

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

**The Universal Telephone Assistance Corporation** :  
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**Petition for determination of the amount and form of supplemental assistance to be provided by local exchange carriers, pursuant to 83 Ill. Adm. Code 757.200(b).** : **97-0556**  
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**ORDER**

By the Commission:

Procedural History

In this proceeding, The Universal Telephone Assistance Corporation (“UTAC”) filed a petition pursuant to 83 Ill. Adm. Code 757.200(b) and the Commission’s Order in Docket No. 97-0067, requesting that the Commission determine the amount of supplemental assistance to be provided by the Illinois local exchange carriers (“LECs”) to each eligible subscriber or eligible new subscriber under the Universal Telephone Service Assistance Program (“UTSAP”).

Pursuant to due notice, this matter came on for hearing before a duly authorized Hearing Examiner of the Commission at its offices in Springfield, Illinois. Appearances were entered by counsel on behalf of UTAC and by Ms. Cindy Jackson of the Commission Staff (“Staff”). Ms. Kristen M. Smoot, UTAC’s President and Manager - Regulatory Services for Illinois Consolidated Telephone Company, testified on behalf of UTAC. At the conclusion of the hearings, the record was marked “Heard and Taken.”

Background Information; Part 757 Dockets

UTAC is a not-for-profit corporation, of which all Illinois LECs are members, formed pursuant to the requirements of 83 Ill. Adm. Code 757.215. The formation of UTAC and its organizational documents were approved by the Commission in Docket No. 93-0067, and UTAC remains subject to the jurisdiction of the Commission. The principal purpose of UTAC is to carry out the provisions of Sections 13-101 and 13-301.1 of the Public Utilities Act (“Act”) (220 ILCS 5/13-101 and 5/13-301.1), as implemented by 83 Ill. Adm. Code 757, “Telephone Assistance Programs,” (“Part 757”).

All funding for UTSAP comes from voluntary contributions from customers of LECs. The LECs collect the contributions and report and transfer these amounts to UTAC monthly. UTAC states that the LECs also report monthly to UTAC any costs they have incurred that are directly related to administration of the program, which they are entitled to recover from UTSAP contributions.

UTAC's petition was filed pursuant to 83 Ill. Adm. Code 757.200(b), which requires that UTAC, as the UTSAP Administrator, file periodic petitions with the Commission, "requesting the Commission to determine the amount of supplemental assistance, if any, the LECs shall provide each eligible new subscriber or eligible subscriber" under the UTSAP. The assistance to be provided under UTSAP is supplemental to the assistance provided under the other telephone assistance programs that are addressed in Part 757.

Section 757.200(c) establishes three mechanisms by which the LECs, through UTSAP, may provide assistance to low income residents. Specifically, the Commission may order that assistance through UTSAP be made by means of (1) a waiver of initial telephone service installation charges, in addition to the 50% waiver (up to \$30.00) provided under the federal Link Up program, formerly known as "Lifeline", for eligible new subscribers; (2) a waiver of all or part of the local exchange service obligation (*i.e.*, monthly bills for local exchange telephone service) of eligible subscribers or eligible new subscribers; or (3) a combination of (1) and (2).

On November 23, 1993, in Docket No. 93-0332, the Commission issued its first order pursuant to 83 Ill. Adm. Code 757.200(b). That order determined that supplemental assistance through UTSAP should be provided by means of a one-time waiver of \$6.00 on initial telephone service installation charges for eligible new subscribers, effective January 1, 1994, in addition to the 50% waiver (up to \$30.00) available under the then-effective Lifeline program.

On July 7, 1994, in Docket No. 94-0178, the Commission issued its second order pursuant to 83 Ill. Adm. Code 757.200(b), authorizing an increase from \$6.00 to \$10.00 in the one-time waiver of initial telephone service charges for eligible new subscribers, but, together with the 50% waiver provided under the then-effective Lifeline program, not to exceed the total initial telephone installation charge. The July 7, 1994 Order also authorized LECs to implement new tariffs reflecting the \$10.00 waiver on less than 45 days' notice.

On May 3, 1995, in Docket No. 95-0004, the Commission issued its third order pursuant to 83 Ill. Adm. Code 757.200(b), maintaining the supplemental assistance applied to the telephone installation charge for eligible new subscribers at a level of up to \$10.00. Like the July 7, 1994 Order, the May 3, 1995 Order provided that the supplemental assistance, when combined with the 50% waiver provided under the then-effective Lifeline program, could not exceed the total initial telephone installation charge.

