

9/8/98

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Consider Modifications to the Universal Lifeline Telephone Service Program and General Order 153.

FILED
PUBLIC UTILITIES COMMISSION
SEPTEMBER 3, 1998
SAN FRANCISCO OFFICE
RULEMAKING 98-09-005

ORDER INSTITUTING RULEMAKING

Summary

By this order, we institute a rulemaking to modify the Universal Lifeline Telephone Service (ULTS) program and General Order (GO) 153. The specific modifications we shall consider in this proceeding are as follows: (1) Whether to update GO 153 to reflect changes to the ULTS program that have occurred since GO 153 was adopted in 1984; (2) Whether to revise the ULTS program to conform with federal universal service programs; (3) Whether to revise the ULTS program to foster competition in the provision of ULTS; and (4) Whether to adopt uniform procedures for use by telecommunications carriers in complying with ULTS program requirements. Our purpose in considering the aforementioned modifications to the ULTS program and GO 153 is to increase the number of low-income households that have access to affordable basic telephone service; and to enhance the efficiency and effectiveness of the ULTS program.

Parties may submit opening comments on October 9, 1998, and reply comments on October 23, 1998. A legislative hearing will be held on a date to be determined by the assigned Commissioner.

Background

The purpose of the ULTS program is to ensure that low-income households have access to affordable basic telephone service.¹ To achieve this purpose, local exchange carriers (LECs) are required by Public Utilities Code § 871 et seq. and Commission orders to provide basic telephone service to eligible low-income households at substantially reduced rates. The LECs recover their costs to provide ULTS from (1) the rates paid by ULTS subscribers, (2) subsidies received from federal universal service programs, and (3) subsidies received from the ULTS program. ULTS program costs are funded with monies from the ULTS surcharge paid by the end users of intrastate telecommunications services.² Procedures for administering the ULTS program are contained in GO 153 which was adopted by the Commission in Decision (D.) 84-11-028.

A confluence of circumstances has created a need to consider significant modifications to ULTS program and GO 153. First, the procedures for administering the ULTS program have been significantly revised since GO 153 was adopted in 1984, but most of these revisions have not been incorporated into the General Order.³ As a result, GO 153 has become outdated and of marginal use in administering the ULTS program.

¹ The ULTS program was created in response to the enactment of the Moore Universal Telephone Service Act in 1983.

² The ULTS surcharge is collected by intrastate telecommunications carriers (carriers) and remitted to the ULTS Fund administered by the ULTS Administrative Committee (ULTSAC). Utilities providing ULTS submit claims to the ULTSAC which reimburses the utilities with monies from the ULTS Fund.

³ The following decisions and resolutions adopted changes to the ULTS program and/or administrative procedures which were never reflected in GO 153: D.96-10-066, D.96-02-072, D.94-10-046, D.94-09-065, D.87-10-088, and Resolutions T-15826, T-16086, T-16105, and T-16128. In addition, D.86-02-021 and D.94-09-065

Footnote continued on next page

Second, the federal Lifeline and Link Up universal service programs have been substantially revised in recent years.⁴ These changes include (1) increased financial support to carriers providing universal service under the federal Lifeline and Link Up programs, (2) requirements for state commissions to take various actions in order for carriers to obtain federal subsidies, and (3) new universal service requirements for carriers receiving federal subsidies. Several of the recent revisions to the federal Lifeline and Link Up programs have been incorporated into the ULTS program,⁵ but the Commission has yet to consider whether, and to what extent, many of the key revisions to the federal programs should be incorporated into the ULTS program. For example, the Commission has not yet considered if the ULTS program should be modified to conform with revised federal requirements regarding service deposits, advance payments, deferred payment schedules, and toll blocking.

Third, the ULTS program and GO 153 have not kept pace with emerging competition for local exchange service. For example, the ULTS program does not provide discounted service installation charges to ULTS subscribers who switch from their existing incumbent LEC to a competitive LEC. As a result, the ULTS

ordered revisions to GO 153 that were never included in the published General Order.

⁴ Significant changes to the federal universal service programs were mandated by the Telecommunication Act of 1996 (the Act). To implement the Act, the Federal Communications Commission (FCC) issued its Report and Order (R&O) on Universal Service, FCC 97-157, in CC Docket No. 95-45.

⁵ To implement the FCC's R&O, the Commission has (1) adopted procedures to designate carriers as eligible to receive financial support from the federal Lifeline and Link Up programs; and (2) reduced most utilities' reimbursements from the ULTS program to reflect the increased support available to these carriers from the federal Lifeline and Link Up programs (see Resolutions T-16086, T-16105, and T-16128, issued on October 9, 1997, December 16, 1997, and March 12, 1998, respectively).

program may provide incumbent LECs with a competitive advantage by deterring ULTS subscribers from taking advantage of the competitive choices available to them.⁶

Finally, there are no uniform standards governing compliance with key aspects of the ULTS program. For instance, different utilities recover different types of costs from the ULTS Fund, and carriers employ a variety of methods to determine the amount of ULTS surcharge revenues that should be remitted to the ULTS Fund. Coping with the many different practices has become increasingly burdensome for ULTS program administrators due to the growing number of utilities submitting ULTS claims and carriers remitting the ULTS surcharge.

The Commission has repeatedly recognized the need to update and revise the ULTS program and GO 153.⁷ First, in D.94-10-046, the Commission ordered workshops to develop proposals for revising GO 153.⁸ Workshops were held, and a workshop report was issued in December 1995 (the 1995 Workshop Report). Several proposals in the 1995 Workshop Report were implemented by the Commission,⁹ but no formal action was ever taken to adopt or reject the remaining proposals in the 1995 Workshop Report. Second, in D.96-10-066, the

⁶ The vast majority of ULTS subscribers are customers of the incumbent LECs.

⁷ The Commission recognized as early as 1987 that GO 153 had become obsolete. (D.87-10-088, Finding of Fact 36.)

⁸ D.94-10-046, Ordering Paragraph (OP) 3, as modified by D.95-04-008.

⁹ The following proposals from the 1995 Workshop Report have been adopted by the Commission: (1) Definition of the billing base subject to the ULTS surcharge (Resolution T-15826 issued on December 20, 1995); (2) The ULTS surcharge remittance form (Ibid.); and (3) The ULTS claims form (D.96-10-066, Appendix B, Rule 5.A.1.e). The proposals from the 1995 Workshop Report adopted by the Commission were never incorporated into GO 153.

Commission indicated that the ULTS program should be modified, as appropriate, to conform with revisions to federal universal service programs and procedures.¹⁰ Finally, in Resolution T-16128, issued on March 12, 1998, the Commission stated that the time had come to consider substantial modifications to the ULTS program and GO 153:

The Commission recognizes the pressing need to revise the ULTS administrative procedures set forth in G.O. 153 to reflect all the changes that have been adopted to date. The Commission also believes that the ULTS program has to be revisited in its entirety to be consistent with competitive developments in the local exchange telecommunications market. The FCC's revised Lifeline and Link Up programs are further impetus for the Commission to reconsider its ULTS program service requirements and to institute changes that may be necessary to make them more consistent with the federal program and more beneficial to California customers...the Commission, therefore, deems it necessary to allow for further consideration of...major ULTS program changes...To accomplish this task...the Telecommunications Division and the Administrative Law Judge Division [shall] undertake the steps necessary to prepare an order to initiate the appropriate proceeding...At the end of this process, the commission expects to issue an order revising the ULTS program and adopting an updated G.O. 153. (Resolution T-16128, pp. 9-10.)

On May 28, 1998, the Telecommunications Division (TD) held a workshop to obtain public comments on the scope of the modifications to the ULTS program and GO 153 that should be considered in the proceeding ordered by the Commission in Resolution T-16128. As a prelude to the workshop, TD developed a comprehensive proposal for revising the ULTS program and GO 153, and mailed its proposal to more than 1,000 parties.¹¹ Several parties

¹⁰ D.96-10-066, OP 17.

¹¹ TD mailed the following documents to more than 1,000 parties: (1) workshop notice; (2) summary of ULTS program changes implemented to date and TD's proposed

Footnote continued on next page

submitted written comments on TD's proposal,¹² and TD's proposal was discussed at length during the workshop.

In D.98-06-007, the Commission ordered the 1995 Workshop Report and comments on the report to be included in the formal record of the proceeding ordered by Resolution T-16128.¹³

Discussion

By this order, we fulfill our commitment in Resolution T-16128 to initiate a proceeding to consider modifications to the ULTS program and GO 153. The specific modifications that we will consider in this proceeding are identified in Appendix B, and generally fall into one of the following four categories. First, we propose to update GO 153 to reflect the substantial changes to ULTS program that have occurred since GO 153 was adopted by the Commission in 1984. We seek comments on our proposals in Appendix B, Section I, regarding how each of the previously adopted ULTS program changes should be reflected in the updated GO 153.

Second, we propose to modify the ULTS program to conform with the federal Lifeline and Link Up programs. These modifications include:

(1) providing ULTS subscribers with discounted service installation charges

revisions to the ULTS program; (3) proposed revisions to GO 153; (4) proposed form and instructions for filing ULTS claims, and (5) proposed form and instructions for remitting ULTS surcharge revenues.

¹² The following parties submitted written comments regarding TD's proposed revisions to GO 153: Pacific Bell; GTE Service Corporation and affiliated companies; Office of Ratepayer Advocates; Department of Consumer Affairs; Cooper, White, and Cooper on behalf of the smaller local exchange companies; and the Latino Issues Forum.

¹³ D.98-06-007, OP 1.

whenever they move to different residences; (2) requiring utilities to offer ULTS subscribers a deferred payment schedule for service installation charges; (3) prohibiting utilities from requiring service deposits if ULTS subscribers elect to receive toll blocking; (4) providing ULTS subscribers with the option to receive toll limitation services (i.e., toll control or toll blocking) free of charge; and (5) prohibiting utilities from disconnecting ULTS subscribers for non-payment of toll charges. Our intent in adopting these proposed modifications is to increase the number of low-income households that have access to affordable telephone service. We solicit comments on whether the proposed modifications described in Appendix B, Section II, would achieve this goal. We also seek information on the total annual cost to the ULTS program to implement the proposed modifications described in Appendix B, Section II.

Third, we propose to modify the ULTS program to facilitate competition in the provision of ULTS. In particular, we propose to (1) increase the number of ULTS providers by allowing all carriers to recover their costs of providing ULTS from the ULTS Fund to the extent that such costs are not reimbursed from the federal Lifeline and Link Up programs; and (2) increase competitive choices for ULTS subscribers by allowing ULTS subscribers to pay discounted installation charges once per 12-month period when switching ULTS providers. Our objectives in facilitating competition in the provision of ULTS are to decrease ULTS program costs and improve service to ULTS subscribers. We solicit comments on whether the proposed modifications described in Appendix B, Section III, would achieve these objectives. We also seek information on the annual cost to the ULTS program to implement the proposed modifications.

Finally, we propose to adopt uniform procedures to be used by all telecommunications carriers in complying with ULTS program requirements.

Our purpose in adopting uniform procedures is to (1) reduce ULTS program administrative costs and (2) ensure that all carriers are treated equally and fairly. We solicit comments on whether the proposals described in Sections IV and V of Appendix B would achieve these goals.

Appendix C is a revised GO 153 that reflects the proposed modifications to ULTS program and GO 153 that are listed and described in Appendix B. In drafting the revised GO 153, we have attempted to balance the need for all parties to have clear guidance for how the program will be administered with the need to provide flexibility to alter administrative procedures, as necessary, without having to amend the General Order. To accomplish this goal, the revised GO 153 specifies a general framework for administering the ULTS program, while the specific administrative procedures will be promulgated and revised, as necessary, by the Commission and/or the Telecommunications Division.¹⁴

Appendix D is a draft of a proposed form for utilities to use in submitting claims to the ULTS Fund. Appendix E is the current form that carriers use to remit ULTS surcharge revenues to the ULTS Fund.¹⁵ Appendices D and E reflect the recommendations in Appendix B regarding the adoption of uniform procedures to govern (1) ULTS claims submitted by utilities and (2) remittance of ULTS surcharge revenues by telecommunications carriers.

¹⁴ Following the conclusion of this rulemaking, the current ULTS program administrative procedures would remain in effect to the extent that such procedures are not amended or superceded by new procedures adopted in this proceeding.

¹⁵ The surcharge remittance form and associated instructions contained in Appendix E were adopted by the Telecommunications Division in August 1998.

Appendix F is a draft charter for the ULTS Administrative Committee (the Committee). Appendix F reflects the recommendation in Appendix B to alter the Committee's membership to eliminate the appearance of potential conflicts of interest created by having utility representatives serve on the Committee.

Appendices B through F reflect the revisions to the ULTS program and GO 153 that were proposed by TD during the pre-OIR workshop and parties' comments on TD's proposed revisions. These appendices also reflect the recommendations contained in the 1995 Workshop Report.

Preliminary Scoping Memo

This rulemaking shall be conducted in accordance with Article 2.5 of the Commission's Rules of Practice and Procedure (Rules).¹⁶ As required by Rule 6(c)(2), this order includes a preliminary scoping memo¹⁷ as set forth below.

The scope of this rulemaking is to consider whether to adopt the proposed modifications to the ULTS program and GO 153 identified in Appendix B. In particular, this proceeding will consider: (1) Whether to update GO 153 to reflect changes to the ULTS program that have occurred since GO 153 was adopted in 1984; (2) Whether to modify the ULTS program to conform with the federal Lifeline and Link Up programs; (3) Whether to modify the ULTS program to foster competition among ULTS providers and competitive choices for ULTS customers; and (4) Whether to adopt uniform procedures to be used by telecommunications carriers in complying with ULTS program requirements.

¹⁶ The Rules of Practice and Procedure are posted in the Commission's web site at www.cpuc.ca.gov. Article 2.5 of the Commission's Rules implements many of the reforms contained in Senate Bill 960 (Stats. 1996, ch. 856).

¹⁷ Rule 5(m) defines "scoping memo" as an order or ruling describing the issues to be considered in a proceeding and the timetable for resolving the proceeding.

Our intent is to adopt those modifications to the ULTS program and GO 153 which we find, based on the record in this proceeding, are likely to be cost-effective in increasing the number of low-income households served by the ULTS program and/or likely to increase ULTS program efficiency and effectiveness.

To implement the proposed modifications to ULTS program and GO 153 identified in Appendix B, this rulemaking shall consider whether to adopt the following documents: (1) the revised GO 153 in Appendix C; (2) the ULTS claim form and instructions for completing the claim form in Appendix D; and (3) the revised charter for the ULTS Administrative Committee in Appendix F.¹⁸

Pursuant to Rule 6(c)(2), we preliminarily determine the category of this rulemaking proceeding to be “quasi-legislative” as that term is defined in Rule 5(d).¹⁹ Consistent with this categorization, we intend to modify our rules governing the ULTS program based on written comments we receive from the parties and legislative facts²⁰ we receive during a formal hearing. We do not anticipate holding an evidentiary hearing since we do not foresee a need to receive testimony regarding adjudicative facts.²¹

The proposed timetable for this proceeding is set forth in Appendix A of this order. As shown in Appendix A, parties shall file and serve their opening comments on October 9, 1998, and reply comments on October 23, 1998. Parties should also provide a copy of their comments to the Director of the

¹⁸ Appendix E contains the current ULTS surcharge transmittal form.

¹⁹ Rule 5(d) defines “quasi-legislative” proceedings as proceedings that establish policy or rules affecting a class of regulated entities.

²⁰ Rule 8(f)(3)) defines “legislative facts” as general facts that help decide questions of law, policy, and discretion.

²¹ Rule 8(f)(1) defines “adjudicative facts” as facts which answer questions such as who did what, where, when, how, why, or with what motive or intent.

Telecommunications Division. Absent substantial controversy among the parties, we expect this proceeding to be concluded by September 1999. In no event shall this proceeding remain open for more than 18 months.

As required by Rule 6(c)(2), parties shall include in their opening comments any objections they may have regarding (1) the categorization of this proceeding as “quasi-legislative,” (2) the determination to hold a hearing for the presentation of legislative facts, and (3) the preliminary scope and timetable for this proceeding as described in this order. Any party who believes that an evidentiary hearing is required should file a motion requesting such a hearing by November 6, 1998. Any such motion must identify and describe (1) the material issues of fact, and (2) the adjudicative evidence the party proposes to introduce at the requested hearing. Any right that a party may otherwise have to an evidentiary hearing will be waived if the party does not submit a timely motion requesting an evidentiary hearing.

Following the receipt of comments and motions requesting an evidentiary hearing, if any, the assigned Commissioner shall issue a ruling that finalizes the category, scope and schedule of this proceeding (Rules 6(c)(2) and 6.3). After the issuance of this ruling, parties may file and serve an appeal to the Commission regarding the assigned Commissioner’s ruling on category (Rule 6.4).

Commissioner Knight and Administrative Law Judge (ALJ) Kenney are assigned to this proceeding.²²

²² Pursuant to Rule 5(k)(3), the assigned Commissioner is the presiding officer in a quasi-legislative proceeding, except that the assigned ALJ shall act as the presiding officer in the Commissioner’s absence at any hearing other than a formal hearing as defined in Rule 8 (f)(2).

