

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division
Public Programs Branch

RESOLUTION T-16128
MARCH 12, 1998

R E S O L U T I O N

RESOLUTION T-16128. ALL TELECOMMUNICATIONS UTILITIES. TO CHANGE CARRIERS' REIMBURSEMENTS FROM THE CALIFORNIA UNIVERSAL LIFELINE TELEPHONE SERVICE PROGRAM IN LIGHT OF THE REVISED FEDERAL LIFELINE AND LINK-UP PROGRAMS ESTABLISHED IN THE FEDERAL COMMUNICATIONS COMMISSION'S REPORT AND ORDER (FCC 97-157) IN THE MATTER OF FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE (CC DOCKET NO. 96-45).

SUMMARY

This resolution modifies the reimbursements that carriers providing Universal Lifeline Telephone Service (ULTS) receive from the ULTS program. Reimbursements to designated eligible telecommunications carriers (ETCs) from the ULTS program shall be reduced by the amount of federal Lifeline and Link-Up support they receive, pursuant to the Federal Communications Commission's Report and Order on Universal Service (FCC 97-157). Carriers that are ineligible for federal Lifeline and Link-Up support, but are otherwise required to provide ULTS service in California, shall be reimbursed by the ULTS program for the following costs on a per ULTS customer basis: (a) \$3.50 federal end-user common line charge (EUCL), (b) the monthly ULTS discount given to the customer, (c) the discount for service connection charge for initial connection, and (d) conversion charges. The ULTS program shall continue to provide reimbursements for costs covered under the current ULTS claims procedures, but not supported by the federal program.

BACKGROUND

In its Universal Service decision (D.) 96-10-066, the Commission ordered all incumbent local exchange carriers (ILECs) and competitive local carriers (CLCs) to provide a set of service elements comprising residential basic service and to offer ULTS service to qualifying low income customers at or below statewide ULTS rates established by the Commission.¹ D.96-10-066 allowed carriers offering ULTS to claim reimbursements from the ULTS program for the cost of providing the service.²

¹ D.96-10-066, Appendix B, Rule 5. See also Rule 9, Appendix E, of D.96-02-072 in the Local Competition Proceeding (R.95-04-043/I.95-04-044).

² D.96-10-066, Appendix B, Rule 5.A.1.c.

On May 7, 1997, subsequent to the issuance of D.96-10-066, the Federal Communications Commission (FCC) adopted new rules governing the provision of universal service support for low-income consumers, as part of its Report and Order (FCC 97-157, "FCC R&O") in its universal service proceeding (CC Docket No. 96-45). The FCC R&O provides that only carriers designated as ETCs will be able to receive federal universal service support for the provision of Lifeline and Link-Up services to qualifying low-income customers beginning January 1, 1998. The FCC R&O redefines the federal Lifeline and Link-Up programs to consist of certain services to be provided at discounted rates or at no charge to eligible customers.³ All ETCs are obligated to offer Lifeline and Link-Up services in the service areas for which they are designated as ETCs.

The FCC's Lifeline program provides a baseline federal support amount of \$3.50 to a state regardless of whether the state provides intrastate Lifeline support. An additional \$1.75 will be available with no matching requirement, provided the state approves the additional reduction in intrastate rates. Federal support will further increase by an amount equal to one-half the amount of any intrastate Lifeline support up to an additional \$1.75.⁴ In prior years, the FCC provided California with only \$1.75 per Lifeline customer in the form of a partial waiver of the end-user common line charge (EUCL) because of California's self-certification process. Under the new federal rules, a designated ETC could potentially receive federal Lifeline support of up to \$7.00 per month per customer, even with California's self-certification requirement for qualifying low income customers.

