



# STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL  
TEN FRANKLIN SQUARE  
NEW BRITAIN, CT 06051

DOCKET NO.  
94-07-09RE01

DPUC EXPLORATION OF THE LIFELINE PROGRAM  
POLICY ISSUES-ALTERNATIVE OPTIONS

December 20, 2000

By the following Commissioners:

Jack R. Goldberg  
John W. Betkoski, III  
Linda Kelly Arnold

## DECISION

### I INTRODUCTION

#### A. SUMMARY

In this Decision, the Department of Public Utility Control rejects the stand-alone USA Lifeline plan proposed by the Southern New England Telephone Company as an alternative option for qualified Lifeline subscribers in Connecticut.

#### B. PETITION

By letter dated November 5, 1999 (Letter), the Southern New England Telephone Company (Telco or Company) proposed to offer a stand-alone USA Lifeline plan to eligible telephone service subscribers. According to the Telco's Letter, the proposed Lifeline plan includes discounts, subscriber eligibility, and eligible services that are comparable to the Ohio USA Lifeline plan set forth in Ameritech's Ohio Alternative

Regulation Plan, Case No. 93-487-TP-ALT. The Telco stated that this Lifeline proposal is being offered pursuant to the SBC Communications Inc. (SBC)/Ameritech Corp. (Ameritech) Merger Agreement (Merger Agreement) approved by the Federal Communications Commission (FCC), whereby SBC would offer a Universal Service Assistance (USA Plan) Lifeline plan to all state commissions in the SBC states (except Ohio). The Company also stated that the proposed plan would be an alternative option for qualified participants and would not affect the existing Connecticut Lifeline Program (CT Program). Letter, p. 1.

According to the Telco, if the Department accepts the proposed USA Plan within 12 months of this written offer, the Telco would offer the plan for 36 months following the effective date of the initial tariff. The Telco would also apply for federal universal service funding for the proposed USA Plan as exists today for the CT Program. This USA Plan would be eligible for state Universal Service Fund (USF) funding in states that have chosen or will choose to fund Lifeline service discounts. *Id.*

### **C. CONDUCT OF THE PROCEEDING**

By Notice of Written Comments dated December 21, 1999, the Department requested written comments comparing the SBC/Ameritech USA lifeline plan to the current existing Connecticut Lifeline Program. The Department also sought comments concerning the need to replace the existing state Lifeline plan with the SBC/Ameritech plan; any disadvantages to Connecticut by not implementing the SBC/Ameritech plan at this time; the cost of funding and administering the SBC/Ameritech plan; and whether the SBC/Ameritech plan has been successful elsewhere.

The Department has determined that no public hearing is required and none was held.

### **D. PARTIES AND INTERVENORS**

The Department recognized the following as Parties to this proceeding: The Southern New England Telephone Company, 310 Orange Street, New Haven, Connecticut 06510; the Office of Consumer Counsel (OCC), 10 Franklin Square, New Britain, Connecticut 06051; WilTel, Inc., P. O. Box 21348, Tulsa, Oklahoma 74121; WorldCom, Inc., 200 Park Avenue, 6<sup>th</sup> Floor, New York, NY 10166; Springwich & SNET Mobility, 101 Federal Street, Boston, Massachusetts 02110; Department of Information Technology, 340 Capitol Ave., Room 302, Hartford, Connecticut 06106-1415; Cable and Wireless, Inc., 8219 Leesburg Pike, Vienna, VA 22182; Office of Attorney General, 110 Sherman Street, Hartford, Connecticut 06105; AT&T Communications, 32 Avenue of Americas, Room 2700, New York, NY 10013; Teleport Communications Group, 3033 Chain Bridge Road #3D, Oakton, Virginia 22185; Bell Atlantic Mobile, Inc., Financial Centre, P.O. Box 10305, Stamford, CT 06904-2305.

## **II. POSITION OF THE PARTIES**

Written comments were received from the following: the Telco, the Office of Consumer Counsel (OCC), Bell Atlantic Mobile, Inc. (BAM), and AT&T Communications of New England, Inc. (AT&T).

