

Date of Issuance: April 20, 2009

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Consumer Programs Branch**

**RESOLUTION T-17202
April 16, 2009**

RESOLUTION

**RESOLUTION T-17202 REVISES GENERAL ORDER 153 TO REFLECT
ADMINISTRATIVE REVISIONS TO THE CALIFORNIA LIFELINE
TELEPHONE PROGRAM**

SUMMARY

In accordance with Ordering Paragraph (OP) 2 of Decision (D.) 08-08-029, this Resolution revises General Order (GO) 153, Procedures for Administration of the Moore Universal Telephone Service Act, to incorporate changes necessary to implement the pre-qualification application system requirements, based on input received at the September, 2008 Implementation Workshop. This Resolution also updates the GO 153's current income eligibility requirements and includes other administrative changes. The revised GO 153 attached as Appendix A is adopted.

The new reporting requirements adopted in this Resolution shall take effect for the reporting and filing beginning with the July 2009 Universal Lifeline Telephone Service Program Report and Claim Form (Claim Form),¹ and thereafter. Utilities shall not be reimbursed for costs and lost revenues that are not reported in the manner prescribed by the revised GO 153 as adopted herein.

BACKGROUND

In compliance with OP 9 of D. 08-08-029, on September 29, 2008, the Communications Division (CD) conducted a one-day workshop to develop: (i) an understanding of the steps needed to implement the pre-qualification application system requirements by July 1, 2009 and (ii) to identify the measures that need to be undertaken by stakeholders to implement the pre-qualification requirements. Over 60 participants representing various local service providers, consumer advocates and community based organizations attended the workshop.

In the Decision, the Commission sought to address an ongoing problem under the current system of program application, referred to as "First Contact". Under the current first contact application system, a customer who applies for LifeLine is conditionally enrolled into the program at the

¹ Pursuant to GO 153 § 8.5.5, the Claim Form for July 2009 is due to CD on or before August 30, 2009, i.e. 30 days after the close of the monthly period for which a claim is made. Any customer who applies for a LifeLine service start date prior to July 2009 should be claimed using the prior claim form.

time of the call, and begins receiving the benefits immediately, pending certification approval from the Certifying Agent (CertA). The carrier makes the necessary changes to its internal billing systems, and the certification process begins. The carriers' cost of making the customer account changes is reimbursed by the \$10.00 conversion fee charged to the customer, and the balance of the tariffed conversion charge is claimed against the LifeLine fund (not to exceed the incumbent local exchange carrier's (ILEC's) rate). Should a customer fail to qualify for LifeLine, the customer is back-billed for the basic tariff rate discounts they should not have received, and the conversion fee of \$10.00 is not refunded to the customer.

The Decision implemented a new system of enrollment to eliminate the problem of back-billing called "Pre-qualification". Under the pre-qualification application system, a customer is no longer immediately enrolled in LifeLine. The customer must wait until the application is received, submitted, and approved by the Certifying Agent (CertA), before receiving the LifeLine discount. Once approved, a customer is back-credited for any discounts he/she would have received had they begun receiving discounts upon initial contact with the carrier (i.e. the "First Contact" system).

NOTICE

Notice of Resolution T-17202 revising GO 153 was published in the Commission Daily calendar on March 16, 2009 and mailed to the service list of Rulemaking (R.) 04-12-001, the LifeLine Administrative Committee, the LifeLine Working Group, and all telecommunication carriers in California.

DISCUSSION

A. Changes to GO 153 to Implement Pre-qualification

Based on the September 29, 2008 workshop, the following revisions to the GO are recommended and should be adopted:

1. Redefining "Application Date" and Adding "Service Start Date" to the List of Definitions

During the workshop, a number of carriers expressed concern regarding the handling of customer applications submitted during the "transition period" (the days leading up to the July 1, 2009 pre-qualification application system implementation date). Two scenarios were discussed during the workshop. For example, if a new customer calls his/her carrier on June 29th to request LifeLine service, the actual service start date may not be until sometime after the July 1st implementation date. Similarly, if a new customer calls and asks for service on June 29th, but requests the service to begin at a future date (new apartment, etc.), should he/she be enrolled in LifeLine at the time of the call or the service start date? The carriers requested further guidance as to whether these customers should be enrolled under the current system of First Contact or under the pre-qualification system, which becomes effective on July 1, 2009.

The workshop participants discussed two points in time – the “Application Date” (date of initial contact) or the “Service Start Date” - to be used in determining which application system to use. For existing customers (those who are already receiving service from the carrier), the date the customer calls their carrier and requests LifeLine should be the “Service Start Date” for the purposes of billing, back-credits and the LifeLine claim. For new customers, the “Service Start Date” determines the application system to be used during this transition period, as well as the start date for back-credits.

The “Service Start Date” for new customers is the most logical and easiest method to determine which application process to follow. During the transition period, carriers will be required to inform new LifeLine applicants that the customer’s application will be processed under one of two different systems depending on the date service begins. In addition to the “Service Start Date”, carriers’ actions will also affect which application system is used during the transition period. Depending on how quickly carriers can input customers into their billing systems and begin service, a new customer who applies for LifeLine in late June 2009 may be enrolled using the First Contact system or pre-qualification application system.

Carriers will use the “Service Start Date” to determine the length of time to back-credit new customers upon successful enrollment in LifeLine. The alternative – “Application Date” - would result in new customers who request service in June but have a “Service Start Date” after July 1, 2009, to be treated under the First Contact rule. Some competitive local exchange carriers (CLECs) stated at the workshop that it can take twenty or more days to start service for some customers. In cases where a customer requests service to begin at a future date (even months in advance), the problem is multiplied.

We emphasize that under pre-qualification, customers do not have the option of signing up for LifeLine phone service in June for service starting in September. The LifeLine Program does not allow for “pre-application”.

For these reasons, CD recommends the following definitional changes to GO 153: (Added or revised text appears in ***bold italics***.)

- 2.1.3 “Application Date” - The date an ***existing*** customer calls his/her carrier and requests LifeLine service. ***The “Application Date” serves as the “Service Start Date” for LifeLine discounts*** once the CertA determines eligibility and notifies the customer’s carrier. The customer’s enrollment in LifeLine is back-dated to the date of the customer’s initial request to the carrier
- 2.1.48 ***“Service Start Date” – The date a new customer begins receiving phone service. The customer is billed by the carrier from this date. For the purposes of LifeLine pre-qualification, once a new customer’s application is approved, the customer receives LifeLine discounts back to the Service Start Date.***

2. Conversion Charges

With the introduction of the pre-qualification application system, we find it necessary to clarify the rules for claiming conversion fees. Following the request by a customer to be enrolled in LifeLine, the carrier sends the appropriate information to the CertA notifying them of the customer request. In addition, the carrier makes the necessary system changes identifying the customer as a “pending LifeLine applicant.

During the workshop, carriers discussed the steps required for processing LifeLine applicants under the pre-qualification application system. Most carriers consider the LifeLine customer application process to be a multi-step process. First, the carrier generates a work order identifying a customer as a pending LifeLine applicant with billing set at the non-LifeLine rates. Following the certification process by the CertA, the carrier follows one of two steps. If the customer is certified as eligible for LifeLine, the carrier converts the status of the customer from pending to LifeLine customer, and makes the necessary system changes to the customer’s account including issuing bill credits for the difference between the normal rate and the LifeLine rate. If the customer’s eligibility is denied, the carrier removes the “pending” status from the customer’s account.

Carriers stated three questions about this process. The first question was whether a conversion charge should be levied at the beginning of the process (“Application Date”) or when a customer qualifies (“Certification Date”). The second question was whether and how the carriers should be compensated for work done if a customer fails to qualify. Carrier’s third question is how to apply connection charges for new customers (requesting installation of initial service) and conversion charges for existing customers (changing their status).

CD staff recognizes that some costs are incurred by the carriers upon receipt of a customer request to apply for LifeLine service. However, we read the intent of the GO to compensate carriers for conversion only if a service conversion has taken place. Therefore, under Section 8.1.3.2, carriers can only charge a conversion fee upon the successful conversion of a customer’s service (basic to LifeLine, flat to measured, or measured to flat). Under the pre-qualification application system, if a customer fails to qualify for LifeLine, he/she cannot be charged a conversion fee and carriers cannot claim the conversion fee from the LifeLine fund. Costs incurred to make the above noted changes to a customer’s account must be recovered through carrier rates when that customer fails to qualify for LifeLine. In addition, staff has interpreted GO 153 rules that carriers cannot assess a conversion fee if a customer is removed from the LifeLine program.

As a result, CD recommends the following clarification paragraph be added to GO 153:

8.1.3.3 *No conversion charge may be assessed on an applicant or claimed from the LifeLine fund if a LifeLine applicant fails to qualify. No conversion charge can be assessed on a customer or claimed from the LifeLine fund if a customer is removed from the LifeLine program (either voluntarily or involuntarily).*

3. Connection Charges

Similar to conversion charges, carriers sought clarification on how connection charges would be handled under pre-qualification. General Order 153 rules for connection charges remain unchanged under the pre-qualification system. Section 8.1.1.3 allows carriers to claim a connection (installation) charge any time a qualifying household establishes LifeLine at a new residence or at the same residence at which LifeLine was previously provided.

4. Claim Forms

The claim forms have been revised to allow staff to expedite staff review and approval of claims by carriers and implement prequalification requirements. Attachment A contains the revised GO 153 with revisions to Appendix D, the claim form, workpapers and instructions. Attachment B contains a description of the changes made to the claim form, workpapers and instructions.

5. Payment Plans

Joint Consumers², the Division of Ratepayer Advocates (DRA), and AT&T California (AT&T) made recommendations for the General Order to clarify the carrier's obligation to offer payment plans. CD staff concurs with the additional sentence recommended by AT&T, and has modified Section 4.2.4 accordingly (see below).

- 4.2.4 Utilities shall inform LifeLine applicants that they will incur regular tariff rates and charges until completion of the certification process. Utilities shall offer LifeLine applicants a payment plan for the regular tariff non-recurring charges and deposits **for basic service**, and shall inform applicants of the existence of such plans.

B. Other Administrative Changes to GO 153

1. Updating Public Assistance Program Names

The LifeLine Working Group³ pointed out that the names for some of the public assistance programs listed in GO 153 as approved means-test programs have changed. These changes have already been made to the information distributed by carrier and the marketing contractor. We update the names of these programs as follows: (Added text appears in ***bold italics***.)

- 5.1.5.2 ***Supplemental Nutrition Assistance Program (SNAP), formally known as "Food Stamps"***

² The Utility Reform Network, Disability Rights Advocates, and the National Consumer Law Center

³ The Commission established the LifeLine Working Group as a forum for carriers, Commission staff, and consumer groups to discuss and resolve LifeLine program administrative issues.

- 5.1.5.6 Temporary Assistance for Needy Families (TANF), ***known in California under the following names:***
California Work Opportunity and Responsibility to Kids (CalWORKs)
Stanislaus County Work Opportunity and Responsibility to Kids (StanWORKs)
Welfare-To-Work (WTW)
Greater Avenues for Independence (GAIN)

2. Updating LifeLine Rates

In D. 07-09-020, and D. 08-09-042, Uniform Regulatory Framework (URF) the Commission authorized carriers to raise their LifeLine rates to reflect the cost of living adjustment of 2.36%, effective January 1, 2008 and to raise their basic flat rate by no more than \$3.25 on January 1, 2009 and 2010. As a result, the following sections in the GO are updated to reflect the current LifeLine rate structure in California:

- 8.1.4.1 The LifeLine flat-rate service shall be no lower than \$5.47, unless 1/2 of carrier's basic residential flat-rate is lower than \$5.47, and in that case, the lower rate applies
- 8.1.5.1 The LifeLine measured-rate service shall be no lower than \$2.91, unless 1/2 of carrier's basic residential measured service rate is lower than \$2.91, and in that case, the lower rate applies.

3. Modifying Claim Process Sections

CD staff recommended minor clarifications to Section 9. Reports and Claims for Reimbursement of LifeLine-Related Costs are recommended. Each change either corrects typographical errors or reflects current CD practices. (The added or revised text appears in ***bold italics.***)

- 9.3.3 The federal EUCL charge that the utility pays on behalf of its LifeLine customers ***is limited to the underlying ILEC's EUCL rates.***
- 9.8.6 ***If CD determines there is an overpayment of LifeLine claims, CD shall take all appropriate actions, which may include but is not limited to (i) adjusting the overpayment against the current claim, (ii) offsetting the overpayment against future Lifeline claims; iii) making payment arrangements with the carrier or utility, or iv) any other reasonable arrangement with the carrier or utility to ensure that the carrier or utility properly reimburses the Lifeline Fund for the overpayment of***

Lifeline claims.

- 9.9.2 No interest shall be paid on (i) claims that are not submitted by the due date, (ii) claims that are incomplete or lack supporting documentation, (iii) claim payments that are withheld from a utility due to a utility's failure to timely report or remit LifeLine surcharge revenues, ***or (iv) claim payments that are withheld due to overpayment of LifeLine claim.***
- 9.11.3 Utilities shall provide to the Commission or CD ***within 10 business days***, upon request, documents, workpapers, records (to the extent that records exist) and other information regarding costs and lost revenues claimed by the utility. Failure to provide information requested by the Commission or CD is reasonable grounds to deny costs and lost revenues claimed by the utility.
- 9.13.3 Each CLEC must notify CD before the FY begins whether it chooses to receive its incremental operating expenses based on this cost-factor.

Parties⁴ requested additional time to submit additional requested claim information. CD staff concurs, and modified Section 9.11.3 to extend the deadline to ten business days.

4. Carrier Script Change – Enrollment Process

Carriers and the CertA have expressed concern about the number of customers who have been unable to transfer their LifeLine status when transferring service to a new carrier. As a result, many of these existing LifeLine customers have been forced to re-apply for LifeLine service.