Service of this Order and Service List for Proceeding

The modifications to ULTS program and GO 153 proposed by this order instituting rulemaking (OIR) would, if adopted, affect more than 1,000 providers of intrastate telecommunications services. In addition, many of the proposed modifications to the ULTS program and GO 153 would, if adopted, constitute modifications to prior Commission decisions issued in I.83-11-05 and R.95-01-020/I.95-01-021. Therefore, so that affected parties are notified of the modifications to the ULTS program and GO 153 proposed by this OIR, the notice of availability contained in Appendix G shall be served on (1) all certificated and registered telecommunications carriers, and (2) the service lists for I.83-11-05 and R.95-01-020/I.95-01-021. Upon receipt of the notice, interested parties may obtain a copy of this OIR by downloading it from the Commission's web site (www.cpuc.ca.gov) or by contacting our Telecommunications Division.²³ A copy of this OIR may also be obtained from the Commission's Central Files Office in San Francisco [(415) 703-2045]; and from the Commission's Public Advisor Offices in Los Angeles [(213) 897-3544] and San Francisco [(415) 703-2074].

Within ten days from the date of this order, any person or representative of an entity interested in monitoring or participating in this rulemaking should send a letter to the Commission's Process Office.²⁴ This letter should ask for placement on the service list for this proceeding, and state whether the person intends to (a) "monitor" the proceeding or (b) "participate" in the proceeding by

²³ The TD person to contact for a copy of this OIR is Joseph Abhulimen (415-703-1458).

²⁴ The address of the Commission's Process Office is Room 2000, 505 Van Ness Avenue, San Francisco, CA 94102.

filing written comments.²⁵ A service list for this proceeding may be obtained from the Commission's web site (www.cpuc.ca.gov) or the Process Office [(415) 703-2021]. Significant documents in this proceeding (e.g., rulings and decisions) will be posted on the Commission's web site, and some may find it convenient to follow this proceeding by periodically checking the web site. No letter is needed to monitor in this fashion.

Any person interested in participating in this rulemaking but unfamiliar with the Commission's procedures should contact the Commission's Public Advisor Offices in Los Angeles [(213) 897-3544] or San Francisco [(415) 703-2074].

Ex Parte Communications

This proceeding is subject to Rule 7 which specifies standards for engaging in ex parte communications and the reporting of such communications.

Pursuant to Rules 7(a)(4) and 7(d), ex parte communications will be allowed in this proceeding without any restrictions or reporting requirements until the assigned Commissioner makes an appealable determination of category.

Following the Commissioner's determination, the applicable ex parte communication and reporting requirements shall depend on such determination unless and until the determination is modified by the Commission pursuant to Rule 6.4 or 6.5.

²⁵ Persons stating an interest in monitoring this proceeding will be placed on the "Information Only" portion of the service list and not have party status. Persons on the "Information Only" portion of the service list shall receive notice of hearings, rulings, proposed decisions, and Commission decisions. Persons stating an interest in participating (i.e., intention to file comments) will be placed on the service list as a "party." Persons who fail to submit comments will lose their status as a party and be placed on the "Information Only" portion of the service list.

IT IS ORDERED that:

1. A rulemaking is instituted on the Commission's own motion for the purpose of considering those modifications to the Universal Lifeline Telephone Service (ULTS) program and General Order (GO) 153 that are listed and described in Appendices B, C, D, and F to this order.

2. Any person or representative of an entity (entity) interested in monitoring this proceeding or participating in this rulemaking as a party must send a letter to the Commission's Process Office within ten (10) days from the date of this order. The letter must ask for permission to be placed on the service list for this proceeding, and state whether the person or entity intends to (a) "monitor" the proceeding, or (b) "participate" in the proceeding as an active party by filing written comments. A service list for this proceeding shall be created within twenty (20) days from the date of this order. Parties may obtain the service list from the Commission's web site (www.cpuc.ca.gov) or by contacting the Commission's Process Office [(415) 703-2021].

3. After the service list becomes available on the Commission's web site, persons seeking to appear as a party in this proceeding shall serve a written request for party status on the assigned Administrative Law Judge and all the parties on the service list. Persons seeking to monitor this proceeding shall send a written request to the Commission's Process Office asking to be accorded "Information Only" (non-party) status. An updated service list will be available from the Commission's web site and the Commission's Process Office.

4. The category of this rulemaking is preliminarily determined to be "quasi-legislative" as this term is defined in Rule 5(d) of the Commission's Rules of Practice and Procedure (Rule).

5. There shall be a hearing in this rulemaking to receive “legislative facts” as this term is defined in Rule 8(f)(3). The date of this hearing shall be set in a ruling by the assigned Commissioner.

6. There shall be no hearing in this rulemaking to receive “adjudicative facts” as this term is defined in Rule 8(f)(1). The determination not to hold a hearing for the receipt of adjudicative facts may be reversed after the receipt of motions submitted in accordance with Ordering Paragraph 10.

7. Written comments on matters within the scope of this proceeding shall be filed at the Commission’s Docket Office and served on other parties by October 9, 1998. Reply comments shall be filed and served by October 23, 1998.

8. As required by Rule 6(c)(2), parties shall state in their opening comments their objections to (a) the categorization of this proceeding as quasi-legislative, (b) the determination to hold a hearing for the presentation of legislative facts, and/or (c) the preliminary scope and timetable for this proceeding.

9. Any party that fails to submit comments shall lose their status as a party and be placed on the “Information Only” portion of the service list.

10. Any party who believes an evidentiary hearing is required in this proceeding must file a motion requesting such a hearing by November 6, 1998. Any such motion must identify and describe (a) the material issues of fact, and (b) the adjudicative evidence the party proposes to introduce at the requested hearing. Any party that does not submit a timely motion for an evidentiary hearing shall have waived any rights to an evidentiary hearing that may exist.

11. The Executive Director shall cause this order and the appendices to this order to be posted on the Commission’s web site (www.cpuc.ca.gov).

12. The Executive Director shall serve the Notice of Availability contained in Appendix G on the following parties: (a) all telecommunications carriers, (b) the

service list for Rulemaking 95-01-020/Investigation 95-01-021, and (c) the service list for Investigation 83-11-05.

13. Parties may obtain this order and its appendices by downloading these documents from the Commission's web site at www.cpuc.ca.gov, or by obtaining a hardcopy of these documents from the Commission's Telecommunications

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Division, Central Files Office, or Public Advisor Offices. The relevant phone numbers of the Telecommunications Division, Central Files Office, and Public Advisor Offices are listed in the body of this order.

This order is effective today.

Dated September 3, 1998, at San Francisco, California.

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

APPENDIX A

Proposed Timetable for the Rulemaking

September 3, 1998	Commission issues rulemaking.
October 9, 1998	Opening comments due from parties. Comments should include any objections to (1) the categorization of the proceeding, (2) the preliminary determination not to hold legislative hearings, and (3) the preliminary scoping memo. (Rule 6(c)(2))
October 23, 1998	Reply Comments due.
November 6, 1998	Motions for evidentiary hearings due.
November 23, 1998	Reply to motion(s) due. (Rule 45(f))
December 1998 - January 1999	Ruling by the Assigned Commissioner on the final scope, schedule, need for hearing, and categorization of this proceeding. (Rule 6.3) Appeals of categorization may be filed no later than ten days after the Assigned Commissioner's Ruling. (Rule 6.4(a)) Response to appeals may be filed no later than fifteen days after the date of categorization from which timely appeal has been taken. (Rule 6.4(b))
February 1999	Legislative hearing.
February 26, 1999	Requests for final oral arguments before the Commission due. (Rule 8(d))
April 1999	Opportunity for parties to present final oral arguments. (Rule 8(d).) Proceeding submitted. (Rule 8.1(a))
June 1999	Proposed decision issued for comment. (Rule 8.1(b))
July 1999	Comments filed on draft decision. (Rules 8.1(b) and 77.1-77-6)
September 1999	Commission issues final decision. (Rule 8.1(c))

(END OF APPENDIX A)

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Appendix B - PC # 26572

Appendix C - PC # 26055

Appendix D - PC # 26051

Appendix E-1 - PC # 25857

Appendix E-2 - PC # 25858

Appendix F - PC # 25859

Appendix G - PC # 25860

APPENDIX B

PROPOSED MODIFICATIONS TO THE ULTS PROGRAM AND GENERAL ORDER 153

Appendix B lists and describes proposed modifications to the Universal Lifeline Telephone Service (ULTS) program and General Order (GO) 153 that will be considered in this proceeding. Parties should structure their comments in the same order as the proposed revisions listed in Appendix B. For each proposed revision, parties should include in their comments an estimate of the annual ULTS program costs or savings, if any, that would result from implementing the proposed revision.

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I. Proposed Updates to GO 153 to Reflect Changes to the ULTS Program and Administrative Procedures that Have Occurred Over the Years.

The Commission adopted GO 153 in D.84-11-028. Since that time, the Commission has issued numerous decisions and resolutions which modified various aspects of the ULTS program, but which were never reflected in the General Order. In addition, Commission staff responsible for administering the ULTS program has implemented revisions to the ULTS administrative procedures that were never reflected in the General Order. This OIR proposes to update GO 153 to reflect the aforementioned changes to the ULTS program and administrative procedures.

1. Annual Adjustment of ULTS Income Eligibility Levels.

Background: General Order 153, Section 3.1.1.1, requires the ULTS income eligibility criteria to be adjusted by February 15th of each year. On June 11, 1997, the Commission issued Resolution T-16010 which: (1) moved the annual deadline for adjusting ULTS income eligibility criteria from February 15th to May 1st of each year; (2) required the Director of Telecommunications Division to notify all carriers by May 1st of each year about the annual ULTS income eligibility levels; and (3) required carriers to file revised tariffs, effective June 1st of each year, to reflect the adjusted ULTS income levels.

Proposal: Revise GO 153 to state that the Commission shall annually adjust ULTS income eligibility limits, but do not specify a specific deadline in the GO. Instead, GO 153, Section 3, should be revised to allow the Commission flexibility regarding (1) the annual date for adjusting ULTS income eligibility limits; (2) the procedures the Commission uses to adjust ULTS income limits; and (3) the methods the Commission uses to inform carriers of the adjusted income limits.

2. Service Elements of ULTS.

Background: General Order 153 does not reflect the current “elements” of ULTS as set forth in D.96-10-066, Appendix B, Rule 4.

Proposal: Revise GO 153, Sections 1.3 and 3.3, to specify the “elements” of ULTS as set forth in D.96-10-066, Appendix B, Rule 4.

3. Call Allowance for ULTS Measured Service.

Background: General Order 153, Section 3.3.5, as modified by D.86-02-021, OP 4, states that ULTS customers subscribing to measured service are entitled to 60 untimed (i.e., free) local calls per month. Calls in excess of the 60 calls per month were charged to ULTS subscribers at a rate of \$0.10/call for calls 61 through 70, and \$0.15 each call for over 70 calls per month. Decision 94-09-065 retained the 60 local call allowance per month for measured service, but changed the rate for all additional local calls beyond the monthly allowance to \$0.08 per call.

Proposal: Revise GO 153 to state that ULTS customers who subscribe to local measured service shall receive a monthly allowance of free, untimed local calls, but do not specify

in the General Order the number of such calls. Instead, GO 153 should be revised to state that: (1) the Commission shall determine and may periodically revise the number of untimed local calls available each month to ULTS customers who subscribe to local measured service; (2) the Commission shall determine and may periodically revise the rate utilities may charge ULTS customers subscribing to measured service for local calls in excess of the monthly allowance. This OIR should affirm the Commission's decision in D.94-09-065 that ULTS customers subscribing to measured service shall be allowed 60 untimed local calls each month, and that utilities shall charge ULTS measured service customers \$0.08 per call for each local call in excess of the monthly call allowance.

4. ULTS Statewide Basic Exchange Service Rates.

Background: Decision 94-09-065 adopted statewide lifeline rates that are no more than one-half the rate for Pacific Bell's (Pacific's) residential flat rate (\$5.62) and measured rate service (\$3.00). In EAS exchanges, ULTS rate is 50% of the applicable EAS charge. Small LECs with basic exchange rates lower than Pacific will set ULTS rates at 50% of applicable rate.

Proposal: Revise GO 153, Section 3.3, to reflect the statewide lifeline rates adopted in D.94-09-065, or any subsequent Commission decision.

5. ULTS Service Installation and Connection Charges.

Background: PU Code Section 874(c) states that "[t]he lifeline service installation or connection charge, or both, *shall not be more than* 50 percent of the charge for basic residential service installation or connection charge, or both" (emphasis added). In D.94-09-065, the Commission adopted a state-wide installation charge for ULTS customers of \$10.00 for the initial service order with the exception that small LECs must charge no more than one-half of their tariffed service connection charge or \$10.00, whichever is lower. For most LECs, including Pacific and GTEC, the service connection charge of \$10.00 for ULTS customers is less than one-half of the tariffed service connection charge for basic residential service. In contrast, General Order 153, Section 3.3.1, states that ULTS customers shall pay 50% of the tariffed service connection charge for installation of telephone service.

Proposal: Revise GO 153, Sections 3.3, to state that service installation and connection charges for ULTS customers shall be the lower of the rate set by the Commission (i.e., currently \$10.00 as adopted in D.94-09-065) or 50 percent of the comparable charge for basic residential customers.

6. ULTS Service Conversion Charges.

Background: When a ULTS customer requests a change in the class, type, or grade of service after the initial installation of ULTS service at a specific address, e.g., shifting from measured to flat rate service, D.94-09-065 and GO 153, Sections 3.3 and 3.5,

provide that the rate charged shall be one-half of the otherwise applicable rate, subject to one reduced charge per-year limitation.

Proposal: Revise GO 153, Sections 3, to reflect the ULTS service conversion charge shall be one half of the otherwise applicable rate subject to one reduced charge per year limitation.

7. Surcharge Instead of Tax and Surcharge Base.

Background: General Order 153, Section 1.1, states that the ULTS program is to be funded by a “tax on suppliers of intrastate interLATA telecommunications service.” General Order 153, Section 6, also states that a “tax” is to be used to fund ULTS. In D.87-07-090, the Commission discontinued the “tax” and implemented a ULTS “surcharge” applicable to the gross revenues of intrastate interLATA services and intrastate telecommunications services not defined by LATA boundaries. Decision 94-09-065 extended the surcharge base to include all end-user telecommunications services except for the following:

- ULTS billings.
- Public phone coin in box/debit card messages.
- Contract effective before 9/15/94.
- Usage charges to COPTs.
- Directory advertising (D.95-02-050).
- One-way radio paging.
- Services provided to other certificated utilities for resale.

Decision 96-10-066 reaffirmed the Commission decision in D.94-09-065 that the ULTS surcharge base includes local exchange services, interexchange services, and commercial mobile radio services (e.g., cell phones and paging).

Proposal: Revise GO 153, Sections 1.1, 1.3, and 6, to replace “tax” with “surcharge,” and to reflect the surcharge base (i.e., billing base) as adopted in D.94-09-065 and D.96-10-066.

8. ULTS Tariffs.

Background: General Order 153, Section 2, requires “telephone utilities” to file ULTS tariffs. General Order 153, Section 1.3.30, defines “Utility” as a supplier of “intrastate, intraLATA telecommunications services” – essentially the incumbent LEC. However, D.95-12-056 extended the requirement to provide ULTS service to competitive local carriers (CLCs).

Proposal: Revise GO 153 (e.g., Sections 1 and 2), to include CLCs (facilities-based and resellers) in the definition of telephone utilities required to file ULTS tariffs.

9. Interest on ULTS Claims.

Background: General Order 153, Section 5.2, as modified by D.86-02-021, OP 4, requires that utilities' ULTS claims be paid quarterly, and that utilities be paid interest at a rate equal to the 3-month commercial paper rate published monthly in the Federal Reserve Statistical Release, G-13 (20 CPUC2d, at 449, 453-56). In D.87-10-088, the Commission required utilities to submit ULTS claims on a monthly basis and eliminated the payment of interest on utilities' claims (25 CPUC2d, at 556, 561, and 568).

Proposal: Revise GO 153 to eliminate the payment of interest on utilities' ULTS claims except in cases where a utility does not receive timely reimbursement for some or all of its ULTS claim(s) because payment of the claim is contested by the ULTS Administrative Committee, the Telecommunications Division, or other entity with authority to withhold payment of contested claims. If and when a contested claim is found to be valid, GO 153 should require the utility to be paid interest on the portion of its claim(s) that was withheld, with the rate of interest equal to the 3-month commercial paper rate as published in the Federal Reserve Statistical Release, G-13. The GO should also provide the Commission with flexibility to set the terms and conditions for when interest will be paid to utilities.

