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Department of Commerce
Division of Public Utilities

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--= MEMORANDUM =--

TO: Utah Public Service Commission

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

SUBJECT: In the Matter of the Resolution of Issues Related to the Designation of a Common Carrier as an Eligible Telecommunications Carrier

RE: Docket No. 10-2528-01

DATE: May 24, 2011

COMMENTS:

As directed by the Commission in the amended interim scheduling order dated May 2, 2011, the Division of Public Utilities (Division) files the following comments and recommendations concerning:

1. the Commission providing outreach regarding the availability of Lifeline services, as opposed to particular eligible telecommunication carriers (ETCs) providing that outreach and communication (similar to what occurs in the Relay Utah program);
2. what interim procedures or actions could be implemented quickly to allow newly approved ETCs to commence service in the *short-term*, while preserving more *long-term* issues for later resolution in this docket or future proceedings;
3. which issues published in the *Notice of Agency Action* and *Supplement to Notice to Agency Action* that are no longer relevant — either in whole or in part;
4. issues to be discussed at the June 1, 2011 technical conference.

OUTREACH:

The Division believes utility assistance programs (HEAT, Lifeline/UTAP, Questar Discount and Relay Utah) should have equal outreach, marketing or advertising emphasis and effort within each program's financial resources. The following shows a comparison between Relay Utah and the UTAP Lifeline program efforts.

Relay Utah's outreach efforts begin with of a webpage located at www.relayutah.gov. It is managed and administered by the Commission through a private contract with PPBH. The webpage includes full disclosure about the program, services and products available to participants. PPBH has produced four TV commercials, a radio spot, a brochure and application for the equipment and relay services, press releases, public service announcements, a DVD for speaking engagements, a monthly newsletter, and education for elementary-age children through workbooks/activity books. A link on the Commission's home webpage directs participants to the Relay Utah website. Relay Utah is funded by a \$.10 surcharge on all landlines each month, which is deposited into the Restricted Hearing Impaired Fund. For the fiscal year 2010, the program experienced a 17% increase in participants over the last year for households that are receiving the services.

In contrast, the Utah Telephone Assistance Program (UTAP)/Lifeline has a webpage located at <http://housing.utah.gov/seal/utap.html>. It is managed and administered by the Department of Community and Culture (DCC) through an interagency contract with the Commission. A list of all of the participating telephone carriers with links to their websites and phone numbers are provided on the website. DCC has developed an interactive application, a brochure that is distributed to all public assistance offices, and a 1-800 number with information about the program. DCC also provides one-on-one consultation services about UTAP and other public assistance programs. Eligible telecommunication carriers have limited information about the Lifeline program on their websites. According to Division records for reimbursement, during the past four years, one ETC has provided an advertising flyer to their customers with 1/8 of the space devoted to information about the Lifeline program. The Division of Public Utilities has limited information about the Lifeline program on its website. The Commission does not have information about UTAP/Lifeline on their site nor a link to the DCC UTAP website. The number of participants in the Lifeline program from calendar year 2009 to 2010 has decreased by 1.5 percentage points.

When comparing the outreach efforts of the Relay Utah and UTAP/Lifeline programs, the Relay Utah efforts and results have surpassed those of the UTAP program based on participant growth and the amount of funds used for marketing and advertising. The Division recommends continuing with the current DCC outreach that is in place, but strongly suggests augmenting the program with media marketing of TV commercials and radio spots through a private contract. A link, similar to that of Relay Utah's, should be placed on the Commission and Division websites directing individuals to the DCC website. The Division recommends modifying Rule 746-341-7 A (2) to eliminate the advertising voucher as a recoverable expense to ETCs and redirect the

funds to a private advertising contract. This would not prohibit the ETCs from advertising the Lifeline program with their products and services. The Division recommends the Commission request the ETCs to provide complete disclosure of the Lifeline program information to the customers through their websites and in their marketing of the program.