**A. SOUTHERN NEW ENGLAND TELEPHONE COMPANY**

The Telco states that it offered the USA Plan to the Department as an additional Lifeline plan for Connecticut subscribers. The Telco believes that there is no need to replace the existing CT Program because it provides customers with the ability to choose among local service options, affording subscribers' choice in terms of service features and service providers. The Telco asserts that at year-end 1999, it had approximately 67,000 Lifeline customers. With that in mind, the Telco emphasizes that the proposed plan is offered as a stand-alone plan that would offer an alternative option for qualified participants and would not affect (or replace) the existing CT Program. Telco Written Comments, pp. 1–7.

In defense of the USA Plan, the Telco points out that currently in Ohio, the USA Plan (\$10.20 credit and no vertical features) has 51,000 participants while the regular Lifeline plan (\$5.25 credit with vertical features) has 40,500 participants. The Ohio USA Plan added approximately 14,000 Lifeline customers during 1999 as compared to the approximate increase of 22,000 Lifeline participants during 1999 in the regular Lifeline plan. Subscribers in Ohio elected more often to enroll in the plan that allows them greater choice in service options despite a lower monthly Lifeline credit. Id.

In summary, the Telco believes that Connecticut has one of the highest penetrations of households with telephone subscribership. According to the Telco, as of July 1999, 97.6% of households have a telephone in the housing unit, compared to the national average of 94.4%. In the opinion of the Telco, the Department and the telecommunications providers in the state have developed a Lifeline program that promotes access to affordable telephone service and meets the needs of Connecticut subscribers. Id.

**B. OFFICE OF CONSUMER COUNSEL**

The OCC believes that the Department should continue with the current CT Program. According to the OCC, the USA Plan appears inviting, but adoption of the plan at this time may harm current and future Lifeline subscribers. OCC Written Comments, p. 2.

In the opinion of the OCC, the USA Plan contains a much narrower eligibility requirement than the CT Program. Specifically, several Connecticut Department of Social Services (DSS) programs that currently allow for participation in the CT Program are not included in the USA Plan. In addition, the OCC states that it was unable to determine whether the State Support to the Aged, Blind, or Disabled, the Connecticut Energy Assistance, or State Approved Fuel Assistance programs are included in the USA Lifeline plan. OCC Written Comments, p. 3.

The OCC is also concerned that the decrease in the number of eligible programs in the USA Plan will negatively affect the success of Lifeline subscribership in Connecticut. The OCC notes the Telco's December 28, 1999 filing with the Department

indicating an increase in the number of Lifeline subscribers as of December 2, 1999.<sup>1</sup> This represents an approximately 20% increase in participation in the Lifeline Program. Id.

Additionally, the OCC weighed the decreases in the number of eligible participants with the increase in service discounts. The OCC acknowledges that while the increase in funding may be attractive, the overall number of eligible participants would decrease thus diminishing the value of the Lifeline program as well. OCC Written Comments, pp. 3 and 4.

Moreover, the OCC has concerns about the proposed elimination of two vital Lifeline requirements. In particular, the USA Plan if adopted, would rely upon self-verification rather than the continued participation of DSS in helping to identify eligible subscribers. Further, the USA Plan makes no reference to the Department serving as a third-party administrator. In the opinion of the OCC, part of the success of the current CT Program is the regulatory effect on the provider from DSS and the Department's active role as third-party administrator. OCC Written Comments, p. 4.

The OCC suggests that if the Telco/SBC presents a Lifeline plan that would retain the current eligibility criteria, provide for a \$10.20 per month discount, and retain the services of DSS and the Department, then such a proposal would be a worthy replacement for the existing system. However, based on the above, the OCC recommends that the Department reject the proposed USA Plan, and retain the current CT Program. OCC Written Comments, p. 6.

### **C. BELL ATLANTIC MOBILE**

BAM states that the comparison and evaluation requested by the Department is not feasible given the limited information provided in the Telco's description of the proposed Lifeline program. However, BAM is concerned with the magnitude of any increase of costs to administer the USA Plan and whether other eligible telecommunications carriers would be obligated to offer the same alternative program. Accordingly, BAM requests that a hearing or technical meeting be held to give the participants an opportunity to educate themselves about Telco's proposed program. BAM Written Comments, pp. 1-3.