CD recommended modifying section 4.2.1.1 to require carriers to request the following information from customers to assist the Cert A to validate the customer's LifeLine certification status:

- Name exactly as it appears on their former telephone carrier's bill,
- Exact service address as it appears on their former telephone carrier's bill,
- If the customer is not porting their telephone number, their former telephone number.

Carriers⁵ expressed concerns about the time and cost needed to implement this change. They noted that the information requested may not be readily available from customers. As this does not appear to be a matter of concern for parties, CD staff accepts carrier's recommendation and will not recommend changes to carrier scripts or the database feed at this time.

⁴ Frontier Communication (Frontier), Cox Communication (Cox), AT&T, Small ILECs (see Footnote 8), SureWest Telephone (SureWest) and Verizon California, Inc. (Verizon)

⁵ AT&T, Verizon, SureWest, Cox, and the Small ILECs.

- 4.2.1.1 If yes, the carrier shall contact the CertA to validate the customer's certification status. The utility shall inform the customer that the CertA will notify the customer and the customer's carrier once it determines whether or not the customer is currently or within the last 30 days has been enrolled in LifeLine. If the CertA cannot confirm the customer's continued eligibility the customer will be treated as a new LifeLine applicant and be subject to the certification process.

5. March 30, 2009 Letter - LifeLine Income Limits for 2009/2010

In accordance with CD letter issued on March 30, 2009, the Income Limits identified in §5.1.4 of the GO are updated as follows:

LifeLine Income Limits	
<u>Household Size</u>	<u>Effective 6/01/09 through 5/31/10</u>
1-2 members	<i>\$24,000 per year</i>
3 members	<i>\$28,200 per year</i>
4 members	<i>\$34,000 per year</i>
Each additional member	<i>\$5,800 per year</i>

In addition to the administrative changes to the General Order addressed above, CD corrected website references for 6.2, 10.2 and 11.21. CD recommends adoption of all administrative changes to the GO in addition to the changes made to further clarify the rules for the pre-qualification application system adopted by the Commission in D. 08-08-029.

5. Other Administrative Changes

AT&T recommended modifications to a number of sections to clarify current practices and forms used by Solix. These changes correct previous errors in the General Order and have been adopted.

In addition, Cox, AT&T and Verizon recommend additional language in sections 4.2.5 and 5.4.6 to clarify the circumstances in which a customer can request a refund check. See the changes below. CD staff concurs, and adopts the recommended wording.

- 4.2.5 Utilities shall inform LifeLine applicants that once certified, they will receive a credit on their bill for LifeLine discounts as of the Application Date and, if they have a net credit balance of at least \$10.00 on their next bill, they may

request a refund check for any such net credit balance.

- 5.4.6 Upon successful completion of the certification process, the customer's basic service will be converted to LifeLine service and the customer's account credited the difference between LifeLine rates and charges and regular tariff rates and charges, as outlined in Section 8.1 of this General Order, and any deposits related to basic service, as of the Application Date. Customers with a net credit balance of at least \$10.00 reflected on their next bill may request a refund check in the amount of such net credit balance.

COMMENTS ON DRAFT RESOLUTION

In compliance with PU Code §311(g), copies of the draft resolution were mailed on March 16, 2009 to the parties of record in R. 04-12-001, participants of the September 29, 2008 Workshop, the LifeLine Administrative Committee, the LifeLine Working Group, and all carriers providing telephone service in California. Parties submitted opening comments⁶ on March 31, 2009, and reply comments⁷ were submitted on April 6, 2009, in accordance with the Notice of Availability dated March 16, 2009.

Service Start Date

On the issue of "Service Start Date" and "Application Date", Joint Consumers (consisting of The Utility Reform Network, Disability Rights Advocates, and the National Consumer Law Center) asked for additional clarification that transfer customers (LifeLine participants changing carriers within thirty days) will be treated not as "pre-application" but as transfers in accordance with Section 5.4.5. CD staff concurs, and notes that transfer customers as defined by Section 5.4.5 are not affected by adding these two definitions.

In response to AT&T and Verizon's comments that implementation of the Resolution would result in carriers maintaining two enrollment systems during the transition period (late June 2009), the Commission is not advocating a dual enrollment system, or asking carriers to enroll customers before July 1, 2009 using pre-qualification. The Resolution requires the customers be certified based on their Service Start Date. As there can be a time lag between when a customer calls their carrier and when the data is submitted to the CertA, *during the transition period* we are requiring carriers to inform their customers that they may be qualified under a different system.

Conversion Charges

CD staff concurs with Joint Consumers and DRA that customers should only be charged a conversion fee upon successful enrollment in the LifeLine program. We also concur that upon initial enrollment with a carrier, a customer cannot be charged a conversion fee in addition to a

⁶ Opening comments were submitted by AT&T, Cox, the Division of Ratepayer Advocates (DRA), Frontier, Joint Consumers, the Small ILECs (see Footnote 8), and Verizon.

⁷ Reply comments were submitted by AT&T, DRA, SureWest, and Verizon.

connection fee. We believe that the current wording of the General Order is sufficient, and no additional language is required.

We understand that carriers incur some “setup” costs when a customer applies for LifeLine, whether or not they are approved. However, in keeping with the intent of the original Decision, we are denying the request by the Small ILECs⁸ and SureWest to allow for conversion fees regardless of whether the customer successfully applies.

Description of LifeLine Rates

The Small ILECs recommended alternate language to describe the current rate structure for LifeLine customers. CD staff concurs with the wording, and therefore has incorporated the changes to Sections 8.1.4.1 and 8.1.5.1.

Modifying the Claims Process

In their comments⁹, carriers opposed a five-day deadline for follow-up requests by CD staff for information on submitted claims. Therefore we increase the deadline to ten business days. Section 9.11.3 has been modified accordingly.

Carrier Script Changes

In their comments¹⁰, carriers noted the difficulty in modifying the current system to capture additional information from customers trying to transfer service. It was noted that the information may not be readily available, and the costs to make the changes would be prohibitive. Therefore, we will withdraw the recommendation and revise Section 4.2.1.1 to its original wording accordingly. However we do encourage carriers to make every effort to help the CertA match the transfer customer to prevent customers from going through the certification process unnecessarily. We also encourage the use of the optional “Prior TN” field.

Other Issues – Payment Plans

Joint Consumers asked for clarifying language related to carrier’s obligation to offer payment plans to customers. AT&T opposed the recommendation, stating that the additional wording to the General Order would be duplicative and unnecessary.

⁸ The Small ILECs are a group of small incumbent local exchange carriers serving rural and remote areas, as follows: Calaveras Telephone Company (U 1001 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Co. (U 1009 C), Happy Valley Telephone Company (U 1010 C), Hornitos Telephone Company (U 1011 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C), The Siskiyou Telephone Company (U 1017), Volcano Telephone Company (U 1019 C), and Winterhaven Telephone Company (U 1021 C)

⁹ Frontier, Cox, AT&T, Small ILECs, SureWest and Verizon.

¹⁰ Frontier, Cox, AT&T, Small ILECs, SureWest and Verizon.

AT&T recommended that Section 4.2.4 be expanded to clarify the payment plan option, and to clarify for what carriers are required to offer a payment plan. CD staff concurs, and Section 4.2.4 has been revised. Carrier scripts are required to include the option of a payment plan.

Other Issues – Miscellaneous

Joint Consumers noted a few wording errors in the General Order. These corrections (capitalizing “Application Date” in Section 4.2.5) and changing “re-certification” to “verification” in Section 13.9 are adopted.

AT&T also made a number of recommendations to correct statements in Sections 4.4, 5.4, 5.5, 6.2, and 6.4 to reflect current practices of the CertA. These recommendations are adopted.

Cox requested that changes be made to Sections 4.2.5 and 5.4.6 to clarify the option customers have under pre-qualification to request refund checks. AT&T and Verizon concurred. These recommendations are adopted.

All carriers providing LifeLine service must comply with procedures set forth in GO 153. Carriers providing LifeLine service are notified by this Resolution that they must conform to the LifeLine rule changes established by the Commission no later than July 1, 2009. Failure to comply with GO 153 may result in non-payment of LifeLine claims. CD shall serve a copy of this Resolution within 5 business days after its adoption on carriers that have submitted LifeLine claim(s) during calendar year 2008.

FINDINGS

1. Decision 08-08-029 adopted the pre-qualification enrollment process for LifeLine applicants beginning July 1, 2009.
2. The current claim form and workpapers required in Appendix D of GO 153 is not sufficient to meet the requirements of the new application process, and must be updated.
3. The current practice of using the “Application Date” as the means to determine when a LifeLine applicant is officially considered a LifeLine customer is inadequate under the new pre-qualification enrollment process.
4. Under the pre-qualification enrollment process, the means by which carriers can assess conversion charges on customers (and claim the lost revenue from the LifeLine fund) needs clarity.
5. Under the pre-qualification enrollment process, no further clarification is required for carriers to charge connection/installation fees to new customers (or to claim the lost revenues from the LifeLine fund for LifeLine customers).

6. Attachment A of this Resolution incorporates the changes to General Order (GO) 153 discussed at the September 29, 2008 Workshop and the administrative updates CD recommends to the GO.
7. Attachment B of this Resolution describes changes to the claim form, workpapers and instructions.
8. The revised GO 153 attached as Attachment A should be adopted.
9. The new reporting requirements adopted in this Resolution should take effect for the reporting and filing of the July 2009 Lifeline Report and Claim Form, and thereafter. Utilities should not be reimbursed for costs and lost revenues that are not reported in the manner prescribed by the GO adopted herein.

THEREFORE, IT IS ORDERED that:

1. The Commission adopts the revised General Order (GO) 153 included as Attachment A.
2. Carriers participating in the LifeLine program should comply with policies and procedures set forth in GO 153.
3. The new reporting requirements adopted in this Resolution shall take effect for the reporting and filing of the July 2009 Lifeline Report and Claim Form, and thereafter. The claim form submitted in July 2009 for carrier and customer activity up through June 2009 should comply with the General Order 153 rules and claim form in effect prior to July 1, 2009.
4. Utilities shall not be reimbursed for costs and lost revenues that are not reported in the manner prescribed by GO 153 adopted herein.
5. All carriers providing LifeLine must comply with procedures set forth in GO 153. Carriers providing LifeLine must conform to the LifeLine rates and charges established by the Commission no later than July 1, 2009. Should a carrier's existing LifeLine rates, charges, terms and conditions need to be revised to comport with GO 153, the carrier must file an advice letter on or before June 1, 2009 to revise its LifeLine tariffs to become effective on July 1, 2009.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 16, 2009. The following Commissioners approved it:

_____/s/ Paul Clanon
PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners

Attachment A

GENERAL ORDER 153

Public Utilities Commission of the State of California PROCEDURES FOR ADMINISTRATION OF THE MOORE UNIVERSAL TELEPHONE SERVICE ACT GENERAL ORDER

1. GENERAL

- 1.1 Intent – The purpose of this General Order is to implement the Moore Universal Telephone Service Act [California Public Utilities Code §871 et seq.]. The Act is intended to provide low-income households with access to affordable basic residential telephone service.
- 1.2 Applicability – This General Order is applicable to all telecommunications carriers operating in California and to residential customers eligible for Universal LifeLine Telephone Service furnished pursuant to the Moore Universal Telephone Service Act.

2. DEFINITIONS

- 2.1.1 “Act” – The Moore Universal Telephone Service Act, AB 1348, Ch. 1143, Stats. 1983 [California Public Utilities Code §871 et seq.], as amended.
- 2.1.2 “Annual LifeLine notice” – The written notice that each utility annually sends to all of its residential customers regarding the availability, terms, and conditions of LifeLine.
- 2.1.3 “Application Date” - The date an existing customer calls his/her carrier and requests LifeLine service. The “Application Date” serves as the “Service Start Date” for LifeLine discounts once the CertA determines eligibility and notifies the customer’s carrier. The customer’s enrollment in LifeLine is back-dated to the date of the customer’s initial request to the carrier.
- 2.1.4 “Basic Residential Telephone Service” – A class of local telephone service designed to meet the minimum communication needs of residential customers. The elements of basic residential telephone service are set forth in Appendix A of this General Order. Basic residential telephone service is sometimes referred to as basic service.
- 2.1.5 “Business Day” – Official business day of the State of California.
- 2.1.6 “California High Cost Fund B (CHCF-B)” – A fund established by the Commission in D.96-10-066 for the purpose of subsidizing residential telephone service provided by COLRs in designated high-cost areas of the State.
- 2.1.7 “California LifeLine Telephone Program” – sometimes referred to as “California Lifeline” or “Lifeline service.” - LifeLine is a class of subsidized local telephone service designed to meet the minimum communication needs of low-income residential customers. LifeLine includes all of the service elements set forth in Appendix A of this General Order. LifeLine is funded by a surcharge on all end users of intrastate telecommunications services for certain services set forth in this General Order.
- 2.1.8 “Carrier of Last Resort (COLR)” – A carrier that is required by D. 96-10-066 to provide telephone service, upon request, to all residential and business customers

within a designated geographic area. A COLR may be designated as such pursuant to D. 96-10-066, Appendix B, Rule 6.D.1, or voluntarily acquire such status pursuant to D. 96-10-066, Appendix B, Rule 6.D.4.

