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September 2, 2004

Braulio L. Baez, Chairman
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: **Comment in Lifeline Rulemaking Docket 040451**

Dear Chairman Baez:

FLORIDA LEGAL SERVICES represents low income Floridians. We appreciate the opportunity the Commission is providing to provide public comment in this Lifeline program rulemaking docket. Below we will address the big picture issue of how to better use the Lifeline and Linkup programs to provide telephone service to low income Florida households, and will address specific rule proposals and issues raised in this proceeding within that framework. We will gladly share any of the source material we have used for this comment with the Commission and with any interested party, and look forward to establishing a good working relationship to improve Lifeline and Linkup usage in Florida.

The low income Floridians we represent commonly are without telephone service. They cannot afford the upfront costs and recurring charges of basic monthly phone service; and are kept off of the Lifeline and Linkup programs by BellSouth, Verizon and Sprint. As a result, they and others in their households do not have telephone contact with their families; with their doctor when they need medical attention; with their law enforcement agency to report criminal activity or when they otherwise need officer assistance; with their social services worker when abuse occurs, their children are missing, or they need transportation or other services; or with their employer or school when they seek employment or education.

The available statistics inadequately portray the great absence of phone service among low income households. The statistics retain their pre-1984 orientation by measuring only whether a phone is in the home, as if the phone company still takes back the rented phone upon disconnection, not whether or how often the phone is in service, or how much service costs. BellSouth appears to have disconnected a quarter of a million Lifeline subscribers, or more, over the past decade, after the subscribers had already installed phones in their homes. Many of the disconnected have simply gone on without phone service; many others pay up to $60 a month, if not more, for intermittent and limited prepaid basic residential phone service, which today is five times more common in Florida than Lifeline subscribership. The national subscribership statistics show that about 20 percent of households with incomes below $10,000 a year, the only income group that is completely and unambiguously in poverty, have not put a phone in their homes at all. In my experience as a legal services attorney, generally only the small portion of clients who received federal public housing assistance were able to afford phone service.

The Lifeline and Linkup programs have been specifically created by the Federal Communications Commission to meet this need for telephone service. In 1998, the FCC adopted for these programs uniform default rules and a single nationwide payment mechanism. Since then, states in all parts of the country, except those served by BellSouth, have built upon these default rules and each other's successes to institute appropriately designed Lifeline/Linkup programs that are surging towards meeting, and in several states have already substantially met, the need of low income households for telephone service. Low income households in the deepest recesses of New England's backwoods; on the strapped family farms and in the spent factory towns of the Midwest; on the remotest outposts of windswept prairies and Indian reservations; and at the farthest reaches of the Alaska bush country are being provided terms for telephone service that they can afford; are being signed up in droves for Lifeline telephone service; and are being retained as subscribers.

Monopoly Bells, small rural carriers, cooperatives and wireless providers all are centrally involved in successful Lifeline and Linkup programs. Up-to-the-minute information on these programs' structure, operation and results is uniformly reported and is posted on the Internet. It takes some digging - the Lifeline program information on the website of USAC, the program administrator, for example, appears to have been provided by central office phone company staff, and usually is incomplete and on occasion even inaccurate - but in short order its now a straightforward matter to identify which Lifeline/Linkup programs are succeeding, and how they are doing it. The tired old opinion-laden excuses of Florida ILECs for their intransigence towards low income subscribers no longer can wash or be accepted.

