

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Adoption of the National School Lunch Program and an income-based criterion at or below 135% of the Federal Poverty Guidelines as eligibility criteria for the Lifeline and Link-Up programs.

DOCKET NO. 040604-TL
ORDER NO. PSC-05-0153-AS-TL
ISSUED: February 8, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR

ORDER APPROVING SETTLEMENT PROPOSALS
AND HOLDING DOCKET IN ABEYANCE FOR ONE YEAR

BY THE COMMISSION:

I. Case Background

On August 10, 2004, Proposed Agency Action Order No. PSC-04-0781-PAA-TL was issued for the purpose of adopting the National School Lunch program and an income-based eligibility criterion for consumers with incomes at or below 135% of the Federal Poverty Guidelines. Additionally, the Order allowed Florida consumers, who qualify for Lifeline assistance, the option of electing a self-certification process. The Order required Eligible Telecommunications Carriers (ETCs) to disclose to consumers both Lifeline certification processes available, along with the Lifeline credits available under each process. Additionally, ETCs were required, on an annual basis, to file reports identifying the number of applicants applying for Lifeline and Link-up, the number of applicants approved for Lifeline/Link-up, the method of certification the applicant used, and whether the approved applicant received \$8.25 or \$13.50 in assistance.

On August 31, 2004, BellSouth Telecommunications, Inc. (BellSouth), Verizon Florida, Inc. (Verizon), the Florida Office of the Public Counsel (OPC) on behalf of the Citizens of Florida, Quincy Telephone Company d/b/a TDS Telecom, GTC, Inc. d/b/a GT COM and ALLTEL Florida, Inc., and Sprint-Florida, Inc. filed protests in response to Order No. PSC-04-0781-PAA-TL requesting a formal hearing pursuant to Section 120.57, Florida Statutes. Pursuant to the above-listed entities' protests, this matter was scheduled for an administrative hearing on January 20-21, 2005.

Subsequent to the protest, AARP, Northeast Florida Telephone Company d/b/a NEFCOM, the Florida Cable Telecommunications Association (FCTA), Florida Digital

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Network, Inc. (FDN), MCI, the Florida Competitive Carrier Association/Competitive Carriers of the South (FCCA/CompSouth), and AT&T filed petitions requesting intervention and were granted intervenor status in this docket.

Direct testimony in this docket was filed November 17, 2004 with rebuttal testimony filed December 17, 2004. BellSouth witness Deyonker's direct testimony included an alternate proposal for Lifeline self certification. After reviewing the witness' testimony, our staff believed BellSouth's alternate proposal should be explored further. On January 5, 2005, after the prehearing in this docket, a meeting was conducted to discuss the proposals set forth in the direct testimony filed on behalf of BellSouth and to discuss the possibility of settling unresolved issues with BellSouth. Participation was limited to our staff and BellSouth; however, interested parties were allowed to attend. At the conclusion of the meeting, our staff requested that BellSouth submit its settlement proposal in writing to this Commission, with copies to the parties, by January 7, 2005. The parties were asked to file their comments regarding BellSouth's settlement proposal by January 11, 2005.

In their comments, Verizon and Sprint proposed settlement agreements similar to BellSouth's proposed settlement. A conference call was conducted on January 13, 2005, to discuss the settlement proposals with all parties.

II. Analysis

As mentioned in the case background, BellSouth witness Deyonker's direct testimony included an alternate proposal for Lifeline self certification. BellSouth's alternate proposal would allow eligible Lifeline subscribers to enroll in the Lifeline program by simply signing a document certifying "under penalty of perjury" that the customer participates in one of the Florida Lifeline eligible programs and identifying the qualifying program. All a customer will have to do is request the form from BellSouth, and it will be sent to the applicant within three business days. Forms will also be available through various outreach programs. Once the form is received by BellSouth, the customer would be enrolled in the Lifeline program and receive a \$13.50 Lifeline credit each month. This process is in contrast to the present process whereby Lifeline applicants must provide proof that they are enrolled in one of the qualifying programs.

Subsequent to receiving BellSouth's settlement proposal, Verizon and Sprint also submitted proposed settlement agreements reflecting a simplified certification process. The following are highlights of the settlement proposals:

- Tariffs would be filed within 15 days of our Order implementing the simplified certification process for a period of one year from the effective date of the tariff, which will be 30 days after the filing. The Lifeline/Link-Up credit would apply after the customer signs on a document certifying "under penalty of perjury" that the customer participates in one of the Florida Lifeline eligible programs and identifies the qualifying program.
- Docket No. 040604-TL would be held in abeyance in its entirety for all parties for a period of one year.

- A review of the simplified certification process would be held after six months with the findings of the first six months being presented to our staff and the parties to the docket. If circumstances arise that warrant a review earlier than six months, such a review would be held with our staff and parties to the docket.
- At the six-month review or when the Florida Supreme Court rules on consolidated Case Nos. SC04-9, SC04-10 and SC04-946 (the access rate reform cases), whichever is earlier, the parties would revisit the issue of adding the National School Lunch Program and an income-based criterion of 135% of the federal poverty level as additional eligibility criteria.
- BellSouth, Verizon, and Sprint would commit to working with our staff and the OPC to include a formal school outreach effort in the Lifeline education program.