- 2.1.9 “Certification” – When a customer’s application to enroll in LifeLine is approved.
- 2.1.10 “Certification Process” – A process that a customer must undergo when applying to enroll in LifeLine.
- 2.1.11 “Certifying Agent (CertA)” – A third-party administrator retained by the Commission to certify and verify the eligibility of LifeLine customers.
- 2.1.12 “Certification Date” – The date when the CertA determines eligibility and notifies the customer’s carrier.
- 2.1.13 “Commission” – The California Public Utilities Commission.
- 2.1.14 “Communications Division (CD)” – An organization within the Commission that is responsible for carrying out those duties and responsibilities related to the LifeLine program that is set forth in this General Order.
- 2.1.15 “Customer-Owned Pay Telephone (COPT)” – A pay telephone (coin or coinless) owned by a person or a business other than a phone company for public or non-public use.
- 2.1.16 “Deadline Date” – The date printed on the customer’s certification form, by which the application information must be received by the CertA to avoid having the application rejected.
- 2.1.17 “Deaf and Disabled Telecommunications Program (DDTP)” – A public program established pursuant to California Public Utilities Code §2881 et seq., to provide persons who are deaf, hard of hearing, or disabled with free telecommunications equipment and services for the purpose of enabling such customers to communicate over the public telephone network.
- 2.1.18 “Deposit” – Money paid by the customer as security to the serving utility in order to establish or re-establish service as required by the utility’s tariffs.
- 2.1.19 “Disabled Person” – A person who is qualified to obtain free telecommunications equipment and services through the DDTP pursuant to California Public Utilities Code §2881 et seq.
- 2.1.20 “Eligible Telecommunications Carrier (ETC)” – A carrier designated by a state commission pursuant to Subpart C of Title 47 of the Code of Federal Regulation (47 C.F.R.) §54.201. An ETC is required to provide to qualified low-income customers, the services described in Subpart E of 47 C.F.R., and the ETC is eligible to receive the federal financial support for the provision of such services.
- 2.1.21 “End-user intrastate telecommunications services” – All telecommunications services that both originate and terminate within the State of California, whether tariffed or detariffed, that are used by, and billed to, the final user of the service.

- 2.1.22 “End-User Common Line (EUCL) Charge” – The federally mandated monthly charge assessed directly on end-users of telecommunications services to recover portion of a utility’s interstate-allocated cost of the access line between the utility’s central office and the end-user’s premises.
- 2.1.23 “Enrollment” – When a customer begins to receive LifeLine discounts.
- 2.1.24 “Exchange Area” – An area shown on maps filed in a utility’s tariff schedules within which the utility holds itself out to furnish exchange telephone service from one or more central offices serving that area.
- 2.1.25 Extended Area Service (EAS)” – An exchange service available to customers in a particular exchange or district area for communication throughout that exchange and other designated areas in accordance with the provisions of a carrier’s exchange tariffs.
- 2.1.26 “Flat-Rate Local Service” – Local telephone service satisfying the requirements of basic residential telephone service which is furnished for a fixed periodic charge and provides unlimited local calls without additional charges.
- 2.1.27 “Gross revenues” – All revenues billed by a telecommunications carrier for the provision of intrastate telecommunications services, excluding all federal, state, and local taxes and all accounts that have been found to be worthless and written off for income tax purposes or, if the telecommunications carrier is not required to file income tax returns, written off in accordance with generally accepted accounting principles.
- 2.1.28 “Household” – A LifeLine customer and those persons, if any, living with the LifeLine customer in a single residence.
- 2.1.29 “Income-based criterion” – An eligibility based on the customer’s household size and corresponding income limit established by the Commission.
- 2.1.30 “Incumbent Local Exchange Carrier (ILEC)” – The former monopoly provider of local exchange service in a given service area. ILECs are required to serve as a COLR, pursuant to D.96-10-066, Appendix B, Rule 6.D.1.
- 2.1.31 “Intrastate telecommunication service” – Means any of the following:
 - 2.1.31.1 A telecommunication for which there is a toll charge that varies in amount with the distance and/or the elapsed transmission time of each individual communication, where the point of origin and the point of destination are located within this state.
 - 2.1.31.2 A service that entitles the subscriber, upon payment of a periodic charge (determined as a flat amount or upon the basis of total elapsed transmission time), to the privilege of an unlimited number of telecommunications to or from persons having telephone, data, or radio telephone stations that are outside or within the exchange area in which the station provided with the service is located, where the point of origin and the point of destination are located within this state.

- 2.1.31.3 A service that entitles the subscriber, upon payment, to transfer or move information whether voice, data, digital, or video in nature where the point or points of origin and the point or points of destination of the service are located in this state.
- 2.1.32 "In This State" – Means within the interior limits of the State of California and includes all territory within those limits owned by or ceded to the United States of America.
- 2.1.33 "Local Call" – A completed call or telephonic communication between a calling station and any other station within the designated local exchange area plus any extended area service of the calling station.
- 2.1.34 "Measured-Rate Local Service" – A local telephone service satisfying the requirements of basic residential telephone service for which there is a usage-based charge for some or all local calls.
- 2.1.35 "Medical Certificate" – A certificate signed by a medical professional which states that a designated telephone customer has a disability that qualifies the customer for specialized telecommunications equipment from the DDTP. Medical certificates must comply with California Public Utilities Code §2881 et seq.
- 2.1.36 "Pre-qualification" – The process by which customers apply for the LifeLine program, but do not obtain the discounted service until their application has been received and approved by the CertA.
- 2.1.37 "Program-based Criterion" – An eligibility based on participation in various means-tested programs approved by the Commission.
- 2.1.38 "Qualifying Equipment" – Equipment that a household must possess in order to qualify for more than one LifeLine line.
- 2.1.39 "Qualifying Household" – A customer who is eligible to receive LifeLine.
- 2.1.40 "Public Advisor" – An organizational unit within the Commission that is responsible for carrying out those duties and responsibilities related to the LifeLine program that is set forth in this General Order.
- 2.1.41 "Re-certification" – For the purpose of this General Order, re-certification is synonymous with verification.
- 2.1.42 "Regular Tariff Rates" – A carrier's or utility's rates and charges for telecommunications services that are applicable to non-LifeLine residential customers.

- 2.1.43 "Residence" – That portion of an individual house, building, flat, or apartment (a dwelling unit) occupied entirely by a single family or individual functioning as one domestic establishment. A room or portion of a dwelling unit occupied exclusively by an individual not sharing equally as a member of the domestic establishment may be considered a separate residence for the application of Universal LifeLine Telephone Service.
- 2.1.44 "Residential Local Service" – Basic residential telephone service furnished to a customer at a residence or place of dwelling where the actual or obvious use is for domestic purposes and not for business purposes.
- 2.1.45 "Service" – Basic residential telephone service furnished to a customer at a residence or place of dwelling where the actual or obvious use is for domestic purposes and not for business purposes.
- 2.1.46 "Service Connection Charge" – A charge designed to recover in part certain expenses incident to the installation of telephone service.
- 2.1.47 "Service Conversion Charge" – A charge designed to recover certain expenses incident to changing the class, type, or grade of LifeLine, such as switching from measured-rate local service to flat-rate local service.
- 2.1.48 "Service Start Date" – The date a new customer begins receiving phone service. The customer is billed by the carrier from this date. For the purposes of LifeLine pre-qualification, once a new customer's application is approved, the customer receives LifeLine discounts back to the Service Start Date.
- 2.1.49 "Surcharge" – The percentage increment, as determined by the Commission, which is applied to the end-user's bill by the carrier for intrastate telecommunications services.
- 2.1.50 "Telecommunications Carrier" – Any provider of end-user intrastate telecommunications services such as local exchange carriers, competitive local carriers, interexchange carriers, commercial mobile radio service carriers, and paging companies. Pursuant to California Public Utilities Code §234(b), the definition of "telecommunications carrier" excludes providers of one-way paging service.
- 2.1.51 "Text-Telephone Device" – A device used by disabled persons to send and receive information over a telephone line in text and graphic forms. A text-telephone device is commonly referred to as a "TTY."
- 2.1.52 "Three-Month Commercial Paper Rate" – The 3-month commercial paper rate published in the Federal Reserve Statistical Release, G-13.
- 2.1.53 "Third-Party Administrator" – see definition of CertA.
- 2.1.54 "Toll Blocking" – A service provided by a carrier that lets consumers elect not to allow the completion of outgoing toll calls from their telecommunications channel.
- 2.1.55 "Toll Control" – A service provided by a carrier that allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or per billing cycle.
- 2.1.56 "Toll Limitation Service" – A service that includes, but is not limited to, toll blocking or toll control service.

- 2.1.57 “Total Household Income” – All revenues, from all household members, from whatever source derived, whether taxable or non-taxable, including, but not limited to: wages, salaries, interest, dividends, spousal support and child support, grants, gifts, allowances, stipends, public assistance payments, social security and pensions, rental income, income from self-employment and cash payments from other sources, and all employment-related, non-cash income.
- 2.1.58 “ULTS Trust Administrative Committee (ULTSAC)” – An advisory board that advises the Commission on the development, implementation, and administration of the LifeLine program to ensure LifeLine telephone service is available to the people of the state, as provided by the Act.
- 2.1.59 “LifeLine Trust Administrative Committee Fund (LifeLine Fund)” – A repository of LifeLine surcharge monies used to reimburse utilities and others as directed by the Commission for the costs associated with the provision and administration of the LifeLine program.
- 2.1.60 “LifeLine Line” – A single subsidized telephone connection provided by a utility under the LifeLine program to a qualifying household.
- 2.1.61 “Utility” – A telecommunications carrier that offers LifeLine as defined by this General Order. All telecommunications carriers that offer residential local exchange service are required to offer LifeLine.
- 2.1.62 “Verification Process” – A process that an existing LifeLine customer must undergo annually to remain on the LifeLine program.
- 2.1.63 “Verification date” – The deadline for a completed verification form and supporting documentation, if any, to be received by the CertA.

3. TARIFF FILINGS

- 3.1 Telecommunications carriers that are required to file tariffs with the Commission shall include in their tariffs the requirement to collect the LifeLine surcharge from their customers.
- 3.2 Utilities that are required to file tariffs with the Commission shall include in their tariffs the requirement to offer LifeLine to the public under the terms and conditions that reflect the requirements of California Public Utilities Code §871 et seq., relevant Commission decisions, and this General Order.
- 3.3 Any telecommunications carrier that offers LifeLine shall file tariffs regarding the provision of LifeLine that reflect the requirements of California Public Utilities Code §871 et seq., relevant Commission decisions, and this General Order.
- 3.4 All tariff filings pertaining to any aspect of the LifeLine program and/or the LifeLine surcharge shall be filed in accordance with California Public Utilities Code §489 and General Order 96B. No tariff shall substantially depart from the intent of this General Order.

4. NOTICES, ENROLLMENT, AND FORMS

- 4.1 Initial LifeLine Notice.

- 4.1.1 Utilities shall inform new customers calling to establish residential local exchange telephone service about the availability of LifeLine, a discount program for customers with a household member currently enrolled in certain public assistance programs or customers with low household income. If customers indicate that they are interested in subscribing to LifeLine, utilities shall contact the CertA to begin the LifeLine enrollment process for the customer in accordance with Section 4.2 of this General Order.
- 4.1.2 Utilities shall not link the availability of discounted phone service under the LifeLine program with the sale of non-LifeLine services.
- 4.1.3 Utilities shall send a confirmation notice to all new customers who desire to enroll in LifeLine informing them of the arrival of application forms from the California LifeLine program and the requirement to return the completed forms with all required documentation. The notice shall also inform LifeLine applicants that failure to return the forms and eligibility documentation by the deadline date will result in the denial of the application for discounted telephone service.

4.2 Enrollment

- 4.2.1 Utilities shall ask the customer whether he/she is currently or within the last 30 days has been enrolled in LifeLine by another utility.
 - 4.2.1.1 If yes, the carrier shall then contact the CertA to validate the customer's certification status. The utility shall inform the customer that the CertA will notify the customer and the customer's carrier once it determines whether or not the customer is currently or within the last 30 days has been enrolled in LifeLine. If the CertA cannot confirm the customer's continued, the customer will be treated as a new LifeLine applicant and be subject to the certification process.
 - 4.2.1.2 If no, ask the customer if any member of the household is enrolled in a public assistance program.
 - 4.2.1.2.1 If yes, read the means-tested programs listed in Section 5.1.5 of this General Order and ask the customer whether the household member is enrolled in any of these programs. Utility may use the step-down approach when reading the means-tested programs and stop when the customer confirms that a household member is enrolled in an approved program.
 - 4.2.1.2.1.1 If customer verbally indicates participation in an approved public program, immediately contact the CertA to begin the LifeLine application process for the customer and inform the customer that: (i) the customer will be receiving a certification form in the mail for completion and submission; (ii) the completed certification form must be completed on-line or filled in and returned to the CertA by the deadline date indicated on the form; and (iii) specify any deposits required; (iv) payment plan is available for nonrecurring charges and deposits relating to

basic service, and (v) the CertA will notify the customer and the customer's carrier once it determines whether or not the customer is eligible for LifeLine.

4.2.1.2.2 If no, ask the customer about his/her household size and read the corresponding LifeLine income limit that the customer must meet in order to qualify for LifeLine. The utility shall also inform the customer that he/she must also provide income document(s) substantiating the household income, and inform the customer that: (i) the customer will be receiving a certification form in the mail for completion and submission; (ii) the completed certification form and supporting income document(s) that reflect total household income must be returned and received by the CertA by the deadline date indicated in the form; and (iii) specify any deposits required, (iv) a payment plan is available for nonrecurring charges and deposits relating to basic service, and (v) the CertA will notify the customer and the customer's carrier once it determines whether or not the customer is eligible for LifeLine.

4.2.2 Utilities must inform the customer that he or she may opt to receive the instructions for the certification form in Braille (English Only) or instructions and certification form in large print

4.2.3 Utilities shall also inform the customer of the availability of two LifeLine lines if a member of the household uses a TTY when making a call.

4.2.3.1 If the customer verbally certifies that he/she qualifies for two LifeLine lines, the utility shall immediately contact the CertA to begin the LifeLine application process for the second LifeLine line and remind the customer that he/she must provide proof for the need of a TTY as outlined in Section 5.1.7 of this General Order.

4.2.4 Utilities shall inform LifeLine applicants that they will incur regular tariff rates and charges until completion of the certification process. Utilities shall offer LifeLine applicants a payment plan for the regular tariff non-recurring charges and deposits **for basic service**, and shall inform applicants of the existence of such plans.

- 4.2.5 Utilities shall inform LifeLine applicants that once certified, they will receive a credit on their bill for LifeLine discounts as of the Application Date and, if they have a net credit balance of at least \$10.00 on their next bill, they may request a refund check for any such net credit balance.