10. Annual Proceeding to Set ULTS Surcharge Rate.

Background: General Order 153 does not include any provisions regarding an annual proceeding to set the ULTS surcharge rate. Subsequent to the issuance of GO 153, the Legislature enacted Assembly Bill (AB) 386 which required the CPUC to initiate annual proceedings to set rates (i.e., surcharges) for ULTS. The schedule for the annual proceeding mandated by AB 386 was established in D.87-10-088. Decision 94-09-065 revised the schedule to require carriers to submit worksheets by August 1st of each year, but the decision provided no other details regarding the schedule. Since the issuance of D.94-09-065, the Commission has followed a practice in which the carriers submit their projected revenues and ULTS program costs to the Telecommunications Division (TD) by August 1st of each year, and the ULTS Administrative Committee (ULTSAC) submits a proposed administrative budget to TD by October 1st of each year. The Commission then uses this information to prepare and issue a resolution by December of each year which requires carriers to revise their ULTS surcharge, if necessary, beginning on January 1st of the following year.

Proposal: Revise GO 153 (i.e., insert new Section 5) to reflect the current schedule for annually setting the ULTS surcharge. More specifically, carriers would file by August 1st of each year work papers showing their billing base and ULTS costs (D.94-09-065, OP 76). The ULTSAC would submit its proposed administrative budget to the Commission by October 1st of each year. The ULTSAC's proposed budget should include the budget "package" that the ULTS Marketing Board is required to submit to the Commission on October 1st of each year (D.97-12-105, OP 44). Using the information submitted by the carriers and the ULTSAC, the Commission would prepare and issue a resolution by December of each year requiring carriers to

implement a revised ULTS surcharge, if necessary, beginning on January 1st of the following year.

11. Combining the Monthly Report & Quarterly Claim into a Single Form.

Background: General Order 153, Sections 4 and 5, requires carriers to submit monthly cost reports and quarterly claims using forms contained in Appendices A and B of GO 153. The June 1988 Workshop Report proposed to combine cost and claim forms into a single form to be submitted on a monthly basis. The proposal was adopted by staff, and carriers have been using a single form for many years to report their ULTS costs and claims for reimbursement (“the claim form”). On March 26, 1998, the Director of the Telecommunications Division notified all carriers who file claims that they would also be required to submit work papers for all claimed items.

Proposal: Eliminate from GO 153 the cost and claims forms contained in Appendices A and B of the General Order. Do not specify in the General Order the exact format and contents of the claim form. Rather, revise GO 153 to state that (1) the Commission will prescribe the format and content of the monthly cost report/claim form; (2) utilities shall provide supporting work papers in such detail as prescribed by the Commission for all claimed items; and (3) the contents and format of the claim form may be revised from time-to-time by the Commission as circumstances warrant. Appendix D to this OIR is a proposed claim form that reflects the recommendations contained herein.

12. Elimination of Carrier Claims for Marketing and Advertising Expenses.

Background: Appendices A and B of GO 153 contain forms for carriers to report their ULTS costs and to claim reimbursement of these costs from the ULTS program funds. These forms were superseded by a single “claim form” (see Item 11 above). The claim form currently in use is based largely on the recommendations of the June 1988 Workshop Report, and includes provisions for carriers to claim reimbursement for ULTS advertising and marketing expenses. However, D.96-10-066 ordered that carriers can no longer seek reimbursement from the ULTS Fund for ULTS advertising and marketing expenses, and created the ULTS Marketing Working Group (ULTSMWG) to develop ULTS marketing program and budget. Decision 97-12-105 renamed the ULTSMWG as ULTS Marketing Board (ULTSMB), appointed initial board members, and elaborated on the role and purpose of the ULTSMB.

Proposal: Revise GO 153 to reflect the elimination of marketing and advertising expenses as reimbursable items from the ULTS Fund. Revise claim form to exclude marketing and advertising expenses. In responding to this proposal, parties should note that the issue of Pacific Bell’s claims for costs associated with service representatives is addressed elsewhere in Appendix B. Attached to this OIR is a proposed claim form that reflects the recommendations contained herein.

13. Reporting the Number of ULTS Customers.

Background: General Order 153, Appendix B, shows the form that carriers are to use to submit claims to the ULTS Fund. The number of ULTS customers was incorporated in the monthly claims per the 1988 Workshop Report. Decision 96-10-066 reaffirmed the requirement for carriers to report the number of ULTS customers that they served in a month, broken down into those with measured and flat rate service. During the pre-OIR Workshop process it became apparent that carriers are using different methods to report the number of ULTS customers in their monthly claims. None of the Workshop participants opposed the proposal described below for counting ULTS customers.

Proposal: Revise the claim form to include the number of ULTS customers served by the carrier submitting the form. Require that number of customers shown on the claim form be based on the number of ULTS lines served by the carrier at the end of the billing period. This number should be broken down into measured and flat rate service. Carriers should also provide the number of service connections within the same billing period. Attached to this OIR is a proposed claim form that reflects the recommendations contained herein.

14. Revision of Claim Form to Reflect Federal ULTS Subsidies.

Background: The ULTS claim form currently in use is based largely on the recommendations of the June 1988 Workshop Report. Resolution T-16128, issued on March 28, 1998, requires carriers to show claims net of federal subsidies.

Proposal: Revise ULTS claim form to reflect that carriers are to submit claims that are net of any federal subsidies received by the carrier. Attached to this OIR is a proposed claim form that reflects the recommendations contained herein.

15. Schedule for Submitting ULTS Claims.

Background: General Order 153, Section 5, requires utilities to submit their ULTS claims on quarterly basis to the Commission's Executive Director. On March 26, 1998, the Director of the Commission's Telecommunications Division (TD) notified utilities that they must file ULTS claims within 30 days following the monthly period for which claim is made.

Proposal: Revise GO 153 to reflect that utilities must submit ULTS claims in accordance with a schedule specified by the Commission, TD, or other entity designated by the Commission. In practice, this means utilities would continue to comply with the current procedure of submitting their claims within 30 days following the monthly period for which claim is made until a new schedule is specified by the Commission, TD, or other entity designated by the Commission. The General Order should also be revised to allow utilities to seek permission to file ULTS claims every six months. The Commission, the Telecommunications Division, or other entity designated by the Commission should specify the conditions that utilities must meet in order to obtain permission to file ULTS claims every six months. Utilities that obtain such

permission should not receive interest for the time value of money lost by filing ULTS claims only once every six months.

16. Processing ULTS Claims.

Background: General Order 153 does not specify a procedure or schedule for processing utilities' ULTS claims. Currently, once a utility submits a claim, the claim is reviewed by the staff of the Commission's Telecommunications Division which then forwards its findings and recommendations to the ULTSAC. After receipt of staff's findings and recommendations, the ULTSAC will determine whether or not the claim should be paid. Claims approved by the ULTSAC are usually paid within 15 days.

Proposal: Revise GO 153, Sections 4, to reflect (1) the role of the ULTSAC in the claims approval process, and (2) that claims shall be paid within 15 calendar days following the approval of the claim by the ULTSAC. Should the payments be delayed, no interest shall be paid on such claims.

17. ULTS Surcharge Remittance Procedures and Forms.

Background: All carriers are required to collect the ULTS surcharge on their billings for intrastate telecommunications services and to remit the monies so collected to the ULTS Fund. However, GO 153 does not include any procedures or forms for carriers to use in remitting ULTS surcharge monies. The first surcharge remittance form was adopted by the Commission in response to the June 1988 Workshop Report, and the form has been revised many times since then. The current surcharge remittance form was adopted in Resolution T-16165 issued on July 2, 1998. This form includes not only the ULTS surcharge, but also many other surcharges collected by carriers (i.e., the DDTP, CHCF-A, CHCF-B, and CTF surcharges).

Proposal: Revise GO 153, Section 6, to state that (1) carriers shall remit ULTS surcharge monies using the procedures and form(s) prescribed by the Commission or the Commission's Telecommunications Division; (2) the Commission or the Commission's Telecommunications Division may periodically revise these procedures and form(s) as conditions warrant; and (3) the Commission or the Commission's Telecommunications Division may specify that electronic forms and formats be used in lieu of paper-based forms and formats. Appendix E to this OIR is the current surcharge remittance form and instructions that the Telecommunications Division adopted in August 1998. This OIR proposes to keep this form and associated instructions in effect until revised by the Telecommunication Division in accordance with the authority that will be granted to staff in the revised GO 153.

18. ULTS Surcharge Remittance Schedule.

Background: General Order 153 does not specify a schedule for carriers' remittance of ULTS surcharge monies. In Resolution T-15826, issued on December 20, 1995, the Commission adopted a surcharge remittance schedule that was based on the amount of

surcharge collected by the carriers. Specifically, Resolution T-15826 directed that (1) all carriers that remit more than \$100 per month in ULTS surcharge monies must remit these monies on a monthly basis, and (2) carriers remitting less than \$100 per month may remit on a semi-annual basis. This two-part schedule was affirmed by the Commission in Resolution T-15984 issued on January 13, 1997.

Proposal: Revise GO 153, Section 6, to state that (1) carriers shall remit ULTS surcharge monies based on a schedule prescribed by the Commission or the Commission's Telecommunications Division; and (2) the Commission or the Commission's Telecommunications Division may periodically revise the schedule for remittance of ULTS surcharge monies. The surcharge remittance form adopted by the Telecommunications Division in August 1998 and attached to this OIR revises the existing two-part remittance schedule so that carriers that have \$10,000 or more per month in billings subject to the ULTS surcharge will have to remit ULTS surcharge monies on a monthly basis, and carriers with less than \$10,000 per month in billings subject to the ULTS surcharge may remit on a semi-annual basis. This OIR proposes to retain the existing schedule for the remittance of surcharge revenues until revised by the Telecommunication Division in accordance with the authority that will be granted to staff in the revised GO 153.

19. Taxes and Surcharges Associated with Federal Discounts.

Background: Historically, the ULTS program has reimbursed carriers for the taxes and surcharges associated with the discounts provided to ULTS customers. However, beginning January 1, 1998, the federal program will provide additional support for the monthly basic service charge, but will not reimburse carriers for any taxes or surcharges associated with the federal discount amount. In recognition of this discrepancy between the federal and state programs, the Commission noted in Resolution T-16128 that "the ULTS program shall continue to provide reimbursements for costs covered under the current ULTS claims procedures, but which are not supported by the federal program." In a March 1998 letter, the Commission's Telecommunications Division notified carriers that they can seek reimbursements for taxes and surcharges associated with the federal portion of the discount provided to ULTS customers beginning January 1, 1998.

Proposal: Revise GO 153 to reflect the Commission's decision in Resolution T-16128 to reimburse carriers for the taxes and surcharges associated with the federal discount with monies from the ULTS Fund.

20. Calculation of Federal Excise Tax, State 911 Tax, and the PUC User Fee.

Background: Many utilities do not correctly calculate on their ULTS claim forms the Federal Excise Tax, State 911 Tax, and PUC User Fee (referred to collectively as “taxes/fees”). On March 26, 1998, the Telecommunications Division sent to the utilities that currently file ULTS claims a letter setting forth the following procedure for properly calculating these taxes/fees:

<i>Federal Excise Tax</i>	<i>State 911 Tax</i>	<i>PUC User Fee</i>
<ul style="list-style-type: none"> • Conversion charges • Measured • Flat • EUCL • Surcharges: <ul style="list-style-type: none"> * CHCF-A * CHCF-B * CTF * ULTS * PUC User fee * Other rate cases • Other customer charges <p>tax rate = 3.0%</p>	<p>Surcharges:</p> <ul style="list-style-type: none"> • CHCF-A • CHCF-B • CTF • DEAF Trust • PUC User fee • Other rate cases <p>tax rate = 0.72%</p>	<ul style="list-style-type: none"> • Connection charges • Conversion charges • Measured • Flat • Surcharges: <ul style="list-style-type: none"> Bill & keep Other rate cases • Other customer charges <p>fee = 0.11%</p>

Because many other carriers may become eligible recipients of the ULTS Fund, GO 153 should make reference to the proper procedures for calculating these taxes/fees.

Proposal: Modify GO 153 to state that utilities, when submitting claims to the ULTS Fund, shall determine and report taxes/fees that are reimbursable from the ULTS Fund in a manner prescribed by the Commission or the Commission’s Telecommunications Division. The GO should also state that the Commission or the Commission’s Telecommunications Division may periodically revise the way reimbursable taxes/fees are determined and reported.

21. Subsidization of ULTS Customers’ EUCL Charges.

Background: General Order 153 contains no provisions regarding whether, and to what extent, ULTS customers will have to pay the federally-mandated End User Common Line (EUCL) charge. Subsequent to the issuance of GO 153, the legislature enacted AB 386 which added PU Code Section 875. This statute provides that the ULTS customer shall not pay the EUCL charge (currently \$3.50 per month per access line), and that the ULTS Fund shall reimburse utilities for the EUCL charge assessed on every ULTS customer to the extent that such costs are not offset by federal monies.

Proposal: Revise GO 153, Section 3.3, to reflect the requirement in PU Code Section 875 that ULTS customers shall not have to pay the EUCL charge.

22. Reimbursement of non-ETC's ULTS-Related Costs Pursuant to Resolution T-16128.

Background: Resolution T-16128, issued on March 12, 1998, allowed carriers that are required to provide ULTS in California, but are ineligible to receive subsidies from the federal Lifeline and Link Up programs (i.e., non-eligible telecommunications carriers, or non-ETCs), to seek reimbursement from the ULTS Fund for the following costs on a per ULTS customer basis: (a) \$3.50 federal EUCL, (b) the monthly ULTS discount given to the customer, (c) the discount service connection charge for initial installation, and (d) conversion charges.

Proposal: Revise GO 53 to state that the ULTS Fund shall reimburse all utilities for the cost of providing ULTS to the extent that utilities do not recover such costs from the federal Lifeline and Link Up programs.

23. No Reimbursement of Claims Without Surcharge Remittances.

Background: The current practice is that a utility must first remit all ULTS surcharge monies it has collected in order to receive reimbursement of its ULTS claims.

Proposal: Revise GO 153, Section 4, to include a policy that utilities which have not timely remitted ULTS surcharge monies shall not be reimbursed for their claims submitted to the ULTS Fund.

II. Proposed Revisions to Conform the ULTS Program and GO 153 with Federal Rules.

Decision 96-10-066, Ordering Paragraph 17, indicates that the ULTS program should be modified, as appropriate, to conform with federal universal service programs and procedures. Therefore, in accordance with D.96-10-066, this OIR proposes several modifications to the ULTS program and GO 153 that are intended to conform the ULTS program with federal rules and procedures. For each of the proposed modifications, parties are encouraged to provide: (1) an estimate of the increase in the number of low-income households that would be served by the ULTS program if the proposed modification were adopted; and (2) an estimate of the total annual cost to the ULTS program to implement the proposed modification. In addition, for each of the proposed modifications, ULTS providers should include in their comments an estimate of annual costs they would seek to recover from the ULTS program.

1. Conformance with Federal Link Up Service Requirements.

Background: Under the federal Link Up program, ETCs must reduce their service installation charge for the initial installation and for subsequent installations at a principal residence with an address different from the residence address at which Link Up assistance was previously provided, subject to the overall limitation of no more than one Link Up installation per address. ETC's are reimbursed by the federal Link Up program for the foregone revenues associated with reduced installation charges. In comparison, the ULTS program requires utilities to offer ULTS customers a discounted "initial" service installation charge at the customer's principal residence no more than once per 12-month period. General Order 153, Section 1.3.21, also allows multiple principal residences to exist at the same address.

Proposal: Retain the current requirement in GO 153 that customers qualify for discounted service installation charges at the same residence (as defined in the GO) once per 12-month period. Expand GO 153, Section 3, to require utilities (including non-ETCs) to offer ULTS customers discounted service installation charges at a principal residence with an address different from the address at which ULTS was previously provided, subject to the overall limitation of no more than one ULTS line per principal residence. There would be no limit on the number of times a customer could move to a new principal residence (including a new principal residence at the same address) during the year and obtain the discounted service installation charge. Utilities (including non-ETCs) would be reimbursed from the ULTS Fund for the foregone revenues associated with discounted installation charges to the extent that utilities are not reimbursed by the federal Link Up program.

2. Conformance with Federal Service Deposit & Advance Payment Requirements.

Background: Under the federal Lifeline program, eligible telecommunications carriers (ETCs) cannot require Lifeline customers to post service deposits in order to initiate service if the customer elects to receive toll blocking. However, ETCs may require

Lifeline customers to submit an advance payment equal to local charges for one month. Under the ULTS program, utilities may impose a service deposit even if the ULTS customer elects to receive toll blocking.

Proposal: Revise GO 153, Section 3, to require utilities (including non-ETCs) to revise their service deposit requirements for ULTS customers to conform with the federal Lifeline program. Utilities' existing service deposit requirements for non-ULTS customers would be unaffected.

3. Conformance with Federal Deferred Payment Schedule.

Background: Under the federal Link Up program, ETCs must offer Lifeline customers the option to defer the payment of up to \$200 in service installation charges. ETCs also cannot charge Lifeline customers interest on the deferred payments for a period of one year. Federal regulations are silent on whether ETCs may impose late payment charges if Lifeline customers fail to meet the deferred payment schedule. ETC's are reimbursed by the federal Link Up program for the foregone revenues associated with the deferred payment of installation charges. Under the ULTS program, carriers must offer a three-month payment plan for service installation charges, and utilities may impose interest and late payment charges.