The measure of a Lifeline program is the percentage of households in poverty who are on it. We could not find any satisfactory existing survey of this relationship for different states, so we created one for this comment, attached as Table 1. Most descriptions of Lifeline programs focus on rates of change in Lifeline subscribership, which means little by itself. Increasing subscribership from 3 to 6 percent of households in poverty is of no consequence; an increase from 30 to 60 percent is a major interim achievement. Those surveys that relate Lifeline to the poverty population don't plausibly estimate actual households in poverty, using instead (a) whatever data on benefits recipients that state agencies provide (NARUC 2000); (b) medicaid recipients divided by median household size (USAC 2001); (c) state-determined income eligibility levels for LIHEAP, a non-entitlement program (NCLC 2002); and even (d) wholly undocumented guesses of the prevalence of low income households (FCC staff 2004). The least plausible study of this relationship was done for California in 2001 by Field Research Corporation under contract to Verizon and SBC Pacific Bell, using data from an earlier survey conducted by Field at the direction of the California PUC in D.91-07-056. Field used only its survey response data on income and telephone usage to generate guesses of California households eligible for Lifeline and those who subscribe to the program. Verizon and SBC Pacific Bell particularly liked the Field surmises – as many as 3.5 million Lifeline subscribers in California, only 2 million of them eligible for the program – and these companies, and other ILECs, have eagerly spread the word about the exercise, but the Field calculations on the California Lifeline program are nonsense nonetheless.

What we use in the following Table 1 instead are the best available data on actual households in poverty. As explained more fully in the table's footnotes, we use Census data on the number of households with incomes below 125 % of the poverty level, increased by 10% to include households with individualized circumstances that are generally be considered to place households' incomes within poverty program limitations. States that choose to include additional very low income households within their Lifeline programs (the very low income standard of housing programs, one half or 60 percent of the median income, actually is as much as twice the poverty level and then some) have their households in poverty estimates adjusted upwards accordingly, so that the measure of effectiveness of the Lifeline program is not affected by the additional very low income households included. California's Lifeline program has its own specific income criteria that has never been appropriately estimated before, and is shown using census data on households and their income to yield an eligible population about 5 percent larger than its subscribership. Each adjustment is explained and justified in the table footnotes. The Lifeline subscriber information used for Table 1 is for the first quarter of 2004, taken from the appropriate appendix of the fourth quarter 2004 USAC reports that have been submitted and posted on the USAC web site.

Table 1 presents only the resulting whole number ratio between Lifeline subscribers and households in poverty, in the belief that this simple measure contains by far the most important and useful information. It is a measure of the proportion of the households in poverty in a state that are on the Lifeline programs in the state. The states that have a proportion of at least 20 percent are presented in rank order, followed by Florida. The national average, represented in the table, is 32 percent; Florida's is 13. Accompanying the ratio for each state is a summary of any significant change in the ratio over time, in order to see the current dynamic of the state's Lifeline susbcribership; and a listing of the 2003 Lifeline reimbursement distribution shares of Lifeline-eligible telecommunications carriers (ETCs) that are at least 10 percent of the state total, in order to see which phone companies are predominantly involved in providing Lifeline assistance within the state. The distribution total include those made under the enhanced Lifeline program for tribal lands including Indian reservations. These distributions are made to a significant extent to wireless carriers, who can draw down the basic rate to $1 per month, but who on the other hand don't charge or get reimbursed for subscriber line charges, so the total Lifeline distributions per customer for these companies are greater than for wireline carriers, but only moderately so. There are many instances of great success with tribal lands wireless programs. Arizona's Lifeline subscribership rate increased from 12 to 32 percent in less than three years, based mostly on CellularOne's wireless Lifeline program on tribal lands, at a time when the incumbent state Bell's Lifeline program was stagnant or even declined.

The most effective state Lifeline programs share little in common with respect to geography, size, population, or politics. The top five states are California, Alaska, Maine, Rhode Island and Oklahoma. Fifteen more states have Lifeline subscriber ratios at least twice that of Florida. California, and Maine with some recent rescission, achieved near equivalence between its Lifeline subscribership and eligible households in poverty over a course of about 10 years since program inception. Alaska is close to achieving this level of equivalence in about half as long by using the FCC default Lifeline rules; aggressive outreach by phone companies; and reducing upfront costs for Lifeline subscribers to a bare minimum. Other leading states are barreling along toward this level at similar rates. The local Bell draws down almost all Lifeline reimbursements in some states, while wireless carriers predominate in others. Most of the leading states still use only program participation as an eligiblity criteria, although a number are considering adding an income standard, especially in light of the 2004 FCC Lifeline program order, FCC Order 04-87. In these states, phone companies often offer several Lifeline and