On February 7, 1996, in Docket No. 95-0456, the Commission issued its fourth order pursuant to 83 Ill. Adm. Code 757.200(b). That order also continued the installation fee waiver in an amount up to \$10.00. Similarly, on April 23, 1997, in Docket No. 96-0372, the Commission issued its fifth order pursuant to 83 Ill. Adm. Code 757.200(b) ordering the continuation of an installation fee waiver in an amount up to \$10.00.

On January 23, 1997, in Docket No. 97-0067, UTAC filed a petition with the Commission requesting authority to implement a monthly assistance program aimed at two limited groups of low income customers. However, in June 1997, the Federal Communications Commission ("FCC") issued new rules addressing universal service which, among other things, implemented a federal Lifeline monthly assistance program, effective January 1, 1998. In light of the FCC's new Lifeline program, UTAC concluded that the monthly assistance program that it had proposed no longer represented the most effective use of its limited contributed funds. Accordingly, UTAC requested that the Commission issue an order dismissing its monthly assistance petition and allowing UTAC to file a petition pursuant to Section 757.200(b) for continuation of its connection fee assistance program. The Commission granted UTAC's request, and dismissed that proceeding by an order in Docket No. 97-0067 issued October 8, 1997. The instant proceeding follows from the dismissal of Docket No. 97-0067.

On May 6, 1998, in Docket No. 97-0631, the Commission entered an Order adopting proposed amendments to Part 757. The purpose of these amendments is to comply with FCC rules on universal service that were adopted pursuant to the federal Telecommunications Act of 1996.

#### Proposal in 97-0556; Staff Recommendation

Section 757.200(b) requires that UTAC's petition contain its recommendations regarding UTSAP supplemental assistance, and be filed with the reports required by Sections 757.210(d), 757.215(e)(4), 757.245(b), and 757.245(c). In its petition, UTAC recommends that the Commission maintain the supplemental assistance applied to the telephone installation charge for eligible new subscribers at up to \$10.00 but, together with the 50% waiver provided under the new federal Link Up program, not to exceed the total initial telephone installation charge.

Ms. Smoot testified that because the FCC has issued new rules implementing a federal Lifeline program, and some funding issues remain, it would be most prudent to await the outcome of future FCC proceedings before UTAC decides to make use of its funds for purposes of a monthly program. As further support for her recommendation in this proceeding, Ms. Smoot explained that current figures support the proposition that UTAC's goal of connecting eligible participants to the public switched network is being met. She testified that connection waivers are being provided to approximately 560 subscribers per month, reflecting a steady decline from the approximate 1,800 subscribers per month at the inception of the connection assistance program.

Ms. Smoot also testified regarding the financial performance of UTSAP since August 1996, when testimony was presented in UTAC's last Part 757.200 filing. She stated that monthly contributions averaged over \$71,300 which, when added to monthly interest income, has amounted to total monthly income of approximately \$80,600, or an increase in total monthly income of approximately \$6,600 since UTAC's last report.

At the hearing, Ms. Jackson of the Commission Staff testified in support of UTAC's proposed continuation of the current \$10.00 connection fee assistance waiver.

#### Findings and Ordering Paragraphs

The Commission, having considered the entire record herein, is of the opinion that:

- (1) the Commission has jurisdiction over UTAC and its member LECs, and over the subject matter herein;
- (2) the recitals of fact and conclusions reached in the prefatory portion of this order are supported by the record and are hereby adopted as findings of fact;
- (3) in view of the present level of contributions and the size of the eligible population, and the current status of the new FCC Lifeline program, supplemental assistance through UTSAP should continue to be made by means of a one-time waiver of up to \$10.00 on initial telephone service installation charges for eligible new subscribers, in addition to the 50% waiver (up to \$30.00) provided under the new federal Link Up program but, together with the Link Up waiver, not to exceed the total initial telephone service installation charge.

IT IS THEREFORE ORDERED that supplemental assistance through UTSAP shall continue to be provided by means of a one-time waiver of up to \$10.00 on initial telephone service installation charges for eligible new subscribers, in addition to the 50% waiver (up to \$30.00) provided under the new federal Link Up program (but, together with the Link Up waiver, not to exceed the total initial telephone service installation charge).

IT IS FURTHER ORDERED that the actions taken in this Order are based on the record and assistance period involved in this proceeding, and that all future proposals and filings are to be made in accordance with currently applicable Part 757 requirements.

IT IS FURTHER ORDERED that a copy of this Order shall be served on all local exchange telecommunications carriers.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 17th day of June, 1998.

(SIGNED) RICHARD L. MATHIAS

Chairman

(S E A L)