More federal funds will be available through the FCC's Link-Up program. This program provides qualifying low-income customers with discounted rates for second and subsequent service connections within a year for a principal place of residence with an address different from the previous address for which Link-Up assistance was received. The Link-Up program will fund half of the customary service connection charge or \$30.00, whichever is less.⁵

Pursuant to the FCC R&O, the Commission issued Resolution T-16086 on October 9, 1997, which adopted procedures and guidelines for designating ETCs in California. Resolution T-16086 did not modify the state's ULTS program, but rather allowed carriers to request ETC designation and offer the federal Lifeline/Link-Up services designated for federal support. The Commission also

³ These services are as described in 47 C.F.R. § 54.101(a) and (b); § 54.401(a) to (c); and § 54.411(a) to (c).

⁴ 47 C.F.R. § 54.403(a).

⁵ 47 C.F.R. § 54.411(a)(1).

indicated in Resolution T-16086 that the draw from the ULTS fund by designated ETCs would be reduced by the amount of Lifeline/Link-Up support they obtained; and that the ULTS program would continue to provide reimbursements to those carriers not eligible for federal support (i.e., pure resellers and non-ETCs), but which are required to offer ULTS in California.⁶

On November 7, 1997, the Assigned Commissioner in the Universal Service proceeding issued a ruling (ACR) soliciting comments on specific proposals to implement changes in carriers' ULTS reimbursements as indicated in Resolution T-16086.⁷ The ACR proposed that, beginning January 1, 1998, designated ETCs seeking reimbursements from the ULTS fund should reduce their claims by the amount of federal Lifeline and Link-Up support they receive. An illustration of the reduced claims for Pacific Bell using the current ULTS claim form was provided in the ACR. For those carriers that would be ineligible to receive federal support (i.e., pure resellers and non-ETCs), the ACR proposed that the ULTS program fully make up for lost federal support. Under the ACR proposal, the latter group of carriers would be reimbursed by the ULTS program for the following costs on a per ULTS customer basis: (a) the \$3.50 federal EUCL, (b) the monthly ULTS discount given to the customer, (c) the discount for service connection, and (d) conversion charges, if applicable.

The ACR also allowed parties to provide additional comments regarding the impact of the new FCC rules on the claims from the ULTS program. Interested parties were invited to submit opening and reply comments to be served on the service list of R.95/01-020/I.95-01-021 and the Telecommunications Division Director.⁸ In compliance with P.U. Code § 1708, the ACR also invited any party who believes that hearings are legally required on any of the issues raised in the ACR to submit such a request as part of their opening comments. If no hearings were requested, the ACR indicated that the Commission may issue a resolution regarding the issues addressed in the ruling based on the comments received.

On December 16, 1997, the Commission issued Resolution T-16105, which designated 23 carriers as ETCs beginning January 1, 1998.⁹ These carriers submitted their requests for ETC status in accordance with the requirements in Resolution T-16086. Pending the Commission's resolution of the issues contained in the ACR,

⁶ Resolution T-16086, pages 7-8 and 10.

⁷ In addition to the ULTS reimbursement issue, the ACR also solicited comments on proposed realignment of the California Teleconnect Fund program discount to schools and libraries with the federal E-Rate program.

⁸ Opening and reply comments were originally due on November 17 and 24, 1997, respectively. Upon request by certain parties, ALJ Kenney extended the due dates to December 1 and 8, 1997.

⁹ The request of one carrier, a CLC, was denied because of its failure to comply with the tariffing requirement as ordered in Resolution T-16086.

Resolution T-16105 put the ETCs on notice that, beginning January 1, 1998, the claims paid from the ULTS fund for services rendered from that date forward shall be subject to refund equal to the amount of federal subsidy received.¹⁰

PARTIES' COMMENTS

The following parties filed opening comments regarding the ULTS reimbursement issues in the ACR: Pacific Bell; GTE California Incorporated (GTEC); AT&T Communications of California, Inc. (AT&T); MCI Telecommunications Corporation (MCI); Sprint Communications Company L.P. (Sprint), Teleport Communications Group, Inc. (TCG); and The Utility Reform Network (TURN). Reply comments were filed by Pacific Bell, GTEC, AT&T, Sprint, and Time Warner AxS of California L.P. (Time Warner).

There is general agreement that claims from the ULTS Fund by designated ETCs should be reduced by the corresponding amount of support obtained from the federal Lifeline and Link-Up programs. There are different views, however, on the issue of ULTS reimbursements for carriers not eligible for federal support.