Linkup programs simultaneously. BellSouth is absent from all of the leading states, and Verizon, created only in 2000, inherited a lot of the leading Lifeline programs, and is reducing its Lifeline subscribership in all of these states except New Jersey, where the company agreed to Lifeline program enhancements in exchange for support for deregulating its phone rates. SBC and Qwest regularly show up in Table 1; Sprint does in Nevada and, as a secondary player in one other state.

What the leading programs do share is some combination of three features, summarized in Table 2, that should be at the center of the Commission's consideration of changes to Lifeline programs in Florida. First, and central to increasing enrollment in any Lifeline program, *all* of the leading state Lifeline programs provide that certification and recertication is not managed or otherwise controlled by the phone companies. Instead, the leading programs either:

(a) utilize sworn subscriber certification, including over the Internet. Subscriber cerrification is the procedure provided for in FCC Lifeline default rule 47 C.F.R. 54 Sec. 409, and is the de facto industry standard, being employed in California and Texas, among other states, and required by the FCC as part of one of the conditions for merger approval to be offered by SBC and Verizon for program-based eligibility wherever they offer phone service. SBC generally has complied with this merger condition; Verizon has not; or

(b) have the certification/recertification process managed by a statewide social service agency, through automatic enrollment or other agency managed processes, rather than by the phone companies.

Phone companies have no expertise, competence, or even recognizable business interest in managing Lifeline certification programs, and uniformly their involvement merely drives down Lifeline subscribership. Part of the problem is phone companies' misuse of, or, in other cases, lack of understanding of eligibility criteria. Lifeline subscribers participate in a benefits program, as described in the FCC Lifeline rules, for example, whenever they are part of a household that has been certified as income eligible for the program. Some programs do not provide benefits on a monthly basis, LIHEAP, for example, and many other programs provide benefits on behalf of a specific member of that household who may be a child, disabled, or otherwise is not the Lifeline subscriber. Sometimes the benefits recipient is late in turning in a required program form, or the agency temporarily does not have access to all of its recipient data. Lifeline subscribers' household income is below a specified level based on their *current* income, which involves not just tax returns -- many low income households don't even submit one because they have no tax payment obligation -- but rather a nuanced assessment of their present income situation. The 2004 FCC order and new Lifeline rules, in addressing phone company participation in certification, requires only that the phone companies keep records of the documentation provided, including sworn statements when provided for by state requirements or FCC rule, not that they necessarily make substantive eligibility decisions.

The second feature most of the leading state Lifeline programs share, and all of those that attain subscribership rates significantly above the national average, is lowered upfront costs for a Lifeline eligible household to obtain telephone service, and timely notification of the household of its eligibility for these benefits. Deposit requirements generally are waived, and connection costs are eliminated or limited to very low levels. Deposit waiver only in the case of toll-blocking hsa proved to be ineffective by itself, due to the prevalence of toll calls even within communities, and inconsistent notification of this option. Deferred payment plans of up to twelve months are used to pay off any past due bills. All applicants for residential service are notified of Lifeline and Linkup when they apply for service in several of the leading states, to great effect. New Mexico has Lifeline subscribership over twice that of Florida with this program enhancement and little else. States with automatic enrollment or other social service agency notification procedures notify households of their Lifeline eligible when they are accepted as public benefits recipients, or directly enroll the recipients in the Lifeline program. It matters greatly when Lifeline/Linkup eligibility information is provided. In the application process the information often is acted upon; in advertisements, public meetings, notices and brochures, much less frequently so. The combination of subscriber certification and/or timely notification of eligibility, and removal of upfront costs, is the near universal formula that has been used by states to create effective Lifeline programs. The state that has the best policies for easy connection to Lifeline is California, which each year has well over half of the nation's Linkup program participants, and should be the state Florida emulates in this regard if increased subscribership among those currently without service, and associated increased use of Linkup, is sought.