Proposal: Revise GO 153, Section 3, to require utilities to offer ULTS customers the option of paying installation charges in three equal monthly installments with no interest. Utilities may also choose to offer ULTS customers the option of paying installation charges in equal installments over a period of time longer than three months as long as the utility does not charge any interest for the first 12 months. In addition, GO 153 should be revised to state that utilities would be reimbursed from the ULTS Fund for the foregone revenues associated with the deferred payment of installation charges to the extent that utilities are not reimbursed by the federal Link Up program. Finally, GO 153 should reflect that utilities may impose a late payment fee on ULTS customers if they fail to make timely payments under a deferred payment schedule. However, late payment fees shall not be recoverable from the ULTS Fund in the event of non-payment by the ULTS customer.

4. Conformance with the Federal Toll Service Requirements.

Background: Under the federal Lifeline program, ETCs must adhere to the following requirements related to the provision of toll telephone service to Lifeline customers:

- Free toll limitation service (i.e., toll blocking or toll control).
- No disconnection of local service for non-payment of toll charges.
- Cannot deny a request to establish local service on the basis that the Lifeline customer was previously disconnected for non-payment of toll charges.
- Partial payments by Lifeline customers must be applied first to local service charges, and then to toll service charges.

- Cannot require Lifeline customers to accept toll blocking in order to retain local service. However, ETCs may impose toll blocking for failure to pay toll charges.

The federal Lifeline program reimburses ETCs for the *incremental cost* of providing either toll blocking or toll control, but not for the full retail charge for these services. The ULTS program does not currently require utilities to adhere to any of the above-cited federal Lifeline program requirements related to the provision of toll service.

Proposal: Revise GO 153, Section 3, to require utilities to provide toll service to ULTS customers in a manner that is consistent with the federal Lifeline program. The ULTS Fund would reimburse utilities (including non-ETCs) for their *incremental costs* to provide toll limitation services to the extent such costs are not reimbursed by the federal Lifeline program; but the ULTS Fund would not reimburse utilities for the full retail charge for toll limitation services.

5. Requirement to Obtain Federal ETC Status as Prerequisite for ULTS Support.

Background: The federal Lifeline program will reimburse ETCs up to \$7.00 to cover the discounted monthly rates for local service (\$3.50 for EUCL and additional \$3.50 rate reduction). Because of the monetary support available to ETCs from the federal program, it would be in the interest of the ULTS program if all carriers that seek to draw from the ULTS Fund seek designation as an ETC if they qualify for this designation under the federal rules. This would reduce the support that carriers obtain from the ULTS Fund and thereby relieve the financial burden on the ULTS Fund.

Proposal: Revise GO 153 to include a provision which requires carriers eligible to become ETCs under the FCC rules to seek such a designation in order to draw from the ULTS Fund. Carriers that are required to offer ULTS, but are not qualified to be designated as ETCs under federal rules, will continue to be reimbursed for their expenses incurred and revenues lost in providing ULTS. However, a non-ETC which seeks to draw from the ULTS Fund would have to demonstrate why it does not qualify as an ETC under the federal rules before its claims for reimbursements are approved. This OIR proposes that non-ETCs currently receiving ULTS reimbursements shall have 60 days from the date of the Commission order in this OIR to submit either (1) a request for ETC designation, in accordance with the procedures adopted in Resolution T-16086; or (2) a request for non-ETC designation via a letter to the Director of the Telecommunications Division which demonstrates why the carrier does not meet each of the eligibility criteria and requirements for ETC status under the FCC rules. The Commission will approve or deny all requests for designation as an ETC or non-ETC via resolutions. Non-ETCs currently receiving ULTS funds will continue to receive ULTS reimbursements pending Commission action on their requests.

III. Proposed Revisions to ULTS Program to Foster Competition and Customer Choice.

The Commission's policy is to facilitate the development of competition for local exchange service. To help achieve this goal, this OIR proposes to modify the ULTS program in order to foster the development of competition in the provision of ULTS and competitive choices for ULTS subscribers. For each of the proposed modifications, parties are encouraged to provide (1) estimates of the total annual cost to the ULTS program to implement the proposed revision, and (2) a description of the benefits to the ULTS program if the proposed modification were adopted.

1. Discounted Installation Charge for Switching to New ULTS Provider.

Background: General Order 153, Section 3.5, states that ULTS customers are eligible to receive reduced installation charges once per year. However, GO 153 does not currently allow ULTS subscribers to use their "once per year" reduced service connection charge to obtain service from a new carrier at the same residence (as defined in the GO). This restriction may hinder competition since ULTS subscribers may be deterred from switching carriers if they cannot use their "once per year" reduced service connection charge to obtain service from a new carrier at the same residence.

Proposal: To foster competition among carriers and competitive choice for ULTS customers, GO 153, Section 3, should be revised to allow ULTS customers to obtain reduced installation charges once per 12-month period for a change in the utility providing ULTS service to the same customer at the same residence.

2. Equality of Treatment for ETCs and non-ETCs.

Background: Under the federal Lifeline and Link Up programs, non-ETCs are ineligible to receive the subsidies available from these programs. However, competitive local carriers (CLCs) in California are required to offer ULTS service regardless of whether they qualify as ETCs. To the extent that CLCs must offer the same services under the ULTS program as ETCs offer under the Lifeline and Link Up programs, CLCs that do not qualify as ETCs should receive the same level of subsidies as ETCs in order to maintain competitive neutrality among carriers and to foster the development of competitive choices for ULTS customers.

Proposal: To assure competitive neutrality by the ULTS program, and to provide ULTS customers with the broadest possible array of competitive choices, General Order 153 should include a policy statement that the ULTS program will ensure that utilities which do not qualify as ETCs receive the same level of support as ETCs receive from the federal program -- i.e., lost revenues for flat or measured service, incremental cost of providing toll limitation service, interest associated with deferred payment plan for service installation, and lost revenues for initial and subsequent service installations. The only exception shall be if the federal Lifeline and Link Up programs require ETCs to provide services that utilities are not required to provide under the ULTS program.

IV. Proposed Uniform Standards and Streamlined Administrative Procedures.

There are no uniform standards governing compliance with key aspects of the ULTS program, resulting in a hodgepodge of practices. For instance, different utilities recover different types of operating costs from the ULTS Fund, and telecommunications carriers employ a variety of different methods to determine the amount of ULTS surcharge that should be remitted for each reporting period. The many different practices has become increasingly burdensome due to the growing number of utilities submitting claims to the ULTS Fund and carriers remitting the ULTS surcharge. To cope with the growing number of claims and remittances, this OIR proposes to adopt uniform standards and streamlined administrative procedures.

1. Uniform Standards for Reimbursement of Utilities' ULTS-Related Lost Revenues and Operating Costs.

Background: GO 153 indicates that utilities may recover from the ULTS Fund the revenues lost and expenses incurred to provide ULTS, but the General Order provides little guidance on how these costs should be identified and measured. During the 1995 Workshop, parties agreed to revise the ULTS Monthly Report and Claim Statement to distinguish between the recovery of lost revenues for non-recurring charges, monthly recurring rates, taxes, and surcharges; and the recovery of operating expenses. Participants discussed how to identify and measure ULTS-related operating costs, but the Workshop produced no resolution of this issue. In D.96-10-066, the Commission clarified that carriers shall be entitled to collect from the ULTS fund, on a per customer basis, the difference between their tariffed rate for other residential customers for a given service, and their ULTS rate. More recently, the staff of the Telecommunications Division informed participants of the pre-OIR Workshop that utilities are apparently inconsistent in the types of operating costs they recover from the ULTS Fund.

Proposal: Revise GO 153, Section 5, to state that utilities may only recover from the ULTS Fund those operating costs that are (1) incremental to the ULTS program, and (2) not recovered elsewhere by the carrier (e.g., recovered in a carrier's NRF start-up revenue requirement or from federal subsidy). The revised GO should be clear that utilities cannot recover from the ULTS Fund any costs associated with the sale of non-ULTS services to ULTS customers such as Caller ID, inside wire, voice mail, etc. Utility claims for operating costs would be subject to audit by the Commission, and any costs found to be inappropriate as a result of the audits would have to be repaid by the utility to the ULTS Fund with interest. The General Order would also be revised to state that utilities must submit work papers to support their claims to the ULTS Fund for operating costs, and that the content and timing of the work papers would be specified by the Commission.

Revisit the policy regarding carriers' recovery of lost revenues for non-recurring service charges and recurring rates from the ULTS fund. Specifically, the Commission proposes to cap the amounts that CLCs may obtain from the ULTS fund for these items,

given that these CLCs are subject to less stringent tariff rules and rate regulation by the Commission. One approach is to base the cap on the difference between the CLC's ULTS rates and charges (which may be at or below the Commission-set statewide ULTS rates and charges) and the applicable Commission-approved tariffed rates and charges for basic service of the incumbent LEC in the service area in which the CLC provides ULTS service. Revise GO 153 to indicate that Commission and/or the Telecommunications Division may set the magnitude of carriers' recovery of lost revenues from the ULTS fund.

2. Pacific's Recovery of Service Representative Costs.

Background: Pacific Bell is the only utility that recovers from the ULTS Fund the cost associated with the time that service representatives spend on ULTS-related matters during the service order process ("ULTS service rep. costs"). During the pre-OIR Workshop process, Pacific asserted that the ULTS Fund was the only source for recovery of its ULTS service rep. costs.

Proposal: Pacific should not recover its ULTS service rep. costs from the ULTS Fund unless Pacific can demonstrate in this proceeding (e.g., in its comments) that its ULTS service rep. costs are not recovered elsewhere (e.g., NRF start-up revenue requirement or via rates adopted in D.94-09-065). Assuming Pacific should recover its ULTS service rep. costs from the ULTS Fund, parties are invited to comment on whether Pacific should be reimbursed for these costs via a "flat fee" equal to Pacific's reimbursement from the ULTS Fund during 1997 for these costs divided by the total number of ULTS-related service and change orders processed by Pacific during 1997.

3. Pacific's recovery of Costs for 30 to 60 Untimed Local Calls Per Month.

Background: The ULTS program allows ULTS subscribers using measured service to make 60 free (i.e., untimed) local calls per month. Pacific Bell is the only carrier that obtains from the ULTS program reimbursement for revenue shortfalls that may result when ULTS customers using measured service make 31 to 60 untimed calls per month. However, these calls may not actually result in a revenue shortfall to Pacific due to the revenue neutral rate design adopted by the Commission in D.94-09-065.

Proposal: Cease reimbursing Pacific from the ULTS Fund for revenue shortfalls associated with 31 to 60 ULTS untimed local calls per month per ULTS measured service subscriber unless Pacific can demonstrate in this proceeding that D.94-09-065 did not make Pacific whole for these calls.

4. Use of Electronic Media for Public Notices.

Background: There are presently more than 1,100 telecommunications carriers affected by the ULTS program. Whenever the Commission communicates with carriers regarding the ULTS program, the Commission must send a separate notice to each carrier.

Proposal: To ease the burden of sending notices and other documents to more than 1,100 carriers, this OIR proposes to use the Commission's web site as the primary means to provide carriers with access to lengthy documents regarding the ULTS program (e.g., resolutions revising the ULTS surcharge). More specifically, the Commission would send postcards or single-page notices to inform carriers of ULTS program changes and of the availability of more detailed documents at the Commission's web site. For carriers without access to the internet, the postcards would provide a phone number and contact person from whom a hardcopy of the complete documents could be obtained. When appropriate, the postcard notice regarding the ULTS program could be combined with notices regarding other public programs (e.g., notice of changes to the CHCF-A, CHCF-B, and/or CTF surcharges). There was no opposition to this proposal during the workshop.

5. Uniform Practice for Screening Customers for ULTS Eligibility.

Background: General Order 153 does not specify how telephone companies should screen customers to determine if they are eligible to participate in the ULTS program. On June 4, 1998, ORA filed a petition to open the Forum OII docket (I.90-02-047) to address various issues related to Pacific Bell's handling of residential service ordering. Included with ORA's petition was a report of ORA's investigation of the residential service order practices of Pacific Bell and several other LECs. Among the findings in ORA's report is that Pacific enrolls customers in the ULTS program using a process that may result in many non-eligible customers participating in the ULTS program. ORA found no problems in the ULTS screening procedures used by other LECs.

Proposal: To ensure that only qualified customers participate in the ULTS program, this OIR proposes the adoption of a uniform standard for screening customers for ULTS eligibility. Specifically, all carriers would be required to inform customers calling to order new service about the existence of the ULTS program, unless a customer indicates up front that they are not qualified. Carriers would then ask customers about their income level and household size in order to determine if individual customers qualify for the ULTS program. To maximize the probability of customers giving truthful answers to these questions, carriers would not disclose the ULTS eligibility criteria to customers (unless first queried by a customer) prior to asking the customers about their income level and household size.

Given that ORA's report found no problems with the procedures used by Citizens Telephone Company, GTEC, and Roseville Telephone Company to screen customers for the ULTS program, these LECs are encouraged to provide in their opening comments a detailed description of the procedures they use to screen ULTS customers. All parties are encouraged to propose language for inclusion in the new GO 153 concerning a uniform standard for screening customers for ULTS eligibility. Finally, parties are put on notice that this proceeding shall not consider whether Pacific's current ULTS screening practices are in compliance with the PU Code and/or Commission decisions. Nor shall this proceeding consider any of the other

recommendations regarding the ULTS program contained in ORA's petition of June 4, 1998, and accompanying report.

6. Uniform Standards for Certification and Re-certification Forms

Background: The current GO 153 requires the forms that telephone companies use to certify eligibility of customers to participate in the ULTS program to be approved by the Commission, but the GO does not specify standards for the content of these forms. During the pre-OIR workshop, the TD staff stated that the certification and re-certification forms vary across companies. In response, workshop participants suggested that the Commission establish guidelines as to what the forms should include, instead of requiring standard forms to be used by all carriers.

Proposal: Revise GO 153 to specify that the certification and re-certification forms should contain, at the minimum, the following: (1) a brief description of the ULTS program and benefits; (2) ULTS qualifying income limitation and other eligibility criteria; and (3) a customer signature area which conveys certification of eligibility for and acceptance of ULTS.

7. Uniform Method for Remitting ULTS Surcharges.

Background: Carriers currently use a variety of methods to determine how much ULTS surcharge revenues they should remit each month (or other period designated by the Commission). For example, some carriers remit the actual ULTS surcharges they collect during a given period, while other carriers remit ULTS surcharges based on how much they billed during a given period, less uncollectibles. The variety of methods used by the carriers makes it more difficult for the Commission and the ULTSAC to verify the amount of ULTS surcharge owed by carriers to the ULTS Fund.

Proposal: Revise GO 153 to state that the Commission or the Telecommunications Division (referred to collectively as the Commission) may specify and revise the method(s) that carriers must use to determine the amount of the ULTS surcharge that should be remitted for a given period. The Commission may provide instructions, as needed, for implementing the specified method(s).

This OIR should require all carriers to use one method to determine the amount of the ULTS surcharge to be remitted for a given period. More specifically, all carriers should remit ULTS surcharge monies based on their end-user billings for a given period, less uncollectibles (the "as billed" method). Carriers would have to true-up their estimated ULTS surcharge uncollectibles with their actual uncollectibles. Attached to this OIR is a proposed surcharge remittance form that reflects the as-billed method, along with instructions on how to complete and submit the remittance form.

V. Proposed Revisions to GO 153 Stemming from the 1995 ULTS Workshop.

Decision 98-06-007 states that the recommendations stemming from 1995 ULTS Workshop would be considered by the Commission in this proceeding. However,

several of the recommendations from the 1995 ULTS Workshop have already been implemented by the Commission. Therefore, in accordance with D.98-06-007, this OIR proposes revisions to GO 153, listed and described below, which would adopt the recommendations from the 1995 ULTS Workshop Report which have not already been adopted by the Commission.

1. Initial ULTS Customer Self-Certification.

Background: General Order 153 requires potential ULTS customers to certify that they meet ULTS income eligibility criteria by completing a utility-provided certification form. One proposal arising from the 1995 Workshop was to revise the certification procedure such that the initial certification takes place via telephone with a confirmation letter sent to the customer afterwards. The confirmation letter could be in the form of a turnaround document which would be signed and returned. However, much of the bad debt costs charged to the ULTS program comes from customers who were admitted into the ULTS program via telephone certification but who never returned a signed self-certification form and discontinued service.

Proposal: Do not adopt proposal to allow telephone certification of ULTS customers via telephone because of the high bad debt costs associated with such customers who do not return the self-certification form and discontinue service. Instead, revise GO 153 to state that utilities shall only commence the application of recurring ULTS rates and charges to eligible ULTS customers upon the utility's receipt of a signed-self certification letter. ULTS customers who paid the regular tariffed service installation charge, service deposit, and/or monthly recurring charge would be credited with the difference between these rates and ULTS rates and deposit requirements after the utility's receipt of a signed self-certification letter.

