



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: The Public Service Commission of Utah
From: The Office of Consumer Services
Michele Beck
Cheryl Murray
Copies To: Parties of Record
Date: October 20, 2010
Subject: Comments of the Office of Consumer Services Regarding the Scope and Issues for Docket No. 10-2528-01.

Pursuant to the Public Service Commission's Interim Scheduling Order Issued October 13, 2010 the Office of Consumer Services provides the following comments regarding the Scope and Issues to be covered in Docket No. 10-2528-01.

Scope:

The Office proposes the following scope for Docket 10-2528-01. In our view, this scope is necessary to ensure that the outcome is consistent with the public interest.

1. Determine the cost to verify original eligibility of lifeline customers and annual verification of continuing eligibility of lifeline customers.
2. Design and implement a process to prevent customers receiving duplicate service from multiple providers (double dipping). This will also prevent more than one telecom company from receiving/collecting USF funds for the same customer.
3. Determine appropriate method to collect funds from ETCs for the cost of determining eligibility.
4. Determine whether rulemaking and/or additional reporting requirements are necessary to implement these processes.

Issues:

The Office submits the following list of individual issues that need to be addressed with Docket 10-2528-01.

Information Exchange:

Before any analysis or investigation is conducted, all parties should have access to some foundational information to understand how these processes have operated historically.

- List of all ETCs in Utah with their corresponding geographic coverage area
- List of ETCs that contribute to state USF
- Number of Lifeline customers per ETC
- Step by step description of current process for certification & annual verification:
 - DCC process
 - All telecom companies (whether they use DCC services or not).
- Based upon the DCC/PSC & DPU contract:
 - Actual costs per account category (contract Attachment D) per quarter for all years available
 - Actual costs, or per unit costs derived by dividing total costs by total number of units for all years available for: initial certifications and annual verification of eligibility
 - Records of all audits and inspections performed by PSC/DPU auditors or agency staff as provided by Attachment A paragraph 10.

Eligibility Determination and Verification:

The following issues need to be examined and addressed within this docket.

- What does rule (R746-341) actually require? See R746-341-3 C. Are C and D (Document Retention) in disagreement? See also R746-341-4 (continuing eligibility).
- How should original certification be done?
 - Self certify through either/or 3rd party or utility (telecom company choice).
 - Only certify through 3rd party.
- How should annual verification of eligibility be done?
 - Self certify through either/or 3rd party or utility (telecom company choice).
 - Only certify through 3rd party.
 - Should re-certification consist of:
 - Statistically valid sampling.
 - Verify every lifeline customer.
- If 3rd party is used what criteria and process will be used for selection of the 3rd party?

Prevention of Fraud:

- Steps to be taken to prevent customers from receiving lifeline service from more than one carrier, thereby preventing more than one carrier from receiving lifeline support for the same customer. (Double dipping)
- Should each lifeline customer be tracked as to the provider of choice and removal notification sent any time a pre-existing lifeline customer requests lifeline service (or change in service)? [Distinction because a customer may just ask for lifeline service when they already receive lifeline assistance, rather than saying they are changing carriers]
- If a wireline lifeline customer requests transfer to a wireless ETC carrier should the certifying party be required to provide an explanation that the wireline subsidy will be lost

with the transfer? [As opposed to just saying your current carrier will be notified that you are dropping your lifeline service with them, or saying nothing]

- Should wireline lifeline customers switching to wireless ETC be asked if they wish to keep wireline service at the current rate without subsidy? (Could a wireline customer end up with a higher than expected wireline bill – perhaps ending in default of payment? Or losing wireline service in the home unexpectedly?)

[This goes to making sure the customer understands the difference between “free wireless” offers and the “subsidy” on the wireline]

Collecting Costs Associated with Certification and Annual Verification of Eligibility:

- ETC Payment for certification - options
 - All ETCs pay into state USF and USF funds are used to pay for certification.
 - All prepaid wireless ETCs pay a per customer fee for initial and ongoing verification.
 - Any ETC that does not pay into USF must pay a per customer fee for initial and ongoing verification.
 - If a pay per customer fee is adopted will initial “start up money” be required from each ETC?
 - Will billing of ETCs be done monthly, quarterly, annually?
- Over or Under collection of pay per customer fee.
 - How will under/over collection be dealt with?
 - Under collection rebilled on a per customer basis.
 - Over collection returned to ETCs based on a percentage of an ETCs number of customers.

Implementation of Processes and Policies:

- Are additional reporting requirements necessary to implement new systems (e.g. to track costs, Lifeline participant numbers, etc.)
- Is rulemaking needed?