

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Public Service Commission
Universal Service - FCC
PSC Comments/Letters**

Case No. PU-439-96-149

**ORDER ADOPTING
A LIFELINE PLAN AND A LINK UP PLAN FOR NORTH DAKOTA**

November 5, 1997

Appearances

Commissioners Bruce Hagen and Susan Wefald.

Patrick Fahn, Chief Engineer, Public Service Commission State Capitol, Bismarck, ND 58505, appearing for the **Public Service Commission Staff**.

Ronald Knutson, Assistant Director of the Low Income Home Energy Assistance Program, Department of Human Services, administrator of the present Lifeline program under its Telephone Assistance Program.

Jan Sebby, Attorney at Law, Pringle and Herigstad PC, P. O. Box 1000, Minot, North Dakota 58702-1000, appearing for the **Rural Telephone Company Group**, a group of local telecommunications companies operating in North Dakota.

William Heaston, Senior Attorney at Law, U S WEST, Communications, Inc., 1801 California Street, Room 5100, Denver, CO 80202, appearing for **U S WEST Communications, Inc.**

Allen Hoberg, Office of Administrative Hearing, 1707 North 9th Street, Lower Level, Bismarck, ND 58501, appearing as **Procedural Administrative Law Judge**.

Preliminary Statement

1. On May 8, 1997, the Federal Communications Commission (FCC) issued its Universal Service Report and Order, CC Docket 96-45, Order No. 97-157 (Order) implementing the Telecommunications Act of 1996.

2. The Order provides that a telecommunications carrier must offer Lifeline and Link Up services to qualified low-income consumers in order to be designated as an eligible telecommunications carrier. The Order also restructures the federal Lifeline and Link Up programs to be effective January 1, 1998.

3. On September 16, 1997, the North Dakota Public Service Commission (Commission) issued a Notice of Hearing concerning the adoption of state Lifeline and Link Up plans. The notice was published twice in weekly newspapers throughout the state and noticed a hearing for October 23, 1997, at the Commission's offices in the state capital.

4. The proposed state Lifeline and Link Up plans are essentially the same as the present plans, which were adopted in 1989 for U S WEST customers initially and later for Souris River (Minot Telephone) customers.

5. The hearing was held as noticed before Mr. Allen Hoberg, Administrative Law Judge, Office of Administrative Hearings.

Discussion

6. Lifeline is a retail local service for which a qualifying low-income consumer pays a reduced charge. The local telephone company is reimbursed for the amount of the discount from a federal universal service fund.

7. Link Up is a reduction in a telephone company's charge for linking up a customer to a telephone company's system. The local telephone company is reimbursed for the amount of the discount from a federal universal service fund.

8. Lifeline customers will receive \$3.50 per month in federal support automatically and will receive an additional \$1.75 per month in federal support if the state approves a reduction in the intrastate service portion of the Lifeline service rate paid by the customer.

9. A state has the option of providing state support and if it does, a Lifeline customer will receive additional federal support equal to one half of any support generated by a state, up to a maximum of \$7.00 in federal support.

10. The FCC Order provides that state Lifeline and Link Up plans must be based on income or factors directly related to income. North Dakota's proposed plans closely follow the federal plans and are based on income or factors related to income.

11. To qualify for federal support, the Commission must either file, or require eligible carriers to file, information with the federal fund Administrator which demonstrates that the carrier's Lifeline plan meets the criteria of the state. A carrier's plan must also satisfy the federal criteria as set forth in the Order and as codified in 47 CFR 54.400 to 54.417. The filing must state the number of qualifying low-income consumers and the amount of state assistance provided.

12. To meet these federal requirements the Commission proposed that a carrier file the necessary information with the Administrator as well as with the Commission when the carrier applies to be designated as an eligible telecommunications carrier. No carriers have objected to the proposal.

13. Witness Patrick Fahn outlined several changes to the Commission's proposed plan, which will directly incorporate wording from the FCC Order into the state plan. The proposed changes do not change the substance of the state plan as initially proposed.

14. Witness Ronald Knutson of the North Dakota Department of Human Services explained the operation of the present state Lifeline and Link Up programs. The Commission appreciates the willingness of the Department of Human Services to verify eligibility of participants for the present plans and is grateful for the Department's willingness to continue to verify the eligibility of participants for the proposed plans.

15. Witness Jan Seby testified that all members of the Rural Telephone Company Group would offer Lifeline and Link Up services as required under the federal Order and the state plan if the carriers are designated as eligible telecommunications carriers.

16. Witness Bill Heaston of U S WEST described the extent of customer participation in the present U S WEST Lifeline and Link Up plans. He also noted that the plans would be modified as of January 1, 1998, if necessary, to comply with the proposed state plan and the federal requirements.

17. U S WEST recommended two changes to the proposed plan. The first would restrict participation in the plans to a head of household and the second would allow a customer to take advantage of the Link Up discount a second time at the same address if a disconnect is for financial reasons other than failure to pay for Lifeline services. The Commission fears that the proposed changes might not comply with the federal Lifeline requirements and rejects the proposed changes for the present.

18. The Commission recognizes that primary directory listings, including non-listed and non-published service, are listed as an essential service in N.D.C.C. 49-21-01.3. The Commission has not considered or come to any decision as to whether all essential services should be required services under the Lifeline program. The Commission recognizes that directory listings, both listed and unlisted, provide important consumer benefits and encourage use of the network. Therefore, the Commission encourages all providers of Lifeline and Link Up to offer customer directory listings as part of their offered services.

Findings of Fact

1. The Commission finds that the proposed state Lifeline and Link Up plans comply with the FCC Order and adopts the proposed plans, as modified, as North Dakota's Lifeline and Link Up plans.

Order

The Commission orders:

1. The Lifeline and Link Up plans, as modified and as attached hereto, are adopted as North Dakota's Lifeline and Link Up plans.

2. A carrier seeking designation, as an eligible telecommunications carrier must file the information required by the federal Order with the federal Administrator as well as with the Commission.

PUBLIC SERVICE COMMISSION

Bruce Hagen
Commissioner

Leo M. Reinbold
President

Susan E. Wefald
Commissioner