2. Annual Customer Re-Certification and Notification.

Background: General Order 153 requires ULTS subscribers to annually certify, using forms provided by the utility, that they continue to meet the ULTS income eligibility criteria. One proposal arising from the 1995 Workshop was to achieve cost savings to the ULTS program by shifting the re-certification from every year to every two years, similar to the CARE program in the gas and electric industry.

Proposal: The annual re-certification should be retained. Although there are cost savings in biannual re-certification, this could also result in unnecessarily prolonging ULTS benefits to customers whose income levels have changed to disqualify them from the program. Additionally, a two-year re-certification will not reconcile with the ULTS income limits which are revised every year. The annual customer notification should also be retained. Utilities should be allowed to effect the annual notification by sending the re-certification form to existing ULTS customers and a separate notice of the ULTS program to all other customers. General Order 153 should be revised to allow each utility to re-certify its ULTS customers in one of the following two ways: (1) Mail a re-certification form to each ULTS customer on the approximate anniversary date of the

customer joining the ULTS program, or (2) Blanket mailing of re-certification forms to all of the utility's ULTS customers at the same time each year, even to customers that have been part of the ULTS program for less than one year. Customers who do not return a signed re-certification form within 45 days would be charged the regular tariff rate retroactive to the date re-certification form was mailed.

3. Time Limitations for ULTS Claims, Record Keeping, and Audits.

Background: The 1995 Workshop Report raised the issue of whether there should be time limits for (1) how long carriers can make claims against the ULTS Fund for prior periods; (2) how long utilities should retain records of ULTS claims and surcharge remittances; and (3) how long the Commission would have to perform audits of ULTS claims. Pacific Bell suggested a two-year retention period for all ULTS records.

Proposal: Revise GO 153 to provide that utilities will not be reimbursed for ULTS claims that are filed more than two years after the claims are due. Utilities that submit a timely claim will have 24 months from the close of the designated period to true-up their claim. The General Order should also be revised to require utilities to retain for five years all records related to a submitted claim form (including five years following the submittal of a true-up claim) unless all or part of such records must be kept for a longer period of time pursuant to requirements promulgated elsewhere (e.g., USOA). Carriers would likewise have to keep all records related to ULTS surcharge collection and remittances for a period of five years following the remittance of the ULTS surcharge unless all or part of such records must be kept for a longer period of time pursuant to requirements promulgated elsewhere (e.g., USOA). General Order 153 should not specify a time limit for the Commission to conduct an audit of claims and surcharge remittances. The Commission's ability to seek and obtain reimbursement from utilities and carriers would be dependent on the law and circumstances existing at the time the Commission discovers a discrepancy in the amount of ULTS claims paid to a utility or the ULTS surcharge remitted by a carrier.

4. Interest on Untimely ULTS Surcharge Remittances.

Background: The June 1988 Workshop Report adopted a penalty for late remittance by carriers of ULTS surcharge monies equal to 1.5% for the first month and 5% per month thereafter, not to exceed 25%. The 1995 Workshop Report proposed several enforcement procedures to ensure the collection and remittance of ULTS surcharge, including the revocation of CPCN, making Commission actions on utility requests contingent upon payment of surcharges, filing a suit against the utility, imposing a penalty for non-payment of surcharges, and imposing interest for late payments. In D.98-01-023, the Commission adopted a 10% annual interest rate for late remittances of CHCF-B and CTF surcharges.

Proposal: With one exception, GO 153 should not include the enforcement procedures proposed in the 1995 Workshop Report regarding the collection and remittance of ULTS surcharge monies since these procedures will be available to the Commission regardless of whether or not the procedures are specified in GO 153. The one exception

should be the routine imposition of interest on late remittances of ULTS surcharge monies by carriers. The General Order should not identify a specific rate of interest, but state that the rate of interest will be periodically determined by the Commission or the Commission's Telecommunications Division. Consistent with D.98-01-023, the initial rate of interest applied to late remittances of ULTS surcharge monies should be a 10% annual rate imposed from the date that the remittances are due.

VI. Miscellaneous Proposed Revisions to ULTS Program and Procedures

1. Composition of ULTS Administrative Committee.

Background: Decision 87-10-088 established the ULTSAC to administer the ULTS Trust and required the ULTSAC to include members from large and small LECs, IECs, and public interest groups. The current charter for the ULTSAC was approved in D.94-10-046, as amended in Resolution T-16176. The current membership of the ULTSAC may pose a conflict of interest since many members of the Committee are representatives from utilities that receive monies from the ULTS Trust Fund.

Proposal: Revise the ULTSAC charter to exclude members who represent utilities receiving monies from the ULTS Fund. Utilities may still provide input to matters affecting the administration of the ULTS Fund by attending the public meetings of the ULTSAC. The revised ULTSAC charter is attached to this OIR as Appendix F.

2. Impact of AB 2461.

Background: Assembly Bill (AB) 2461, if enacted, would alter many aspects of ULTS Fund administration.

Proposal: Revise GO 153 to allow the Commission flexibility to implement the provisions of AB 2461 should this pending legislation become law without having to further modify GO 153.

3. Revision of Previously Adopted Commission Universal Service Rules.

Background: The Universal Service rules adopted by the Commission in Appendix B of D.96-10-066 may need to be revised to reflect the changes to GO 153 and the ULTS program that may be adopted as a result of this proceeding.

Proposal: Parties are invited to submit proposed revisions to the Commission's Universal Service rules to reflect changes to GO 153 and the ULTS program adopted as a result of this proceeding.

(END OF APPENDIX B)

APPENDIX C

**PROPOSED REVISIONS TO
THE TEXT OF GENERAL ORDER 153**

Appendix C is General Order 153 modified to reflect the proposed revisions to the General Order that identified and described in Appendix B. Parties are invited to propose their own text to be included in a revised GO 153.

GENERAL ORDER 153

**Public Utilities Commission of the
State of California**

PROCEDURES FOR ADMINISTRATION OF THE MOORE UNIVERSAL TELEPHONE SERVICE ACT.

~~Approved November 7, 1984, Effective November 7, 1984.*~~

~~Decision 84-11-028, OH 83-11-05.~~

~~*(Corrected March 6, 1985; Decision 85-03-004.)~~

GENERAL ORDER

1. GENERAL

1.1 Intent

~~1.1.1 Purpose~~ - The purpose of ~~these rules~~ this General Order is to implement the Moore Universal Telephone Service Act [California Public Utilities Code Section 871, et. seq.] as amended ~~which became law in September 1983~~. The act is intended to provide a class of local telephone service designed to meet minimum residential communication needs of customers who are eligible under this General Order through subsidized telephone service funded by a surcharge on all end-user intrastate telecommunications services except for certain services specified by the Commission. ~~limited tax on suppliers of intrastate interLATA telecommunications service.~~

~~1.1.2 Revisions of Scope~~—~~These rules may be revised on the basis of experience gained in their application and as changes in the art of telephony may require.~~

1.2 Applicability - This General Order is aApplicable to all telecommunications carriers utilities operating in California and to residential residencee customers eligible for Universal Lifeline Telephone Service furnished pursuant to the Moore Universal Telephone Service Act.

1.3 Definitions

1.3.1 "Act" ~~means --~~ The Moore Universal Telephone Service Act, AB 1348, Ch. 1143, Stats. 1983 [California Public Utilities Code Section 871, et. seq.], as amended.

~~1.3.2 "Board" means the State Board of Equalization.~~

1.3.3 "Commission" ~~means --~~ The California Public Utilities Commission.⁺

1.3.~~54~~ "Deposit" - Money paid by the customer as security to the serving utility in order to establish or re-establish service as required by the utility's tariffs.

1.3.~~25~~ "Basic Exchange Access Service" - A minimum level of telecommunications service elements each carrier offering residential local exchange service is required to provide, as defined by the Commission in the universal service

⁺As defined in Chapter 1142 of the Revenue and Taxation Code.

decision, D.96-10-066, or any subsequent decision revising such service elements. Basic exchange access service is sometimes referred to as basic service. ~~Basic exchange service furnished by means of a central office line.~~

- 1.3.4 “COPT” – A Customer-Owned Pay Telephone, which describes a pay telephone (coin or coinless) owned by a person or a business other than a phone company for public or non-public use.
- 1.3.6 “EAS” -- Extended Area Service, which is an exchange service available to customers in a particular exchange or district area for communication throughout that exchange and other designated areas in accordance with the provisions of a carrier’s exchange tariffs.
- 1.3.7 “End-user intrastate telecommunications services” -- All telecommunications services that both originate and terminate within the State of California, whether tariffed or untariffed, that are consumed by and billed to the final user of the service.
- 1.3.8 “ETC” – Eligible Telecommunications Carrier, a carrier designated by a state commission pursuant to Subpart C of Title 47 of the Code of Federal Regulation (47 C.F.R.) § 54.201. An ETC is required to provide the services and other requirements of the federal low-income programs described in Subpart E of 47 C.F.R. and is eligible to receive the corresponding federal support for the provision of such services.
- 1.3.9 “EUCL” -- End-User Common Line, refers to the federally mandated flat, monthly charge assessed directly on end-users of telecommunications services to recover portion of a utility’s interstate-allocated cost of the access line between the utility’s central office and the end-user’s premises.
- 1.3.10 “Exchange Area” – An area shown on maps filed in a utility’s tariff schedules within which the utility holds itself out to furnish exchange telephone service from one or more central offices serving that area.
- 1.3.116 "Flat Rate Service" -- Basic eExchange access service furnished for a fixed periodic charge.
- 1.3.287 "Total Household Income" -- All revenues, from all household members, from whatever source derived, whether taxable or non-taxable, including, but not limited to: wages, salaries, interest, dividends, spousal support and child support, grants, gifts, allowances, stipends payments, public assistance payments, social security and pensions, rental income, income from self-employment and cash payments from other sources, and all employment-related, non-cash income.
- 1.3.128 "Gross revenues" ~~means~~ -- All revenues billed by a telecommunications carrier service supplier for the provision of intrastate ~~inter~~LATA telecommunications services, excluding all federal, state, and local taxes and all accounts which have been found to be worthless and written off for income tax purposes or, if the telecommunications carrier service supplier is not required to

file income tax returns, written off in accordance with generally accepted accounting principles.

1.3.139 "Household" -- The members of a residence.

~~1.3.10 "Information" means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds or other symbols which may be conveyed via telecommunications.~~

~~1.3.11 "InterLATA" means between one LATA and another.⁺~~

~~1.3.12 "IntraLATA" means within a single LATA.~~

1.3.1513 "Intrastate telecommunication service" -- ~~M~~means any of the following:

1.3.1513.1 A telecommunication for which there is a toll charge which varies in amount with the distance and elapsed transmission time of each individual communication, where the point of origin and the point of destination are located within this state.

1.3.1513.2 A service which entitles the subscriber, upon payment of a periodic charge (determined as a flat amount or upon the basis of total elapsed transmission time), to the privilege of an unlimited number of telecommunications to or from persons having telephone, data, or radiotelephone stations which are outside or within the exchange area in which the station provided with the service is located, where the point of origin and the point of destination are located within this state.

1.3.1513.3 A service which entitles the subscriber, upon payment, to transfer or move information whether voice, data, digital, or video in nature where the point or points of origin and the point or points of destination of the service are located in different exchanges in this state.²

1.3.14 "In This State" -- ~~M~~means within the exterior limits of the State of California and includes all territory within those limits owned by or ceded to the United States of America.

~~1.3.15 "LATA" means a local access and transport area as defined and approved by the United States District Court for the District of Columbia circuit in the case of the United States Vs. Western Electric Co., Inc., and American Telephone and Telegraph Co., CA 92-0192, April 20 and July 8, 1983, and in a Memorandum and Order of August 5, 1983.~~

1.3.16 "Local Call" -- A completed call or telephonic communication between a calling station and any other station within ~~the ZUM Zone 1~~ or the designated local exchange area plus any extended area service of the calling station.

1.3.1817 "Measured Rate Service" -- A telephone service which includes the basic exchange access service monthly rate based upon the number of outgoing ~~timed~~ and untimed local calls plus the applicable usage charges.

⁺Supra.

²Supra.

~~1.3.18 "Message Rate Service" (Metered Service) - A telephone service which includes the exchange access service monthly rate based upon the number of outgoing untimed local calls.~~

~~1.3.19 "Mileage Charges" - The additional charges for exchange telephone service furnished outside the base rate area or special rate area.~~

~~1.3.20 "Permanent Disconnect" - A discontinuance of service in which the facilities used for the service are made available for use for another service.~~

1.3.19 "Regular Tariff Rates" -- A carrier's rates and charges applicable to non-ULTS customers for telecommunications services.

1.3.20+ "Residence" -- ~~A The residence (dwelling unit)~~ shall consist of that portion of an individual house or building or one flat or apartment (a dwelling unit) occupied entirely by a single family or individual functioning as one domestic establishment.

A room or portion of a residence dwelling unit occupied exclusively by an individual not sharing equally as a member of the domestic establishment may be considered a separate residence dwelling unit for the application of Universal Lifeline Telephone Service.

1.3.1722 "Local Exchange Residential ~~Residence~~ Service" - Basic eExchange access service furnished to a customer at a residence or place of dwelling where the actual or obvious use is for domestic purposes and not for business purposes.

1.3.213 "Service Connection Charge" - A charge designed to recover in part certain expenses incident to the provision of telephone service.

1.3.22 "Service Conversion Charge" - A charge designed to recover certain expenses incident to changing the class, type, or grade of telephone service.

1.3.23 "Surcharge" -- The percentage increment as determined by the Commission that is applied to the end-user's bill by the carrier for intrastate telecommunications services.

1.3.24 "Telecommunications Carrier" - Any provider of end-user intrastate telecommunications services such as local exchange carriers, competitive local carriers, interexchange carriers, commercial mobile radio service carriers, and paging companies.

1.3.25 "Telecommunications Division" - The organizational unit(s) within the Commission designated as responsible for carrying out the duties and responsibilities related to the ULTS program as set forth in this General Order.

~~1.3.24 "Service Supplier" - means any person supplying any of the following:~~

~~1.3.24.1 InterLATA intrastate telecommunications services.~~

~~1.3.24.2 Intrastate telecommunications services on a basis not defined by LATA boundaries.⁺~~

~~1.3.25 "Service User"-- means any person using intrastate telecommunications services in this state.~~

1.3.26 "Toll Blocking" -- A service provided by a utility that lets consumers elect not to allow the completion of outgoing toll calls from their telecommunications channel.

1.3.27 "Toll Control" -- A service provided by a utility that allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or per billing cycle.

~~1.3.26 "Telecommunications"-- Means the transmission between or among points specified by the user, of information of the user's choosing without change in the form or content of the information as sent and received, by means of electromagnetic transmission, including microwave and satellite, with or without benefit of any closed transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching, and delivery of that information) essential to the transmission.~~

~~1.3.27 "Telephone" (telephone set, telephone instrument A unit of equipment consisting of a transmitter, receiver and associated apparatus.~~

~~1.3.28 Temporary Disconnect"-- A temporary discontinuance without termination of the service, made at the request of the customer or on the initiative of the Utility.~~

1.3.29 "ULTS"--Universal Lifeline Telephone Service. [In D.96-10-066 the Commission defined the ULTS program as a statewide explicit customer subsidy that ensures low income households have access to basic telephone service at a fixed and affordable rate. The ULTS program was created in response to the Moore Universal Telephone Service Act which became law in September 1983. The ULTS program is sometimes referred to as "Lifeline."](#)

1.3.30 "ULTS Fund" – ULTS Trust Administrative Committee Fund. A repository of ULTS surcharge monies used to reimburse utilities and others as directed by the Commission for the costs associated with the provision and administration of the ULTS program.

1.3.31 "ULTSAC" – ULTS Trust Administrative Committee. An advisory board to advise the Commission regarding the development, implementation, and administration of the ULTS program.

~~1.3.32³⁰ "Utility"-- A telecommunications carrier providing residential local exchange service ~~supplier of Intrastate, intraLATA telecommunication services.~~~~

2. TARIFF FILINGS

⁺Supra.

2.1 Telecommunications carriers that are required to file tariffs with the Commission shall include in their tariffs the requirement to collect ULTS surcharge from their customers.

2.2 Utilities that are required to file tariffs with the Commission shall include in their tariffs the provision of ULTS to the public under terms and conditions that reflect the requirements of California Public Utilities Code Section 871 et. seq., relevant Commission decisions, and this General Order.

2.3 All tariff filings pertaining to any aspect of the ULTS program and/or the ULTS surcharge shall be filed in accordance with ~~Each telephone utility shall file tariffs implementing ULTS pursuant to California Public Utilities C.P.U.C. Code Section 489 and as outlined in C.P.U.C. General Order No. 96-A.~~ No tariff shall substantially depart from the intent of this General Order.

