opening Comments on the PD at 7.

¹⁵⁶ Assurance Opening Comments on the PD at 15-16.

¹⁵⁷ This is also noted by CforAT, as stated in Section 3.6.3 of this decision.

¹⁵⁸ NaLA Opening Comments on the PD at 8-9.

¹⁵⁹ CforAT Reply Comments on the PD at 2-3.

subscriber-specific usage information (as opposed to aggregate information)[.]”¹⁶⁰ Similarly, Assurance suggests that the customer-specific usage information “falls outside Section 876.5’s eligibility-verification exception” and so the Commission must justify the reporting requirement.¹⁶¹

NaLA omits from its comments the portion of the statute that groups the Commission, its staff, and the TPA alongside service providers as entities that are prevented from disclosing information a customer provides to the LifeLine Program without additional process, (rather than alongside the “state government” that is prevented from receiving customer information without additional process). We find this construction instructive. As noted by TURN, interpreting Section 876.5 to include the Commission, its staff and the TPA as “state government” that is prevented from receiving information provided by LifeLine applicants and subscribers without additional process “would lead to absurd results contrary to the intent and requirements of the Moore Act and the normal functioning of the LifeLine program.”¹⁶²

Further, usage data, *i.e.*, the quantity or volume of data that a customer consumes, is not data that a customer “provides to the LifeLine program” under the terms of Section 876.5. Instead, it is network information made available to the carrier by virtue of the carrier-customer relationship. Section 876.5 does not bar the Commission’s collection of customer usage data.

Assurance also states that “the Stored Communications Act may impose independent federal restrictions on the compelled disclosure of subscriber usage data to a state regulatory agency” and asks that the Commission “resolve... the

¹⁶⁰ NaLA Opening Comments on the PD at 14.

¹⁶¹ Assurance Opening Comments on the PD at 12.

¹⁶² TURN Reply Comments on the PD at 1.

Stored Communications Act question[] before the per-subscriber usage reporting requirement takes effect.”¹⁶³ The Stored Communications Act states:

a provider of remote computing service or electronic communication service to the public shall not knowingly divulge a record or other information pertaining to a subscriber to or customer of such service ... to any governmental entity.¹⁶⁴

The Commission has sufficient authority to require submission of subscriber usage records.¹⁶⁵ Additionally, the provider may choose to disclose a record or other information pertaining to a subscriber to or customer of such service with the lawful consent of the customer or subscriber.¹⁶⁶ We direct providers to update the terms and conditions of their LifeLine service agreements to inform customers of the requirement to report the customer’s monthly usage data to the Commission. Attachment 1 has been updated to implement the modifications to G.O. 153-A adopted in this decision. Attachment 3 contains the full G.O. 153-A and incorporates modifications made here and in D.26-09-046 and corrects other non-substantial and formatting errors.

6. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Eileen Odell is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The wireless MSS has not changed since 2020 and has failed to keep pace with the increases in the COLR-based SSA.
2. The FCC’s 2024 Marketplace Report showed average monthly data consumption of 15.5 GB per customer in 2023.

¹⁶³ Assurance Opening Comments on the PD at 12.

¹⁶⁴ 18 U.S.C. §2702(a)(3).

¹⁶⁵ Pub. Util. Code §§314, 581, 582, 584, 701, and 702; *See also*, 18 U.S.C. §2703(c)(2)(D).

¹⁶⁶ 18 U.S.C. §2702(c)(2). *See also* TURN Reply Comments on the PD at 1-2.

3. Some low income Californians may reasonably require more than average data usage to fully participate in modern life.

4. The rates listed in Attachment 2 reflect wireless retail rates as of May 2026; Tello rates were collected as of July 2026.

5. Limited portability freezes adopted for Tiers 2 and 3 wireless service plans are anticipated to reduce customer churn and provider costs, and could reduce Program costs and waste, fraud, and abuse.

6. The wireless SSA/MSS tiers in Attachment 3 are calibrated to address customers' needs for increased data, postpaid and prepaid market retail rates, and the impacts of portability freezes on costs.

7. Provider reporting on monthly customer data usage organized by LifeLine plan can supplement FCC Marketplace usage data and will provide the Commission with information regarding whether customers may be subscribing to more service plans offering more data than they need.

8. The LifeLine Program is not required to match the profits providers receive offering plans on the retail market.

9. The SSA has increased substantially over the past decade without providing increased customer benefits for wireline customers.

10. The California SSA is significantly more than the federal subsidy for voice only service.

11. California LifeLine provides the highest supplemental state subsidy for LifeLine services in the nation.

12. The Independent Small LECs' forecast revenues, rate design and the reasonableness of the Independent Small LECs' basic service rates are reviewed by the Commission in general rate cases.