All parties, except TCG and Time Warner, concur with the ACR proposal to provide ULTS reimbursements to resellers and non-ETCs. TCG considers a policy giving reimbursements to pure resellers to be in direct contravention of the federal policy permitting reimbursements only to the underlying carrier providing the high-cost facilities. TCG argues that, since pure resellers do not provide the underlying facilities, these carriers should not receive universal service support. Time Warner fully concurs with TCG's comments.

AT&T asserts that the ULTS and federal programs are distinct, even though they target similar customers. AT&T points out that the ULTS program relies on General Order (G.O.) 153, which was enacted in response to Assembly Bill 1348 (Moore Universal Telephone Service Act). AT&T argues that the Commission requires all LECs and CLCs to offer ULTS regardless of how they provide the service; hence, all carriers similarly compelled to provide the service should have parallel opportunity to recover actual expenses incurred and revenues foregone to achieve competitive neutrality. AT&T further points out that the ACR failed to include operational expenses as one of the elements that would remain reimbursable from the ULTS Fund. AT&T asserts that, since G.O. 153 currently allows carriers recovery from the ULTS program of the direct operational expenses carriers incur in providing ULTS, these expenses should continue to be reimbursed.

¹⁰ The Commission further noted in Resolution T-16105, footnote 27, that the issue of ULTS reimbursement does not apply to Sprint PCS to the extent that CMRS carriers are generally not required to provide ULTS service in California and are therefore not entitled to draw from the ULTS fund under current Commission rules.

Sprint supports the ACR proposal, but further suggests that resellers be fully reimbursed for their expenses in providing ULTS "to the full extent [ETCs] are reimbursed by a combination of federal and state reimbursements."¹¹ These should include reimbursements for imputed deposits to cover bad debts, other administrative expenses that are now reimbursable, and reimbursement for more than one Link-Up charge in a year.

GTEC similarly supports the ACR's proposed ULTS reimbursements for resellers and non-ETCs. GTEC suggests that the Commission explicitly declare that resellers providing ULTS must be responsible for all activities associated with collecting reimbursements from the ULTS program.

Pacific Bell agrees with the ULTS reimbursement amounts for connection charges, conversion charges, and EUCL charges as illustrated in the ACR for Pacific Bell; but points out error in and provides corrections for the ACR's calculation of the ULTS reimbursement amounts for flat rate and measured rate service. Pacific Bell urges the Commission to round off fractional cents, as shown in the ACR's illustration, to the nearest whole cent in determining ULTS claims. This is because Pacific Bell's billing system cannot track, record, and bill half-cent or partial cents amounts.

In response to the ACR's invitation for additional comments, Pacific Bell proposes that the Commission eliminate the current "once-per-12-month" restriction on the \$10.00 ULTS installation charge and adopt a uniform statewide \$10.00 installation charge regardless of how many times a low income customer needs the service. Pacific Bell argues that the "once-per-12-month" ULTS restriction coupled with the FCC's Link-Up program rules "would create a complicated, 3-tiered rate structure for ULTS installations" that would be confusing to customers and complex to implement from a customer billing and reimbursement tracking standpoint.¹² Pacific Bell believes that establishing a uniformly low installation charge for all ULTS installations would be less costly to implement, easier for ULTS recipients to understand, and improve penetration rates.

Although TURN believes that ULTS rates should remain unchanged at this time and that the increased federal funding should be used to reduce the demands on the ULTS Fund, TURN concurs with Pacific Bell's proposal for eliminating the "once-per-12-month restriction". AT&T likewise supports the elimination of the restriction, but cautions that the costs for doing this must be shared in a competitively neutral manner.

¹¹ Sprint comments, page 2.

¹² Pacific Bell comments, page 13.