2.4~~1~~ Customers Certification/Re-certification Form

2.4.1 Customer certification and re-certification forms ~~that will be sent as~~ required by Sections 3.12 and 3.14~~3~~ of this General Order shall be submitted to the ~~Executive~~ Director of the Telecommunications Division Commission for approval. Telephone utilities shall allow five (5) working days for such approval. Once approved the forms need not be resubmitted unless changes are made. Telephone utilities shall also file these forms as part of their tariffs ~~pursuant to C.P.U.C. Code 489 and as outlined in CPUC General Order 96-A.~~

2.4.2 The customer certification and re-certification forms shall, at the minimum, contain explicit language detailing the following information: (1) a brief description of the ULTS program and benefits; (2) ULTS qualifying income limitations and other eligibility criteria; and a customer signature area which conveys certification of eligibility for and acceptance of ULTS.

2.5~~2~~ Notices

2.5.1 Annual notices that will be sent to all non-ULTS customers as required by Section 3.15~~3~~ of this General Order shall be submitted to the ~~Executive~~ Director of the Telecommunications Division Commission for approval. ~~Telephone utilities shall allow five (5) working days for such approval.~~ Once approved, the notices need not be resubmitted unless ~~changes~~ charges are made.

2.5.2 Annual notices shall include such information and other content as specified by the Commission, the Telecommunications Division, or other entity designated by the Commission.

3. ELIGIBILITY CRITERIA AND CHARACTERISTICS OF THE SERVICE SUBSIDY

3.1 ~~ULTS Universal Lifeline Telephone Service~~ is available to all residential residence customers who meet the following eligibility requirements:

3.1.1 The residence at which the service is requested is the customer's principal place of residence.

3.1.2 There is only one exchange access line service servicing that residence.

- 3.1.3 ~~Based on current income,~~ The customer's current total household income does not exceed the income limitation set by the Commission.
- 3.1.3.1 The income limitation will be adjusted ~~by the Commission~~ each year for inflation based on the Federal Consumer Price Index-Urban Areas (“adjusted income levels”CPI). ~~The adjustment will be made for each full calendar year, using 1984 as the base year. The Commission’s Telecommunications Division shall annually notify utilities regarding the adjusted income levels (“the notification”). Utilities shall then file revised tariffs reflecting the adjusted income levels in accordance with any instructions, contained in the notification. The adjusted income level will be established by the Commission no later than February 15 of the subsequent year.~~
- 3.1.3.2 No customer who is claimed as a dependent on another person’s income tax return shall be eligible for ULTS.
- 3.1.4 No utility shall knowingly certify or recertify as eligible a customer not meeting the ULTS eligibility criteria.
- 3.2 ~~ULTS Universal Lifeline Telephone Service~~ is available to eligible residential residence customers subscribing to individual, two-party, four-party and suburban residential service. ~~In those areas where measured service is available ULTS will be measured.~~
- 3.3 ~~ULTS Universal Lifeline Telephone Service~~ includes the following:
- 3.3.1 All the service elements of residential basic exchange access service specified in D.96-10-066, Appendix B, Rule 4, and subsequent Commission decisions.
- 3.3.2~~1~~ Discounted service connection charge at statewide rate established by the Commission or at rate no more than 50% of the utility’s regular service connection charges, whichever is lower, for the initial installation of a single telephone line at the ULTS subscriber’s primary residence, and for subsequent connections within a 12-month period, subject to the following conditions: for the provision of one exchange access service; one telephone if available, and the associated modular jack, if required.
- 3.3.2.1 The subsequent installations are for a single telephone line at a residence different from the previous residence for which discount for the initial installation was received, regardless of whether the service is provided by the same or different utilities.
- 3.3.2.2 If the subsequent installations are for reconnections of a single telephone line at the same residence, the discounted service connection charge set forth in Section 3.3.2 of this General Order are limited to once per 12-month period, when provided by the same carrier from which discount for the initial installation was received.
- 3.3.3.3 The discounted service connection charge set forth in Section 3.3.2 of this General Order will be applicable when a ULTS customer switches to

another utility, while at the same residence, but limited to one discounted service installation within a 12-month period.

~~3.3.32 50% of the regular service conversion charge for any change of service to ULTS, subject to one reduced charge per year limitation set forth in Section 3.5. A \$0.75 monthly credit allowance applied toward leasing, purchasing, or maintaining a telephone instrument.~~

~~3.3.43 If required to initiate ULTS, installation of inside wire of a residence primary access line including one primary standard jack, at 50% of the non-regulated charges when the work is performed by the utility. 50% of the monthly rate for exchange access service, including any applicable mileage charges.~~

~~3.3.54 The ULTS monthly rates for residential flat rate and measured rate services shall be those statewide rates established by the Commission or 50% of the applicable regular tariffed rates, whichever are lower. In exchanges with EAS, ULTS customers shall pay 50% of the applicable EAS increment. Unlimited incoming calls.~~

~~3.3.65 ULTS For "flat rate" customers, shall receive unlimited local callings, and for ULTS "measured message rate" customers, shall receive a number of free 30 untimed local calls per month as specified by the Commission in D.94-09-065, or subsequent Commission decisions. The rate for calls beyond the monthly local call allowance for ULTS measured rate customers shall be at the rate established by the Commission.~~

~~3.3.7 Credit allowance for the full amount of federal EUCL charge.~~

~~3.3.8 Toll limitation service (i.e., toll blocking or toll control), if elected by the customer, provided free of charge.~~

~~3.4 ULTS Universal Lifeline Telephone Service is restricted to residential residence service. Foreign exchange and farmer line services are excluded from this offering.~~

~~3.5 Reduced Service Connection Charges are limited to one installation per year for eligible recipients. No carryover credit will be given for years in which eligible customers do not use their authorized reduced sService cConnection Charges, conversion, and/or inside wire charges. Reduced sService Connection conversion cCharges will apply to requests from eligible recipients for changes in class, type, or grade of service including requests to change from Foreign Exchange Service. Changes in class, type, or grade of service at the reduced rates will be limited to constitute that customers one installation per year per carrier. Other than stated above, any change to the service will be at regular tariffed rates as set forth in the applicable tariff schedules of the utility.~~

~~3.6 Eligible recipients of ULTS this service may elect to have a deferred schedule for payment of service connection charges up to \$200 with no interest for one year and may elect to have the reduced sService cConnection cCharges billed in no fewer than three 3-equal monthly installments. The customer is responsible for each installment payment at the time of receipt of the bill as specified in the Utility's tariff. Non-~~

payment of each monthly installment may result in late payment charges being assessed on the customer as provided in the utility's tariff.

- 3.7 Deposits for establishment of basic exchange access service from applicants for new service, as set forth in the tariff schedules of the utility, will not be required of eligible recipients ~~of~~ ULTS if the applicant elects to receive toll blocking or Universal Lifeline Telephone Service ~~providing~~ the applicant has no outstanding bill with any telephone utility within California. Other than previously stated, establishment and re-establishment of credit shall be in accordance with the tariff schedules of the utility.
- 3.8 ~~ULTS Universal Lifeline Telephone Service~~ shall be subject to the conditions of "Discontinuance and Restoration of Service" as set forth in the tariff schedules of the utility.
- 3.9 A utility may not disconnect basic exchange access service to ULTS recipients for non-payment of toll charges. A utility may not deny a recipient's request for re-establishment of basic service on the basis that the customer was previously disconnected for non-payment of toll charges. Service under ULTS will apply upon receipt of a completed Utility provided self-certification notice of eligibility from an applicant/customer. The self-certification form shall be the form as shown in the Forms Section of the utility's tariff schedules.
- ~~3.9.1—Those customers who self-certify their eligibility prior to July 1, 1984 will be automatically converted to Universal Lifeline Telephone Service on July 1, 1984.~~
- ~~3.9.2—Those customers whose certification is received by the Utility prior to October 1, 1984 will have their bills adjusted (excluding usage) to reflect the Universal Lifeline Telephone Service rates retroactive to July 1, 1984.~~
- ~~3.9.3—All customers who self-certify their eligibility on or after October 1, 1984 will receive the Universal Lifeline Telephone Service rates commencing with their next billing period.~~
- 3.10 Partial payments of ULTS customers should be applied first to basic service charges and other associated taxes and surcharges, and then to toll charges and other optional services.
- 3.11 A utility may require advance payments for basic service charges, but not to exceed one month's charges, except as provided in Section 3.7 of this General Order.
- 3.120—New applicants for telephone service will be advised of the availability of ULTS Universal Lifeline Telephone Service and if eligible will be furnished with the necessary self-certification forms that applicants have to sign and return to the utility within 45 days. The utility will bill a new ULTS applicant at the regular tariffed rates and charges, and will convert the service to ULTS retroactive to the date the service began, only upon receipt of the applicant's signed self-certification form. The utility will credit back to the applicant in the subsequent billing period the difference between the regular tariff rates/charges and ULTS charges for service installation, inside wire, monthly recurring rates, and/or service deposits that the ULTS applicant may have paid since service began. Those applicants who do not return a signed self-certification form to

the utility ~~within 30 days will continue to be billed at the regular~~ ~~days will be changed to~~ regular tariffed rates and charges. ~~The regular tariffed rates will be retroactive to the date the Universal Lifeline Telephone Service began. If reduced service connection charges were applied, the difference between reduced charges and regular tariffed charges will be billed to the applicant. Such applicants who do not return a signed self-certification form to the utility within 30 days will be~~ and subject to the utility's rules applicable to the establishment of credit.

- 3.131 Recipients of ULTS Universal Lifeline Telephone Service must notify the utility of a change in any condition which occurs that would cause the household to no longer qualify for the service ~~or if the service no longer meets the household needs~~. Upon receipt of notification, the utility will change the service to regular tariffed rates for the service furnished. Otherwise applicable service conversion charges shall not be billed to the customer for this ~~Service Connection Charges will not apply to the~~ change in service. If the utility discovers that conditions exist which cause the recipient not to qualify for ULTS Universal Lifeline Telephone Service, the customer will be notified that the service will be converted to regular tariffed rates, retroactively ly to the date the customer can prove they became ineligible. If the customer cannot prove when the customer they became ineligible, the utility will bill the customer retroactive to the last certification date for the difference between ULTS Universal Lifeline Telephone Service rates and the regular tariff rates for the service furnished, including service connection charges, conversion charges, inside wire charges, Service Connection Charges and deposits, if applicable.
- 3.142 Eligible recipients are required to re-certify upon notice from the utility. The utility will mail re-certification forms to each recipient of the service annually. The utility may either mail re-certification forms to each ULTS customer on the approximate anniversary date of the customer joining the ULTS program, or send a blanket mailing of re-certification forms to all of the utility's ULTS customers at the same time each year, even to customers that have been part of the ULTS program for less than one year. If the recipient fails to return the re-certification forms within 45~~30~~ days, the customer's service rates will be converted to the regular tariffed rates for the type, class, and grade of service furnished. Deposit requirements will be applied in accordance with applicable tariffs. Otherwise applicable service conversion charges shall not be billed to the customer for this change in service. Non-recurring charges will not apply to the change in service.
- 3.153 The utility will annually mail a notification of ULTS availability and a self-certification form to all its non-ULTS residential subscribers ~~residence customers~~. If eligible for ULTS, a subscriber must return a signed self-certification form to the utility. Only upon receipt of a signed self-certification form will the utility commence the application of recurring ULTS rates and charges to the customer.
- 3.164 Except as specifically modified by this General Order, all rules, regulations, charges and rates in conjunction with the services furnished elsewhere in the tariffs are also applicable to the service provided under ULTS.

3.175 Optional services and equipment, ~~except as set forth in Section 3.3,~~ are not included in ~~ULTS Universal Lifeline Telephone Service~~ rates, but will be available to ~~ULTS Universal Lifeline Telephone Service~~ customers at applicable regular tariffed rates and charges.

~~3.16 Universal Lifeline Telephone Service rates and the telephone set allowance credit shall be applied to each monthly statement for the months this service is furnished and shall apply only for the duration of this service.~~

~~3.18 The Commission reserves the right to perform an audit of the information contained in the ULTS recipient's self-certification forms.~~

4. ~~MONTHLY REPORTS AND CLAIMS FOR REIMBURSEMENT OF ULTS-RELATED COSTS TO THE COMMISSION~~

4.1 Eligible Utilities

4.1.1 Utilities that meet the federal requirements for becoming an ETC shall seek such designation in order to claim reimbursements from the ULTS Fund for expenses incurred and revenues lost in providing ULTS. Once designated as an ETC, the utility shall net out from their ULTS claims the amount of support obtained from the federal low-income programs. For those utilities that are required to offer ULTS, but are not qualified to be designated as ETCs under the federal rules, the ULTS Fund shall continue to reimburse these utilities for the expenses incurred and revenues lost in providing ULTS.

4.1.2 The Commission shall specify procedures to be used by utilities in requesting ETC designation or demonstrating their ineligibility for ETC status.

4.2+ Content, Format, and Schedule of ULTS Reports and Claims Timing and Format

4.2.1 Each utility shall report its claims for ULTS-related costs using the ULTS Report and Claim Statement. Each utility ~~telephone corporation~~ shall submit ~~two~~ a ~~copies~~ of its ULTS Report and Claim Statement ~~monthly reports~~ with supporting working papers to the Director of the Telecommunications Division, Executive Director of the Commission detailing expenses incurred and revenues lost as a result of providing ULTS, for which reimbursements are requested. Claims shall be based upon actual expenses incurred and services delivered, and shall be net of any support from the federal Lifeline and Link Up programs.

4.2.2 Each ULTS Report and Claim Statement ~~monthly report~~ shall be for a full month and shall be filed with the Telecommunications Division Commission in accordance with the schedule established by the Commission, the Telecommunications Division, or other entity designated by the Commission ~~within 30 days of the end of the month for which the monthly report applies.~~ Utilities that file monthly ULTS claims must report and remit ULTS surcharges on a monthly basis and are prohibited from filing ULTS surcharge under the *de minimis* rule, as provided in Section 6.4 of this General Order.

4.2.3 Utilities may request permission from the Telecommunications Division or other entity designated by the Commission to file their ULTS Report and Claim Statement on a semi-annual basis. The Commission, the Telecommunications Division, or other entity designated by the Commission may specify and revise the conditions that utilities must meet in order to file their ULTS Report and Claim Statement on a semi-annual basis. Utilities that elect to report and remit ULTS surcharges under the *de minimis* rule, as provided in Section 6.4 of this General Order, must file ULTS claims on a semi-annual basis.

4.2.4 Utilities filing ULTS claims semi-annually must show a monthly breakdown of claims in the ULTS Report and Claim Statement and must file the claims within 30 days of the end of each six-month period. Utilities shall not be reimbursed for any time value of money that may be lost by filing claims on a semi-annual basis.

4.2.5 The proper reporting format is outlined in Appendix A. The content, format, and filing schedule of the ULTS Report and Claim Statement and of the workpapers will be specified and revised, as necessary, by the Commission, the Telecommunications Division, or other entity designated by the Commission.

4.32 Accessibility of Information to the Public

Each ~~utility telephone corporation~~ shall make available upon request, open for public inspection in their main offices in California and/or through electronic media such as the Internet, copies of all ULTS Report and Claim Statements ~~monthly reports~~ filed with the Commission in compliance with these rules.

~~5.—CLAIMS FOR REIMBURSEMENT~~

~~Each telephone corporation may submit two copies of quarterly claims to the Executive Director of the Commission for reimbursement of expenses incurred and revenues lost as a result of providing ULTS.~~

~~—5.1—Format~~

~~Quarterly claims shall be based upon the data provided in the monthly reports submitted for the quarter for which the claim is being made. The proper format is outlined in Appendix B.~~

~~5.2—Carrying Charge~~

~~A 1.50% monthly carrying charge will be applicable to the reimbursable amount between the midpoint of the reporting month and the filing date of the quarterly statement or 30 days after the end of the quarter for which a quarterly statement is provided, whichever is sooner. The 1.50% monthly carrying charge will also be applicable to the reimbursable amount from the filing date of the quarterly statement with the Commission until the estimated date of payment by the State. To the extent that the estimated date of payment by the State is in error, a true-up to the actual date of payment by the State will be paid in the following quarterly claim without any additional carrying charges applied to the time between quarterly claims. Because the 1.5% is an un-compounded rate, subsequent carrying charge calculations will be applied to the amount of the original claim, without regard to any carrying charge that has been~~

~~accrued on the amount. The development of the carrying charges shall be shown on quarterly statements.~~

~~4.4.3~~ Payment of Claims ~~for Reimbursement~~

~~All claims are subject to review by the Telecommunications Division and are subject to approval by the ULTSAC or as otherwise directed by the Commission. All claims will be processed according to the rules in Part 2, Chapter 4, Article 1 of the Public Utilities Code.~~

~~4.4.15.3.1~~ Approved Claims

~~Claims shall be paid within 15 working days of the approval of such claims or as otherwise directed by the Commission. No payment will be made if there is not a sufficient amount in the ULTS Fund to pay approved claims and no payment will be made to utilities who failed to report and remit surcharges in accordance with the schedule established by the Commission, the Telecommunications Division, or other entity designated by the Commission. No payment will be made to those utilities who failed to submit workpapers to support their claims. Upon approval of a claim, the Commission will send a transmittal letter to the State Controller's Office requesting payment of the claim. The Controller will issue a warrant to the originating telephone corporation no later than ten (10) workdays from the date of receipt of the Commission transmittal letter. No payment will be made if there is not a sufficient amount in the ULTS Fund to pay such approved claims pursuant to Sec. 44184 of the Act.~~

~~4.4.25.3.2~~ Rejected Claims

~~Claims submitted without proper supporting work papers will be rejected. Upon rejection of all or a part of a claim, the utility Commission will be provided, the telephone corporation with a detailed explanation of the reason(s) for rejection of all or part of a claim. Any uncontested portions of the claim, and the carrying charges on such uncontested portions, will be forwarded to the State Controller's Office will be authorized for payment. Should it later be determined that all or a part of the contested portion of a claim was valid, the valid claims charges along with carrying charges from the midpoint of the month(s) in question shall be paid with interest to the utility, as provided in Section 4.4.3 of this General Order, telephone company.~~

4.4.3 Interest on Claims

4.4.3.1 No interest shall be paid on utilities' ULTS claims, except for contested claims which are later found to be valid. Interest on contested claims which are later found to be valid shall be applied beginning on the 16th day following the date of rejection of the original claim.

