



# STATE OF CONNECTICUT

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

DOCKET NO.  
94-07-09RE02

DPUC EXPLORATION OF THE LIFELINE PROGRAM  
POLICY ISSUES- NEW LIFELINE PLAN

May 9, 2001

By the following Commissioners:

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

**DECISION**

## **DECISION**

### **I. INTRODUCTION**

#### **A. SUMMARY**

In this Decision, the Department of Public Utility Control rejects the stand-alone USA lifeline plan proposed by Verizon New York as an alternative option for qualified lifeline subscribers in Connecticut.

#### **B. BACKGROUND OF PROCEEDING**

By letter dated July 7, 2000 (Letter), Verizon New York (Verizon or Company) proposed to offer a stand-alone Universal Service Assistance lifeline plan (USA Plan) to eligible telephone service subscribers. According to the Letter, the proposed USA 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. Verizon stated that this USA Plan proposal is being offered pursuant to the Bell Atlantic Corporation (Bell Atlantic)/GTE Corporation (GTE) Merger Agreement (Merger Agreement) approved by the Federal Communications Commission (FCC), whereby Verizon would offer a USA Plan to all state commissions in the Verizon/GTE states (except Ohio). The Company also stated that the proposed USA Plan would be an alternative option for qualified participants and would not affect the existing Connecticut life line program (Connecticut Program). Letter, pp. 1 and 2.

According to Verizon, if the Department accepts the proposed USA Plan within 12 months of this written offer, Verizon would offer the plan for 36 months following the effective date of the initial tariff. Verizon would also apply for federal universal service funding for the proposed USA Plan as exists today for the Connecticut Program. Lastly, the 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 20, 2000, the Department requested written comments comparing the Verizon/GTE USA lifeline plan to the current existing Connecticut Program. The Department also sought comments concerning the need to replace the existing state lifeline plan with the Verizon/GTE plan; any disadvantages to Connecticut by not implementing the Verizon/GTE plan at this time; the cost of funding and administering the Verizon/GTE plan; and whether the Verizon/GTE 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), Ten 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, New York 10166; Springwch Cellular Limited Partnership & 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, Virginia 22182; Office of Attorney General, 110 Sherman Street, Hartford, Connecticut 06105; AT&T Communications, 32 Avenue of Americas, Room 2700, New York, New York 10013; Teleport Communications Group, 3033 Chain Bridge Road #3D, Oakton, Virginia 22185; Bell Atlantic Mobile, Inc., Financial Centre, P.O. Box 10305, Stamford, Connecticut 06904-2305.

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

Written comments were received from: Verizon, the Office of Consumer Counsel (OCC), and AT&T Communications of New England, Inc. (AT&T).

### **A. VERIZON**

Verizon is aware that the Department determined that the addition of the proposed USA Plan would not provide a productive change or a benefit to participants of the lifeline program.<sup>1</sup> However, Verizon states that it is offering the USA Plan to the Department to comply with the conditions adopted by the FCC in approving the Verizon/GTE merger. Verizon also states that it offered the USA Plan to the Department as an additional lifeline plan for Connecticut subscribers. Verizon Written Comments, pp. 1, 2 and 8.

In summary, Verizon states that Connecticut has one of the highest penetrations of households with telephone subscribership. According to Verizon, as of July 2000, 97.6% of households have a telephone in the housing unit. In the opinion of Verizon, 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 stated that the Department should continue with the current Connecticut Program and not implement Verizon's proposed USA Plan. 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, pp. 2 and 3.

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<sup>1</sup> See the December 20, 2000 Decision in Docket No. 94-07-09RE01, DPUC Exploration of the Lifeline Program Policy Issues – Alternative Options.

In the opinion of the OCC, the USA Plan contains a much narrower eligibility requirement than the Connecticut Program. Specifically, several Connecticut Department of Social Services (DSS) programs that currently allow for participation in the Connecticut Program are not included in the USA Plan. The OCC states that programs such as Child Care Certificate, Transitional Child Care and the Refugee Program, are not eligible programs under the USA Plan, but are under the Connecticut Program. The OCC states that because there is a decrease in the number of eligible programs in the USA Plan, it may negatively affect the success of lifeline subscribership in Connecticut. OCC Written Comments, p. 3.

