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Division of Public Utilities

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--= MEMORANDUM =--

TO: Utah Public Service Commission

FROM: Division of Public Utilities
Philip Powlick, Director
William Duncan, Manager, Telecommunication & Water Section
Shauna Benvegna-Springer, Utility Analyst

SUBJECT: In the Matter of the Consideration of the Costs to the Department of Community and Culture for Determining Eligibility for Lifeline Applicants

RE: Docket No. 10-2528-01

DATE: October 20, 2010

COMMENTS:

As directed by the Commission, the Division of Public Utilities (Division) files the following comments and recommendations concerning “the issues that need to be addressed in this docket, and to establish an expeditious schedule for discovery, distribution of pre-filed testimony and hearings.”

The Division believes that the scope of this docket should include but not be limited to:

- 1) determining the process for certification or verification of eligibility of the Lifeline applicant that meets the requirements of the Commission rule in R746-341-3;
- 2) determining a process that ensures that a household will receive a single Lifeline discount as contemplated in R746-341-5 (F);
- 3) determining a process for recertification of eligibility that will occur at least annually and meets the requirements of R746-341-4;
- 4) avoiding unauthorized changes of lifeline carrier, and preventing slamming;

- 5) determining and minimizing the cost of the above processes;
- 6) developing and implementing the most efficient and effective process;
- 7) ensuring the eligibility process is applied to all ETC's in a non-discriminatory manner;
- 8) minimizing the fraud potential of the process and
- 9) determining the role of State USF funds, and contributions thereof, in the process.

As support for its issues listed above, the Division provides the following commentary:

CERTIFICATION OR VERIFICATION OF ELIGIBILITY OF THE LIFELINE APPLICANT:

By Commission rule, eligibility is determined either through a program-based criteria or an income based criteria. Currently there is not a clearinghouse of all the public assistance programs a person can be eligible for with one single agency. A person can be eligible if they receive public assistance from one or more of eleven different programs or the household income is at or below 135% of poverty level. The Department of Community and Culture is the responsible agency, designated by contract by the Commission and the Division, which certifies applicants as eligible participants in the lifeline program. See R746-341-3(c). The Division supports exploring various options to certify or verify eligibility of the Lifeline applicant.

SINGLE LIFELINE DISCOUNT PER HOUSEHOLD:

With a wire line located in a specific geographic area and only one ETC carrier operating in a geographic area, the ETC carriers have assisted with insuring only one Lifeline discount is provided per household. By allowing a wireless carrier to provide a Lifeline program, the geographic control to only one household receiving Lifeline is eliminated. Hence, a database with all Lifeline participants or other mechanism must be implemented to determine if a household is receiving Lifeline from another ETC carrier. See R746-341-5 (F) (1-2).

RECERTIFICATION OF LIFELINE PARTICIPANTS:

Currently, the responsible agency provides an annual verification per R746-341-4. Performing this recertification on a more frequent basis should be explored.

UNAUTHORIZED CHANGE OF LIFELINE CARRIER:

In order to avoid confusion and inconvenience to the customer, it is recommended that a process be implemented to prohibit carriers from changing current Lifeline customer's discounts

to another carrier without proper authorization. During the regulation of long distant carriers, the FCC implemented third party verification to avoid the potential for slamming. The Division recommends the scope include a provision to prohibit slamming.

MINIMIZING COST:

The Division wants to insure all costs to provide the certification, verification and re-verification process of eligibility are recovered to the Universal Service Fund (USF) and costs to the responsible agency per R746-341-8. The cost charged to all eligible telecommunication carriers for the eligibility process can only be determined once the processes are identified. Those ETC's where USF fees are charged and remitted to the USF need to be determined if they are exempt from the eligibility process cost. A process or mechanism must also be determined of how an eligibility determination fee will be charged and remitted to the USF.

EFFICIENT AND EFFECTIVE:

The Division believes all possible options, processes, and agencies should be reviewed to determine if a more efficient and effective process, even through collaboration with several agencies with one agency as the primary agency, be reviewed and considered. The Division would like to keep it simple and direct with the least amount of change. Consideration should be noted that the Division and DCC do administer other utility assistance programs in addition to the Lifeline program.

ADJUDICATION APPLIED TO ALL ETCs:

The Division recommends and supports that all ETC's offering Lifeline programs follow the same certification, verification and re-verification process. The Division believes all ETC's whether wire line or wireless should continue to follow the same process to avoid discrimination or unfair competition one over another, and recommends that this be done through an adjudicative proceeding.

MINIMIZE FRAUD:

The Division believes that by providing proper internal controls and procedure to prevent fraud at the beginning of the process fewer taxpayer resources will be utilized in the recovery of Lifeline discounts where it is determined that a participant did not qualify. As an example, to initiate an investigation, recover the discount obtained, and pursue litigation and penalties would drain limited the resources of government agencies. The Division desires to prevent the possibility of fraud on the front end of the process as much as possible, rather than rectify on the back end.

STATE USF:

The role the state USF plays in the wireless ETC forum and consequently the impact it will have on non-wireless ETC's carriers, needs be addressed to ensure fairness.

TIME SENSITIVITY

The Division is sensitive to the desire of Tracfone to begin providing service, and urges the Commission to schedule future proceedings on an expedited basis.

cc: Service List