4.3 Annual LifeLine Notice.

- 4.3.1 Every utility shall annually send to all of its residential customers, other than customers of foreign exchange, or farmer lines, a notice that contains information about the availability, terms, and conditions of LifeLine.
 - 4.3.1.1 The annual notice shall include information about the availability, terms, and conditions of two LifeLine lines for qualified disabled persons.
 - 4.3.1.2 Every utility shall submit its annual notice to the Commission Public Advisor (PA) for the PA's review and approval. Once approved, a utility does not need to resubmit its annual notice to the PA unless there is a material change to the notice. A change to the annual notice to reflect the annual adjustment to LifeLine income eligibility limits is not a material change to the notice.

4.4 Customer Certification Form.

- 4.4.1 A Certification Form is used when customers are applying to enroll in LifeLine.
 - 4.4.1.1 A copy of the Certification form and associated instructions are attached to this General Order as Appendix B.
 - 4.4.1.1.1 The instructions must inform LifeLine customers that the Commission or the Commission's agent may audit the customer's eligibility to participate in the LifeLine program. If the audit establishes that the customer is ineligible, the customer will be removed from the LifeLine program and billed for previous LifeLine discounts that the customer should not have received plus interest equal to the 3-month commercial paper rate.
 - 4.4.1.1.2 The instructions must inform LifeLine customers that submitted income and/or supporting documentation will not be returned to the customers.
 - 4.4.1.2 The Certification form mailed to customers for completion will be partially completed by the CertA based on information provided by utilities.

4.5 Customer Verification Form.

- 4.5.1 A Verification form is used annually to determine customers' continued eligibility in LifeLine. The "Certification Date" will be used as the annual anniversary date.
 - 4.5.1.1 A copy of the Verification form and associated instructions are attached to this General Order as Appendix C.

- 4.5.1.1.1 The instructions must inform LifeLine customers that the Commission or the Commission's agent may audit the customer's eligibility to participate in the LifeLine program. If the audit establishes that the customer is ineligible, the customer will be removed from the LifeLine program and billed for previous LifeLine discounts that the customer should not have received plus interest equal to the 3-month commercial paper rate.
 - 4.5.1.1.2 The instructions must inform LifeLine customers that submitted income and/or supporting documentation will not be returned to the customers.
 - 4.5.1.2 The Verification forms mailed to customers for completion will be partially completed by the CertA based on information provided by utilities.
- 4.6 LifeLine Notices in the Language of Sale.
 - 4.6.1 With the exception of those sales involving the use of an outside translation service, any utility that sells LifeLine in a language other than English shall provide those customers to whom it sold LifeLine in a language other than English with the following:
 - 4.6.1.1 Commission-managed LifeLine notices in the language in which the utility originally sold LifeLine to the customer.
 - 4.6.1.2 Toll-free access to customer service reps that are fluent in the language in which the utility originally sold LifeLine to the customer.

5. ELIGIBILITY CRITERIA FOR OBTAINING AND RETAINING LIFELINE

- 5.1 LifeLine is available to any residential customer who meets all of the following eligibility requirements:
 - 5.1.1 The residence at which the service is requested is the customer's principal place of residence.
 - 5.1.2 The customer and the members of the customer's household collectively have one, and only one, LifeLine line, except as provided for elsewhere in Section 5 of this General Order.
 - 5.1.3 The customer's eligibility meets either the income-based criterion or the program-based criterion.
 - 5.1.4 Income-based criterion allows a customer to enroll in LifeLine based on his/her household income, i.e. members of the customer's household collectively earn no more than the following amount of annual income¹¹:

¹¹ Income limits were updated in a Notice to All Carriers, dated March 25, 2008, in conformance with Resolution T-17140. See Section 5.2.1.

LifeLine Income Limits

<u>Household Size</u>	<u>Effective 6/1/09 through 5/31/10</u>
1-2 members	\$24,000 per year
3 members	\$28,200 per year
4 members	\$34,000 per year
Each additional member	\$5,800 per year

- 5.1.4.1 The income used to determine eligibility for the LifeLine program shall be based on the definition of “total household income” as defined in this General Order.
- 5.1.4.2 For households with self-employed members, the “income from self-employment” shown on IRS Form 1040, Schedule C, line 29, shall be used in the determination of whether a household is eligible to participate in the LifeLine program.
- 5.1.4.3 Borrowed money shall not be considered as income when determining eligibility for the LifeLine program.
- 5.1.4.4 Funds transferred from one account to another, such as from savings account to a checking account, shall not be considered as income when determining eligibility for the LifeLine program, even if such funds are used for living expenses.
- 5.1.4.5 The customer must provide income documentation substantiating his/her household income. Acceptable income documents are:
 - 5.1.4.5.1 Prior year’s state, federal, or tribal tax return
 - 5.1.4.5.2 Current income statement from an employer or paycheck stub for three consecutive months worth of the same type of statements within the last 12 months.
 - 5.1.4.5.3 Statement of benefits from Social Security, Veterans Administration
 - 5.1.4.5.4 Statement of benefits from retirement/pension, Unemployment/ Workmen’s Compensation
 - 5.1.4.5.5 A divorce decree
 - 5.1.4.5.6 Child support document
 - 5.1.4.5.7 Other official documents

- 5.1.5 Program-based criterion allows a customer to enroll in LifeLine based on the customer's or a member of the customer household's participation in any of the means-tested programs approved by the Commission. Approved means-test programs are:
- 5.1.5.1 Medicaid or Medi-Cal
 - 5.1.5.2 Supplemental Nutrition Assistance Program (SNAP), formally known as "Food Stamps"
 - 5.1.5.3 Supplemental Security Income
 - 5.1.5.4 Federal Public Housing Assistance (Section 8)
 - 5.1.5.5 Low Income Home Energy Assistance Program (LIHEAP)
 - 5.1.5.6 Temporary Assistance for Needy Families (TANF), known in California under the following names:
 - California Work Opportunity and Responsibility to Kids (CalWORKs)
 - Stanislaus County Work Opportunity and Responsibility to Kids (StanWORKs)
 - Welfare-To-Work (WTW)
 - Greater Avenues for Independence (GAIN)
 - 5.1.5.7 National School Lunch's free lunch program (NSL)
 - 5.1.5.8 Tribal TANF
 - 5.1.5.9 Bureau of Indian Affairs General Assistance
 - 5.1.5.10 Head Start Income Eligible (Tribal Only)
 - 5.1.5.11 Healthy Families Category A
 - 5.1.5.12 Women, Infants and Children (WIC)
- 5.1.6 No customer who is claimed as a dependent on another person's income tax return shall be eligible for LifeLine.
- 5.1.7 A household shall be eligible to receive two LifeLine lines if: (i) the household meets all LifeLine eligibility criteria set forth above; (ii) the household has a disabled member who has immediate and continuous access within the household to a TTY; and (iii) the TTY is issued by DDTP or a medical certificate indicating the household member's need for a TTY is submitted.
- 5.1.8 All LifeLine rules and regulations that apply to the one LifeLine line shall apply equally to the second LifeLine line provided to a household.
- 5.1.9 A customer denied LifeLine eligibility for not being a member of a program listed in section 5.1.5, who can demonstrate membership in a county-equivalent means-test program can appeal the denial decision with the Commission Consumer Affairs Branch (CAB).

- 5.2 The LifeLine income limits will be adjusted each year for inflation based on the Federal Consumer Price Index - Urban Areas.
- 5.2.1 CD shall adjust LifeLine income limits by April 15th of each year. CD shall notify utilities of the annual adjustment within five business days of the adjustment being made. Utilities shall implement the adjusted LifeLine income limits by no later than June 1st of each year.
- 5.2.1.1 To implement the annual adjustment to LifeLine income limits, utilities shall follow one of the following procedures:
- 5.2.1.1.1 (i) file revised tariffs that reflect (a) the adjusted income limits, and (b) the instructions, if any, contained in the notice of the annual adjustment sent by CD; and (ii) revise their annual LifeLine notice to reflect the adjusted LifeLine income limits.
- 5.2.1.1.2 (i) file revised tariffs once concurring with Pacific Bell (dba AT&T California) tariffs on the LifeLine income limits; and (ii) revise their annual LifeLine notice to reflect the adjusted LifeLine income limits. Any utility concurring with Pacific Bell (dba AT&T California) shall do so in accordance with the liability limitations set forth in Pacific Bell's (dba AT&T California) tariff.
- 5.3 No utility shall knowingly enroll into the LifeLine program a customer who does not meet the LifeLine eligibility criteria. No utility shall knowingly allow a customer to remain in the LifeLine program who does not meet the LifeLine eligibility criteria.
- 5.4 Each customer enrolling in the LifeLine program is subject to the certification process described below:
- 5.4.1 At Certification, the customer has the option of enrolling in LifeLine under either: (i) the program-based criterion, or (ii) the income-based criterion.
- 5.4.1.1 If the customer has a household member currently enrolled in any of the means-tested programs listed in Section 5.1.5 of this General Order, the customer should enroll under the program-based criterion and complete the section of the certification form entitled "Method 1 Program-Based."
- 5.4.1.2 If the customer does not have a household member currently enrolled in any of the means-tested programs listed in Section 5.1.5 of this General Order, the customer *must* enroll under the income-based criterion and complete the section of the certification form entitled "Method 2 Income-Based".
- 5.4.2 The Certification form shall be signed by the customer whose name appears on the utility's account, the customer's legal guardian or a person operating pursuant to a power of attorney for such customer.
- 5.4.2.1 By signing the form, the customer is self-certifying, under penalty of perjury, that the information contained in the completed form and submitted documents, if any, are true and correct.
- 5.4.3 The completed certification form and supporting documents, if any, must be received by the CertA on or before the deadline date specified in the form.

- 5.4.4 Any customer who fails to return the form or otherwise qualify for LifeLine as specified on the certification form by the deadline date shall have their application rejected.
 - 5.4.4.1 A utility may treat any unpaid LifeLine rates and charges as bad debt and seek reimbursement from the LifeLine program pursuant to Section 9.3.9 of this General Order.
- 5.4.5 If a Customer has previously been certified while participating in the program with another carrier and subsequently changes carriers, while maintaining eligibility in all other respects, the Customer shall not be required to go through the certification process. If a Customer changes his or her principle place of residence, while maintaining eligibility in all other respects, the Customer shall not be required to go through the certification process.
- 5.4.6 Upon successful completion of the certification process, the customer's basic service will be converted to LifeLine service and the customer's account credited the difference between LifeLine rates and charges and regular tariff rates and charges, as outlined in Section 8.1 of this General Order, and any deposits related to basic service, as of the Application Date. Customers with a net credit balance of at least \$10.00 reflected on their next bill may request a refund check in the amount of such net credit balance.
- 5.5 To remain in LifeLine, each LifeLine customer is subject to the annual verification process described below:
 - 5.5.1 At verification, the customer has the option of qualifying his or her continued eligibility under either: (i) the program-based criterion, or (ii) the income-based criterion.
 - 5.5.1.1 If the customer has a household member currently enrolled in any of the means-tested programs listed in Section 5.1.5 of this General Order, the customer should continue his/her LifeLine enrollment under the program-based criterion and complete the section of the verification form entitled "Method 1 Program-Based."
 - 5.5.1.2 If the customer does not have a household member currently enrolled in any of the means-tested programs listed in Section 5.1.5 of this General Order, the customer *must* continue his/her LifeLine enrollment under the income-based criterion and complete the section of the verification form entitled "Method 2 Income-Based".
 - 5.5.2 The Verification form shall be signed by the customer whose name appears on the utility's account, the customer's legal guardian or a person operating pursuant to a power of attorney for such customer.
 - 5.5.2.1 By signing the form, the customer is self-certifying, under penalty of perjury, that the information contained in the completed form and all submitted documents, if any, are true and correct.

- 5.5.3 The completed verification form and all supporting documents, if any, must be received by the CertA on or before the due date specified in the form.
- 5.5.4 Any customer who fails to qualify for continued eligibility to LifeLine shall be removed from the LifeLine program. Upon notification from the CertA, the utility shall convert the customer to regular residential service starting with the removal date provided by the CertA.
- 5.5.5 Customers who wish to re-establish LifeLine service after removal from the program will be treated as a new customer, subject to enrollment pursuant to Section 4.2 and a conversion charge. The LifeLine discount will not be applied retroactively to the date of removal.
- 5.6 LifeLine customers must notify the utility of any change that causes the LifeLine customers to no longer qualify for (i) LifeLine, or (ii) a second LifeLine line. Upon receipt of notification, the utility will change LifeLine to regular tariffed rates and charges for the services furnished. No service conversion charges shall be billed to the customer for this change in service.
 - 5.6.1 The utility may require service deposits, if applicable.
- 5.7 The CPUC may reduce LifeLine claim payments to a utility by the amount of LifeLine discounts and interest that a utility fails to bill to an ineligible customer found to be participating in the LifeLine programs.
- 5.8 The Commission or the Commission's agents may audit and verify a customer's eligibility to participate in the LifeLine program.
 - 5.8.1 Any LifeLine customer who is found to be ineligible to participate in the LifeLine program shall be removed from the LifeLine program.
 - 5.8.1.1 Upon notification from the Commission or the Commission's agent, the utility shall change the ineligible customer's LifeLine to regular tariffed rates and charges for the services furnished. Such notification shall specify the effective date of the change. No service conversion charges shall be billed to the customer for this change in service.
 - 5.8.1.1.1 The utility may require service deposits, if applicable.
 - 5.8.2 The Commission or the Commission's agent may bill the ineligible customer for any LifeLine discounts that the customer should not have received, plus interest determined in accordance with the 3-month commercial paper rate.
 - 5.8.2.1 The Commission or the Commission's agent will inform the utility that is also an ETC of the amount recovered from the ineligible customer and the applicable portion of this amount that should be returned to the federal Lifeline and/or Link-Up programs.
 - 5.8.2.2 The utility will include in the LifeLine claim the amount remitted to the federal Lifeline and/or Link-Up programs as directed by the Commission or the Commission's agent.