INTERIM SHORT-TERM PROCEDURES:

In order to allow the wireless ETCs to participate in the current eligibility and verification process the following requirements must be addressed:

1. Identify Current Participants -The DCC does not have a complete list or database of all the participants receiving a Lifeline discount. The Division, under direction from the Commission, needs to obtain the participants name, their household/residence address, the program participating telephone number and their social security number from each ETC providing the Lifeline discount in an electronic format such as an Excel spreadsheet as of a given date. Many applicants (over 50%) forget that they are receiving the benefit and reapply. Currently applicant participation is controlled through each geographic area with only one ETC provider in that geographic area. By adding wireless ETCs, the geographic control is eliminated. The ETCs and DCC will not have knowledge if an applicant is receiving a discount from another provider or not. A database or list must be created for the DCC to cross check for participation with other providers.
2. Initial Certification of Eligibility - Presently the DCC certifies applicants for eligibility and re-certifies them annually. The DCC's contract with the Commission is to provide eligibility certification for wire line participation but not for wireless participation. The Division recommends the Commission and the Division renegotiate with the DCC to provide the wireless eligibility certification.
3. Verification of only one discount benefit per household - To help insure addresses are correct, the Division recommends the use of address verification software against the participant database to "clean" the address information. This process verifies that addresses are a valid US postal address and modifies them into the standard postal format. Afterward the database information can be sorted and duplicates can be identified. Research on the duplications can be completed to determine if only one discount benefit is being provided per household address. The Division recommends the Commission direct that a request for proposal or bid be completed to obtain the needed software service to be funded from the state's Universal Service Fund (USF).

4. Process for changing Lifeline ETC - The Division recommends adding an additional modification to Rule 746- 341-3 C where an applicant states that they understand that if they are currently receiving a discount from one provider that the provider on the most current application will cancel the discount of any previous provider. The Division recommends the statement be added to the application for the Lifeline program.
5. Determine a cost for certification, recertification and outreach - Once the DCC contract is renegotiated, the Division can determine the cost associated with adding the wireless eligibility function to the present system.
6. Identify a process to collect cost from wireless or prepaid services - The Division will be able to make a recommendation as to the amount to charge and collect from prepaid or wireless providers not paying into the Utah USF once the DCC contract is renegotiated.
7. Review Rule 746-341 in its entirety and complete the necessary rulemaking procedures to modify the rule to match the current and anticipated technology environment as much as possible.

LONG-TERM PROCEDURES:

In the larger scope, the Division believes a more efficient and effective system can be developed using an internet interface where the applicant could complete the information online with immediate feedback to the applicant and their chosen ETC(s). Long-term procedures would include:

1. the Commission and/or Division having discussions with Department of Workforce Services (DWS) and DCC to develop a more efficient and effective system;
2. the Commission and/or Division planning and developing the internet interface system, identifying the required resources;
3. completing the necessary rule changes and rulemaking process to implement;
4. evaluating the costs to determine if a change to the fee structure is necessary; and
5. the Commission directing the necessary actions to have the system developed, implemented and evaluated.

The Division recommends and supports that all ETCs offering Lifeline programs follow the same certification, verification and re-verification process for eligibility and compliance. The Division believes all ETCs, whether a wire line provider or wireless provider, should continue to follow the same process to avoid discrimination or unfair competition.

ISSUES NO LONGER RELEVANT:

The Division has reviewed the issues identified in the December 2, 2010 *Notice of Agency Action* and the March 14, 2011 *Supplement to Notice of Agency Action*. Because the Commission has not accepted nor rejected any of the recommendations to the issues thus far in the docket, the Division believes all of the issues identified remain relevant.

ISSUES FOR JUNE 1, 2011 TECHNICAL CONFERENCE:

The Division believes the issues to be address during the next technical conference should include the following:

1. Allow time for parties to present and clarify comments filed on May 25, 2011;
2. The Division requests a presentation from the Commission staff (namely John Harvey), Qwest and URTA on the history of the Lifeline program, the implementation of the Lifeline Program and challenges that were overcome by the current process.
3. The Division requests a presentation from the DCC (Sherm Roquiery) on the current Lifeline program, to include its processes and relevant facts;
4. The Division requests a presentation from DWS (James Whitaker) as to what services, resources, and solutions they could offer in the short-term and long-term;
5. The Division requests a presentation from Solix as to what services, resources and solutions they could offer;
6. Schedule items and dates for further actions required of this docket.

cc: Service List