### **D. AT&T**

AT&T believes that in the transition to a competitive telecommunications marketplace, any Lifeline program should be administered in a competitively neutral

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<sup>1</sup> See the Telco letter filed with the Department on December 28, 1999 detailing the results on the Lifeline Program Education Outreach Plan developed pursuant to Order No. 15(f) of the Departments Final Decision dated September 2, 1998 in Docket No. 98-02-20, Joint Application of SBC Communications Inc. and Southern New England Telecommunications Corporation for Approval of a Change of Control.

manner. AT&T also believes that the USA Plan's requirement that Lifeline eligibility be determined through an applicant's self-verification will prove to be problematic and may lead to abuse; thereby, adversely impacting the economic integrity of the Lifeline program as well as burdening the state with heavy and unneeded subsidy requirements. According to AT&T, this would adversely effect the state's economic landscape at a time when it is trying to foster economic growth and attract new and more business investment. AT&T Written Comments, pp. 1 and 2.

Therefore, AT&T urges the Department to continue the current certification procedures to verify eligibility. In the opinion of AT&T, these procedures will ensure that only those customers requiring assistance will continue receiving the service discounts. If a subscriber is subsequently identified as ineligible, Lifeline assistance should be discontinued. Lastly, AT&T suggests that the list of programs qualifying an applicant for Lifeline assistance continue to be maintained by the Department. Id.

### III. DEPARTMENT ANALYSIS

To address the Department's request, the Telco provided a comparison of subscriber eligibility, verification of eligibility, discounts, eligible services, treatment of past due accounts, deposits and other operational features of the USA Plan and the CT Program.

#### A. SUBSCRIBER ELIGIBILITY

Lifeline eligibility is extended to all that qualify for various income-based federal and state programs. For both plans, applicants must be eligible for or receiving assistance from one of the qualifying programs. Review of both plans indicates however, that the existing CT Program is more expansive than the USA Plan with sixteen qualifying programs, rather than nine. Telco Written Comments, p. 2.

#### *USA Lifeline plan*

Home Energy Assistance Program (HEAP)  
Emergency HEAP (E-HEAP)  
Energy Credits Program  
  
Medicaid  
Supplemental Security Income (SSI)  
Federal Public Housing/Section 8  
Food Stamps  
Aid for Dependent Children (AFDC)  
Disability Assistance

#### *Connecticut Lifeline Program*

Energy Assistance Program  
  
Connecticut Energy Assistance Program  
State Appropriated Fuel Assistance Program  
Title 19-Medicaid  
Supplemental Security Income (SSI)  
Section 8 Housing  
Food Stamp Program  
Aid to Families with Dependent Children  
State Supplement to the Aged, Blind or Disabled  
Child Care Certification  
Transition Child Care  
Personal Care Assistance Program  
Rental Assistance Program

ConnPACE  
Refugee Program  
State Administered General Assistance  
Program

Although there are nine programs in the USA Plan, when compared to the CT Program, the Department believes that the USA Plan's nine programs are equally represented in the CT Program. The Department also notes that the CT Program offers seven additional programs that would expand universe of services to eligible participants and increase participation in the program. Therefore, the Department concludes that the type and number of programs contained in the USA Plan does not appear to add any benefit to eligible subscribers.

**B. VERIFICATION OF ELIGIBILITY**

The process for verifying eligibility differs between the two programs. Specifically, under the existing CT Program, an applicant submits an application certifying that the eligibility criteria have been met and presents a certified card or letter issued to program recipients by qualifying programs. For the USA Plan, potential participants will be furnished a written form to self-verify eligibility. By signing the form, the customer is informed that the Telco reserves the right to verify eligibility with the qualifying agency.<sup>2</sup> Further the Telco reserves the right to audit and refuse Lifeline service to ineligible participants. Telco Written Comments, p. 3.