6. CERTIFYING AGENT (CertA)

- 6.1 CertA is the third-party administrator retained by the CPUC.
 - 6.1.1 The role of the CertA is to qualify new LifeLine customers and to verify the continued eligibility of existing LifeLine customers.
 - 6.1.1.1 The CertA must furnish all LifeLine forms, instructions and letters to customers in their preferred language, as that language preference is provided to the CertA by the utilities.
 - 6.1.2 The schedule that the CertA must adhere to in evaluating a customer's qualification is attached to this General Order as Appendix E.
- 6.2 All utilities must notify the CertA before their initial offering of LifeLine services and arrange the 2-way exchange of LifeLine customer data information.
- 6.3 Utilities shall provide LifeLine customer information to CertA notwithstanding restrictions in their tariffs limiting the disclosure of non-published customer information.
 - 6.3.1 All utilities must provide the CertA with their LifeLine customer activities before the end of the next business day after the in-service date of the customer's service order.
 - 6.3.2 All utilities must provide the CertA with their LifeLine customer activities initiated by the utilities before the end of the next business day from the time such actions were taken.
 - 6.3.3 CertA shall provide each utility the following lists of LifeLine customers by the end of the next business day from the time of completion of customers' qualification review:
 - 6.3.3.1 Newly enrolled customers that are found eligible to participate in LifeLine during the certification process.
 - 6.3.3.2 Customers that are found ineligible to participate in LifeLine during the certification process.
 - 6.3.3.3 Existing LifeLine customers that are found eligible to remain in LifeLine.
 - 6.3.3.4 Existing LifeLine customers that are found ineligible to remain in LifeLine.
- 6.4 CertA shall notify customers in writing of the final decision of their LifeLine qualification including the right to challenge the CertA's findings.
 - 6.4.1 Customers may dispute CertA's finding of ineligibility by submitting a formal or informal complaint to the Commission.

7. SERVICE ELEMENTS, SERVICE DEPOSITS & SERVICE REQUIREMENTS OF LIFELINE

- 7.1 Utilities shall offer to their LifeLine customers all of the service elements set forth in Appendix A of this General Order.
- 7.2 LifeLine is restricted to eligible low-income residential customers who subscribe to individual, two-party, four-party and suburban residential service.
- 7.3 LifeLine is restricted to residential service. Foreign exchange, farmer lines, and other non-LifeLine services are excluded from this offering.

- 7.4 Utilities shall not require customers to post a service deposit in order to initiate LifeLine.
- 7.5 Utilities may require a LifeLine customer to pay any overdue LifeLine rates and charges, or make payment arrangements, before LifeLine is reinstated at the same address or at a new address.
- 7.6 Other than previously stated, LifeLine is subject to the conditions of “Discontinuance and Restoration of Service” as set forth in the utility’s tariffs.
- 7.7 If a customer is disconnected for nonpayment of toll charges, a utility must provide LifeLine to the customer if the customer elects to receive toll blocking.

8. LIFELINE RATES AND CHARGES

- 8.1 Utilities shall offer LifeLine priced at the following rates and charges:
 - 8.1.1 Discounted nonrecurring service connection charge for the initial installation of a single telephone connection at the LifeLine subscriber’s primary residence (“LifeLine connection charge”).
 - 8.1.1.1 The LifeLine connection charge shall equal the lower of (i) \$10.00, or (ii) 50% of the utility’s regular tariffed service connection charge for the initial installation of a single residential telephone connection.
 - 8.1.1.2 The LifeLine connection charge is applicable to all qualifying households residing at the same address.
 - 8.1.1.3 The LifeLine connection charge is applicable any time a qualifying household (i) establishes LifeLine, (ii) re-establishes LifeLine at the same residence at which LifeLine was previously provided, (iii) establishes LifeLine at a new residence, or (iv) switches LifeLine from one utility to another.
 - 8.1.1.4 Utilities may not impose a “central office charge” in addition to the LifeLine connection charge when installing LifeLine.
 - 8.1.1.5 Installation of a second and subsequent telephone service connection shall be subject to the utility’s regular tariffed rates for these connections, except that low-income households with a disabled member may qualify for LifeLine connection charges on two residential telephone connections.
 - 8.1.2 Deferred payment of the LifeLine connection charge.
 - 8.1.2.1 Utilities shall offer LifeLine customers the option of paying the LifeLine connection charge in three equal monthly installments with no interest. Utilities may also offer LifeLine customers the option of paying the LifeLine connection charge in equal monthly installments with no interest for a period not to exceed 12 months.
 - 8.1.2.2 Utilities may charge a late-payment fee when LifeLine customers fail to timely remit some or all of the LifeLine connection charge under a deferred-payment schedule.

- 8.1.3 Discounted nonrecurring charge for service conversion (“LifeLine conversion charge”).
 - 8.1.3.1 The LifeLine conversion charge shall equal the lowest of (i) \$10.00, (ii) 50% of the utility’s regular tariffed non-recurring charge for the initial connection of a single residential telephone line or (iii) the utility’s regular tariffed non-recurring conversion charge.
 - 8.1.3.2 The LifeLine conversion charge is applicable each time a LifeLine customer requests a change in the class, type, or grade of service, including requests to change from Foreign Exchange Service. There is no limit on the number of times a LifeLine customer may pay the LifeLine conversion charge to effect a change in the class, type, or grade of service.
 - 8.1.3.3 No conversion charge may be assessed on an applicant or claimed from the LifeLine fund if a LifeLine applicant fails to qualify. No conversion charge can be assessed on a customer or claimed from the LifeLine fund if a customer is removed from the LifeLine program (either voluntarily or involuntarily).
- 8.1.4 Discounted monthly rate for flat-rate local service (“LifeLine flat-rate service”).
 - 8.1.4.1 The LifeLine flat-rate service shall be no lower than \$5.47, unless 1/2 of carrier's basic residential flat-rate is lower than \$5.47, and in that case, the lower rate applies
 - 8.1.4.2 LifeLine customers subscribing to LifeLine flat-rate service shall receive unlimited local calling.
- 8.1.5 Discounted monthly LifeLine rate for measured-rate local service (LifeLine measured-rate service).
 - 8.1.5.1 The LifeLine measured-rate service shall be no lower than \$2.91, unless 1/2 of carrier's basic residential measured service rate is lower than \$2.91, and in that case, the lower rate applies.
 - 8.1.5.2 LifeLine customers subscribing to LifeLine measured-rate service shall receive 60 untimed local calls per month. The utility shall charge \$0.08 per call for each local call in excess of 60 per month.
- 8.1.6 Discounted monthly EAS rate.
 - 8.1.6.1 In exchanges with EAS, LifeLine customers shall pay 50% of the applicable EAS increment. Unlimited incoming calls shall apply.
- 8.1.7 No charge for the federal EUCL charge.
- 8.1.8 No charge for toll-limitation service (including, but not limited to, toll blocking or toll control).
- 8.1.9 No charge [to LifeLine customers’ LifeLine billings] for surcharges including the following: California High Cost Fund (CHCF-A) A surcharge, CHCF-B surcharge, California Teleconnect Fund surcharge, California Relay Service and Communications Device Fund surcharge, and LifeLine surcharge.
 - 8.1.9.1 Utilities shall pay to the appropriate taxing authorities the applicable taxes, fees, and surcharges billed to LifeLine customers and the LifeLine Fund.

- 8.2 A utility may require advance payments for LifeLine rates and charges not to exceed one month's rates and charges.
- 8.3 Optional services and equipment are not included in LifeLine rates and charges, but will be available to LifeLine customers at the applicable regular tariffed rates and charges.
 - 8.3.1 Each LifeLine customer shall be eligible for one or more LifeLine lines as set forth in this General Order, and LifeLine customers may subscribe to additional, non- LifeLine lines. Non- LifeLine lines will be available to LifeLine customers at the applicable regular tariffed rates and charges.
 - 8.3.1.1 This General Order shall not apply to any additional, non- LifeLine lines that a LifeLine customer subscribes to.
- 8.4 Except as specifically modified by this General Order, all rules, regulations, charges and rates in conjunction with the services furnished elsewhere in a utility's tariffs are also applicable to the service provided under LifeLine.
- 8.5 CD shall notify utilities of any changes to the statewide LifeLine rates and charges set forth in this General Order, including changes to the statewide recurring monthly rates for LifeLine due to a change in Pacific Bell's (dba AT&T California) monthly rates for LifeLine. Such notice shall inform utilities of the new statewide rates and charges for LifeLine, and instruct utilities to file compliance tariffs, if necessary, to reflect the new statewide rates and charges. Upon receipt of such notice, utilities shall file tariffs, if necessary, to implement the new statewide LifeLine rates and changes.

9. REPORTS AND CLAIMS FOR REIMBURSEMENT OF LIFELINE-RELATED COSTS

- 9.1 Eligible Utilities.
 - 9.1.1 Any utility that provides LifeLine may submit a claim for the reimbursement of its LifeLine -related costs and lost revenues.
- 9.2 Recoverable LifeLine Costs and Lost Revenues.
 - 9.2.1 A utility, regardless of whether or not it is an ETC, may recover from the LifeLine Fund the reasonable costs and lost revenues that it incurs to provide LifeLine to the extent that such costs and lost revenues meet all of the following criteria: (i) directly attributable to the LifeLine program, (ii) would not otherwise be incurred in the absence of the LifeLine program, (iii) not recovered from other sources, such as the rates and charges paid by LifeLine customers, the utility's general rates, or subsidies from the federal Lifeline and Link Up programs, and (iv) specified in Sections 9.3 and 9.4 of this General Order.
- 9.3 Utilities may recover the following costs and lost revenues from the LifeLine Fund:
 - 9.3.1 Lost revenues caused by providing LifeLine customers with (i) LifeLine connection charges, (ii) LifeLine conversion charges, (iii) discounted monthly rates for local service, and (iv) untimed local calls.
 - 9.3.2 Each utility, on a per LifeLine customer basis, may collect from the LifeLine Fund an amount of lost revenues equal to the difference between (a) LifeLine rates and charges, and (b) the lesser of the following: (i) the utility's regular tariffed rates and charges, or

(ii) the regular tariffed rates and charges of the LifeLine customer's incumbent local exchange carrier.

9.3.3 The federal EUCL charge that the utility pays on behalf of its LifeLine customers is limited to the underlying ILEC's EUCL rates.

9.3.4 The taxes, fees, and surcharges associated with the federal portion of the LifeLine discount provided to LifeLine customers beginning January 1, 1998.

9.3.5 The taxes, fees, and surcharges that a utility pays on behalf of its LifeLine customers.

9.3.5.1 The base for calculating the reimbursable amount of federal Excise Tax shall include only the lost revenues from the following items: (a) conversion charges, (b) measured and/or flat rate service, (c) EUCL, (d) surcharges (including PUC user fee), and (e) allowable recovery of untimed calls. Service connection charges are exempted from the tax. The base for calculating the reimbursable amount of PUC user fee shall include only the lost revenues for the following items: (a) connection charges, (b) conversion charges, (c) measured and/or flat rate service, (d) surcharges claimed from the LifeLine fund, and (e) allowable recovery of untimed calls. The following table summarizes how the federal excise tax and PUC user fee must be calculated and reported on the LifeLine Claim Form:

<u>Base for Federal Excise Tax</u>	<u>Base for PUC User Fee</u>
Conversion charges	Connection charges
Measured	Conversion charges
Flat	Measured
EUCL	Flat
Allowable Recovery	Allowable Recovery
Untimed Calls	Untimed Calls
Surcharges:	Surcharges:
Bill & Keep/Other rate cases	Bill & Keep
PUC User Fee	Other rate cases

9.3.5.2 Utilities shall not be reimbursed for federal excise taxes and PUC user fees unless such taxes and fees are calculated and reported in accordance with the above instructions.

9.3.5.3 If a utility's actual liability for the taxes, fees, and surcharges that it pays on behalf of its LifeLine customers differs from the amount that was previously reimbursed by the LifeLine Fund, the utility shall report the difference, whether positive or negative, as a true up on its LifeLine Claim Form.

- 9.3.6 Interest and penalties assessed by taxing authorities that stem from the taxes, fees, and surcharges that utilities pay on behalf of their LifeLine customers.
 - 9.3.6.1 Any interest and penalties that clearly stem from the negligence of the utility shall not be reimbursed by the LifeLine Fund.
 - 9.3.6.2 CD may determine whether, and to what extent, the interest and penalties assessed by a taxing authority should be reimbursed by the LifeLine Fund.
- 9.3.7 Administrative and interest costs incurred to provide deferred-payment schedules for LifeLine connection charges. Reimbursement for interest costs shall be based on (i) the 3-month commercial paper rate, and (ii) the assumption that all deferred payment are made on time.
- 9.3.8 The incremental costs incurred by a utility to provide toll-limitation services free of charge to its LifeLine customers to the extent that such costs are not recovered from the federal Lifeline program. All utilities shall determine their total incremental costs in the manner prescribed by the Federal Communications Commission.
 - 9.3.8.1 The LifeLine Fund shall not reimburse a utility for the regular tariffed rates and charges of its toll limitation services.
- 9.3.9 Bad-debt costs equal to the lowest of (i) the actual amount of the LifeLine rates and charges that a LifeLine customer fails to pay, plus the associated lost revenues that the utility may recover from the LifeLine Fund, (ii) the actual amount of the LifeLine rates and charges, or (iii) the deposit for local residential service, if any, that the utility normally requires from non-LifeLine customers.
 - 9.3.9.1 Utilities must take reasonable steps to collect bad debt costs from LifeLine customers before they seek to recover these costs from the LifeLine Fund. A utility that disconnects a customer for non-payment of LifeLine rates and charges, pursuant to the applicable rules governing disconnection, shall be deemed to have undertaken reasonable collection efforts for the purposes of this section.
 - 9.3.9.2 Bad-debt expenses are limited to actual LifeLine rates and charges; and do not include other expenses such as the lease of unbundled loops or non-LifeLine services or rates and charges incurred by LifeLine applicants who are found to be ineligible for LifeLine service.
- 9.3.10 The demonstrably incremental costs associated with the time spent by utility service reps to (i) notify residential customers about the availability of LifeLine, (ii) ask residential customers if they are eligible to participate in the LifeLine program, (iii) obtain verbal indication from residential customers regarding their eligibility to participate in the LifeLine program, (iv) inform applicants that they must return the signed certification form on or before the deadline date specified on the form, and (v) inform enrolled customers of the yearly verification requirement.
- 9.3.11 The incremental costs incurred by a utility to develop, deploy, and operate systems and procedures associated with the provision of two LifeLine lines to qualified low-income households with a disabled member.
- 9.3.12 The lost revenues associated with the provision of a second LifeLine line to a particular

LifeLine customer, with lost revenues equal to the difference between (i) the LifeLine rates and charges paid by the customer, and (ii) the lower of (a) the utility's normal tariffed rates and charges for one residential line (i.e., the "first" residential line provided to the customer) plus the EUCL charge for the second line, or (b) the ILEC's regular tariffed rates and charges for one residential line (i.e., the first line) plus the EUCL charge for the second line.