13. Small LEC general rate case rate changes are not always implemented on January 1, and a general rate case decision may become effective after the test year has begun.

14. The Commission requires Small LECs that request adjustments to their CHCF-A support to submit Form CHCF-A 004, which itemizes each requested adjustment. Line 3 of Form CHCF-A is the line on which each Small LEC reports its non-recurring adjustments.

15. This decision contemplates that the \$19.00 wireline Specific Support Amount cap may be revised by future Commission resolutions.

16. Staff did not assess the affordability of wireline customer charges in the 2025 Staff Proposal.

17. The non-usage rules are intended to address issues with wireless service.

18. Applying the non-usage rule to all wireless customers is consistent with the aim of ensuring that the Program only funds services that are actually being used for communication, while reflecting physical and operational differences between mobile telephones and landline telephones.

19. The current wireless activation/connection fee reimbursement amount exceeds the activation fees charged by the wireless facilities-based providers, some of whom waive such fees for new customers.

20. In 2024, wireless LifeLine customers had a churn rate of 155 percent, while from 2021 to the first quarter of 2023, AT&T, Verizon and T-Mobile had churn rates of between 2.5 and 4.9 percent.

21. Fixed VoIP providers participating in California LifeLine have historically received the same SSA applied to wireline providers.

Conclusions of Law

1. The Program's wireless SSA/MSS framework should be updated to support the state goal of meeting customers' minimum communications service needs.

2. The nationwide average monthly customer usage provided in the FCC's Marketplace Report is a reasonable administrative proxy for minimum communications service needs and should be used as a reference for a standard/middle tier MSS.

3. It is reasonable to require providers to report the monthly data usage of each California LifeLine customer, separated by LifeLine service plan. Service providers should not report any data points other than the individual data usage, organized by subsidized service plan.

4. The Stored Communications Act permits communications providers to disclose non-content records pertaining to a customer or subscriber to the Commission if the customer lawfully consents to such disclosure.

5. It is reasonable to base wireless SSA amounts on a survey of postpaid and prepaid retail wireless rates, while making adjustments to reflect differences between the benefits offered by retail plans and those required for LifeLine plans. It is also reasonable to incorporate the potential impacts of portability freezes on costs into the adopted SSA.

6. It is reasonable to adopt the exceptions and limitations to the 60- and 90-day portability freezes described herein to protect LifeLine subscribers.

7. It is reasonable to adopt the wireless SSA/MSS framework described herein and in Attachment 3 that requires provision of a minimum level of communications service access at no charge to the consumer to ensure the affordability of such access.

8. Wireless providers should be required to provide a Tier 1 wireless service plan to participate in California LifeLine.

9. Wireless providers should be required to provide data equal to the federal data usage allowance, in addition to the applicable California wireless MSS, to customers who (1) qualify for and enroll in a federal Lifeline plan with a mobile usage allowance and elect to combine federal and state Lifeline subsidies or (2) qualify for and receive applicable federal make-up support.

10. LifeLine service providers should be allowed to offer wireless service plans that exceed the Tier 3 MSS by at least 5 GB for a copay, provided that they offer at least one plan that meets the Tier 3 MSS for no copay. Staff should review proposed

copay plans to ensure that such plans (1) exceed the MSS required for Tier 3 plans by at least 5 GB to ensure efficient use of staff resources (and so ratepayer funds); (2) are not throttled at lower gigabyte allotments than those offered in the zero copay plans; and (3) conform to all other Program rules, Commission decisions, and applicable laws. Staff should approve plans that conform to these requirements and for which the associated marketing materials have been submitted and comply with Program rules.

11. Providers should be required to obtain affirmative customer consent before enrolling customers in wireless plans that require a 60- or 90-day portability freeze.

12. Providers should be required to notify customers at least seven days before expiration of a 60- or 90-day benefits portability freeze.

13. Providers that elect to provide Tier 2 or Tier 3 plans with a portability freeze should be required to maintain the service level and MSS associated with the subscriber's selected plan for as long as the subscriber remains enrolled in that plan. This obligation should remain in effect unless the subscriber transfers service to another provider after the applicable portability freeze has expired.

14. The Commission should subsidize wireless service for customers that actually communicate with subsidized service.

15. Wireless SSA and MSS levels and activation/connection fee reimbursements should not be designed to offset the costs of free mobile devices.

16. Reduction of the activation/connection reimbursement amount and frequency is a prudent administration of ratepayer funds.