DISCUSSION

In D.96-10-066, the Commission anticipated that California's universal service programs may have to be reconciled with the universal service programs and rules that the FCC may adopt and directed the Telecommunications Division (TD) staff to recommend to the Commission what issues need to be resolved.¹³ This Resolution is another step in this process. In light of the changes in the FCC's Lifeline and Link-Up programs, the Commission finds it imperative to revisit its ULTS program to ensure that it is consistent with the federal program. It is also imperative that the Commission undertake steps to ensure that California obtains the most benefit from the increased availability of federal funding to subsidize services provided to low-income customers and to minimize the cost to California ratepayers.

The Commission shall limit the scope of this resolution to changes in carrier ULTS reimbursements initially enunciated in Resolution T-16086 and as proposed in the ACR. The Commission declines to adopt in this resolution broader changes to the ULTS program, such as modifications to the service connection rate and conformance with the FCC's Lifeline and Link-Up services, pending further notice and consideration of the issues in future proceedings as discussed in Section C below.

A. ULTS Reimbursements to Designated ETCs

Resolution T-16105 designated California's incumbent LECs as ETCs beginning January 1, 1998. These carriers provide ULTS service to about three million low-income customers for which they could potentially obtain up to \$7.00 in federal support per Lifeline customer per month and up to \$30.00 of Link-Up support for each initial service installation. These numbers translate to a substantial amount of new federal support for California LECs.

California should reduce ULTS support by the amount of increased federal support. There was no disagreement on the ACR's proposal that carriers reduce their monthly ULTS claims for connection charges, flat rate service, measured rate service, and the EUCL, by the amount of Lifeline and Link-Up support they receive. The ACR proposed no change in the amount of ULTS reimbursements for conversion charges to the extent this item is not impacted by the FCC rules. Pacific Bell, however, correctly points out errors in the ACR's calculation of Pacific Bell's ULTS reimbursements per customer for flat and measured rate service.

The Commission shall adopt the ACR approach at this time with some modifications. Under the current procedures, carriers' ULTS claims are due by the 10th day of the second month following the billing period for which the claim is being made. Claims are for

¹³ D.96-10-066, page 92 and Ordering Paragraph (O.P.) 17. (O.P. 18 as modified by D. 97-01-020.)

all ULTS services billed during a month. All bills rendered in January for ULTS services are recovered in a claim filed by March 10. Beginning with claims for the January 1998 billing period, designated ETCs should reduce their ULTS claims by the estimated amount of support available from the federal program. Carriers should reflect in their monthly ULTS claims the amount charged to the ULTS program net of anticipated federal support for connection charges, flat rate and measured rate service, and the EUCL. Thus, using Pacific Bell and the current claim format as illustration, the Commission expects the following claim to be made on the ULTS program on a per ULTS/Lifeline customer basis:

Connection Charges	-----	\$7.37 ¹⁴
Conversion Charges	-----	no change from current practice
Flat rate service	-----	\$2.59 ¹⁵
Measured service	-----	\$0.83 ¹⁶
FCC EUCL	-----	\$0.00 ¹⁷

To the extent that the federal program provides support for any other items that are currently reimbursable from the ULTS program, carriers should also net out the amounts of federal support for these items in their ULTS claims. The ULTS program shall continue to provide reimbursements to carriers for those items that are covered under the current ULTS claims procedures, but are not supported by the federal program.

By the time this resolution is issued, carriers may have submitted their claims for the January 1998 billing period. Carriers that have submitted their claims for January 1998 should revise these claims in accordance with the changes adopted in this resolution and should submit these revised claims on or before April 10, 1998, when their claims for the February 1998 billing period are also due. Carriers should net out of their claims for the February 1998 billing period the excess amount claimed for January 1998.

B. ULTS Reimbursements to Non-ETCs

The Commission has imposed a requirement on other CLCs to provide ULTS service regardless of whether they offer the service using

¹⁴ Derived as follows: \$34.75 service connection charge minus \$10.00 rate from end-user (for first connection) minus \$17.38 (half of \$34.75) from federal Link-Up equals \$7.37.

¹⁵ Derived as follows: \$11.25 flat rate service minus \$5.62 ULTS rate from end-user minus \$1.75 first-tier federal Lifeline support minus additional \$1.29 federal Lifeline support equals \$2.59. The \$1.29 second-tier Lifeline support equals half of the total amount of state support of \$2.59.

