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BY ELECTRONIC MAIL

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Mr. John M. Leutza, Director
Communications Division
California Public Utilities Commission
505 Van Ness Avenue, Room 3210
San Francisco, CA 94102

Re: Comments on Draft Resolution T-17321 Revising General Order 153 to Reflect Revisions to the California LifeLine Program as Adopted in Decision 10-11-033

Dear Mr. Leutza:

Pursuant to the cover letter accompanying Draft Resolution T-17321, issued June 13, 2011, Verizon submits these opening comments. Verizon recommends that the following changes be made to the draft resolution:

1. Modify the definition of surcharge because the proposed definition is incorrect and, in any event, changes to the definition are unnecessary.
2. Revise the proposed section 3.4 discussion of tariff filing requirement to more accurately reflect the current practice.
3. Relocate the proposed section 5.7.1.1 and section 5.7.1.2 under the section for notice requirements.
4. Clarify the discussion regarding claims for EUCL in section 9.3.4.
5. Clarify the discussion regarding clearly showing all reductions on the bill.

The preceding five points constitute Verizon's subject index. As required by the Notice of Availability, a table of authorities is attached hereto.

1. The Commission Should Revise the Proposed Definition of Surcharge in Section 2.52 to Accurately Reflect The Law.

The draft resolution Appendix A1 includes a revised definition of Surcharge¹ that does not reflect current law. Section 2.52 inaccurately states that the surcharge is “assessed ... by the California Lifeline Service Provider,” when current Commission mandate requires an all end-user fee to be collected by all telephone corporations.² The Commission has done nothing to change this mandate. Except for the requirement that the customers of all California LifeLine Service Providers must pay public purpose program surcharges,³ the surcharge methodology was not changed by D.10-11-033. In fact, the surcharge methodology has not changed since 2004, when the CPUC adopted Resolution T-16901. Resolution T-16901 accurately states that “(t)he Public Program surcharges . . . are billed and collected by the telecommunications carriers, and they, in turn, remit the surcharges as directed by the Commission.”⁴

The revision to the definition appears to eliminate the concept of surcharging end-user bills by elimination of the concept of “end-user intrastate telecommunications services.” But surcharging end-user bills is the specific methodology for collecting and remitting the Lifeline assessments that the Commission has provided to telephone corporations. As noted above, D.10-11-033 did not change that methodology. It is legally improper and technically inaccurate for such changes to be made in this Resolution. The existing General Order 153 definition of surcharge⁵ is accurate and should be retained.

¹ Section 2.52 “Surcharge” – The percentage increment, as determined by the Commission, which is assessed on an end user’s Intrastate Telecommunications Services by the California LifeLine Service Provider for the purpose of funding California LifeLine.

² The all-end-user surcharges are assessed on consumers’ intrastate telecommunications services except for the following:

1. Universal Lifeline Telephone Service (ULTS);
2. Charges to other certificated carriers for services that are to be resold;
3. Coin sent paid telephone calls (coin in box) and debit card calls;
4. Customer-specific contracts effective before 9/15/94;
5. Usage charges for coin-operated pay telephones;
6. Directory advertising; and
7. One-way radio paging.

The all-end-user surcharges are collected by the telecommunications carriers. They, in turn, remit the surcharges as directed by the Commission.

³ See D.10-11-033 at 70.

⁴ To the extent that the revisions to the definition of surcharge are intended to cover non-billed services, the Commission has already indicated that it must take up the collection of surcharges on non-billed services in a separate rulemaking. See D.10-07-028, at 5, 6-7. It would be procedurally improper for this Resolution to prejudge the issues to be addressed in the contemplated rulemaking.

⁵ Section 2.1.49 “Surcharge” – The percentage increment, as determined by the Commission, which is applied to the end-user’s bill by the carrier for intrastate telecommunications services.

Alternately, the draft definition of surcharge should be revised to reflect the language in T-16901 and the new requirement that all carriers participating in the California LifeLine Program must pay public purpose program surcharges.⁶

2. The Commission Should Revise the Proposed Section 3.4 Discussion of Tariff Filing Requirement to More Accurately Reflect The Current Practice.

