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DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: Public Service Commission
From: Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst
Date: April 22, 2014
Subject: Rule 746-341 Lifeline/Link-up Rule Amendment. Docket No. 14-999-06

Following the April 8, 2014 technical conference regarding Lifeline Rulemaking, the Commission issued a notice of additional comment period allowing interested parties to supplement or file additional comments on the draft proposed rule by April 22, 2014. The Office of Consumer Services previously submitted comments on March 21, 2014. Herein the Office provides additional comments related to comments provided by CenturyLink in regards to R746-341-8 Reporting Requirements and R746-341-9 Funding of Lifeline.

Regarding R746-341-8. ETC Reporting Requirements, CenturyLink stated:

“The relevancy of R746-341-8.A.2. and R746-341-8.A.3. should be discussed during a technical conference. The PSC needs to determine the costs it will allow to be recovered by ETCs from the state USF. For example, the advertising expenses of ETCs to promote Lifeline should not normally be recoverable unless the PSC mandated advertising and other promotional activities.”

Regarding R746-341-9 Funding of Lifeline, CenturyLink commented:

“See response above. The PSC needs to determine the costs it will allow to be recovered by ETCs.”

The sections of the Proposed Rules referenced by CenturyLink read as follows:

R746-341-8. ETC Reporting Requirements.¹

A. Reporting Requirements – ETCs shall submit, to the Division of Public utilities, a semi-annual report, for the periods through June 30 and December 31, of each year, containing a description of the ETC’s Lifeline program. The reports shall also contain monthly information on:

2. the amounts of administrative, advertising, and other program expenses;
3. interest accrual amounts on Lifeline funds, if any; and

R746-341-9. Funding of Lifeline.

A. Cost Recovery – The total cost of providing the state portion of Lifeline, including the administrative costs of the state ETCs and the costs incurred by the responsible agency, shall be recovered and funded as provided in 54-8b-15.

Office Comments. The Office asserts that the two referenced sections of the Rule are unclear or open to interpretation. The Office notes that the Reporting Requirements section identifies various items such as administrative, advertising, other program expenses and interest accrual amounts on Lifeline funds that must be reported. However, the Cost Recovery section provides for recovery of “The total cost of providing the state portion of Lifeline, including administrative costs of the state ETCs....”

Based on our review of the proposed Rule language the Office concurs with CenturyLink that the Commission should determine and more clearly identify the costs it will allow to be recovered by ETCs.

Regarding the recovery of costs incurred by ETCs for advertising supporting the Lifeline program, the Office recommends that the Commission should incorporate some basic requirements if it decides to continue to allow advertisement expenses to be recovered from the USF. These requirements should include:

¹ Portions of R746-341-8 omitted as they are not the subject of the discussion.

- Clear identification that the offering is part of the Lifeline program,
- No references to other product offerings that aren't related to the Lifeline program,
- General information on eligibility qualifications, and
- General information on how to enroll (e.g. website and telephone contact information.)

The Commission may also want to put restrictions on the total amount that any provider can recover from the USF based on a metric such as total in-state revenue or number of Lifeline customers.