9.3.13 The incremental costs incurred by a utility to implement new reporting requirements ordered by the Commission in D.05-04-026 and subsequent order(s).

9.4 Utilities shall neither claim nor recover from the LifeLine Fund any of the following costs and lost revenues:

9.4.1 Advertising, marketing, and outreach costs.

9.4.2 State 911 tax.

9.4.3 Costs associated with non- LifeLine services and activities, such as the costs associated with the sale of toll service, Caller ID, and voice mail to LifeLine customers.

9.4.4 Costs caused by the failure of LifeLine customers to timely remit deferred payments of the LifeLine connection charge, including costs for collecting on delinquent accounts and the time value of money. Utilities may recoup such cost via late-payment fees charged to LifeLine customers who fail to timely remit deferred payments of the LifeLine connection charge, but only to the extent that such costs are not recovered by utilities from other sources, such as the bad-debt costs built into a utility's general rates.

9.4.5 Lost revenues caused by the failure of LifeLine customers to pay late-payment fees that the utility assesses when LifeLine customers fail to timely remit deferred payments of the LifeLine connection charge.

9.4.6 Costs associated with (i) processing LifeLine service orders, and (ii) answering calls from LifeLine customers about their bills.

9.4.6.1 Costs associated with processing LifeLine service orders and answering calls from LifeLine customers regarding their bills may be recovered from the LifeLine Fund to the extent that a utility can affirmatively demonstrate that such costs meet all of the criteria in Section 9.2.1.

9.4.7 Any costs or lost revenues associated with the provision of services that ETCs are required to provide under the federal Lifeline of Link Up programs, but which utilities are not required to provide under the LifeLine program.

9.4.8 Any costs or lost revenues that the utility has recovered or will recover from other sources.

9.4.9 Any costs or lost revenues associated with the provision of non- LifeLine lines to LifeLine customers.

9.5 Schedule, Content, and Format of the LifeLine Report and Claim Form.

9.5.1 Utilities shall report and claim their LifeLine -related costs and lost revenues by filing the LifeLine Report and Claim Form ("LifeLine Claim Form") appended to this General Order.

9.5.1.1 Claims must be accompanied by any supporting workpapers required by this

General Order.

- 9.5.2 Utilities shall file the LifeLine Claim Form on a monthly basis unless a utility has obtained permission from CD to file the LifeLine Claim Form on a biannual basis.
- 9.5.3 Each LifeLine Claim Form filed on a monthly basis shall be for a full month.
 - 9.5.3.1 Utilities that file LifeLine Claim Forms on a monthly must also remit LifeLine surcharge revenues on a monthly basis.
- 9.5.4 Utilities may request permission from CD to file their LifeLine Claim Forms on a biannual basis. The Commission and CD may specify and revise the conditions that utilities must meet in order to file their LifeLine Claim Forms on a biannual basis.
 - 9.5.4.1 Utilities filing LifeLine Claim Forms on a biannual basis must show a monthly breakdown of their claims on the LifeLine Claim Form.
 - 9.5.4.2 Utilities shall not be paid interest on claims that are submitted on a biannual basis.
 - 9.5.4.3 Utilities that report and remit LifeLine surcharges on a biannual basis must file LifeLine Claim Forms on a biannual basis.
- 9.5.5 Utilities must submit their LifeLine Claim Forms to CD no later than 30 days after the close of the monthly or biannual period for which a claim is made.
- 9.6 Accessibility of LifeLine Claim Information to the Public.
 - 9.6.1 Each utility shall make available upon request in its main California office copies of all LifeLine Report and Claim Statements filed with the Commission in compliance with these rules.
- 9.7 Review and Approval of Claims.
 - 9.7.1 Utilities shall submit LifeLine claims to CD for review and determination of whether, and to what extent, LifeLine claims should be paid. CD shall prepare payment letters for all approved claims. CD shall forward the payment letters to the Information and Management Services Division (IMSD). IMSD shall make payments as required by all payment letters.
 - 9.7.1.1 Claims submitted without proper supporting workpapers will be rejected.
 - 9.7.1.2 The utility will be provided with an explanation for the rejection of all or part of a claim.
 - 9.7.1.3 Any uncontested portions of the claim will be authorized for payment. Should it later be determined that all or a part of the contested portion of a claim was valid, the valid portion of the claims shall be paid with interest based on the three-month commercial paper rate.
- 9.8 Payment of Claims.
 - 9.8.1 Claims shall be paid in accordance with § 270(c) of the Public Utilities Code and Section 9.7.1 of this General Order.

- 9.8.2 No payment will be made to a utility if there is not a sufficient amount in the LifeLine Fund to pay approved claims.
- 9.8.3 No payment will be made to a utility to pay approved claims if the appropriation in the State's Annual Budget Act for the LifeLine Fund is exhausted.
- 9.8.4 No payment will be made to a utility that has not reported its LifeLine surcharge revenues.
- 9.8.5 No payment will be made to a utility until all LifeLine surcharge revenues due from the utility are remitted in full, along with interest on the late remittance based on an annual rate of 10%.
- 9.8.6 If CD determines there is an overpayment of LifeLine claims, CD shall take all appropriate actions, which may include but is not limited to (i) adjusting the overpayment against the current claim, (ii) offsetting the overpayment against future Lifeline claims; iii) making payment arrangements with the carrier or utility or (iv) any other reasonable arrangement with the carrier or utility to ensure that the carrier or utility properly reimburses the Lifeline Fund for the overpayment of Lifeline claims.

9.9 Interest on Claims.

- 9.9.1 The LifeLine Fund shall pay interest to utilities on monthly and biannual LifeLine claims that are both timely and legitimate if such claims are not paid 60 days after the due date for utilities to submit their claims. The interest paid to utilities shall be based on the 3-month commercial paper rate.
 - 9.9.1.1 Accrual of interest shall commence on the 60th day after the claim was due to be submitted and end on the date that payment is made to the utility.
- 9.9.2 No interest shall be paid on (i) claims that are not submitted by the due date, (ii) claims that are incomplete or lack supporting documentation, (iii) claim payments that are withheld from a utility due to a utility's failure to timely report or remit LifeLine surcharge revenues, or (iv) claim payments that are withheld due to overpayment of LifeLine claim.

9.10 Time Limits for Submitting Initial Claims and True-up Claims.

- 9.10.1 Utilities shall not be reimbursed for LifeLine claims that are filed more than two years after the claims are due.
- 9.10.2 Utilities that submit a timely claim shall have two years from the deadline for submitting the initial claim to submit a true-up claim. True-up claims shall not be paid if they are submitted more than two years from the deadline for submitting initial claims.
- 9.10.3 Interest shall be paid to, or received from, utilities that submit timely true-up claims, from the date of the period being claimed. The rate of interest on true-up claims shall be based on the 3-month commercial paper rate.
 - 9.10.3.1 Accrual of interest shall commence on the 60th day after the initial claim was due to be submitted and end on the date that the "true-up" payment is made to, or received from, the utility.

- 9.10.4 There is no time limit for utilities to submit true-up claims associated with taxes, fees, and surcharges.
- 9.11 Obligation to Support and Justify Claimed Costs and Lost Revenues.
- 9.11.1 Utilities have the burden of supporting and justifying any costs and lost revenues that they seek to recover from the LifeLine Fund.
- 9.11.2 CD may require utilities to submit workpapers, documents, and other information to support their LifeLine claims. CD may promulgate standards regarding the format, content, and timing of workpapers in accordance with the procedures set forth in this General Order for promulgating administrative revisions to the LifeLine program.
- 9.11.3 Utilities shall provide to the Commission or CD within 10 business days, upon request, documents, workpapers, records (to the extent that records exist) and other information regarding costs and lost revenues claimed by the utility. Failure to provide information requested by the Commission or CD is reasonable grounds to deny costs and lost revenues claimed by the utility.
- 9.12 Carriers of Last Resort (COLRs).
- 9.12.1 COLRs may draw financial support from the CHCF-B for two LifeLine lines provided to low-income households in designated high cost areas of the State. The amount that a COLR may draw from the CHCF-B for the second LifeLine line provided to a particular LifeLine customer shall be governed by the same terms and conditions that apply to the COLR's draws from the CHCF-B for the first LifeLine line provided to the LifeLine customer.
- 9.12.2 CD may require COLRs to submit workpapers and other information to support their CHCF-B claims for second LifeLine lines. Failure to provide information requested by CD is reasonable grounds to deny recovery from the CHCF-B of amounts claimed by the COLR.
- 9.13 For the recovery of incremental operating expenses, a competitive local exchange carrier (CLEC) has the option of receiving its reimbursement including data processing expense, customer notification expense, accounting expense, service representative costs, legal expenses, and administrative costs associated with the deferred payment plan based on a cost-factor developed by CD. Once this option is exercised, it shall remain in effect for the entire fiscal year (FY).
- 9.13.1 This cost-factor shall be determined by the average incremental operating expense per weighted average number of customers per month excluding any zero claims filed by the ILECs and approved by CD.
- 9.13.2 By April 15 of each year, CD shall adjust this cost-factor to be applied in the coming FY based on the incremental operating expenses claimed by the ILECs during the previous calendar year and the formula identified in Section 9.13.1 of this General Order.
- 9.13.3 Each CLEC must notify CD before the FY begins if it chooses to receive its incremental operating expenses based on this cost-factor.

10. LIFELINE SURCHARGE RATE & SURCHARGE BILLING BASE

- 10.1 All carriers shall assess, collect, and remit the LifeLine surcharge.
- 10.2 The current LifeLine surcharge rate is set forth in the Combined California PUC Telephone Surcharge Transmittal Form (“Surcharge Transmittal Form”) that is available on the Commission’s website (<http://www.cpuc.ca.gov/PUC/telco/>)
- 10.3 The Commission shall set the LifeLine surcharge rate based on the forecast of revenues subject to the surcharge and the funding requirements for the provision of LifeLine to eligible customers, including LifeLine marketing costs and program administrative costs.
 - 10.3.1 Effective July 1, 2001, the LifeLine surcharge rate will be annually revised, if necessary, on July 1st of each year.
- 10.4 Schedule for Filing Revenues and Expense Forecasts.
 - 10.4.1 Each telecommunications carrier shall annually submit to CD an estimate of the carrier’s projected gross revenues subject to the LifeLine surcharge for the following year.
 - 10.4.2 Each utility shall annually submit to CD a forecast of the utility’s LifeLine claims for the following year.
 - 10.4.3 On or before June 1 of each year, the ULTSAC shall submit a proposed budget to CD. The proposed budget shall include estimated program expenditures and the Committee’s projected expenses for the fiscal year (July 1 to June 30) that will commence thirteen (13) months thereafter.
 - 10.4.4 CD’s resolution adopting the revised LifeLine surcharge rate may also adopt an annual budget for the LifeLine Fund.
- 10.5 Surcharge Revenue Base.
 - 10.5.1 All end-user intrastate telecommunications services, whether tariffed or detariffed, are subject to the LifeLine surcharge, except for the following services:
 - 10.5.1.1 LifeLine billings.
 - 10.5.1.2 Charges to other certificated carriers for services that are to be resold.
 - 10.5.1.3 Coin sent paid telephone calls (coin in box) and debit card calls.
 - 10.5.1.4 Usage charges for coin-operated pay telephones.
 - 10.5.1.5 Customer-specific contracts effective before September 15, 1994.
 - 10.5.1.6 Directory advertising.
 - 10.5.1.7 One-way radio paging.

11. REPORTING AND REMITTANCE OF SURCHARGES

- 11.1 Surcharge Transmittal Form.
 - 11.1.1 Every carrier shall report and remit LifeLine surcharge revenues electronically at: <http://www.cpuc.ca.gov/static/telco/consumer+information/surcharges.htm>

11.2 Surcharge Remittance Schedule and Procedures.

11.2.1 Carriers shall report and remit LifeLine surcharge revenues on a monthly basis in accordance with the instructions attached to the Surcharge Transmittal Form (STF). A sample copy of the STF and the instructions attached to the STF are available as one document on the Commission's website:

<http://www.cpuc.ca.gov/puc/telco>

11.2.2 Carriers may seek authority to submit the STF and remit LifeLine surcharge revenues on a biannual basis in accordance with the instructions attached to the STF. Carriers that are granted such authority shall submit the STF and remit LifeLine surcharge revenues in accordance with the instructions in the STF.

11.3 Method for Remitting and Reporting Surcharge Revenues.

11.3.1 Carriers shall report and remit their LifeLine surcharge revenues based on intrastate end-user billings less estimated uncollectibles. Carriers shall true-up their estimated LifeLine surcharge uncollectibles with their actual uncollectibles.

11.4 Interests on Late Surcharge Remittances.

11.4.1 Carriers that are late in remitting their LifeLine surcharge revenues shall pay interest on the late remittances equal to an interest rate of 10%. Interest shall accrue beginning on the date the remittance are due and ending on the date that the surcharge revenues are remitted.