The third feature of the most successful Lifeline programs are protections against the disconnection of Lifeline subscribers. Management of the certification process by a benefits agency, or through sworn subscriber certifications, protects Lifeline subscribers against phone company discontinuances of Lifeline or even disconnection based on the companies' determinations of program eligibility. Low or waived upfront costs prevent later bill payment problems; twelve month deferred payment plans often can keep monthly payments of Lifeline subscribers within manageable limits. CellularOne eliminated bill payment issues for its wireless Lifeline service on Arizona reservations by offering a new service without any back bills, and charging $25 upfront for 25 months of wireless service. Rhode Island has achieved and maintained one of the nation's highest Lifeline subscriber levels in large part due to the strong disconnection protections in its telecommunications rules. The protections are effective because they are specific and impose concrete obligations on the regulated phone company. South Dakota also has strong rules. Maine used to have similar rules, but they have recently been weakened.

Recommendations for Florida

Florida Statutes, at Section 364.10, make clear that only the Public Counsel certifies and recertifies Lifeline subscribers for income-based eligibility. This needs to be reduced to rule because some phone companies have been engaging in further certification activities to no purpose but preventing the applicants from participating in the Lifeline program. Section 364.10 is a perfectly adequate state certification procedure for purposes of the FCC's new Lifeline rules. The rule proposed by Public Counsel in this proceeding is a start in the right direction but is not adequate or appropriate in itself.

For program-based eligibility, we recommend that the Commission adopt the default FCC Lifeline rule, in 47 CFR Part 54.409, providing for sworn subscriber certification at this time, and direct by rule that an automatic enrollment process be created. Carrier-managed program-based eligibility certification is a known disaster; and the phone companies, despite the Commission's encouragement and even a Legislative funding allocation, have not endeavored to establish an automatic enrollment process or other agency-managed process for Florida. Because there is no additional state universal service fee in Florida like there is in other states, the interests of Florida ratepayers are aligned more closely with states that do not mandate Lifeline support, for which sworn subscriber certification is required by Part 54.409. Sworn self-certification is the surest and quickest certification process to achieving Lifeline subscribership approaching national levels, and low income households have been kept off of Lifeline too long by Florida's phone companies. It is wrong to ask them to wait any longer, or to ask them to receive less of a Lifeline benefit for following the FCC rule and industry standard. Our assessment is that Verizon is required by Condition 18 of the FCC order approving its existence to offer self-certification as part of an enhanced Lifeline program in all its states, and in a state such as Florida where no preapproval by the Commission is necessary, to do so by a tariff for a complying enhanced Lifeline program. It has failed to do so. The ILECs will then be properly motivated by the self-certification procedure to seek and to cooperate to obtain automatic enrollment in Florida, and low income households will not have to wait on the phone companies to receive Lifeline benefits.

To make starting up phone service affordable for low income Floridians, the Commission also needs to adopt rules for Lifeline programs that provide for notification of Lifeline and Linkup when applying for phone service; general deposit waivers for starting service; connection costs kept to no more than a small sum; and for past due debts deferred payment options of twelve months and even waiver of the past due debts relating to previous disconnection of service. Protection against disconnection is just as important. Reasonable certification procedures, low startup costs, and manageable bill payment options offer significant protections, but formal disconnection protections by rule, such as Rhode Island has, offer further needed protections. The 135% of poverty income standard and the additional qualifying programs also should be approved, along with participation in any other income based program indicating very low income.

