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October 31, 2013

LifeLine Waiver Compliance Status Report

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Since the most recent waiver was granted to the State of Utah, the Public Service Commission (UT PSC) has been actively engaged in two major activities with respect to the Lifeline program. These are completing the 2013 annual certification and refining the options available to administer the program on an ongoing basis.

First, the UT PSC has worked to complete the 2013 annual certification of each wireline Lifeline participant in the State. We checked whether each wireline Lifeline participant was enrolled in at least one qualifying aid program (automatic program eligibility) as of the required certification date. This was done by accessing a state level database which contained recipient records for most of the qualifying programs. There were only about 18% of Lifeline participants who were not able to be certified based on this process - however, we note that not all qualifying program record's were available, we expect most of the 18% to qualify for eligibility in the follow-up process. Letters have been sent to those participants who did not pass the automatic program eligibility screen informing them that in order to continue participation in the program they will need to show they are currently enrolled in a qualifying aid program, or that they continue to be income eligible. We are in the process of reviewing these participants' responses. Over a third of the participants have responded already. All current participants will either be recertified, or removed from the program, by the end of year deadline.

The second major area the UT PSC has focused on is establishing a process to move forward with respect to the administration of the program in the State. We have identified two possible paths to compliance. The first (and preferred) path is to contract with the State's Department of Workforce Services (DWS) to

administer the program. This is the agency in Utah which already administers a majority of the automatically qualifying programs. The savings and synergies involved with this approach are large and apparent. However, we are still in a process of negotiating the terms under which the DWS would administer the program. The DWS has just recently (this week) concluded an internal audit which was tasked with identifying all of the costs associated with, and the most effective methods of, administering the Lifeline program. The UT PSC hopes to meet with the DWS in the near future to discuss the result of the audit and to determine if the DWS is willing to move forward as the administrator of the Lifeline program for the wireline customers in the State. We anticipate that if this approach is implemented the UT PSC may request permanent waivers with regard to the requirement that the carriers have copies of the application on hand, and with respect as to who the responsible agent is to enter the participant information into the national Lifeline database.

The second path for coming into compliance would be to turn the program over to the carriers. The administration of the program would then follow the model which has been developed by the federal ETC wireless carriers. This is not the Commission's preferred alternative; however, if the DWS elects not to adopt the administration role the UT PSC may have to explore this option. In either case the UT PSC plans to ask for a continuing waiver regarding keeping the applications at a centralized location until such time as we are able to determine which of the above options will be viable.