4.4.3.2 The appropriate rate of interest to be paid shall be set by the Commission, and the rate of interest may be revised by the Commission as conditions warrant. The Commission shall determine, and may periodically revise the terms and conditions under which interest will be paid.

4.5 Claim True Up and Record Retention

Utilities that submit timely claim will have 24 months from the close of the designated period to true-up their claim. Utilities shall retain for five years all records related to a submitted claim form (including five years following the submittal of a claim true-up) unless all or part of such records must be kept for a longer period of time pursuant to requirements promulgated elsewhere (e.g., USOA).

4.6 Recoverable ULTS Expenses

A utility providing ULTS shall be allowed recovery of the lost revenues from the discounted services provided to ULTS customers, including applicable taxes and surcharges associated with the discount amounts, and for certain operating expenses incurred as a result of providing ULTS and are otherwise not already recovered in rates/charges for other services. The utility shall calculate the reimbursable amounts in accordance with the format and procedures established by the Telecommunications Division.

4.6.1 ULTS Marketing/Outreach Expenses

A utility may not claim reimbursements for ULTS advertising campaigns, outreach activities, and related marketing expenses from the ULTS fund. These functions shall be undertaken by the ULTS Marketing Board or its successor.

4.6.2 In no case shall a utility claim reimbursement from the ULTS Fund for costs incurred to notify customers of the availability and terms of ULTS at the time of service order .

4.6.3 A utility may not seek reimbursement from the ULTS Fund for costs and/or lost revenues that are recovered from other sources. The Commission and/or the Telecommunications Division may instruct utilities about the types and magnitude of the costs and/or lost revenues that are recoverable from the ULTS Fund, and which costs and/or lost revenues are recoverable from other sources.

4.6.4 A utility may seek reimbursements from the ULTS Fund for the taxes and surcharges associated with discounts provided to ULTS customers, including the discounts that are supported by the federal Lifeline and Link Up programs. Calculations of these taxes and surcharges are in accordance with the procedures adopted by the Commission, the Telecommunications Division, or another entity designated by the Commission.

4.6.5 A utility may seek reimbursements from the ULTS Fund for the cost of providing toll limitation services as specified by the Commission, to the extent that such costs are not reimbursed by the federal Lifeline program. The ULTS Fund shall not reimburse utilities for the full retail rate for toll limitation services.

4.6.6 A utility may seek reimbursements from the ULTS Fund for foregone revenues associated with the deferred payment of installation charges to the extent the utility is not reimbursed by the federal Link Up program.

4.6.7 Utilities may not recover from the ULTS Fund any cost associated with the sale of non-ULTS services to ULTS customers.

4.7 Time Limits for Submitting Claims

Utilities will not be reimbursed for ULTS claims that are filed more than two years after the claims are due.

5. ANNUAL PROCEEDING TO SET ULTS SURCHARGE RATE

The Commission shall set the ULTS surcharge rate annually based on the forecast of revenues subject to the surcharge and the funding requirements for the provision of ULTS to eligible customers, including ULTS marketing/outreach and program administration costs.

5.1 Timing of Filing Revenues and Expense Forecasts

Unless directed otherwise by the Commission, each telecommunications carrier shall submit to the Telecommunications Division by August 1 of each year an estimate of the projected gross revenues subject to surcharge for the succeeding calendar year. A telecommunications carrier providing ULTS service shall also submit a forecast of claims for the succeeding calendar year together with its estimate of the surcharge revenue base. The ULTSAC shall submit its projected annual budget, including the ULTS Marketing Board budget, to the Telecommunications Division by October 1 of each year for inclusion in the surcharge calculation.

5.2 Surcharge Revenue Base

All end-user intrastate telecommunications services, whether tariffed or untariffed, are subject to the ULTS surcharge, except for the following services:

- a. ULTS billings;
- b. charges to other certificated carriers for services that are to be resold;
- c. ~~coin sent paid telephone calls (coin in box)~~ and debit card calls ;
- d. ~~customer-specific~~ contracts effective before September 15, 1994;
- d. usage charges to COPTs;
- e. directory advertising; and
- f. one-way ~~radio~~ paging.

This list of services may be modified ~~by~~ future Commission actions.

5.3 Resolutions Adopting ULTS Surcharge Rate and ULTS Program Budget

Unless directed otherwise by the Commission, the Telecommunications Division shall prepare a resolution(s) for Commission consideration by December of a given year, setting forth the revised ULTS surcharge rate and budget for ULTS program administration, including ULTS marketing and outreach, for the succeeding calendar year. The new surcharge rate is to become effective on January 1 of the succeeding year and should be reflected in approved tariffs of telecommunications carriers.

~~6. PAYMENT OF TAX BY SERVICE SUPPLIERS~~

~~All taxes will be remitted in accordance with Chapters 2, 39-49-5 and 6 of Part 22 of the Public Utilities Code and in accordance with State Board of Equalization regulations.~~

6. REPORTING AND REMITTANCE OF SURCHARGES

All certificated telecommunications carriers are required and responsible to assess the ULTS surcharge on their end-users as directed by the Commission.

6.1 Surcharge Transmittal Form and Schedule

Each telecommunications carrier shall report and remit the ULTS surcharges using the Combined California PUC Telephone Surcharge Transmittal form (“Transmittal Form”) in accordance with the procedures and schedule established by the Commission, the Telecommunications Division, or other entity designated by the Commission. The Transmittal Form and the schedule for remittance of surcharge monies may be revised periodically, as conditions warrant, by the Commission, the Telecommunications Division, or other entity designated by the Commission.

6.2 Surcharge Reporting Methods

Surcharges shall be reported and remitted using one or more methods as specified by the Commission, the Telecommunications Division, or other entity designated by the Commission.

6.3 Carrying Charge

A carrying charge will be assessed to the ULTS surcharge monies that are not reported and remitted on a timely manner at an interest rate as determined by the Commission.

6.4 De Minimis Rule

The *de minimis* rule permits a telecommunications carrier to report and remit ULTS surcharges on a semi-annual basis. The *de minimis* rule applies to telecommunications carriers that meet the criteria as established by the Commission, the Telecommunications Division, or other entity designated by the Commission.

6.5 Surcharge Record Retention

Telecommunications carriers shall retain all records related to ULTS surcharge collection and remittances for a period of five years following the remittances of the ULTS surcharge unless all or part of such records must be kept for a longer period of time pursuant to requirements promulgated elsewhere (e.g., USOA).

6.6 Reporting of Surcharge Over/Under Collection or Remittance

Each telecommunications carrier shall report any under or over collection of the ULTS surcharge as soon as it becomes known to the carrier. Each carrier shall report any under or over remittance of ULTS surcharge monies as soon as it becomes known to the carrier.

7. DETERMINATION OF SERVICE SUPPLIERS

~~Determination of service-supplier status will be performed by the Commission under procedures established by the Evaluation & Compliance Division.~~

7. USE OF ELECTRONIC COMMUNICATIONS MEDIA

7.1 The Commission shall make use of electronic communications media, especially the Internet, to the greatest extent feasible, to post notices, reports, resolutions, letters, and other documents pertinent to the ULTS program, for information of all telecommunications carriers and interested parties. In lieu of mailing multi-page documents to concerned parties, the Telecommunication Division shall send out one-page notices regarding the availability of these documents in the Commission's Internet web site and alternative ways to obtain the documents for those who do not have access to the Internet.

7.2 The Commission shall also explore ways to use electronic communications media for telecommunications carriers to submit ULTS claims and surcharge remittances to the Commission. Telecommunications carriers may file their ULTS claims and remit ULTS surcharges using the electronic media as developed and adopted by the Telecommunications Division, and following procedures established for such electronic reporting.

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To: ~~Executive Director~~ ~~Appendix A~~
~~California Public Utilities Commission~~
~~State Building~~
~~350 McAllister Street~~
~~San Francisco, CA 94102~~ File No.: G.O. No. ~~_____~~
~~_____~~

~~Universal Lifeline Telephone Service~~
~~Monthly Report~~

Report Period ~~_____~~ 19 ~~_____~~

- ~~1. Total Nonrecurring Customer Charges~~
 - ~~◆ Service Connection Charges~~
 - ~~◆ Service Conversion Charges~~
- ~~1. Total Recurring Charges~~
 - ~~◆ 50% Subsidy Provided~~
 - ~~◆ \$.75 Equipment Credit~~
- ~~1. Surcharge at _____%~~
~~— (For those companies that have surcharges)~~
- ~~1. Claims for Imputed Deposits to Cover Bad Debts~~
- ~~1. Data Processing Expenses~~
- ~~1. Customer Notification Expenses~~
- ~~1. Accounting Expenses~~
- ~~1. Legal Expenses~~
- ~~1. Administrative Expenses~~
 - ~~◆ Commercial/Marketing~~
- ~~1. Other~~
- ~~— Reimbursement Due For Period~~

~~Number of Lifeline Accounts Billed~~

~~— Submitted by _____ Title~~
~~— Signature _____ Date~~
~~— Company:~~
~~— Address:~~

~~_____~~
~~_____~~

To: ~~Executive Director~~ ~~Appendix B~~
~~California Public Utilities Commission~~
~~State Building~~
~~350 McAllister Street~~
~~San Francisco, CA 94102~~ File No.: ~~G.O.No.~~

~~UNIVERSAL LIFELINE TELEPHONE SERVICE
QUARTERLY CLAIM STATEMENT~~

Company: _____ Quarter: _____
Date Filed: _____

The following amounts are submitted for reimbursement from the Universal Telephone Service Fund based on the Monthly Reports data and the application of the 1.5% (18% annualized) monthly carrying charge:

~~Current Quarter~~
~~filed~~
~~Reimbursement Due for Period~~
~~Carrying charge from _____ through _____~~
~~filed~~
~~Reimbursement Due for Period~~
~~Carrying charge from _____ through _____~~
~~filed~~
~~Reimbursement Due for Period~~
~~Carrying charge from _____ through _____~~
~~Total Current Quarter~~

~~Prior Quarter~~
~~Carrying Charge True Up Based on Prior~~
~~Quarter's Date of Payment by State~~
~~(_____ through _____)~~

~~Prior Period Adjustment (See Attached)~~
~~Total Fund Claim~~
~~Send Payment to:~~

Prepared By: _____ Date: _____ Phone No. _____
Approved By: _____ Date: _____ Title: _____

(END OF APPENDIX C)

APPENDIX D

**PROPOSED ULTS MONTHLY REPORT
AND CLAIM STATEMENT**

UNIVERSAL LIFELINE TELEPHONE SERVICE
MONTHLY REPORT AND CLAIM STATEMENT
FOR THE MONTH OF _____, 19__

ULTS ADMINISTRATIVE COMMITTEE
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102

UNRECOVERED REVENUE: *

- 1. CONNECTION CHARGES (NON RECURRING) _____
- 2. CONVERSION CHARGES (NON RECURRING) _____
- 3. ALLOWABLE RECOVERY MEASURED SVC. _____
- 4. ALLOWABLE RECOVERY FLAT RATE SVC. _____
- 5. FCC END USER CHARGES _____
- 6. SURCHARGES:
 - A. BILL AND KEEP (1,2,3,4) _____
 - B. ALL OTHERS RATE CASE (1,2,3,4) _____
 - C. CHCF ,CTF, & DEAF/DISABLED (6A & 6B) _____
 - D. PUC USER FEE (1,2,3,4, 6A, 6B) _____
- 7. APPLICABLE TAXES:
 - A. FEDERAL EXCISE TAX _____
 - B. STATE 911 TAX _____
 - C. LOCAL _____
- 8. IMPUTED DEPOSIT FOR BAD DEBTS _____
- 9. OTHER CUSTOMER CHARGES (SPECIFY) _____
- 10. USAC ROUNDING REVENUE EFFECT _____
- 11. TOTAL UNRECOVERED REVENUE _____

OPERATING EXPENSE RECOVERY:

- 12. DATA PROCESSING EXPENSE _____
- 13. CUSTOMER NOTIFICATION EXPENSE _____
- 14. ACCOUNTING EXPENSE _____
- 15. LEGAL EXPENSE _____
- 16. OTHER _____
- 17. TOTAL OPERATING EXPENSES CLAIMED _____

- 18. TOTAL CLAIMS (LNS 11+17) _____
- 19. NUMBER OF NEW ULTS SERVICE CONNECTIONS
 - FLAT RATE _____
 - MEASURED _____
 - TOTAL _____

- 20. NUMBER OF ULTS SUBSCRIBERS
 - FLAT RATE _____
 - MEASURED _____
 - TOTAL _____

* Should include only lost revenues net of the subsidies received from the federal lifeline and link-up program

I hereby certify that this claim, including any accompanying schedules, statements, and workpapers have been examined by me and to the best of my knowledge and belief is a true, correct and complete claim.

Signature _____ Title _____
 Preparer _____ Date _____
 Company _____ CPUC ID # U- _____
 Phone _____

**Instructions for the
Universal Lifeline Telephone Service (ULTS)
Monthly Report and Claim Statement**

1. The monthly claim should be submitted to the Telecommunications Division by the end of the first month (approximately 30 days) following the billing period for which the claim is made. If the last day of the month falls on a weekend, the claim should be submitted on the last work day of that month. Any claims received after the final submission date will be processed during the next claim period.
2. Workpapers should be provided for all claimed items. Such workpapers must be unambiguous and should show how all claimed items on the claim form were derived. Failure to provide supporting workpapers for all claimed items will constitute reasonable ground for rejection of such claims.
3. Marketing and outreach expenses, including ULTS service rep time costs, are not reimbursed by the ULTS program.
4. The ULTS program will reimburse taxes and surcharges associated with the federal portion of the discount provided to ULTS customers beginning January 1, 1998.
5. The base for calculating the federal excise tax shall include only lost revenues from the following items: (a) conversion charges, (b) measured and/or flat rate service, (c) EUCL, (d) surcharges (including PUC user fee), and (e) other customer charges. Service connection charges are exempted from the tax.
6. The base for calculating the state 911 tax shall include only the surcharges (including PUC user fee) that carriers claim from the ULTS fund. Charges for basic exchange access line services for Lifeline and for any non-recurring, installation, and service connection are exempted from this tax.
7. The PUC user fee shall be calculated based only on the lost revenues for connection charges, conversion charges, measured and/or flat rate service, surcharges claimed from the ULTS fund, and other customer charges.

The following table summarizes how these taxes and fee are calculated:

Federal Excise Tax	State 911 Tax	PUC User Fee
Conversion charges Measured Flat EUCL Surcharges: Other rate cases PUC user fee Other customer charges tax rate = 3.0%	Surcharges: CHCF A&B DEAF CTF PUC User fee Other rate cases Other customer charges tax rate =0.72%	Connection charges Conversion charges Measured Flat Surcharges: Bill & keep Other rate cases Other customer charges fee = 0.11%

8. The Universal Service Administrative Corporation (USAC), which administers the federal lifeline support program, requires eligible carriers to round off the amounts of claims for federal support to the nearest dollar in the USAC claim form. Therefore, carriers who file claims on the ULTS Trust Fund shall adjusted their ULTS claims accordingly to reflect the over or under-collection of lifeline support from the federal program that may result from the USAC required rounding scheme.

9. Claims on the ULTS claim form shall be reported to the nearest cent.

10. Carriers shall report on the claim form the number of ULTS subscribers on the basis of the number of lines served at the end of the billing period for which the claim is made. The number of lines served shall be broken down into measured and flat rate service. Carriers shall also provide the number of service connections for the same billing period.

(END OF APPENDIX D)

COMBINED CALIFORNIA PUC TELEPHONE SURCHARGE TRANSMITTAL

MONTH ENDED ____/____/____ SIX-MONTH ENDED ____/____/____
(MM) (YYYY) (6, 12) (YYYY)

Carrier Name: _____

Utility Identification Number: _____ or _____ check here, if application/registration pending.