These recommendations are included in an attached proposed rule that can serve as starting point for meeting many of these concerns. The rule is based upon California's General Order 153, and the rules of Maine and Rhode Island for Lifeline customers and for telecommunications customers in general. We also recommend looking at the FCC default rules for Lifeline and Linkup, 47 CFR Part 54, Subpart E; the Lifeline rules of Texas, and for drafting language the Lifeline statutes of Nevada and Washington; and the state commission documents and Lifeline programs and of the principal phone companies of the leading state Lifeline programs; and talking about the successful state Lifeline programs with your colleagues in those states. We believe that you will find that your colleagues are greatly excited by the success of their programs and the ease of their operation, and would be very happy to assist Florida in our efforts.

It is vitally important that the Commission support Lifeline and Linkup initiatives for the full range of carriers that provide affordable residential service in Florida, not just incumbent local exchange companies. Prepaid phone service generally is not affordable, so allowing these companies to offer a Lifeline or Linkup discount would be inappropriate. It would only assist those companies and will not increase low income phone service in Florida. The Commission also should make the provision of Lifeline and Linkup a service standard for ETCs in Florida. In this way the Commission can stay involved in these programs' oversight and better assure their success. A reasonable numerical standard for the Commission to use in assessing whether periodic investigation of the program is warranted is a standard that the Lifeline programs serve an additional 10 percent of the households in poverty of the ETC's share of its service area each year, until, after about 10 years, Lifeline subscriber-ship become approximately equivalent to the number of these households.

We thank the Commission for its interest in this vital issue to low income Floridians, and look forward to working with the Commission and all interested parties to achieve a stellar state Lifeline program.

Respectfully submitted,

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Table 1. States With Ratio of Lifeline Subscribers to Households in Poverty of at Least 20 Percent, and Florida, 2004 1Q

	2004 1Q lifeline subscribers/ households in poverty[1]	Change over time	2003 lifeline distributions shares in state ≥10%
California[2]	95	Reached current level in 1996	SBC 71; Verizon 27
Alaska[3]	89	Up from 12 in 1999	Alaska Comm Sys 36; United Utils 22; Matanuska Coop 14
Maine	79	Down from 90 in 2002	Verizon 84
Rhode Island	56	Down from 64 in 2000	Verizon 99
Oklahoma	52	Up from 6 in 2000	SBC 77
Vermont[4]	50	Down from 62 in 2001	Verizon 82
South Dakota	48	Up from 7 in 1997	CellularOne 41; Golden West 22; Qwest 17
North Dakota[5]	42	Up from 13 in 1997	Qwest 34; United/Turtle Mountain 12; West River Coop 11
Massachusetts	37	Down from 46 in 2002	Verizon 100
Washington	34	Up from 18 in 1999	Qwest 54; Verizon 20; US Cellular 13
Connecticut	34	Down from 41 in 2000	Verizon 100
Texas	33	Up from 17 in 2000	SBC 81
Idaho	32	Up from 8 in 1998	Qwest 70; Verizon 16
United States	32		
New Mexico	31	Up from 23 in 2001	Qwest 70
Nevada[6]	31	Up from 7 in 1999	Sprint 65; SBC 31
Ohio[7]	31	Up from 8 in 1998	SBC 58; Verizon 19; Cincinnati Bell 15
Arizona	32	Up from 12 in 2001	CellularOne 75; Qwest 12
New Jersey	28	Up from 10 in 2002	Verizon 99
New York[8]	27	Down from 49 in 1996	Verizon 90
Iowa	27	Up from 11 in 2002	Qwest 56; Iowa Telecom 18
Wisconsin[9]	22	Was 17 in 1991	SBC 67; Sprint 12
Montana	21	Up from 10 in 1998	Qwest 49; Nemont Telephone Cooperative 23
Florida	13	Was 12 in 1996	BellSouth 71; Verizon 15; Sprint 10

1. The Lifeline subscriber totals for each state are from Appendix LI08 of the 4Q2004 USAC FCC filing, available from the USAC web site. FCC rules and orders make clear that the households in poverty for each state is the appropriate target for Lifeline/Linkup programs, regardless of the particular criteria chosen in different states to implement the program. Households in poverty are derived from the best available information, and are calculated, unless otherwise noted, as:

(1) those households with income below 125 percent of the poverty level, the generally accepted income criteria for non-housing related poverty assistance programs, derived from the midpoint of the number of households with income below 100 percent of the poverty level, and below 150 percent of the poverty level, both reported in the 2000 Census and available from the American Factfinder of the Census Bureau web site; and

(2) increased by 10% to account for additional very low income households that are generally considered to have incomes within poverty program limits due to household-specific factors, such as, for example, emergency circumstances; recent changes in household composition or income; qualification for medicaid based upon a specified disability; and qualification for public housing assistance based upon residence in a particularly high-cost area.

All of the 2004 calculations of households in poverty in the table that are based upon 2000 Census data are increased by 5.2% to account for the increase in the number of households from 2000 to 2004. 5.2% is the percent increase in US population between 2000 and 2004 according to the Current Population Survey's 2000 and 2004 Annual Supplements. State poverty level information is published annually from the CPS Annual Supplement data, but is compiled for population, not for households. Further, for practically all states, annual changes in estimates such as poverty level or population are considered to be statistically unreliable, due to insufficient sample size.

Some states have chosen to provide Lifeline/Linkup benefits to additional very low income households beyond those covered by the above definition. These states are noted individually, and their "households in poverty" estimates are adjusted proportionately based upon the estimated additional eligible households. Their resulting ratios thus continue to reasonably represent the percentage of households in poverty of the state who subscribe to lifeline, and states do not gain an advantage in the ratio calculation by adding additional groups to Lifeline coverage.

2. For Lifeline/Linkup eligibility, California uses its own income criteria as determined by the state's PUC pursuant to state law, and does not use participation in benefits programs. Further, since 2001 financially eligible disabled households have been allowed to have two phones covered under the program if medically necessary. CPUC General Order 153. For 20041Q, the income criteria, available from the CPUC web site, was $19,600 for a household of 1 or 2; $23,200 for a household of 3; and then $4600 for each additional household member. The number of eligible households for 2004 can be simply and straight-forwardly counted, by first obtaining data on California households by household size from the 2000 census; adjusted per footnote 1 above to account for population growth; and then, for each household size, determining the proportion of households who would be eligible for the Lifeline/Linkup program, using the 2004 CPS Annual Supplement's Table HINC-01, Selected Characteristics of Households, by Total Money Income in 2003, which has, on a national basis, income brackets of $2,500 for every household size. The brackets used are up to $19,999 for a household of 1 or 2; up to $22,499 for a household of 3; and then brackets of up to $27,499; $32,499; $37,499; and $42,499 for households of 4 to 7 or more. Use of the national household income data is likely to yield a conservative estimate of California households eligible for Lifeline/Linkup because each year, the proportion of households with incomes below the poverty level; between 100% and 125% of the poverty level; and between 125% and 150% of the poverty level, actually is lower nationally than in California; and the use of the data further is reasonable because national data will to a significant extent reflect California data, since over 10% of all households reside in California. Adding a small estimate of the number of disabled households entitled to two covered phones, 50,000, yields a calculation for California in 20041Q of 3,125,304 households eligible for Lifeline/Linkup, compared with 2,976,989 reported Lifeline subscribers.

3. Alaska allows participation in *any* means tested benefits program to be a basis for Lifeline/Linkup eligibility, which increases the pool of eligible low income households moderately over the FCC baseline standard, by including as bases for Lifeline/Linkup eligibility such programs as, for example, certain disability, down payment and educational assistance programs. This expanded pool is accounted for in the households in poverty estimate by using the number of households with incomes below 150% of the federal poverty level, instead of the calculation of footnote 1.

4. Vermont uses both program eligibility and an income-based standard of 150% of the federal poverty level (175% for elderly) for the Lifeline/Linkup program. This expanded pool thus is accounted for in the households in poverty estimate by using the number of households with incomes below 150% of the federal poverty level, rather than the midpoint calculation of step (1) of footnote 1.