The following are comments received from the parties in this docket regarding the proposed settlements of BellSouth, Verizon, and Sprint:

Office of Public Counsel

OPC accepts the Bellsouth, Verizon, and Sprint proposals.

TDS Telecom d/b/a TDS Telecom/Quincy Telephone, ALLTEL Florida, Inc., Northeast Florida Telephone Company d/b/a NEFCOM, and GTC, Inc. d/b/a GT COM, Smart City Telecommunications, LLC d/b/a Smart City, ITS Telecommunications Systems, Inc. and Frontier Communications of the South, LLC (the "Small LECs")

The Small LECs support the BellSouth, Verizon, and Sprint proposals with the understanding and caveat that the Small LECs reserve their right to pursue the establishment by the Commission of a competitively neutral interim state universal service fund or state lifeline funding mechanism to recover the state \$3.50 credit to lifeline customers, either in this docket or in a separate docket. The Small LECs have agreed to participate in a school outreach effort for the Lifeline education program.

The Competitive Carriers of the South, Inc., AT&T Communications of the Southern States, LLC, MCImetro Access Transmission Services, LLC, and MCI WorldCom Communications, Inc., and Florida Digital Network, Inc. d/b/a FDN Communications (collectively the "Joint CLECs")

The Joint CLECs do not object to the BellSouth, Verizon, or Sprint proposals.

Florida Cable Telecommunications Association (FCTA)

The FCTA sees no problem with the BellSouth, Verizon, or Sprint proposals.

American Association of Retired Persons (AARP)

AARP does not oppose the proposed settlement agreements of BellSouth, Verizon, and Sprint.

III. Decision

We find that the BellSouth, Verizon, and Sprint settlement proposals are a step in the right direction on how best to achieve the goals of maximum participation in the Lifeline and Link-Up programs. The settlement proposals will bring the Lifeline simplified certification process benefits to the citizens of Florida quickly, making enrollment much easier for the applicants. The one-year trial period will allow all parties to assess the costs associated with the simplified certification process and determine the corresponding benefits in terms of increased subscribership.

BellSouth, Verizon, and Sprint have agreed to file tariffs reflecting our decision within 15 days of the issuance of this Order, and make the tariffs effective 30 days from the filing date of the tariffs. They have also agreed to submit copies of their draft simplified certification letters to our staff for review.

BellSouth, Verizon, and Sprint have agreed to meet with our staff after the one-year trial period of the simplified certification process to evaluate the program and determine if any changes are necessary. However, if BellSouth, Verizon, or Sprint believe any changes are necessary during the course of this trial period, they shall notify our staff and OPC of any planned modifications to the simplified certification process 60 days prior to any modifications, unless extraordinary circumstances warrant less notification, and shall notify our staff and OPC 90 days prior to any planned cancellation of the simplified-certification process.

The proposals do not include the National School Lunch program and an income-based criterion of 135% of the Federal Poverty Level as additional eligibility criteria; however, the parties agree to revisit the issue of adding these additional criteria at the program review six months after the effective date of the tariffs implementing the simplified certification process, or earlier if the Supreme Court acts on the access rate reform cases. BellSouth, Verizon, and Sprint presently enroll Lifeline applicants based on an income-based criterion of 125% of the Federal Poverty Level. Should the Supreme Court uphold this Commission's Order on the access rate reform cases, BellSouth, Verizon, and Sprint have all previously agreed, in the access rate reform case dockets, to increase the eligibility criteria for income-based criterion to 135% of the Federal Poverty Level.

We hereby approve the BellSouth, Verizon, and Sprint proposed settlement agreements. BellSouth, Verizon, and Sprint shall file tariffs within 15 days of the issuance of this Order implementing the simplified certification process for a period of one year from the effective date of the tariff, which shall be 30 days after the filing. The instant docket shall be held in abeyance for a period of at least one year from the effective date of the tariffs. A review of the simplified certification process shall be held after six months from the effective date of the tariffs, or earlier if necessary. At the review, or when the Florida Supreme Court rules on consolidated Case Nos.

SC04-9, SC-04-10, and SC04-946 (the access rate reform cases), whichever is earlier, the parties shall revisit the issue of adding the National School Lunch Program and an income-based criterion of 135% of the Federal poverty level as additional eligibility criteria. BellSouth, Verizon, and Sprint shall commit to working with our staff and the OPC to include a school outreach effort in the Lifeline education program. BellSouth, Verizon, and Sprint shall notify our staff and OPC of any modifications to the simplified certification process 60 days prior to any modifications, unless extraordinary circumstances warrant less notification, and shall notify our staff and OPC 90 days prior to any cancellation of the simplified-certification process. This docket shall be kept open to monitor the Lifeline simplified certification process.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the BellSouth, Verizon, and Sprint proposed settlement agreements as set forth in the body of this Order are hereby approved. It is further

ORDERED that BellSouth, Verizon, and Sprint shall file tariffs within 15 days of the issuance of this Order implementing the simplified certification process for a period of one year from the effective date of the tariff, which shall be 30 days after the filing. It is further

ORDERED that this docket shall be held in abeyance for a period of at least one year from the effective date of the tariffs.

By ORDER of the Florida Public Service Commission this 8th day of February, 2005.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

AJT/KS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services 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 after the issuance of this order, 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.