¹⁶ Derived as follows: \$6.00 measured rate service minus \$3.00 ULTS rate from end-user minus \$1.75 first-tier federal Lifeline support minus additional \$0.42 federal Lifeline support equals \$0.83. The \$0.42 second-tier Lifeline support equals half of the total amount of state support of \$0.83.

¹⁷ The FCC Lifeline program pays \$3.50 to cover the entire end-user common line (EUCL) charge.

their own facilities or through resale. Under the FCC rules, pure resellers and carriers that are not designated ETCS are not eligible to receive federal Lifeline and Link-Up support. Consequently, there are carriers that are obligated to provide ULTS service in California that cannot receive federal low income support.

The Commission is not persuaded by TCG's and Time Warner's arguments for not providing ULTS support to pure resellers. As AT&T pointed out, the ULTS and the federal programs are distinct programs although they both target the same group of customers. The Commission agrees that the ULTS mandate of Assembly Bill 1348 applies to all telecommunications utilities regardless of the nature of the carrier's facilities. It is fair to those carriers that are obligated to provide ULTS service to be reimbursed for their costs in complying with this state mandate.

The Commission shall adopt the ACR proposal and continue to reimburse non-ETCS for providing ULTS service in California. The ULTS program should also reimburse these carriers for the federal EUCL charge. Doing otherwise would impose a burden on these carriers, which would put them in a competitive disadvantage. Therefore, beginning with claims for the January 1998 billing period, non-ETCs shall be allowed to submit monthly claims to the ULTS Fund for reimbursements for the following costs on a per ULTS customer basis: (a) the \$3.50 federal EUCL, (b) the monthly ULTS discount given to the customer, (c) the discount for service connection charge for initial connection, and (d) conversion charges, if applicable. As with ETCs, the ULTS program shall continue to provide reimbursements to pure resellers and non-ETCs for those items that are covered under the current ULTS claims procedures, but are not supported by the federal program. These carriers may submit revised claims for the January 1998 billing period reflecting the changes adopted in this resolution on or before April 10, 1998. Any additional amount claimed for January 1998, not included in the initial claim, should be included in the claims for February 1998.

The Commission declines to adopt Sprint's proposal to provide ULTS reimbursements to non-ETCs for more than one reduced service connection charge in a year. The Commission notes that under current ULTS rules, carriers are only obligated to provide and obtain reimbursement for one reduced service connection charge per year as set forth in General Order (G.O.) 153. Designated ETCs, on the other hand, are obligated under federal rules to offer multiple discounted service connection charges, which are funded by the Link-Up program. Non-ETCs are only obliged to abide by the current ULTS program service requirements and should therefore be only reimbursed by the ULTS Fund for those services they are obligated to provide. As discussed in Section C below, the Commission shall consider the revision of the ULTS program in future proceedings, which should include issues pertaining to

service connection charges that Sprint and Pacific Bell have raised in their comments.

C. Revision of ULTS Program and G.O. 153

The Commission established the ULTS program in 1984 in its Order Instituting Investigation (OII) 83-11-05 to implement the mandate of Assembly Bill 1348, the Moore Universal Telephone Act (Act). The program was initially funded by a tax on inter local access and transport area (LATA) toll calls. G.O. 153 was established in D.84-11-028 to set forth the ULTS administrative procedures. In 1987, the Act was amended to change the program funding from a tax administered by the Board of Equalization to a surcharge administered by the Commission. The Commission issued D.87-10-088 adopting modifications to the ULTS program to conform with the Act's revisions. With the establishment of the ULTS surcharge, the Commission recognized in this decision that G.O. 153 had become outdated. Workshops were held as ordered in D.87-10-088 to consider specific administrative issues. The recommendations from these workshops, however, did not result in a Commission decision formally revising the ULTS administrative procedures as set forth in G.O. 153.