In addition, under the terms of the USA Plan, the Telco would be required to negotiate with the appropriate state agencies to acquire on-line access to their electronic databases to verify a customer's participation in an eligible program. The Telco notes that if it is able to perform on-line verifications, it will be able to provide this service during the discussion with the customer claiming the eligibility.

The Department is concerned with the cost of the program should the USA Plan be adopted and self-verification implemented. The issue of self-verification places an undue burden on the Telco, which would lead to increased costs of administering the program. The Department also concurs with the OCC and AT&T that this type of verification may be problematic to the extent that DSS and the Department would no longer participate in the verification process in the same capacity as they do today. The Department believes that the USA Plan's requirement for self-verification does not add, to the current Lifeline Program in Connecticut, any significant benefit to expanding participation by eligible subscribers. In fact, the proposed plan may, in some circumstances, harm the provisions of the Lifeline program by unnecessarily increasing the cost of the state program.

**C. DISCOUNTS**

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<sup>2</sup> Such verification may require a customer to receive confirmation from a state agency regarding participation in a qualifying program via a stamp on a required form.

Both plans offer a monthly discount to qualifying subscribers' although the amount of the discount differs for the two plans. Under both plans, the discount is restricted to one access line per household. The CT Program provides a discount of \$7.00 per month on a telephone subscriber's local telephone bill. The USA Plan provides a discount equal to the price of basic residential measured rate service plus End User Common Line (EUCL) charge, with a maximum discount of \$10.20 per month.<sup>3</sup> Telco Written Comments, p. 4.

Additionally, while the CT Program offers a discount on installation, (i.e., 50% discount off the line charge or \$27.50), the USA Plan provides free installation. Id.

Although the Department finds the increase in discounts alluring, it concurs with the OCC that the potential increase of costs to effectively initiate a self-verification program as described in Section III.B, may detract from the potential increase in discounts.

#### **D. ELIGIBLE SERVICES**

The programs differ greatly in their treatment of optional services such as vertical features. Under the CT Program, subscribers are allowed the benefit of unrestricted subscription to vertical features and other optional services. According to the Telco, at least 30% of its Lifeline customers subscribe to vertical features, voice mail and/or Internet service. The USA Plan does not permit a customer to subscribe to optional services such as vertical features unless there is a medical requirement. Both plans provide, upon customer request, 900/976 blocking and toll restriction at no charge. Telco Written Comments, pp. 4 and 5.

Vertical features such as call waiting, call forwarding, and other miscellaneous features have been considered by today's subscribers to be a component of basic local exchange service just as touch-tone service and access to long distance services. They are, in the opinion of the Department, an acceptable unrestrictive benefit under the CT Program. The Department finds, however, the USA Plan does not permit customers to subscribe to optional services such as these unless there is a medical requirement necessitating that they are offered.

The Department believes that Lifeline subscribers should be given every opportunity to access these features. The Department also believes that because there is a significant number of current Lifeline customers subscribing to these features, the USA Plan, in comparison to the CT Program, is limited and does not allow opportunities for universal services to all telephone subscribers.

#### **E. PAST DUE BILLS**

Both programs have policies for dealing with past due bills for Lifeline subscribers. In Connecticut, all customers with past due bills for basic charges must

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<sup>3</sup> Accordingly, the USA Plan eligible participants would receive the maximum discount of \$10.20 per month, based on the Telco measured (per call) service rate of \$7.45 plus subscriber line charge of \$3.50.

pay 20% of basic charges due. Customers are then given an additional 13 days written notice for full payment of the balance. On a case by case basis, the Telco may extend the payment terms to meet a customer's need. Under the USA Plan, customers with past due bills for local service would be required to make an initial payment not to exceed \$25, with the balance to be paid in six equal monthly installments. For both plans, customers with past due bills for toll service are required to have toll restriction until charges are paid in full. Telco Written Comments, p. 5.