1. Total Intrastate billings subject to surcharge: \$ _____

2. UNIVERSAL LIFELINE TELEPHONE SERVICE PROGRAM

_____ +/(-) _____ + _____ = _____
Surcharge Amount Due Adjustments Interest/Penalty Total

MAKE CHECK PAYABLE TO THE PROGRAM. SEND THE CHECK AND A COPY OF THIS FORM TO: BANK OF AMERICA NT&SA, A/C#10-10-022-5218860ULTS, 333 S. BEAUDRY AVENUE, #38325, LOS ANGELES, CA. 90017.

3. CALIFORNIA RELAY SERVICE AND COMMUNICATIONS DEVICE FUND

_____ +/(-) _____ + _____ = _____
Surcharge Amount Due Adjustments Interest/Penalty Total

MAKE CHECK PAYABLE TO THE FUND. SEND THE CHECK AND A COPY OF THIS FORM TO: BANK OF AMERICA NT&SA, A/C#10-10-022-5219780DEAF, 333 S. BEAUDRY AVENUE, #38325, LOS ANGELES, CA. 90017

4. CALIFORNIA HIGH COST FUND A

_____ +/(-) _____ + _____ = _____
Surcharge Amount Due Adjustments Interest/Penalty Total

MAKE CHECK PAYABLE TO THE FUND. SEND THE CHECK AND A COPY OF THIS FORM TO: CALIFORNIA PUBLIC UTILITIES COMMISSION, TELECOMMUNICATIONS DIVISION, PUBLIC PROGRAMS BRANCH, 505 VAN NESS AVENUE, SAN FRANCISCO, CA 94102

5. CALIFORNIA HIGH COST FUND B

_____ +/(-) _____ + _____ = _____
Surcharge Amount Due Adjustments Interest/Penalty Total

HOLD FUNDS UNTIL FURTHER NOTICE. YOU WILL BE DIRECTED WHEN AND WHERE TO REMIT.

6. CALIFORNIA TELECONNECT FUND

_____ +/(-) _____ + _____ = _____
Surcharge Amount Due Adjustments Interest/Penalty Total

HOLD FUNDS UNTIL FURTHER NOTICE. YOU WILL BE DIRECTED WHEN AND WHERE TO REMIT.

I hereby certify that this return, including accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

SIGNATURE DATE () TELEPHONE NUMBER EXT.

Typed Name _____ Title _____

Name of Reporting Agent if not carrier: _____

Street _____

City _____ State _____ Zip Code _____

R.98-09-005 ALJ/TIM/AYY/sid *

APPENDIX E

SEND A SIGNED COPY OF THIS FORM TO:

CALIFORNIA PUBLIC UTILITIES COMMISSION
PUBLIC PROGRAMS BRANCH, TELECOMMUNICATIONS DIVISION
505 VAN NESS AVE
SAN FRANCISCO, CA 94102

REV 08/98

TRUST OFFICE USE ONLY

INPUT DATE _____
STATEMENT DATE _____
BY _____

APPENDIX F

**PROPOSED REVISIONS TO CHARTER
OF THE ULTS ADMINISTRATIVE COMMITTEE**

CHARTER

of the

UNIVERSAL LIFELINE TELEPHONE SERVICE
TRUST ADMINISTRATIVE COMMITTEEI. NAME

The name of the committee shall be the Universal Lifeline Telephone Service Trust Administrative Committee (“the Committee”).

II. PURPOSE

The Committee’s purpose is to function, in connection with the Moore Universal Telephone Service Act, as an administrative committee under the supervision and control of the California Public Utilities Commission (“the Commission”), pursuant to Decision No. 87-10-088 of the Commission, and pursuant to the Universal Lifeline Telephone Services Trust Agreement, dated February 1, 1988, as it may be amended and restated from time to time (“the ULTS Trust” or “the Trust”).

III. MEMBERSHIP

A. Members. The Committee shall be comprised of five members: the directors of the Commission’s Consumer Services Division, the Office of Ratepayer Advocates, and the Legal Division, or their designees; one member chosen from the five largest local exchange companies; one member chosen from the small exchange companies; one member chosen from the inter-exchange companies; and two members chosen from consumer organizations and/or other state agencies.

B. Selection. Members shall be nominated by the organizations or constituencies they are to represent. Selection and approval of members shall be by the Commission’s Executive Director, in accordance with procedures adopted by the Commission.

C. Terms of Appointments. A member shall hold office until a successor has been appointed and has assumed office.

D. Removal. Any member of the Committee may be removed at any time by the Commission or the Executive Director, for cause shown, in accordance with procedures adopted by the Commission. A majority of Committee members may recommend removal of a member upon demonstration of reasonable cause; provided, however, that reasonable cause may not include any policy position taken by a Committee member. The Commission or the Executive Director must approve the Committee’s recommendation to remove any Committee member.

E. Vacancies. The organizations or constituencies whose seat is vacated shall nominate individuals to fill that vacancy, and the selection and approval of the individual to fill

that vacancy shall be made by the Commission's Executive Director. If the Committee is unable to identify a suitable candidate to fill the vacancy for any reason, the Commission may appoint a member of the class from which the vacancy occurs.

F. Indemnification. Members of the Committee who are not staff members of the CPUC or other state agencies staff are uncompensated servants of the State of California within the meaning of Section 810.2 of the Government Code. Accordingly, the State will indemnify Committee members as it indemnifies its compensated employees and will provide them with representation for their acts done within the course and scope of the services they perform for the Committee, pursuant to Government Code Sections 825-825.6 and 995- 996.6. The Committee budget may be used to purchase errors and omissions (E&O) or similar insurance to indemnify the Committee members for acts done within the course and scope of services performed for the Committee, to the extent that such activities are held not to be indemnified by the State under Government Code Sections 810.2, 825- 825.6 and/or 995-996.6.

G. Expenses. Members of the Committee shall be entitled to reimbursement of reasonable expenses incurred in connection with their service on the Committee and may be entitled to per diem allowances as determined by the CPUC. Pursuant to D.97-12-105, Ordering Paragraph 51, qualifying members of the ULTS Trust Administrative Committee shall receive a per diem of \$300 for each day of meetings and \$200 if the meeting lasts less than approximately 2 hours. There shall be no per diem for preparation work; and there shall be no per diem or expense reimbursement related to meetings of any subcommittees of the ULTS Trust Administrative Committee. The ULTS Trust Administrative Committee shall not provide per diem or expense reimbursement to board members who are employees ~~of utilities or~~ of California State Governmental Agencies. For each ULTS Trust Administrative Committee member who is an employee of a non state governmental agency, trade association or consumer group, payments for per diem and expense reimbursement related to the member's participation in the ULTS Trust Administrative Committee shall go to the member's employer unless the member can show justification for receiving these monies directly. ULTS Trust Administrative Committee members shall not be eligible to receive intervenor compensation pursuant to PU code Section 1801 et seq., for their work related to the Committee. The payment of expense reimbursement to members of the Committee shall comply with the standards set forth in Commission Resolution F-621, dated November 9, 1988, and in D.97-12-105. Claims for per diem and expense reimbursement shall be approved by a program manager or equivalent level in the Commission's Telecommunications Division. The ULTS Trust Administrative Committee shall take the necessary steps to make the actual payments for per diem or expense reimbursement using monies from the ULTS Trust.

IV. DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities. While in the performance of these duties and responsibilities, the Committee members are at all times subject to the direction, control and approval of the Commission. The Commission has all policy and

program decisionmaking authority. The Committee shall act in an advisory capacity to the Commission.

1. With respect to the receipt of surcharges from telephone companies: (a) maintain records, on a monthly basis, of the amount of surcharges transmitted by telephone companies; (b) notify the Commission of any company which is delinquent. All other duties in connection with the receipt of surcharges are the responsibility of the staff of the Commission.

2. With respect to the payment of claims submitted by telephone companies: (a) pay company claims which are approved by the Commission staff; (b) approve and pay administrative expenses of the Committee; (c) provide monthly receipts and expenditures reports to the Commission. All other duties in connection with the approval and payment of claims are the responsibility of the staff of the Commission.

3. Subject to direction by the Commission and in consultation with the Trustee, the Committee shall determine an investment policy for the assets of the Trust, taking into account the Trust's short-term and long-term financial needs, select an investment advisor, and review the investment performance of the Trust.

4. Recommend surcharge rate changes to the Commission.

5. Investigate and evaluate policy and operational issues pertaining to the Committee's administration of the Moore Universal Telephone Service Act.

6. Initiate recommendations to the Commission for changes in the administration of the Moore Universal Telephone Service Act.

7. Shall not make decisions with respect to ULTS program changes without Commission approval. May make decisions with respect to the Committee's administrative function that do not have significant policy or budgetary implications unless the majority of the Committee decides to refer such proposed changes to the Commission for decision. The Committee shall maintain a record of any administrative changes that it initiates, and it shall notify the Commission's Executive Director of such changes.

8. Perform the functions set forth in the Universal Lifeline Telephone Service Trust Agreement.

9. The ULTS Trust Administrative Committee shall comply with the State's contracting and procurement rules, and keep records sufficient to demonstrate its compliance with these rules.

10. Prepare and submit to the Commission an annual budget for the Committee; during the time that the Commission is considering approval of the proposed budget, the Committee shall act in accordance with its existing budget as though it had been extended for another year. Prepare and submit supplemental budget requests to the Commission if such requests are necessary adequately to fulfill the duties of the Committee.

11. To the extent not performed by other State agencies or bodies, obtain an annual audit of the ULTS Trust Fund by a firm of independent certified public accounts. The audit should include an examination of the veracity and accuracy of claims for per diem and expense reimbursement by ULTSMB members.

12. File an annual report with the Commission.

13. The ULTS Trust Administrative Committee shall take the steps necessary to use monies held by the ULTS Trust to make the payments required by the contracts entered into by the ULTSMB. To initiate a payment by the ULTS Trust Administrative Committee, the ULTSMB shall provide the ULTS Trust Committee with payment vouchers that contain sufficient information for the ULTS Trust Administrative Committee to make the payment. All payment vouchers shall be signed by a majority of the ULTSMB's members. The ULTS Trust Administrative Committee shall keep a record of all its payments made pursuant to the vouchers.

14. Perform such other duties as may from time to time be imposed on it by the Commission in connection with the administration of the Moore Universal Telephone Service Act.

While the Committee shall have the power and authority to carry out the foregoing duties, it shall not have the authority to direct utilities to act or refrain from acting. Such authority shall remain solely with the Commission.

V. CONFLICT OF INTEREST RULES

Conflict of Interest Rules. Until affirmed as the final rules or modified by CPUC order, the Committee shall comply with the Fair Political Practices Commission Conflict of Interest Code, 2 Cal. Code of Regulations, Section 18730. For purposes of applying these rules, all voting members of the Committee shall be defined as "designated employees" required to disclose the following "economic interests":

Any investment or business position in, or income from, any of the following:

1. An entity seeking to provide any product or service related to the Committee's function or that has plans to come before the Committee to seek funds from the monies under the control of this group.
2. A parent or a subsidiary of an entity described in subsection (1).

VI. MEETINGS

A. General. The Committee shall act only in the course of a duly noticed meeting. The Committee shall meet monthly. Notification of the date, place, and time of each meeting shall be given to each member and shall be published as required by the Bagley-Keene Open Meeting Act and in the Commission's Daily Calendar at least ten (10) calendar days in advance of the meeting. Unless another location is stated in the notice, meetings shall be at the Public Utilities

Commission Building in San Francisco. Notice will include the name, address, and telephone number of a person who can provide additional information prior to the meeting, as well as a brief, general description of the business to be transacted by the Committee. No item will be added to the agenda after notice if published. The notice will highlight important pending decisions, including those to be sent to the Commission for approval.

B. Open Meetings. All meetings shall be open to the public and shall be held in accordance with the provisions of the Bagley-Keene Open Meeting Act in Government Code Sections 11120 et seq. A copy of that Act shall be given to every existing and new member of this Committee.

C. Quorum and Teleconferencing. A majority of the members of the Committee in office shall constitute a quorum for the transaction of business. The members may be present in person or by conference telephone to the extent consistent with state law regarding open meetings, so long as the place of the meeting is open to attendance by the public and so long as the following requirements are met in a way that is consistent with Government Code Section 11123:

- (a) All meetings of a state body shall be open and public and all persons shall be permitted to attend any meeting of a state body except as otherwise provided in this article.
- (b)(1) Nothing in Chapter 1, Article 9 of the Government Code shall be construed to prohibit a state body from holding an open or closed meeting by teleconference if the convening at one location of a quorum of the state body is difficult or impossible, subject to all of the following:
 - (A) The teleconferencing meeting shall comply with all requirements of this article applicable to other meetings.
 - (B) The portion of the teleconferenced meeting that is required to be open to the public shall be audible to the public at the location specified in the notice of the meeting.
 - (C) Each teleconference location shall be identified in the notice of the meeting and shall be accessible to the public.
 - (D) All votes taken during a teleconferenced meeting shall be by rollcall.
 - (E) The portion of the teleconferenced meeting that is closed to the public may not include the consideration of any agenda item being heard pursuant to Section 11125.5 of the Government Code.
 - (F) At least one member of the state body shall be physically present at the location specified in the notice of the meeting.

D. Public Participation. The Committee will provide an opportunity for members of the public to address the Committee directly on each agenda item before or during the Committee's discussion or consideration of the item. The Committee will provide a sign-up sheet for members of the public who wish to address the Committee. Copies of the Committee's public documents that are subject to the Public Records Act may be requested from the Committee. The sign-up sheet will be available prior to the commencement of the public meeting and will provide space for the name of the member of the public wishing to address the Committee, whom the individual represents, and the agenda item to be addressed. The Committee shall make its best efforts to recognize the public members during the appropriate comment periods at each meeting, consistent with the Committee's obligation to conduct business in an orderly manner.

VII. OFFICERS

A. Two Officers. The Committee shall have two officers, a Chairperson and a Vice-Chairperson, who shall be elected by the members. The officers shall be elected to serve a term of one year, and they may be re-elected. An officer shall continue to hold office until a successor has been elected and assumed office.

B. Duties. The Chairperson shall be the executive officer of the Committee and shall have the general supervision and direction of the affairs of the Committee. The Chairperson shall preside at all meetings of the Committee. In the absence of the Chairperson, the Vice-Chairperson shall perform the duties of that office. The officers shall perform such other duties as from time to time may be prescribed by the Committee.

VIII. RECORDS

The Committee will record and prepare written minutes of Committee meetings. A tape recording of the meetings may be made. The member assigned to the task of preparing the written minutes will submit them to the Committee at its next meeting for review and approval. Written minutes will: (a) identify the date, time, and place of the meeting; (b) identify the Committee members in attendance, and (c) contain a summary of Committee actions and consensus agreements. Copies of minutes shall be provided to the CPUC or any interested party upon request. The Committee will maintain records of all decisions made by the Committee, all contracts entered into by the Committee, and all per diem and expenses paid out by the program funds to Committee members.

IX. COMMITTEE DECISIONS

Each voting member present shall have one vote. Decisions shall be made by majority vote of those voting members present as long as a quorum is present at the time of the vote.

X. PROHIBITION ON PROXIES

Only individuals appointed as members may serve as members of the Committee. No alternate, substitute or proxy representation of Committee members may occur.

XI. EFFECTIVE DATE AND AMENDMENTS

This Charter shall become effective on the date it is approved by the California Public Utilities Commission.

This Charter may be amended by vote of the majority of the members of the Committee, but no amendment shall be effective until approved by the Commission.

This Charter is executed on _____, 1998 and shall become effective on the date it is approved by the CPUC.

Member

Member

Member

Member

Member

APPENDIX G

**NOTICE OF AVAILABILITY OF THE OIR
TO BE MAILED TO PARTIES**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider Modifications to the Commission's Universal Lifeline Telephone Service Program and Revisions to General Order No. 153.

FILED
PUBLIC UTILITIES
COMMISSION
SEPTEMBER 3, 1998
SAN FRANCISCO OFFICE
RULEMAKING 98-09-005

**NOTICE OF AVAILABILITY OF
ORDER INSTITUTING RULEMAKING REGARDING
MODIFICATIONS TO THE ULTS PROGRAM AND
GENERAL ORDER 153**

This is to notify you that the Commission's September 3, 1998, Order Instituting Rulemaking (R.) 98-09-005, and its appendices (Appendices A through G), are available for viewing and downloading from the Commission's web site (www.cpuc.ca.gov). The rulemaking will consider: (1) Whether to adopt uniform procedures for use by telecommunications carriers in complying with ULTS program requirements; (2) Whether to revise the ULTS program to conform with federal universal service programs; (3) Whether to revise the ULTS program to foster competition in the provision of ULTS and competitive choices for ULTS customers; and (4) Whether to update GO 153 to reflect changes to the ULTS program that have been adopted since GO 153 was issued in 1984. Parties may submit opening comments on October 9, 1998, and reply comments on October 23, 1998.

Parties may also obtain a hard copy of the order, including the appendices, by contacting the Commission's Telecommunications Division [(415) 703-1458]; the Central Files Office [(415) 703-2045]; or the Public Advisor's Office in Los Angeles [(213) 897-3544] or San Francisco [(415) 703-2074].

(END OF APPENDIX G)