



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT
Governor
SPENCER J. COX
Lieutenant Governor

--= MEMORANDUM =--

TO: Public Service Commission of Utah

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 Petition of CenturyLink for a Waiver to the Utah Lifeline Eligibility Requirements

RE: Docket No 16-049-16 and Docket 16-999-03

DATE: November 9, 2016

The Division of Public Utilities (Division) files these comments with the Public Service Commission of Utah (Commission) in the Matter of the Petition of CenturyLink (CL) for a Waiver to the Utah Lifeline Eligibility Requirements. The Division supports the Petition for Waiver for various reasons as outlined below and provides additional comments.

BACKGROUND:

The Commission contracts with the Utah Department of Workforce Services (DWS) to administer the federal and state discount for wire line providers that participate in both programs. Effective December 2, 2016 the federal Lifeline program will alter the list of programs that qualify a person for federal Lifeline support:

- Remove Low-Income Home Energy Assistance Program (LIHEAP),
- Remove Temporary Assistance to Needy Families (TANF), and
- Remove National School Free Lunch Program
- Add Veterans and Survivor Pension Benefit.

The changes are intended to streamline the eligibility process by utilizing electronic databases.

On October 22, 2016 the Division filed comments with the FCC supporting a waiver for the Utah Lifeline program to align with the federal Lifeline programs, because rulemaking and legislative changes will not be made by December 2, 2016.

On October 26, 2016 CL filed for a waiver to the Utah Lifeline rules so it can utilize the requirements of the federal program.

On October 27, 2016 the Commission specifically asked for comments on the following questions:

- 1) Is it appropriate to eliminate eligibility requirements based on LIHEAP, TANF and free school lunch in the interest of administrative efficiency for the carriers, even though such action might disqualify individuals who otherwise would qualify for the state Lifeline subsidy?
- 2) Is the Veterans and Survivors Pension Benefit program eligibility based on income, or is it available to any veteran who receives a pension, or survivor? If the latter, is that criteria consistent with the Utah Lifeline rules, which mandate that eligibility be based on income?

LIFELINE PROGRAM FACTS:

The following facts about the state Lifeline program are submitted from the DWS Lifeline database, unless noted:

- Each wire line (fixed) voice subscriber receives a \$3.50 monthly discount from the state program and a \$9.25¹ monthly discount from the federal program, which totals \$12.75.
- Each wireless voice subscriber receives a \$9.25 monthly discount from the federal program and no monthly state discount.
- As of November 9, 2016 there were 5,167 state and federal subscribers with wire line providers and 26,899² federal only subscribers with wireless providers, for a total of 32,066 participants.
- Twenty percent (23%) of the wire line participants are eligible because of the LIHEAP (1,177). Of these, 94% are age 55 or older and 91% live outside of Davis, Salt Lake, Utah and Weber counties.
- One percent (1%) or 245³ of the wireless participants qualified under the LIHEAP program; demographic information was not available from NLAD.

¹ Lifeline and Link-Up Reform and Modernization. FCC 16-38, (2016) (Lifeline Order) reduces the fixed voice discount to \$7.25 on December 1, 2019, to \$5.25 on December 1, 2020 and fixed voice not eligible on December 1, 2021 and thereafter.

² USAC NLAD reporting as of November 9, 2016

³ USAC NLAD reporting as of November 9, 2016

- Eleven (11) wire line subscribers qualify through the National School Free Lunch program (NSFL), one from Salt Lake and ten from rural Utah. Of these, 82% are grandparents with grandchildren.
- Three hundred (300)⁴ wireless subscribers qualified through NSFL; demographic info was not available from NLAD.
- No wire line subscribers and 50⁵ wireless subscribers qualified under TANF public assistance.
- The costs to administer an average of 6,044 participants during the FY2016 were \$78,838.80 which represents a 31% overhead.
- The benefit amounts paid for FY 2016 were \$256,930.13.
- The administrative costs have been reduced by 50% beginning September 2016, which should result in a 19% administrative overhead for FY 2017 if the state program remains constant.
- If broadband services are added to the state program, the benefits paid to providers on behalf of subscribers would increase to \$1,346,772 and the overhead would decrease to 6%.