The Commission subsequently issued D.94-09-065, which made major changes to the ULTS program such as making the ULTS surcharge applicable to most telecommunications services, making the surcharge an end-user surcharge, and setting statewide ULTS rates. In D.94-10-046, the Commission again ordered workshops to consider revision of G.O. 153. Workshops were held and a workshop report was submitted to the Commission by the Commission Advisory and Compliance Division (CACD) in 1995. The recommendations in the workshop report are still pending Commission action. D.96-02-072 and D.96-10-066 made further changes to the ULTS program requiring CLCs providing residential service to offer ULTS and allowing them to claim reimbursements from the ULTS Fund.

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 more consistent with the 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 be more beneficial to California consumers. The Commission is committed to accomplishing these objectives as soon as possible.

The Commission, however, is bound to provide parties the appropriate notice and due process before making substantial ULTS program changes. Parties to the original OII 83-11-05, which is still an open docket, were not served copies of the ACR and have been excluded from the ACR comment process. For this reason, the

Commission declines to adopt substantial program modifications in this resolution along the lines proposed by Pacific Bell and Sprint.

The Commission, therefore, deems it necessary to allow for further consideration of the major ULTS program changes that parties have proposed in their comments on the ACR through a rulemaking and/or ratemaking process. To accomplish this task, the Commission shall order the Telecommunications Division and the Administrative Law Judge Division to undertake the steps necessary to prepare an order to initiate the appropriate proceeding within six months of the effective date of this resolution. At the end of this process, the Commission expects to issue an order revising the ULTS program and adopting an updated G.O. 153.

D. Compliance with P.U. Code § 1708

In the ACR, any party requesting a hearing was instructed to submit certain information. The party should (1) state why hearing is legally required, (2) identify material contested issues of fact, (3) identify evidence to be offered, and (4) propose a hearing schedule.¹⁸ No party requested a hearing on the carrier ULTS reimbursement issues in the ACR. The Commission believes that, for the specific changes adopted herein, it has provided sufficient notice and given parties the opportunity to be heard through the ACR comment process.

FINDINGS

1. In D.96-02-072 and D.96-10-066, the Commission ordered all incumbent local exchange carriers (ILECs) and competitive local carriers (CLCs) to offer ULTS service to qualifying low income customers at or below statewide ULTS rates established by the Commission.
2. D.96-10-066 allowed carriers offering ULTS to claim reimbursements from the ULTS program for the cost of providing discounted rates to ULTS customers.
3. The Federal Communications Commission (FCC) adopted new rules governing the provision of universal service support for low-income consumers as part of its Report and Order (FCC 97-157, "FCC R&O") issued in its universal service proceeding (CC Docket No. 96-45).
4. The FCC R&O provides that only carriers designated as eligible telecommunications carriers (ETCs) will be able to receive federal universal service support for the provision of Lifeline and Link-Up services to qualifying low-income customers beginning January 1, 1998.
5. A designated ETC could potentially receive federal Lifeline support of up to \$7.00 per month per customer.
6. The FCC's Link-Up program will fund half of an ETC's

¹⁸ ACR, page 5 and O.P. 5.