17. The Commission should establish wireless SSA and MSS tiers as set forth in Attachment 3.

18. Wireless providers should be required to file a Tier 2 advice letter to request the Communications Division's review of terms and conditions of the proposed Family Plans and/or plans that exceed the Tier 3 MSS. The Tier 2 advice letter shall

include the web address for the provider's California LifeLine web page and the associated marketing materials.

19. The annual update mechanism for the wireless SSA/MSS framework should reflect the discretionary nature of the analysis adopted herein and should not delegate that discretion to staff absent Commission oversight and approval.

20. It is reasonable for staff to review the impact of portability freezes on customers and on the LifeLine Program, including related complaints received by CAB and the TPA, to ensure such freezes do not negatively impact the Program.

21. The Commission should modify the wireline SSA such that the SSA for each provider equals 55 percent of that provider's basic service rate and the federal EUCL charge or \$19.00, whichever is lower.

22. It is reasonable for wireline service providers to request annual review of their individual wireline SSA via Tier 2 advice letter.

23. It is reasonable for the Commission to consider the impacts of the wireline SSA on Small LEC revenue recovery in Small LEC Annual Advice Letters until the effective date of new rates adopted in each Small LEC's next general rate case. After each Small LEC's first general rate case following the issuance date of this decision, it is reasonable to address the impact of the SSA updates on Small LEC revenue recovery only in Small LEC general rate cases.

24. It is reasonable to include the interim cost recovery calculation on Line 3 of Form CHCF-A 004 filed with each Small LEC's CHCF-A Annual advice letter.

25. The Commission should assess the impact of its wireline SSA update on customer charge or copay affordability.

26. It is reasonable for the Commission to continue applying the wireline SSA to fixed VoIP providers.

27. The Commission should expand its non-usage rule to include wireless customers who pay a copay to ensure the Program provides discounts to customers using subsidized service to communicate.

28. It is unreasonable to subsidize the high degree of churn in the LifeLine Program.

29. The Commission should decrease the reimbursement for wireless activation/reconnection charges to \$15.00, once per customer per service year.

O R D E R

IT IS ORDERED that:

1. Each Universal Telephone Service Program (California LifeLine) wireless provider shall file a Tier 2 advice letter within 45 days of the issuance date of this decision for any Tier 1 service plan it seeks to offer, as approved in Attachment 3. The Tier 2 advice letter shall include the web address for the provider's California LifeLine web page and the proposed marketing materials for the proposed Tier 1 wireless plan(s). In addition to existing filing requirements, providers shall also send a copy of the Tier 2 advice letter to the California LifeLine Section of the California Public Utilities Commission's Communications Division at CaLLAdviceLetter@cpuc.ca.gov including this decision number. Wireless providers shall (i) transition all customers to a qualifying Tier 1 plan by February 1, 2027, if such customers are currently (a) receiving less than 8 gigabytes (GB) if the customer is subscribed only to California LifeLine or (b) receiving less than 12.5 GB if the customer is enrolled in a federal Lifeline plan with a data allowance or qualifies for applicable federal make-up support; (ii) notify customers to be transitioned at least 30 days prior to transition that they will be transitioned to an applicable Tier 1 plan. Providers must transition customers described in this Ordering Paragraph regardless of whether such customers currently pay a copay. Providers are not required to transition customers who receive data allowances that exceed these service standards; however, after February 1, 2027, providers may not enroll customers in existing copay plans that offer data allowances that do not exceed Tier 1 plan requirements.

2. Each California Universal Telephone Service Program (California LifeLine) wireless provider shall file a Tier 2 advice letter as directed by the Communications Division in an administrative letter which shall be issued no sooner than April 2027. The administrative letter will outline requirements and processes for implementing Tier 2 and Tier 3 wireless plans, proposed Family plans, or plans offering data above the Tier 2 and Tier 3 Minimum Service Standards, as approved in Attachment 3. The Tier 2 advice letter shall include the web address for the provider's California LifeLine web page and the proposed marketing materials for the plans proposed in this Tier 2 advice letter. In addition to existing filing requirements, providers shall also send a copy of the Tier 2 advice letter to the California LifeLine Section of the California Public Utilities Commission's Communications Division at CaLLAdviceLetter@cpuc.ca.gov including this decision number.

3. California Universal Telephone Service Program wireless providers shall notify their customers of service plan changes at least 30 days prior to the effective date of service plan changes.

4. California Universal Telephone Service Program (LifeLine) wireless providers shall incorporate into their terms and conditions for LifeLine service a notice of the provider's requirement to report a customer's monthly data usage under the category of their wireless service plan to the California Public Utilities Commission.