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. Id.

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 Connecticut 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 does not believe that there is currently a need to replace the current Connecticut Program and noted that the current program has experienced a 20% growth in participation. Based on the above, the OCC recommends that the Department reject the proposed USA Plan, and retain the current Connecticut Program. OCC Written Comments, pp. 4 and 5.

### **C. AT&T**

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

Based on the above, AT&T request that the Department reject Verizon's stand-alone plan as it is presently formulated. Id.

### III. DEPARTMENT ANALYSIS

To address the Department's request, Verizon provided a comparison of the USA Plan and the Connecticut Program for subscriber eligibility, verification of eligibility, discounts and eligible services.

#### 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 Connecticut Program is more expansive than the USA Plan with sixteen qualifying programs, rather than nine. Verizon 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 Connecticut Program, the Department believes that the USA Plan's nine programs are equally represented in the Connecticut Program. The Department also notes that the Connecticut Program offers seven additional programs that would expand the 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 Connecticut Program, an applicant submits an application to the service provider, 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 Verizon reserves the right to verify eligibility with the qualifying agency.<sup>2</sup> Further, Verizon reserves the right to audit and refuse lifeline service to ineligible participants. Verizon Written Comments, p. 4.

In addition, under the terms of the USA Plan, Verizon 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. Verizon 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 Verizon, which could 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 Connecticut Program any significant benefit to expanding participation by eligible subscribers. In fact, the proposed plan may, in some circumstances, harm provisions of the lifeline program by unnecessarily increasing the cost of the state program.

**C. DISCOUNTS**

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 Connecticut 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 the Federal Subscriber Line charge, with a maximum discount of \$10.20 per month.<sup>3</sup> Verizon Written Comments, p. 4.

Additionally, while the Connecticut Program offers a discount on installation, (i.e., 50% discount off of the line charge), the USA Plan waives all service connection charges over \$5.00. Verizon Written Comments, p. 5.

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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.

<sup>3</sup> The discount is capped at \$10.20 per month, but no customer charge can be reduced below \$0.00. Under the plan, toll restriction, call trace and automatic blocking of 900 and 976 calls are provided free of charge. Deposits are waived for local service but may be required for toll service if the customer does not select toll restriction.

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 Connecticut Program, subscribers are allowed the benefit of unrestricted subscription to vertical features and other optional services. 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. Verizon 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 are touch-tone service and access to long distance services. They are, in the opinion of the Department, a desirable unrestricted benefit under the Connecticut 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 Connecticut Program, is limited and does not allow opportunities for universal services to all telephone subscribers.

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

Verizon 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 Connecticut Program. Additionally, Verizon states that it would fund all other costs of the proposed plan and would publicize the plan, spending at least \$1,000 annually as required by the Merger Agreement. Verizon Written Comments, p. 6.

#### **F. SUMMARY**

Verizon 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 to those currently provided with the Connecticut Program. The Department is also concerned that the proposed plan may harm the current state program by unnecessarily increasing costs. The Connecticut Program has

more programs to aid participants and currently 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 on 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 Connecticut Program and therefore rejects Verizon's proposal as not in the public interest.

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

1. On July 7, 2000, Verizon offered a stand-alone USA lifeline plan for implementation in Connecticut.
2. The USA Plan is being offered pursuant to the Verizon/GTE Merger Agreement and would be an alternative to the existing Connecticut Program for qualified participants.
3. The existing Connecticut Program has sixteen qualifying programs, while the USA Plan has nine programs.
4. The Connecticut Program allows lifeline subscribers the benefit of unrestricted subscription to vertical features and other optional services.

#### **V. CONCLUSION**

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

**DOCKET NO. 94-07- DPUC EXPLORATION OF THE LIFELINE PROGRAM  
09RE02 POLICY ISSUES- NEW LIFELINE PLAN**

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

5/11/01

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Date