- customary service connection charge or \$30.00, whichever is less, that ETCs provide to qualifying low-income customers.
7. Pursuant to the FCC R&O, the Commission issued Resolution T-16086 on October 9, 1997, adopting procedures and guidelines for designating ETCs in California.
 8. Resolution T-16086 did not modify California's ULTS program, but rather allowed carriers to request ETC designation and offer the federal Lifeline/Link-Up services designated for federal support.
 9. In Resolution T-16086, the Commission indicated that it would address in a subsequent resolution changes in carriers' reimbursements from the ULTS fund in light of the revised federal Lifeline/Link-Up programs.
 10. There are carriers that are not eligible for federal Lifeline/Link-Up support (i.e., pure resellers and non-ETCs), but which are required to offer ULTS in California.
 11. On November 7, 1997, the Assigned Commissioner in the Universal Service proceeding issued a ruling (ACR) soliciting comments on specific proposals to implement changes in carriers' ULTS reimbursements as indicated in Resolution T-16086.
 12. Several carriers and The Utility Reform Network (TURN) submitted comments on the ACR's proposals for carrier ULTS reimbursement.
 13. There is general agreement that claims from the ULTS Fund by designated ETCs should be reduced by the corresponding amount of support ETCs obtain from the federal Lifeline and Link-Up programs.
 14. All parties, except TCG and Time Warner, concur with the ACR proposal to provide ULTS reimbursements to resellers and non-ETCs.
 15. Pacific Bell proposes that the Commission eliminate the current "once-per-12-month" restriction on the \$10.00 ULTS installation charge and adopt a uniform statewide \$10.00 installation charge regardless of how many times a low income customer needs the service.
 16. Sprint suggests that resellers be fully reimbursed for their expenses in providing ULTS to the full extent ETCs are reimbursed by a combination of federal and state reimbursements.
 17. The ULTS and federal Lifeline/Link-Up programs are distinct, even though they target similar customers.
 18. The ULTS program was instituted in 1984, through an Order Instituting Investigation (OII) 83-11-05, to implement the mandate of Assembly Bill 1348, the Moore Telephone Service Act.
 19. General Order (G.O.) 153 was established in 1984 to set forth the ULTS program administrative procedures.
 20. The Moore Telephone Service Act and G.O. 153 apply to all telecommunications utilities in California regardless of whether they offer ULTS service using their own facilities or through resale.

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21. G.O. 153 has become outdated since it does not reflect all the changes to the ULTS program administrative procedures that the Commission has adopted to date.
22. The current ULTS program service requirements differ from the FCC's revised Lifeline and Link-Up programs.
23. Parties to the service list of OII 83-11-05 were not notified of and not included in the ACR comment process.
24. Changes in ULTS program service requirements, such as those proposed by Pacific Bell and Sprint, need further consideration in a future proceeding.
25. No party requested a hearing for the carrier ULTS reimbursement issue in the ACR.

THEREFORE, IT IS ORDERED THAT:

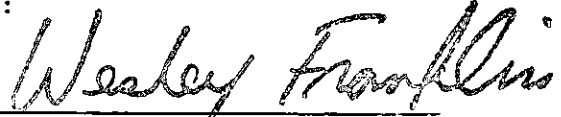
1. Beginning with claims for the January 1998 billing period, designated ETCs should reduce their monthly ULTS claims by the amount of support available from the federal program. Designated ETCs should reflect in their monthly ULTS claims the amount charged to the ULTS program net of federal support for connection charges, flat rate and measured rate service, and the EUCL, rounded to the nearest whole cent.
2. Beginning with claims for the January 1998 billing period, resellers and non-ETCs shall be allowed to submit monthly claims to the ULTS Fund for reimbursements of the following costs on a per ULTS customer basis: (a) the \$3.50 federal EUCL, (b) the monthly ULTS discount given to the customer, (c) the discount for service connection charge for initial connection, and (d) conversion charges, if applicable.
3. The ULTS program shall continue to provide reimbursements to carriers providing ULTS service for those items that are covered under the current ULTS claims procedures, but are not supported by the federal program.
4. Designated ETCs shall submit revised claims for the January 1998 billing period in accordance with the changes adopted in Ordering Paragraph 1 above, on or before April 10, 1998. These carriers should net out of their claims for the February 1998 billing period the excess amount claimed for January 1998.
5. Resellers and non-ETCs may submit revised claims for the January 1998 billing period in accordance with the changes adopted in Ordering Paragraph 2 above, on or before April 10, 1998. Any additional amount claimed for January 1998 should be included in the claims for February 1998.
6. The Telecommunications Division and the Administrative Law Judge Division shall undertake the steps necessary to prepare an order to initiate the appropriate proceeding to further consider ULTS program changes and General Order 153 revisions within six months of the effective date of this resolution.

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7. The Executive Director shall provide a copy of this resolution to all LECs and CLCs, and to all parties in the service list of the universal service proceeding (OII/OIR 95-01-020/021) and OII 83-11-05.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 12, 1998. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

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