#### **F. DEPOSITS**

Service deposits are handled similarly under the two programs. CT Program subscribers that do not pass the Telco's credit review are required to pay a deposit unless the customer elects to subscribe to toll restriction service. Under the USA Plan, service deposits are waived for local service; however, deposits may be required for access to long distance service unless the customer requests toll restriction service. *Id.*

#### **G. OTHER OPERATIONAL FEATURES**

Comparisons of other operational features of the current CT Program and the proposed USA Plan as follows:

##### *USA Lifeline plan*

An annual promotional budget has been established by SBC on a state by state basis to inform potential customers of the USA Lifeline plan. A budget of \$68,000 for Connecticut has been established.

Toll-free number for Lifeline Inquiries

Toll-free Fax line for Receiving Lifeline Documentation

Lifeline Message on Voice Response Units

##### *Connecticut Lifeline Program*

No Lifeline-specific budget. However, during July 1999 the Telco conducted a Lifeline Outreach with a mailing to approximately 170,000 households at a cost of approximately \$80,000. In December 1999, the Telco also conducted an advertising campaign in state newspapers at a cost of \$15,000.

Available

Not available

Available

#### **H. CONVERTING EXISTING LIFELINE CUSTOMERS**

Under the Telco/SBC proposal, customers may elect to switch to the USA Plan or remain with the CT Program. The Telco proposes that it will switch qualifying customers to the USA Plan within 180 days of implementing the USA Plan. New customers will have the option to select either the USA Plan or the existing CT Program. Customers will not be permitted to pick and choose the best features from both plans. Telco Written Comments, p. 6.

#### **I. COST OF FUNDING AND ADMINISTERING THE USA PLAN**

The Telco states that if the proposed USA Plan were accepted, it would apply for federal and state USF for the USA Plan as exists today for the CT Program.

Additionally, the Telco is of the view that this program would be administered by the designated neutral third party (the Department), responsible for collection of carrier contributions, funding requirements, overseeing program outreach and education programs. Telco Written Comments, p. 7 and 8.

#### **J. SUMMARY**

The Telco points out that the USA Plan is being submitted as an alternative plan for Connecticut eligible Lifeline participants. In order to properly respond to the many changes occurring in the Telecommunications industry, it is essential that different ideas and programs be brought to the state's attention in order to ensure that all options are recognized to continue to support a competitive environment and to ensure universal service. The Department is of the opinion that adoption of the USA Plan would not provide any additional benefits than those currently provided with the Connecticut Lifeline Program. The Department is concerned that the proposed plan may harm the current state program by unnecessarily increasing costs. The current Connecticut Lifeline Program has more programs to aid participants and addresses the needs of its subscribers. Participation in the current program is increasing and the Department does not believe the need exists for an additional program at this time.

Based upon the above, the Department does not find that the addition of the proposed Lifeline program provides a productive change or a benefit to eligible participants of the Lifeline program and therefore rejects the Telco's proposal as it not in the public interest.

#### **IV. FINDINGS OF FACT**

1. On November 5, 1999, the Telco offered a stand-alone USA Lifeline plan for implementation in Connecticut.
2. The USA Plan is being offered pursuant to the SBC/Ameritech Merger Agreement and would be an alternative to the existing CT Program for qualified participants.
3. The existing CT Program has sixteen qualifying programs, while the USA Plan has nine programs.
4. The CT Program allows Lifeline subscribers the benefit of unrestricted subscription to vertical features and other optional services.

#### **IV. CONCLUSION**

The current CT Program promotes access to affordable telephone service and meets the needs of Connecticut subscribers as it was intended to do. Although the USA Plan offers a greater discount than the CT Program, the overall benefit of the CT Program far outweighs the USA Plan. The current CT Program continues to provide benefits to Connecticut subscribers; therefore, there is no need to offer any additional Lifeline options at this time. Accordingly, the Telco's proposal to offer the USA Plan is hereby denied.

**DOCKET NO. 94-07- DPUC EXPLORATION OF THE LIFELINE PROGRAM  
09RE01 POLICY ISSUES-ALTERNATIVE OPTIONS**

This Decision is adopted by the following Commissioners:

Jack R. Goldberg

John W. Betkoski, III

Linda Kelly Arnold

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Department of Public Utility Control, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.

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Louise E. Rickard  
Acting Executive Secretary  
Department of Public Utility Control

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December 26, 2000  
Date