PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

TELECOMMUNICATIONS DIVISION
PUBLIC PROGRAMS BRANCH

RESOLUTION T-16010
June 11, 1997

R E S O L U T I O N

RESOLUTION T-16010 ALL LOCAL EXCHANGE COMPANIES (LECS) AND COMPETITIVE LOCAL CARRIERS (CLCS). ORDER REQURING ALL LECS AND CLCS TO FILE REVIED TARIFF SCHEDULES TO REFLECT THE ADJUSTMENT IN THE INCOME LIMITATION REQUIREMENT APPLICABLE TO UNIVERSAL LIFELINE TELEPHONE SERVICE (ULTS).

SUMMARY

Section 3.1.1.1 of General Order (GO) 153 requires the Commission to adjust the Household Income Limitation requirement applicable to Universal Lifeline Telephone Service (ULTS) by February 15th of each year. This adjustment reflects inflation based on change in the Federal Consumer Price Index - Urban Areas (CPI-U). In the past the February 15th deadline has not been met. This resolution sets the current year's income levels and revises the timing and the process for annual income level changes.

BACKGROUND

The income limitation has been computed based upon data obtained from "Review of the U.S. Economy" published by DRI/McGraw-Hill. The statistic that is used is the final figure for the "Consumer Price Index All Urban Consumers" for the previous year. The current rate, for the year 1996 is 2.9%. The income limitations for the period March 8, 1996 to the effective date of the tariffs filed in compliance with this resolution are as follows:

Household Size	Income Limitation
1 - 2	$16,500
3	19,400
For each additional household member	$3,900

While GO 153 does not require a resolution, a resolution has been prepared each year resetting the income limitations and ordering LECs and CLCs to file tariffs reflecting revised income eligibility levels. Revised eligibility levels have become effective on dates early in March. The uncertainty about the date that new income levels will become effective has created problems for LECs and CLCs who have to prepare for any changes in income eligibility.

DISCUSSION

The February 15th date set by GO 153, has in fact never been attained. Since the "Review of the U.S. Economy," with the necessary index data, is not available until late January and because it requires at least four weeks to process a resolution to be place before the Commission, the earliest dates that the Telecommunications Division and, it's predecessor organization, Commission Advisory and Compliance Division, staff has been able to process changes has been in early March.

"Review of the U.S. Economy" is the standard source of economic data used by Commission staff. The publication is used Commission wide as a source of basic economic and statistical data.

The process of setting income limitations is not controversial. The process of determining the change in the income limitation is a simple computation described in the attached Appendix A. There has been no history of protests, objections or comments upon the income levels as recommended by Commission staff. However, users of the income limitation information, LECs and CLCs, are interested in the timely and predictable availability of the income limitations because they have to notify their customer and their service representative staff about any changes in income limitations.

A simplification of the process of setting the income limitations would make the process more timely and reliable for LECs and CLCs as well as less labor intensive for Commission staff. Under the revised process of setting the income limitations, the effective date of the new income levels would be June 1 of each year. The new income levels would be communicated by an annual letter which would provide notification of the changes in eligibility levels and direct LECs and CLCs to file revised tariffs effective June 1 of each year reflecting the new income levels. This letter would be issued by the Director of the Telecommunications Division (DTD) by May 1 of each year. It is reasonable to delegate this ministerial duty to DTD. If anyone wished to object to the revised eligibility levels, they could protest the advice letters when they are filed.

It is possible that sometime in the future the "Review of the U.S. Economy" may no longer be published. If the statistic derived from that publication were no longer available, an alternative would have to be found. It is reasonable that the DTD be delegated authority to select an alternative source in the event that the "Review of the U.S. Economy becomes unavailable.

Income limits for the period July 15, 1997 to May 31, 1998 are as follows:

Household Size	Income Limitation
1 - 2	$17,000
3	20,000
For each additional household member	$4,000

Because of the timing of this resolution, the effective date of the new income eligibility levels for the year 1997 will be July 15. For the year 1997, the new income eligibility levels will apply from July 15, 1997 through May 31, 1998. Thereafter, new income eligibility levels will become effective on June 1 of each year.

FINDINGS

1. Section 3.1.1.1 of General Order 153 requires the Commission to revise the Household Income limitation requirement applicable to the Universal Lifeline Telephone service each year by February 15th of each year.

2. Due to the lack of availability of the necessary index data, the income levels have never been available by February 15th.

3. The process of setting the income levels for ULTS is not controversial.

4. The reliable and timely availability of ULTS income eligibility information is important to the IECs and CLCs who provide services under the ULTS program.

5. It is reasonable to delegate to the Director of the Telecommunications Division, the ministerial duty of informing IECs, CLCs, and any others who may require the information, of the change in income eligibility levels and direct them to file tariffs in conformity with the new income levels and this resolution.

6. The income eligibility levels, bases upon Appendix A, for the period July 15, 1997 to May 31,1998 are as follows:

Household Size	Income Limitation
1 - 2	$17,000
3	20,000
For each additional household member	$4,000

THEREFORE IT IS ORDERED THAT:

1. Telecommunications Division shall compute revised income levels of Universal Lifeline Service, using the method described in the attached Appendix A. The Director of the Telecommunications Division shall make that information available to all LECs, CLCs and other users of the information by May 1 or each year by letter, beginning in the year 1998.

2. By May 1 of each year, beginning in 1998 the Director of the Telecommunications Division shall direct all LECs, CLCs and any other utilities who provide ULTS to file revised tariffs, reflecting the revised income levels, to become effective as of June 1 of each year.

3. All LECs and CLCs shall file, within 10 days of the date of thi resolution, revised tariffs reflecting the income levels as follows:

Household Size	Income Limitation
1 - 2	$17,000
3	20,000
For each additional household member	$4,000

Such tariffs shall become effective July 15, 1997.

4. Beginning in 1998, all LECs, CLCs and any other companies providing service under ULTS shall fill tariffs reflecting new income eligibility levels in accordance with the instructions provided in the letter from the Director of the Telecommunications Division. Tariffs shall become effective on June 1 of each year.

5. In the event that "Review of the U.S. Economy" is no longer published or becomes otherwise unavailable, the Director of the Telecommunications Division shall designate another reliable source to be used consistently as the source for the CPI-U statistic used to compute the eligibility income levels.

This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 11, 1997. The following Commissioners approved it:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

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

APPENDIX A
Resolution T-16010
Method for Computing Revised Income
Eligibility Levels - ULTS

HOUSEHOLD MEMBERS	a FACTOR	b OLD LEVEL	c RAW	d ROUNDED
1 or 2	1.029	16,500	16978.5	17000
3	1.029	19,400	19962.6	20000
4	1.029	23,300	23975.7	24000
EACH ADDL.	1.029	3,900	4013.1	4000

NOTE: The incremental difference between "1 or 2" and 3 ($3,000) will always be less than the amount for each additional household member ($4,000)

Rules for computing income levels:
1. The prior periods income levels are multiplied by a factor of one plus the inflation factor derived from the "Review of the U.S. Economy". (Col. a x b = c) The "Review of the U.S. Economy" is usually available in January of each year. The inflation factor to be used is the "final" CPI-U for the prior year.
2. All income level amounts are rounded to the nearest $100. If the raw number end rounds to 50, it should be rounded to the next higher $100. Examples: 16949.9 = 17,000, 17949.1=16900.
3. The percentage increase factor is to three digits to the right of the decimal.
Examples: 2.9% = .029, 8.5%=.085
4. The "each addl." should be checked to the rounded difference between 3 and 4 household members. If rounding differs, the "each addl." should be set to the difference between 3 and 4 household members.