11.5 Warning Notices on Late Surcharge Remittances.

11.5.1 CD shall send two written notices to any carrier that is late in remitting LifeLine surcharge revenues. The notices shall warn the carrier that it will lose its Certificate of Public Convenience and Necessity if it fails to remit past-due surcharge revenues and associated interest.

11.6 Reporting of Surcharge Over/Under Collection or Remittance.

11.6.1 Each carrier shall report any under or over collection of the LifeLine surcharge as soon as it becomes known to the carrier. Each carrier shall report any under or over remittance of LifeLine surcharge monies as soon as it becomes known to the carrier.

11.7 Surcharge Workpapers.

11.7.1 CD may require carriers to submit workpapers, documents, and other information to support their surcharge remittances. CD may promulgate standards regarding the format, content, and timing of workpapers in accordance with the procedures set forth in this General Order for promulgating administrative revisions to the LifeLine program.

11.7.2 Carriers shall provide to the Commission or CD, upon request, documents, workpapers, records (to the extent that records exist) and other information regarding their surcharge remittances.

12. USE OF ELECTRONIC COMMUNICATIONS

12.1 The Commission's website may be used as a means to provide carriers, utilities, and other

parties with access to information regarding the LifeLine program. Such information may include: this General Order, Commission decisions, resolutions, rulings, staff reports, letters, and other documents pertinent to the LifeLine program.

- 12.2 LifeLine applicants also have the option of certifying their eligibility (program-based only) or verifying their continued eligibility via the LifeLine interactive website, which can be found at the following address: <http://www.californialifeline.com> Access requires a Personal Identification Number (PIN) found on the application/renewal forms sent by the CertA.
- 12.3 CD may provide notice to carriers, utilities, and other parties of important matters regarding the LifeLine program by e-mail that (i) briefly describe the matter being noticed, (ii) provide information on how to obtain more detailed information and/or documents regarding the matter being noticed from the Commission's website, and (iii) the phone number of a contact person from whom the information and/or documents can be obtained.
- 12.3.1 When appropriate, notice of matters pertaining to the LifeLine program may be combined with notices pertaining to other public programs, such as the CHCF-B and DDTP.

13. AUDITS AND RECORDS

- 13.1 The Commission, Commission staff, and agents of the Commission may audit carrier's remittance of LifeLine surcharge revenues and utilities' LifeLine claims.
- 13.2 The scope of audits shall be limited to five calendar years following the calendar year in which LifeLine surcharge revenues are remitted or LifeLine claims submitted, except in cases where there appears to be malfeasance, such as gross waste, fraud, or abuse. Where there is an indication of malfeasance, the scope of the audit will depend on the law and circumstances existing at that time.
- 13.3 CD shall authorize the LifeLine Fund to promptly reimburse a utility for the underpayment of LifeLine claims found by a Commission audit. Any underpayment of LifeLine claims found by an audit shall accrue interest based on the 3-month commercial paper rate.
- 13.3.1 If a utility believes that the amount of reimbursement is too little, the utility may file an application with the Commission to seek additional reimbursement. Any additional reimbursement awarded by the Commission shall accrue interest based on the 3-month commercial paper rate.
- 13.4 Utilities that promptly reimburse the LifeLine Fund for an overpayment of LifeLine claims found by a Commission audit shall pay interest on the amount of overpayment based on the 3-month commercial paper rate, unless there is malfeasance on the part of the utility, in which case the rate of interest shall depend on the law and circumstances existing at the time the malfeasance is discovered.

- 13.5 CD shall authorize the LifeLine Fund to promptly reimburse a carrier for the over-remittance of LifeLine surcharge revenues found by a Commission audit. Any over-remittance of LifeLine surcharge revenues found by an audit shall accrue interest based on the 3-month commercial paper rate.
- 13.5.1 If a carrier believes that the amount of reimbursement is too little, the carrier may file an application with the Commission to seek additional reimbursement. Any additional reimbursement awarded by the Commission shall accrue interest based on the 3-month commercial paper rate.
- 13.6 Any under-remittance of LifeLine surcharge revenues found by a Commission audit shall accrue interest at a 10% annual rate, unless the under-remittance is due to carrier malfeasance, in which case, the rate of interest shall depend on the law and circumstances existing at the time the malfeasance is discovered.
- 13.7 If a carrier or utility does not promptly reimburse the LifeLine Fund for an overpayment of LifeLine claims or under-remittance of LifeLine surcharge revenues that is discovered by an audit, then the Commission's Consumer Services and Information Division shall prepare an order instituting investigation (OII) on whether the entity should be required to reimburse the LifeLine Fund for some or all of the amount identified in the audit.
- 13.7.1 Any amount that a carrier is found to owe to the LifeLine Fund as a result of the OII shall accrue interest at a 10% annual rate, unless the amount owed is due to malfeasance, in which case the rate of interest shall depend on the law and circumstances existing at the time the malfeasance are discovered.
- 13.7.2 Any amount that a utility is found to owe to the LifeLine Fund as a result of the OII shall accrue interest based on the 3-month commercial paper rate, unless the amount owed is due to negligence or malfeasance, in which case the rate of interest shall depend on (i) the circumstances, and (ii) the law existing at the time the negligence or malfeasance is discovered.
- 13.8 Carriers shall retain all records related to LifeLine surcharge remittances for a period of five calendar years following the year in which the surcharges are remitted, unless all or part of such records must be kept for a longer period of time pursuant to requirements promulgated elsewhere (e.g., record-retention requirements set forth in the uniform system of accounts). The records that carriers must retain for five calendar years include all records pertaining to intrastate billings and collections.
- 13.9 Utilities shall retain all records related to a LifeLine claim, including a true-up claim, for a period of five calendar years following the year in which the LifeLine claim or true up claim is submitted, unless all or part of such records must be kept for a longer period of time pursuant to requirements promulgated elsewhere (e.g., record-retention requirements set forth in the uniform system of accounts). The records that utilities must retain for five calendar years include (i) customer certification and verification forms, (ii) LifeLine Claim Forms and workpapers supporting the claim forms, and (iii) other documents and information on which the LifeLine Claim Forms and workpapers are based.

14. REQUESTS FOR WAIVER OF LIFELINE PROGRAM ADMINISTRATIVE REQUIREMENTS

- 14.1 Carriers and utilities may request a waiver of any administrative requirement set forth in this General Order, including the administrative requirements pertaining to (i) the schedule, format, and content of workpapers that utilities must submit to support their LifeLine claims, and (ii) the time limit for submitting LifeLine claims.
- 14.2 Carriers and utilities may request a waiver by submitting a written waiver request to the Director of the CD. The request must provide a thorough explanation for why the waiver is necessary.
- 14.3 CD may attach conditions when granting a waiver request.
- 14.4 If a waiver involves the payment of money to or from a carrier or utility, CD may determine what rate of interest, if any, should apply to the payment(s) subject to the waiver.

15. FUTURE REVISIONS TO THIS GENERAL ORDER

This General Order shall be continuously updated and revised to reflect the future needs of, and changes to, the LifeLine program in accordance with the Commission's orders and resolutions.

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Appendix A

Service Elements of LifeLine

Universal LifeLine Telephone Service is composed of the service elements set forth below. All LifeLine customers are entitled to receive every one of the service elements of LifeLine, and every utility is required to offer all of the service elements of LifeLine to each of its LifeLine customers. The service elements of LifeLine are as follows:

- 1 Access to (a) single party local exchange service, or (b) service that is equivalent, in all substantial respects, to single party local exchange service.
- 2 Access to all interexchange carriers offering service in the LifeLine customer's local exchange.
- 3 Ability to place calls.
- 4 Ability to receive free unlimited incoming calls.
- 5 Free touch-tone dialing.
- 6 Free unlimited access to 911/E-911.
- 7 Access to local directory assistance (DA). Each utility shall offer to its LifeLine customers the same number of free DA calls that the utility provides to its non- LifeLine residential customers.
- 8 Access to foreign Numbering Plan Areas.
- 9 LifeLine rates and charges.
- 10 Customer choice of flat-rate local service or measured-rate local service. The 17 smaller ILECs identified in D. 96-10-066 do not have to offer LifeLine customers the choice of flat or measured-rate local service, unless the smaller LEC offers this option to its non- LifeLine residential customers.
- 11 Free provision of one directory listing per year as provided for in D.96-02-072.
- 12 Free white pages telephone directory.
- 13 Access to operator service.
- 14 Voice grade connection to the public switched telephone network.
- 15 Free access to 800 or 800-like toll-free services.
- 16 Access to telephone relay services as provided for in Pub. Util. Code §2881 et seq.
- 17 Toll-free access to customer service for information about LifeLine, service activation, service termination, service repair, and bill inquiries.
- 18 Toll-free access to customer service representatives fluent in the same language (English and non-English) in which LifeLine was originally sold.
- 19 Free access to toll-blocking service.
- 20 Free access to toll-control service, but only if (i) the utility is capable of offering toll-control service, and (ii) the LifeLine customer has no unpaid bill for toll service.

- 21 Access to two residential telephone lines if a low-income household with a disabled person requires both lines to access LifeLine.
- 22 Free access to the California Relay Service via the 711 abbreviated dialing code.

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Appendix B

CERTIFICATION FORMS AND INSTRUCTIONS

A sample copy is available at: www.CaliforniaLifeLine.com

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Appendix C

VERIFICATION FORMS AND INSTRUCTIONS

A sample copy is available at: www.CaliforniaLifeLine.com

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Appendix D

LifeLine Report and Claim Form California LifeLine Telephone Program (LifeLine)

Report and Claim Form

For Period of _____, 200__

Carrier Name _____

CPCN # _____

LOST REVENUE RECOVERY.*

1. CONNECTION CHARGES (REGULAR CUSTOMERS). _____
2. CONVERSION CHARGES (REGULAR CUSTOMERS). _____
3. ALLOWABLE RECOVERY MEASURED SVC (REGULAR CUSTOMERS) _____
4. ALLOWABLE RECOVERY UNTIMED CALLS (REGULAR CUSTOMERS) _____
5. ALLOWABLE RECOVERY FLAT RATE SVC (REGULAR CUSTOMERS) _____
6. FCC END USER CHARGES (EUCL) (REGULAR CUSTOMERS) _____
7. CONNECTION CHARGES (DISABLED CUSTOMERS INCL.1ST AND 2ND LINES) _____
8. CONVERSION CHARGES (DISABLED CUSTOMERS INCL.1ST AND 2ND LINES) _____
9. ALLOWABLE RECOVERY MEASURED SVC (DISABLED CUSTOMERS INCL.1ST AND 2ND LINES) _____
10. ALLOWABLE RECOVERY UNTIMED CALLS (DISABLED CUSTOMERS INCL.1ST AND 2ND LINES) _____
11. ALLOWABLE RECOVERY FLAT RATE SVC (DISABLED CUSTOMERS INCL.1ST AND 2ND LINES) _____
12. END USER CARRIER LINE (EUCL) CHARGES (DISABLED CUSTOMERS INCL.1ST AND 2ND LINES) _____
13. SURCHARGES, TAXES & FEES:
 - A. BILL AND KEEP/ALL OTHERS RATE CASE SURCHARGES _____
 - B. PUC USER FEE _____
 - C. FEDERAL EXCISE TAX. _____
 - D. LOCAL TAX. _____
 - E. TOTAL SURCHARGES, TAXES & FEES (SUM OF A TO D) _____
14. TRUE-UP OF FEDERAL SUPPORT. _____
15. TOTAL UNRECOVERED REVENUE. _____

OPERATING EXPENSE RECOVERY.

16. DATA PROCESSING EXPENSE. _____
17. CUSTOMER NOTIFICATION EXPENSE. _____
18. ACCOUNTING EXPENSE. _____
19. SERVICE REPRESENTATIVE COSTS _____
20. LEGAL EXPENSE. _____
21. TOLL LIMITATION EXPENSE. _____
22. DEFERRED PAYMENT SCHEDULE COSTS:
 - A. INTEREST COSTS _____
 - B. ADMINISTRATIVE COSTS _____
 - C. TOTAL DEFERRED PAYMENT COSTS (A + B) _____
23. BAD DEBT COSTS. _____
24. OTHER EXPENSES, TRUE UPS, and CREDITS. _____
25. TOTAL OPERATING EXPENSES CLAIMED. _____

IMPLEMENTATION COSTS OF NEW REPORTING REQUIREMENTS (NON-RECURRING):

ORDERED BY COMMISSION ORDER: _____

26. DATA PROCESSING _____
27. CUSTOMER NOTIFICATION _____
28. ACCOUNTING _____
29. SERVICE REPRESENTATIVE COSTS _____
30. LEGAL _____
31. TOTAL IMPLEMENTATION COSTS (SUM OF LINES 26 THRU 30) _____
32. TOTAL CLAIMS (LNS 15+25+31).* _____

*Claimed amounts should be net of the subsidies, if any, which the LifeLine provider expects to receive from the federal Lifeline and Link-up programs.

California LifeLine Telephone Program (LifeLine)
Report and Claim Form
Page 2

NUMBER OF NEW LIFELINE SERVICE CONNECTIONS

	Current Month	Previous Months (true-up)	Total
FLAT RATE	_____	_____	_____
MEASURED	_____	_____	_____
GRAND TOTAL			_____

NUMBER OF LIFELINE SUBSCRIBERS (TOTAL WEIGHTED-AVERAGE FOR THE CLAIM PERIOD)

	Current Month	Previous Months (true-up)	Total
FLAT RATE	_____	_____	_____
MEASURED	_____	_____	_____
GRAND TOTAL			_____

NUMBER OF REGULAR LIFELINE SUBSCRIBERS (AS OF END OF THE CLAIM PERIOD):

Current Month	Previous Months (true-up)	Total
_____	_____	_____

NUMBER OF DISABLED CUSTOMERS SUBSCRIBING TO 2 LIFELINE LINES (AS OF END OF THE CLAIM PERIOD):

Current Month	Previous Months (true-up)	Total
_____	_____	_____

ETC ELIGIBLE TO RECEIVE FEDERAL LIFELINE AND LINK-UP SUPPORT:

YES _____ NO _____

I hereby certify under the penalty of perjury under the laws of the State of California that the foregoing claim, (including any accompanying schedules, statements, and workpapers) is true and has been examined by me and to the best of my knowledge and belief is a true, correct and complete claim.