5. California Universal Telephone Service Program (LifeLine) wireless providers shall report to the Communications Division the monthly data usage of each LifeLine subscriber, separated by each LifeLine subsidized rate plan that the provider offers. Providers shall submit this data with their reimbursement claims, beginning with claims for reimbursement for services provided beginning February 1, 2027, aligning with the initiation of the new Tier 1 Minimum Service Standard.

6. Each California Universal Telephone Service Program (California LifeLine) wireline provider may file a Tier 2 advice letter within 45 days of the issuance date of this decision for its Tier A Voice Plan, as approved in Attachment 3. The Tier 2

advice letter shall include the web address for the provider's California LifeLine web page and proposed marketing materials for the plan proposed in the Tier 2 advice letter. In addition to existing filing requirements, providers shall also send a copy of the Tier 2 advice letter to the California LifeLine Section of the California Public Utilities Commission's Communications Division at CaLLAdviceLetter@cpuc.ca.gov including this decision number.

7. California Universal Telephone Service Program wireline providers shall notify their customers of service plan changes at least 30 days prior to the effective date of service plan changes.

8. Each California Universal Telephone Service Program wireline provider, except the Small Local Exchange Carriers, may file a Tier 2 advice letter requesting updates to its Specific Support Amount by January 1 of each year, for rates effective April 1 of that same year. If a wireline provider does not file a Tier 2 advice letter requesting an update to its tariffed Specific Support Amount, staff will use the service provider's prior year Specific Support Amount.

9. The Small Local Exchange Carriers shall file Tier 2 advice letters requesting updates to their Specific Support Amounts and California Universal Telephone Service Program (California LifeLine) service rates as needed to align their annual California LifeLine rate review with the implementation dates of their basic service rate changes, until they reach the \$19.00 Specific Support Amount cap.

10. To the extent that a Small Local Exchange Carrier receives California High Cost Fund-A support, such Small Local Exchange Carriers shall forecast the impacts of the \$19.00 Specific Support Amount cap, or any subsequently adopted Specific Support Amount, on their revenue forecasts in their general rate cases so that the Commission can consider any projected revenue shortfalls.

11. If a Small Local Exchange Carrier that receives California High Cost Fund-A (CHCF-A) support experiences a revenue shortfall due to the adoption of the \$19.00 Specific Support Amount cap between the issuance date of this decision and its next

general rate case test year, that carrier may request recovery of the revenue shortfall through the CHCF-A Annual Advice Letter process. A request for adjustment should be shown on Line 3 of Form CHCF-A 004 filed with the carrier's CHCF-A Annual Advice Letter, cite to this decision, be calculated using the maximum allowable LifeLine customer rate, and reflect actual revenue and subscriber data. Recovery through the Annual Advice Letter shall be a temporary measure to avoid revenue shortfalls until each Small Local Exchange Carrier's next general rate case. Beginning in each Small Local Exchange Carrier's next general rate case test year, recovery via the Annual Advice Letter will not be permitted.

12. If any Small Local Exchange Carrier Annual Advice Letter or general rate case application shows a loss of revenue from the difference between what is recovered from the California Universal Telephone Service Program (California LifeLine) Fund under the \$19.00 cap and maximum allowable California LifeLine customer charges that is greater than 10 percent of the company's approved 2026 California High Cost Fund-A support amount, then the California LifeLine Program staff shall consider changes to the Specific Support Amount or California LifeLine Program rules to reduce this revenue loss and corresponding impact on the CHCF-A.

13. Wireless providers shall notify all customers of the non-usage rule change within 45 days of the issuance date of this decision.

14. General Order 153-A is adopted as set forth in Attachment 3 and is effective upon the issuance date of this decision, except for:

- a. the wireless Tier 1 Specific Support Amount, Minimum Service Standard, and associated rules as set forth in Attachment 3, General Order 153-A, Appendix A-2, (3)(a), and Appendix C, Part A, (4), Tier 1, and (5)-(7), which shall become effective on February 1, 2027; and
- b. the wireless Tiers 2 and 3 Specific Support Amounts, Minimum Service Standards, associated portability freezes and all associated rules and exemptions as set forth in Attachment 3, General Order 153-A, Appendix A-2, 3(b) and

- (c), (4)-(7) and Appendix C, Part A, (4), Tiers 2 and 3, and (9)-(10), which shall become effective upon the date to be confirmed in an administrative letter to be issued by the Communications Division, which shall confirm the readiness of the third-party administrator to implement this Ordering Paragraph; and
- c. the wireless Specific Support Amount and Minimum Service Standard Annual Review Process, as set forth in Attachment 3, General Order 153-A, Section 8.6, which shall become effective January 1, 2029.
15. Rulemaking 25-11-005 remains open.

This order is effective today.

Dated _____, at San Francisco, California.