

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 930693-TL
proposed tariff to introduce) ORDER NO. PSC-94-0242-FOF-TL
Lifeline Assistance Plan by) ISSUED: March 4, 1994
BELLSOUTH TELECOMMUNICATIONS,)
INC. d/b/a SOUTHERN BELL)
TELEPHONE AND TELEGRAPH COMPANY)
(T-93-390 FILED 6/28/93))
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

ORDER APPROVING LIFELINE ASSISTANCE PLAN TARIFF

BY THE COMMISSION:

I. Background

On June 28, 1993, BellSouth Telecommunications Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) filed a tariff proposing to provide a Lifeline Assistance Plan.

The Lifeline Assistance Plan began as a Federal Communications Commission (FCC) initiative in 1984. The purpose of the plan is to make telephone service more accessible to customers who might otherwise not be able to afford service. Generally, under Lifeline, for qualified recipients, a portion of the Subscriber Line Charge (SLC) is waived with an equal amount waived on the state side. The portion of the SLC waived is determined by the amount matched on the state side, with the maximum allowed set at the current SLC rate. For example, if a state agrees to match the total SLC, the recipient would receive a \$7.00 credit on his phone bill, the \$3.50 SLC charge and a \$3.50 state-side match. The LEC, which provides the credit, is reimbursed for the SLC portion of the credit by the National Exchange Carriers Association (NECA) which collects funds from the interexchange carriers. The LECs submit to NECA the waiver amounts they have provided and certain IXCs having a sufficiently large portion of presubscribed access lines will be subject to the charge.

DOCUMENT NUMBER-DATE

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FPOC-RECORDS/REPORTING

II. Description of the Service

Southern Bell's Lifeline Assistance Plan (Lifeline), the FCC's Plan 2, proposes that qualified residential subscribers receive a credit on their monthly phone bill. The amount of the credit, \$7.00, consists of a federal credit equal to the interstate subscriber line charge and a matching Company provided credit.

Under Southern Bell's proposal, to qualify for Lifeline, the applicant must be a recipient of Medicaid, Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), and/or Food Stamps. To initiate service, self certification is proposed. Once the recipient is approved and receiving credits, his eligibility will be periodically verified. For certification and verification purposes, Lifeline will require coordination between the Company and the appropriate agencies that administer the four programs. Ongoing eligibility will be confirmed via the transfer of data from the Company to the agencies. Those recipients no longer eligible for participation will receive written notice of their discontinuance from the plan by the Company.

Prior to implementation of the plan, it must be submitted to the FCC for approval. Following approval, Southern Bell will undertake an outreach program to inform potential participants of the existence of Lifeline. The outreach program efforts will include a bill insert, brochures, and press releases. Besides notification of the plan's existence, other information provided will include eligibility requirements and locations where customers can enroll.

Southern Bell's proposal does not describe precisely how Lifeline is to be administered. However, Southern Bell has been in regular contact with HRS and the Department of Health and Human Services' Social Security Administration agency as it has formulated the proposal. Consequently, these other agencies are aware of the proposal and what their roles may be. The precise details of administration will be accomplished during actual implementation.

III. Revenue Impact

Southern Bell estimates that Lifeline will have negative intrastate revenue impact of \$1.5 million. The estimate is based on the Company's experience in Georgia where a similar plan has been in place since 1991.

IV. Discussion and Conclusion

In the course of our consideration of the Lifeline tariff, several issues have been raised which require discussion. A question has been raised regarding whether the creation of a new rate class for persons eligible for Lifeline is violative of the prohibitions against discrimination set forth in Sections 364.08, 364.09 and 364.10, Florida Statutes. The American Association of Retired Persons (AARP), North Florida Legal Services, Inc. Southern Bell, Public Counsel and the Attorney General have taken the position that Lifeline is not violative of the statutory prohibition against discrimination. AARP states that the discrimination provisions of Chapter 364, Florida Statutes, were enacted at the turn of the century to combat problems experienced with the transportation industry. AARP argues that these provisions have no significant historical, philosophical, or practical application in the context of residential telephone service and, as a result, should not be stringently applied to that service. AARP further argues that a dearth of legislative history and decisional law interpreting these provisions gives the Commission broad power to interpret these statutes and that they should be read to allow Lifeline.

In addition, a question has arisen regarding whether Lifeline is appropriate as a matter of policy. The policy considerations are generally summarized as follows: Southern Bell already has a low-cost residential service option in place; Southern Bell's residential rates are already the lowest of ten Southern States; the cost of Lifeline will add pressure to increase local rates and the Commission is not the appropriate agency to insure the provision of social services. AARP argues generally that Lifeline fosters universal service by adding additional people to the network which in turn makes the network more valuable to all individuals already on the network.

Upon consideration of the above, we find that, on balance, it is appropriate to approve the Lifeline Plan. With respect to the question of inappropriate discrimination, we find that a fair reading of Sections 364.08 through 364.10, does not indicate that the Lifeline plan runs afoul of those provisions. With respect to the policy questions discussed above, it appears that Lifeline is appropriate notwithstanding other existing services. Lifeline is specifically targeted to the group most economically in need. All ratepayers receive a benefit from the addition of more people to the public switched network; hence, it is appropriate to spread the cost of Lifeline to the general body of ratepayers.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the tariff proposing to provide a Lifeline Assistance Plan filed by BellSouth Telecommunications Inc. d/b/a Southern Bell Telephone and Telegraph Company is approved as set forth in the body of this Order. It is further

ORDERED that if no timely protest is filed pursuant to the requirements set forth below, this docket shall be closed. If a timely protest is filed, this tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest.

By ORDER of the Florida Public Service Commission, this 4th day of March, 1994.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

TWH

by: Kay Hays
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida

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Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on March 25, 1994.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.