Signature _____	Title _____
Preparer _____	Date _____
Address _____	Phone _____

Send Completed LifeLine Claim Form to LifeLine Team, Communications Division
California Public Utilities Commission
505 Van Ness Avenue 3rd Floor
San Francisco, CA 94102

Or by email lifelineclaim@cpuc.ca.gov

Instructions for the California LifeLine Telephone (LifeLine) Report and Claim Form

1. Utilities shall submit the Report and Claim Form (“LifeLine Claim Form”) no later than 30 days after the close of the monthly or biannual period for which a claim is made. If the 30th day falls on a weekend or holiday, the LifeLine Claim Form shall be submitted on the next business day. The LifeLine Claim Form must be submitted to the Communications Division. Any LifeLine Claim Forms received after the 30-day deadline will be processed during the next claim period.
2. Utilities have the burden of supporting and justifying any costs they claim. Workpapers should be provided for all claimed costs. Such workpapers, as identified in Paragraph 9 of these instructions, must be unambiguous and show how all claimed items on the Claim Form were derived. ETC carriers should include a copy of Federal Lifeline and Link-up Worksheet (Form 497). To facilitate timely process of the Claim Form, supporting documents should be made available to CD, upon request, within 5 business days. Failure to provide supporting workpapers for all claimed items will constitute reasonable grounds for rejection of such claims.
3. Utilities may only claim those costs and lost revenues identified in the body of General Order (GO) 153. Utilities shall not claim any costs or lost revenues that are prohibited by GO 153.
 - a. Competitive local exchange carriers (CLECs) may opt-in to receive their reimbursement of incremental operating expenses, which include data processing (line 16), customer notification (17), accounting (18), service representative (19) legal (20) and administrative costs associated with the deferred payment plan (22.B), based on a cost-factor developed by CD. These costs should be claimed based on the same weighted average number of LifeLine customers reported for the month.
 - b. For details of this cost-factor, please see General Order 153, Section 9.13.
4. Utilities must report costs and lost revenues that they seek to recover from LifeLine program in accordance with the instructions set forth in GO 153. Utilities shall not be reimbursed for costs and lost revenues that are not reported in the manner prescribed by GO 153.
5. Claims shall be reported to the nearest cent.
6. Utilities shall report on the LifeLine Claim Form the weighted-average number of LifeLine customers served by the utility during the period covered by the Claim Form. In calculating the weighted average, the “weight” of each LifeLine customer shall be based on the number of days the customer was billed for LifeLine during the period covered by the LifeLine Claim Form. The weighted-average number of LifeLine customers shall be broken down into measured-rate local service and flat-rate local service.
7. Utilities shall report on the LifeLine Claim Form the number of new LifeLine service connections for the period covered by the Claim Form, broken down into new connections for measured-rate local service and flat-rate local service.
8. The following table summarizes the proper assessment and billing of surcharges, taxes, and fees:

PROPER ASSESSMENT AND BILLING OF SURCHARGES/SURCREDITS, TAXES, AND FEES				
	Assess on LifeLine services billed to LifeLine customers	Assess on LifeLine services billed to federal programs	Assess on LifeLine services billed to LifeLine Fund *	Assess on Other Elements
ILEC's Bill & Keep / Rate Case Surcharge / Surcredit	Yes - Paid by Customers	Yes - Paid by LifeLine	Yes - Paid by LifeLine	None
Public Programs Surcharges **	No	No	No	None
PUC User Fee	Yes - Paid by Customers	Yes - Paid by LifeLine	Yes - Paid by LifeLine	ILEC's Bill & Keep/Rate Case Surcharge/Surcredit - Paid by LifeLine
Federal Excise Tax	Yes, except for new service connection charges - Paid by Customers	Yes, except for new service connection charges - Paid by LifeLine	Yes, except for new service connection charges - Paid by LifeLine	EUCL, ILEC's Bill & Keep/Rate Case Surcharge/Surcredit, PUC User Fee, and City & Local Taxes - Paid by LifeLine
911 Tax	No	No	No	None
City & Local Taxes	If LifeLine services are not exempted - Paid by Customers	If LifeLine services are not exempted - Paid by LifeLine	If LifeLine services are not exempted - Paid by LifeLine	None
* LifeLine services billed to the LifeLine Fund include (i) LifeLine connection charges, (ii) LifeLine conversion charges, (iii) discounted monthly rates for local service, and (iv) untimed local calls.				
** Public Program Surcharges include California High-Cost Fund-A, California High-Cost Fund-B, California Relay Service and Communications Device Fund, California Teleconnect Fund, and Universal LifeLine Telephone Service.				
Carriers should report and bill the LifeLine Fund for items identified as "Paid by LifeLine".				

9. All required workpapers as identified below should be provided in Microsoft's Excel format and stored in CD disc or any comparable electronic format accepted by staff.

Required workpapers for lost revenues reported in Lines 1 through 12 of the Claim Form:

Workpapers for Lost Revenues Reported in Line 1 thru 12 of the Claim Form									
(Col A)	(Col B)	(Col C)	(Col D)	(Col E)	(Col F)	(Col G)	(Col H)	(Col I)	(Col J)
For Period _____									
Claim Form Line #	Service Description	ILEC Territory	ILEC's Tariffed Rate Charge	Lower of Utility or ILEC's Rate	Quantity	Total Expected Revenue	Amount Billed to LifeLine Customers	Amount Billed to Federal USF	Amount Billed to Fund
1	Connection Charges								
	True-up*								
	TOTAL LINE 1								
2	Conversion Charges								
	True-up*								
	TOTAL LINE 2								
3	(Measured Service)								
	True-up*								
	TOTAL LINE 3								
4	Untimed Calls								
	True-up*								
	TOTAL LINE 4								
5	Flat Rate Charges								
	True-up*								
	TOTAL LINE 5								
6	EUCL Charge								
	True-up*								
	TOTAL LINE 6								
7	Connection Charges (Disabled 1st & 2nd)								
	True-up*								
	TOTAL LINE 7								
8	Conversion Charges (Disabled 1st & 2nd)								
	True-up*								
	TOTAL LINE 8								
9	Measured Services (Dis 1st & 2nd)								

	True-up*								
	TOTAL LINE 9								
10	Measured Services (Dis 1st & 2nd)								
	True-up*								
	TOTAL LINE 10								
11	Flat Rate Svcs (Dis 1st & 2nd)								
	True-up*								
	TOTAL LINE 11								
12	EUCL Charge								
	(Dis 1st & 2nd)								
	True-up*								
	TOTAL LINE 12								
	GRAND TOTAL								

- If any line item (Col A) includes more than one service element, each service element should be separately identified.
- If any service or service element (Col B) has more than one regulatory treatment, each regulatory treatment for that service should be separately identified by providing additional description. For example, the federal Link-Up program is not available to the second LifeLine lines, therefore the connection charges for disabled customers (Line 7 of the Claim Form) should be further broken down by the 1st and the 2nd LifeLine lines.
- The quantity (Col F) for the discounted measured-rate and flat-rate local services should be the weighted-average number of customers as defined in Paragraph 6 of these instructions.
- Utility should include any true-up adjustments on each line item by month under Col A for LifeLine eligible customers submitted in previous month(s).
- For EUCL reimbursement on Line 6, CLECs should follow FCC rules which limit EUCL capped at the ILEC's rate.

Required Workpapers for the following operating costs (Lines 16 to 22) and implementation costs (Lines 26 to 30) on Claim Form

Workpapers for Lost Revenues Reported in Lines 16-22 and 26-30 of the Claim Form						
	(Col A)	(Col B)	(Col C)	(Col D)	(Col E)	(Col F)
Row 1	Claim Form Line #	Cost Description	Direct Labor	Direct Material	Equipment or Depreciation Expense	Overhead Indirect or Shared Costs

- The implementation costs for any line-item (Col A) may include methods and procedures development, training, special customer notification, system revision, etc.
- Carrier shall state whether the implementation costs are for one-time only or for a period of months with an estimated completion date.
- Utilities shall provide copies of invoices for any fees paid to third-party vendors, e.g., Direct Materials, Equipment, Direct Labor, etc.
- Utilities shall provide a description for internal Direct Labor cost, for example, three programmers working on billing system, totaling 200 hours.

Required Workpapers for the recovery of bad debt costs (Line 23)

Workpapers for the recovery of bad debt costs in Line 23 of the Claim Form									
	(Col A)	(Col B)	(Col C)	(Col D)	(Col E)	(Col F)	(Col G)	(Col H)	(Col I)
Row 1	Claim Form Line #	Customer Info (Name, Tel. #, Address)	CertA Approval Date	Customer LifeLine Balance owed	Customer Service Disconnect Date	Bad Debts claim based on the lowest amount using either method below		Repayment of Previously Claimed Bad Debts	LifeLine Bad Debt billed or credit to Fund
						Amount of Deposit	Actual Unpaid LifeLine charges		

- Enter the amount of unpaid LifeLine charges in Column D only. Exclude all other non-LifeLine charges, such as long distance charges, features, internet.
- GO 153 Section 9.3.9 limits the amount of bad debts claim to the lowest of (1) deposit amount for regular customer basic service, or (2) actual LifeLine rates and charges. If Column D is less than the deposit amount, then enter the amount in Column G; otherwise enter the deposit amount in Column F.
- Enter the bad debt amount in Column I from either Column F or G. If customer has made payments on previously claimed bad debt balance, enter the amount of bad debts collected from customers in Columns H and I.

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Appendix E

TIMELINE FOR PROCESSING CUSTOMER'S LIFELINE QUALIFICATION

QUALIFICATION PROCESS

New LifeLine Customers (Certification)

Form Mailing and Return

- 5 days from receipt of customer data records from carriers, CertA sends a partially completed Certification form to each LifeLine applicant and notifies the customer that the form has been sent.
- If Certification form is not returned within 21 days of mailing, CertA sends two reminders to the customer.
- 44 days for each customer to return the completed Certification form to the CertA.
- If the Certification form is not returned within 44 days, CertA allows an 8 day grace period for late receipt of the certification form.

Customer Response Processing

- 7 days for CertA to:
 - finalize review;
 - send letters of qualification or disqualification to customers; and
 - send list of qualified and disqualified customers to carriers for appropriate billing.
- 22 days for disqualified customers to respond to CertA.
- 15 days for CertA to:
 - finalize customers' appeals;
 - send letters of qualification or disqualification to customers;
 - send list of re-qualified customers to carriers for conversion back to LifeLine services from the original LifeLine service date.
- 15 days for disqualified customers to complain/appeal to the CPUC.

Existing LifeLine Customers (Verification)

Form Mailing and Return

- 104 days prior to each customer's re-certification date, CertA sends the LifeLine customer a Verification form and notifies the customer that the form has been sent.
- If Verification form is not returned within 21 days of mailing, CertA sends a reminder to the customer.
- A completed Verification form from each customer is due to CertA 44 days after the form was mailed to customers.
- If Verification form is not returned by the due date, CertA sends customer a soft denial letter and a 2nd Verification form to customer.

- 21 days for the customer to return the 2nd Verification form to the CertA.

Customer Response Processing

- 7 days for CertA to:
 - finalize review;
 - send letters of qualification or disqualification to customers;
 - flag disqualified customers for possible 2nd review and final determination;
 - send list of qualified customers to carriers.
- 22 days for disqualified customers to respond to CertA.
- 7 days for CertA to:
 - finalize customers' appeals;
 - send letters of qualification or disqualification to customers; and
 - send list of qualified and disqualified customers to carriers for appropriate billing (after 2nd review).
 - For service re-grade, rate change should begin in the next bill rendered to customers after notification from CertA.
- 15 days for disqualified customers to complain/appeal to the CPUC.

Attachment B

List of Changes to the LifeLine Claim Form, Instructions, and Workpapers

Claim Form Page 1:

- Move Carrier Name and CPCN # from page 2
- Move Claim Form address to Page 2
- Add EUCL abbreviation for End User Carrier Line Charges to Lines 6 and 12.

Claim Form Page 2:

- Add new columns to account for previous months customer counts under Number of New Lifeline Service Connections, Number of LifeLine Subscribers (Total Weighted-Average for the Claim Period), Number of Regular LifeLine Subscribers (As of End of the Claim Period), and Number of Disabled Customers Subscribing to 2 LifeLine Lines (As of End of the Claim Period).
- Revise signature declaration clause above Signature Line.
- On the bottom of Claim Form, add email address for carriers to submit LifeLine claims electronically, and move mailing address from Page 1 to this location.

Instructions for the California Lifeline Telephone (LifeLine) Report and Claim Form

- Item 2

Clarify ETC carriers FCC Lifeline claim filing to include a copy of Form 497 to ensure net subsidies claimed (see bottom of Page 1 of Claim Form). Move “To facilitate timely process of the Claim Form, supporting documents should be made available to TD, upon request, within 5 business days.” from Required Workpapers section.

- Item 9

Remove the obsolete 3-1/2 inch diskettes from instruction, and allow staff to receive workpapers in CD disc or other acceptable electronic storage devices.

- Workpapers
 1. Under chart for “Required workpapers for lost revenues reported in Lines 1 through 12 of the Claim Form”, add True-up line under each line from Line 1 through 12 to reflect the true-up amount. Below the chart, add instructions for true-up adjustments, and clarify the EUCL amount for CLECs.
 2. Under the chart for “Required Workpapers for the following operating and implementation costs”, reformat the chart with a title outside the chart, and remove line item descriptions. Clarify acceptable implementation and operating charges.

3. Under the chart for “Required Workpapers for the following operating and implementation costs”, reformat the chart with a title outside the chart, and remove line item descriptions. Clarify acceptable implementation and operating charges.
4. Under the chart for ”Required Workpapers for the recovery of bad debt costs (Line 23)”, reformat the chart with a title outside the chart and include customer information and methodology in calculating bad debt charges.