ELIGIBILITY QUALIFICATIONS:

The Utah Lifeline program by statute provides financial assistance to “basic residential service” as defined by Utah Annotated Code 54-8B-2(2). Federal ETCs are approved to provide “mobile telecommunications service” as defined by Utah Annotated Code 54-8b-2(11). The statute requires legislation to provide a discount to broadband service.

The LIHEAP provides a financial subsidy to utility companies for low income individuals who pay for home energy utilities. The qualifications for receiving LIHEAP assistance⁶ are:

- 1) Person must be responsible for paying home energy utilities,
- 2) The household must have at least one household member who is a US citizen or qualified alien, and
- 3) The total household income is at or below **150%** of the federal poverty level.

The National School Free Lunch program provides reimbursement to schools who participate in the program. The qualifications for receiving National School Free Lunch⁷ are:

⁴ USAC NLAD reporting as of November 9, 2016

⁵ USAC NLAD reporting as of November 9, 2016

⁶ Utah HEAT program, <http://jobs.utah.gov/housing/seal/heat.html>

⁷ National School Free Lunch, parent letter, <http://www.fns.usda.gov/school-meals/applying-free-and-reduced-price-school-meals>

- 1) Household income is at or below **130%** of the federal poverty levels, OR
- 2) Household is receiving Supplemental Nutrition Assistance Program (SNAP), Food Distribution Program in Indian Reservations (FDPIR) or TANF, OR
- 3) Household is receiving unemployment benefits, OR
- 4) Student is a foster child, OR
- 5) Student participates in the Head Start program, OR
- 6) Student meets the definition of homeless, runaway, or migrant.

VETERANS AND SURVIVOR PENSION BENEFIT:

Veterans can qualify for numerous compensation benefits plans including the Veterans and Survivor Pension Benefit. The Veterans and Survivors Pension Benefit provides supplemental income to low income veterans and their surviving spouse or dependent. The qualifications for receiving Veterans and Survivors Pension Benefit⁸ are:

- 1) Veteran must have served 90 days active service with one day during a wartime period, AND
- 2) Age 65 or older OR
- 3) Totally and permanently disabled OR
- 4) A patient in a nursing home receiving skilled nursing care OR
- 5) Receiving Social Security Disability Insurance, OR
- 6) Receiving Supplemental Security Income (SSI), AND
- 7) Household income must be less than the Maximum Annual Pension Rate (MAPR) authorized by Congress less medical expenses of 5% of MAPR or less, which results in an amount less than 135% of the federal poverty level.

All recipients of the Veterans and Survivors Pension Benefit should ultimately be receiving a combination of income adjusted for unreimbursed health care costs that matches the MAPR. Therefore, while there is a variation in the calculation it is income based.

SUBSCRIBER IMPACT AND RECOMMENDED REMEDY:

A query on November 4, 2016 of the DWS database matched 1,188 individuals who qualified by LIHEAP or NSFL against federal qualifier programs. The result identified 185 subscribers that are also participating in another federal qualifier program. The remaining 1,003 subscribers will lose their federal discount on their enrollment date for re-certification during 2017, unless their income drops or they qualify by another criteria 60 days before that date.

On December 2, 2016, DWS can identify those Lifeline participants that qualified through the LIHEAP or NSFL that are affected by the change in the federal program. DWS can begin to contact and work with the participants to qualify by another means. This could avoid a misunderstanding, gap in discount or loss of a discount.

⁸ Veterans Administrations Benefits, <http://www.benefits.va.gov/pension/vetpen.asp>

For the remainder of the population that does not qualify through another program, the Commission may wish to consider funding the state and federal portion of the discount from the Utah Universal Service Fund (UUSF) for some transitional period. The cost to the UUSF of such subsidy is estimated to be an additional \$111,333 (1003, x \$9.25 x 12) a year.

RECOMMENDATIONS:

The Division recommends granting the waiver. However, for those households that qualify through LIHEAP or NSFL as of December 2, 2016, for the wire line discount the Commission might consider funding the federal portion of the discount for the identified population that does not qualify another way during the phase out period.

The Division recommends the Commission add Veterans and Survivor Pension Benefit as a qualifying program to the state Lifeline program because it is a low income qualifying program.

cc: Justin Jetter, Assistant Attorney General