Section 3.4 provides as follows: “Carriers not required to file tariffs shall file a schedule of California LifeLine rates and charges, updated annually, that reflect the requirements set forth in this General Order”). This language should be revised because it appears to extend the requirement to file price schedules to “carriers” that do not offer LifeLine service. Substituting “California LifeLine Service Providers” for “Carrier” would correct for this error.

3. The Commission Should Relocate the Proposed Section 5.7.1.1 and Section 5.7.1.2 Under the Section for Notice Requirements for Added Clarity.

Section 5.7.1.1 and 5.7.1.2 addressing audit notice requirements by the California Lifeline Service Provider does not cleanly fit as a sub-section to Section 5.7.1, which addresses removal of subscribers that are ineligible. Verizon recommends moving Section 5.7.1.1 and 5.7.1.2 (renumbered) to Section 4.1, Initial California LifeLine Notice, which addresses other notices. This change promotes added clarity.

4. The Commission Should Clarify the Discussion Regarding Claims for EUCL in Section 9.3.4.

Under current Commission practice, carriers who provide Lifeline but are not ETCs may recover from the state fund the amount of EUCL they are required to waive when providing Lifeline service.⁷ Non-ETCs cannot recover from the federal fund, but ETCs

⁶ Like Section 2.52 (discussed above), Section 10.1 also inaccurately states that California Lifeline Service Providers are to collect and remit the Lifeline surcharge. It should be corrected consistent with the corrections to Section 2.52.

⁷ D.10-11-033 at 101 (“Further, as we have included an additional transition period by capping the maximum amount LifeLine consumers pay until 2013, we will continue to pay the federal make-up charge for non-ETCs between July 1, 2011 and December 31, 2012, to the extent it is necessary.”)

can. The last sentence of Section 9.3.4 obfuscates this point and may cause new ETCs to question whether they may recover the waived EUCL from the state fund prior to January 1, 2013. To avoid this confusion, the Commission should insert the term "non-ETC" in the last sentence of Section 9.3.4 so that it would read as follows: "Beginning January 1, 2013, non-ETC California Lifeline Providers shall not claim federal EUCL from the California Lifeline Fund for its subscribers' first California Lifeline Line."

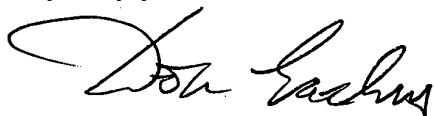
5. *The Commission Should Allow Additional Clarity in How Lifeline Reductions May be Displayed on the Bill.*

Section 8.6 requires showing all reductions, or its equivalent, on the bills of Lifeline customers. It's not clear what "or its equivalent" means, but if the intent of this new Section is to have a basic service rate stated in the bill along with each reduction taken from the basic rate, then this new requirement will require some if not most carriers to redesign their Lifeline bill at considerable cost. D.10-11-033 modified the billing requirement such that "the specific layout of the bill is up to the carrier as long as the full extent of the discount is shown somewhere on the bill." (Id at 121) Most carriers today charge Lifeline subscribers a Lifeline rate, by applying a discount to the basic rate, but the basic rate is not referenced on the bill. In addition, waived taxes and surcharges are rate reductions that are not shown on the Lifeline subscriber's bill. Similarly, reductions in non-recurring charges from the rates charged to regular residential customers are not currently shown on the bill.

To avoid the unintended consequence of causing redesign of bills, Section 8.6 should be clarified such that "or its equivalent" allows for providers' bills to either show all rate reductions, or show a Lifeline rate which imputes all rate reductions resulting from state and federal support. Further, the disclosure requirement should only extend to rate reductions, not to charges, taxes and fees that are waived for Lifeline subscribers.

Please feel free to contact me with any questions.

Very truly yours,



Don Eachus

Attachment

cc: Cherrie Conner – CPUC Communications Division
Benjamin Schein – CPUC Communications Division

TABLE OF AUTHORITIES

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