

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE IMPLEMENTATION)

OF THE UNIVERSAL SERVICE PROVISIONS) PSC REGULATION DOCKET NO. 48

OF THE TELECOMMUNICATIONS ACT OF)

1996 (OPENED AUGUST 12, 1997))

ORDER NO. 5473

This 20th day of June, 2000, the Commission determines, directs, and Orders the following:

1. In 1997, the Federal Communications Commission ("FCC") substantially revised the federal "Lifeline" and "Link-Up" programs. Both programs seek to ensure that basic telephone services are affordable for low-income citizens. Lifeline provides federal universal service support to reduce the monthly service charges paid by qualifying low-income customers. Link-Up provides support to reduce the cost of initial installation and connection. Under the 1997 Lifeline regime, every eligible carrier providing the basic supported services to a qualifying customer receives federal support in the "baseline" amount of \$3.50. 47 C.F.R. § 54.403(a)(1997). In turn, such carrier waives payment of the federal end user common line charge (commonly called the "subscriber line charge" or "SLC") by the Lifeline subscriber. In 1997, the SLC for a primary residential line was capped at \$3.50. In addition, under the 1997 program, additional federal interstate support in the amount of \$1.75 per subscriber is available to an eligible carrier if the state commission has reduced its intrastate rates for the supported services by an equivalent amount. 47 C.F.R. § 54.403(a)(1997). A state did not have to raise any State support amounts to receive this additional federal support.

2. Prior to 1997, this Commission had not implemented a Lifeline program for Delaware. However, the 1997 Lifeline revisions offered federally funded support which was hard to ignore. Thus, in PSC Order No. 4684 (Dec. 16, 1997), the Commission authorized eligible telecommunications carriers within this State to receive the federal \$3.50 baseline amount and the additional \$1.75 of federal support. At the same time, the Commission directed a \$1.75 reduction in the intrastate charges for the supported services provided to eligible Lifeline customers.

3. In its recent Coalition for Affordable Local and Long Distance Service ("CALLS") Order, the FCC adopted a proposal that will increase the primary residential SLC cap to \$4.35, effective July 1, 2000, and thereafter move that SLC cap in steps to \$6.50 on July 1, 2003. In doing so, the FCC recognized that the Lifeline program had to be revised to offset these increases to the residential SLC cap. Thus, the FCC revised the federal universal service rules to change the \$3.50 federal "baseline" amount to "Tier 1" Lifeline support.

That Tier 1 support amount is now to be defined as the "tariffed rate in effect for the primary End User Common Line charge of the incumbent local exchange carrier serving the area in which the qualifying lower-income consumer receives service." 47 C.F.R. § 54.403(a)(1)(2000). As such, the support amount would track the increasing SLC. Carriers will still waive the increased (and increasing SLC) for eligible low-income consumers. The FCC did not alter the additional \$1.75 amount - now called Tier 2 support - available to a state that has authorized a like reduction in the intrastate rates for supported services. 47 C.F.R. § 54.403(a)(2)(2000).

4. In light of these changes in the federal Lifeline program, and given that the revisions will not alter the structure or scope of the Lifeline program previously embraced in PSC Order No. 4684, the Commission will now simply revise the directives in that earlier Order to mirror the Lifeline revisions recently adopted by the FCC. By doing so, eligible telecommunications carriers can make the necessary changes to their Lifeline tariffs as the SLC amounts, and the corresponding federal Lifeline amounts, change over the ensuing months and years.

Now, therefore, **IT IS ORDERED:**

1. That, on and after the effective date of the provisions of 47 C.F.R. § 54.403, as amended by FCC 00-193 (rel. May 31, 2000), eligible telecommunications carriers are authorized to receive Tier 1 federal Lifeline support in the amount of the tariffed rate in effect for the primary residential End User Common Line charge of the incumbent local exchange carrier serving the area in which the qualifying low-income consumer receives service. On such effective date, this authorization to receive the Tier 1 amount shall supersede the authorization to receive the federal baseline amount described in Ordering paragraphs 1 and 2 of PSC Order No. 4684 (Dec. 16, 1997).

2. That the Commission continues to authorize a reduction in the charges paid by eligible Lifeline consumers for the designated services described in 47 C.F.R. § 54.501(a)(1)-(a)(9) in the amount of \$1.75. Such continued reduction will allow eligible telecommunications carriers to receive Tier 2 federal universal service support under 47 C.F.R. § 54.403(a)(2), as amended by FCC 00-193 (rel. May 31, 2000). As before, such reduction shall continue only so long as such amount is supported by federal universal service funds.

3. That eligible telecommunications carriers shall comply with all federal rules governing the federal Lifeline and Link Up programs. Except as modified here, the directives in PSC Order No. 4684 (Dec. 16, 1997) shall remain in effect.

4. That the Secretary of the Commission shall forward a copy of this Order to the Registrar of Regulations for publication in the Delaware Register of Regulations.

5. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chairman

/s/ Joshua M. Twilley

Vice Chairman

/s/ Arnetta McRae

Commissioner

/s/ Donald J. Puglisi

Commissioner

/s/ John R. McClelland

Commissioner

ATTEST:

/s/ Karen J. Nickerson

Secretary