5. North Dakota uses an income based criteria for Lifeline/Linkup eligibility on tribal lands of 195% of the poverty level. This would add an estimated additional 10% to the number of households eligible for Lifeline/Linkup in North Dakota (16% of all state Lifeline subscribers are from tribal lands), so in step (2) of footnote 1, a 20% adjustment is used, rather than 10%.

6. Nevada, per statute and rules, uses an income standard of 150% of the federal poverty level, which may be shown either by certification of income, or participation in one of the usual low income programs. This expanded pool thus is accounted for in the households in poverty estimate by using the number of households with incomes below 150% of the federal poverty level, instead of the calculation of footnote 1.

7. Ohio uses both program eligibility and an income-based standard of 150% of the federal poverty level for the Lifeline/Linkup program. *See*, the Ohio Consumer's Counsel's current "Telephone Lifeline Programs in Ohio." This expanded pool thus is accounted for in the households in poverty estimate by using the number of households with incomes below 150% of the federal poverty level, rather than the midpoint calculation of step (1) of footnote 1.

8. New York uses its LIHEAP program, HEAP, as a basis for Lifeline/Linkup eligiblity. HEAP uses as its income criteria 60% of state median income, the standard used for a very low income household for many housing development programs, that works out to a little more than twice the federal poverty level, and while LIHEAP is a state grant rather than an entitlement program, HEAP provides assistance to about 800,000 New York households a year. Those income-eligible households that participate in poverty assistance programs get preferential treatment for HEAP benefits, but still, use of HEAP eligibility does increase the pool of households eligible for Lifeline/Linkup over the standard set, by my estimate by perhaps 100,000 to 200,000 households. This expanded pool is accounted for in the households in poverty estimate by using the number of households with incomes below 150% of the federal poverty level, instead of the calculation of footnote 1.

9. Wisconsin allows participation in two state means-tested programs in lieu of public housing, the Homestead Tax Credit Program, income below $24,500, about 200,000 households a year; and Badger Care, a health insurance program enrolling about 70,000 households a year, income below 185% of the poverty level. Compared with public housing, these programs might make perhaps 25,000 additional households eligible for Lifeline/Linkup. This expanded pool is accounted for in the households in poverty estimate by using the number of households with incomes below 150% of the federal poverty level, instead of the calculation of footnote 1.

Table 2. Program Characteristics of States With Ratio of Lifeline Subscribers to Households in Poverty of at Least 20 Percent, and Florida, 2004 1Q

	2004 1Q lifeline subscribers/ households in poverty	Certification management	Lowered Upfront Costs and Timely Notification	Disconnection Protection
California	**95**	Subscriber certification	Both	In other program procedures
Alaska	**89**	Subscriber certification	Low upfront costs	In other program procedures
Maine	**79**	Agency managed	Timely notification	Formerly, now limited
Rhode Island	**56**	Agency managed	Both	Yes except for recertification
Oklahoma	**52**	Subscriber certification	Low upfront costs	In other program procedures
Vermont	**50**	Agency managed	Timely notification	In certification procedure
South Dakota	**48**	Agency managed/subs. cert (tribal)	Both on tribal lands	Yes
North Dakota	**42**	Agency managed/subs. cert (tribal)	Both on tribal lands	No known protection
Massachusetts	**37**	Agency managed (LIHEAP)	Formally; now neither	Formally, now limited
Washington	**34**	Automatic enrollment	Both	In other program procedures
Connecticut	**34**	Independent administrator	Timely notification	In certification procedure
Texas	**33**	Automatic enrollment/self-certif.	Low upfront costs	In other program procedures
Idaho	**32**	Agency managed	Neither	In certification procedure
United States (FCC)	**32**	Subscriber certification	For tribal lifeline	In certification procedure
New Mexico	**31**	Agency managed	Timely notification	In certification procedure
Nevada	**31**	Automatic enrollment	Both	In other program procedures
Ohio	**31**	Automatic enrollment	Both	In other program procedures
Arizona	**32**	Agency managed/self-cert.(tribal)	Both on tribal lands	Yes on tribal lands
New Jersey	**28**	Automatic enrollment	Timely notification	No known protection
New York	**27**	Limited automatic enrollment	Both	Formally, now limited
Iowa	**27**	Agency managed (LIHEAP)	Neither	In certification procedure
Wisconsin	**22**	Agency managed/self-cerification	Low upfront costs	No known protection
Montana	**21**	Agency managed	Neither	No known protection
Florida	**13**	Phone company managed	Neither	No protection

DRAFT LIFELINE RULES

(a) **Program design and eligibility.** Lifeline programs, including both the federally defined Lifeline and Linkup programs, shall be designed to maximize participation in the programs. Lifeline service shall be provided by certified eligible telecommunications carriers to any customer or potential customer whose current household income is no more than 135 percent of the federal poverty level, or whose household includes a member that receives federal or state benefits based upon household income.

(b) **Outreach and automatic enrollment of public benefits recipients.** Local exchange telecommunications companies are required to actively participate in statewide outreach designed to increase the participation of low-income persons in Lifeline programs, and to provide automatic, computerized enrollment to recipients of public benefits included within Lifeline eligibility that is available for use to state public assistance agencies, and to company personnel or agents who receive applications for service or provide customer service to existing customers. State public assistance agencies shall at application and recertification enroll their benefits recipients who receive a Lifeline-qualifying benefit in an available Lifeline program, once computerized enrollment is available, and shall work cooperatively with the commission and local exchange telecommunications companies to increase Lifeline program participation.

(c) **Notification and procedure for certification.**

(1) Enrollment based upon qualifying public benefit program participation shall be by self-certification. "Participation" means being in a household that receives the qualifying public benefit.

(2) Local exchange telecommunications companies shall provide notification of the availability of the Lifeline program, and describe the program and its qualification requirements:

(A) At application, to all potential customers who contact the company to establish or reestablish residential local service. If a potential or current customer indicates interest in subscribing to the program, the company shall inform the person about program eligibility criteria, and ask the potential or current customer if he or she meets program criteria, without the person having to disclose his specific household income level. If a potential or current customer so verbally certifies that he or she is eligible to participate in the program, the company shall immediately enroll the person into the program and provide the person a certification form. Customers who are enrolled in a Lifeline program based upon their verbal certification must submit to the Office of Public Counsel, if based on income, or to the phone company, if based upon program participation, a signed certification form within 30 days of receipt of the form to remain in the program; and

(B) Annually to all the company's residential customers. The notice shall contain information about the availability, terms, benefits, and conditions of the program; the need for program participants to annually recertify eligibility; and a tear-out postcard or other tear-out certification form. Lifeline participants must annually recertify their eligibility by signing and returning the form to the Office of Public Counsel, if based on income, or to the phone company, if based upon program participation..

(d) **Forms.** The self-certification forms described in subparagraph (c) for certification and recertification for Lifeline enrollees based upon income shall be designed by the Office of Public Counsel.

(e) **Conditions on program participation.** Local exchange telecommunications companies shall not condition connection or restoration of service for, or enrollment in Lifeline programs upon the purchase of other services; or upon payment of, or agreement to pay past due charges other than for residential basic local telecommunications service. Applicants for service who are eligible for Lifeline based upon income or benefit program participation who owe the telecommunications company past due charges for residential basic local telecommunications service shall be provided service and enrolled in the Lifeline program, and billed for the past due charges in installment plans of twelve months, as provided in subparagraph (h).

(f) **Limitation on connection fees.** Local exchange telecommunications companies may not charge customers or applicants for service who are eligible for Lifeline based upon income or benefit program participation, however the charges may be designated, more than $10, after the Link-Up subsidy, to connect, restore, or convert telecommunications service.

(g) **Deposits.** Local exchange telecommunications companies may not require Lifeline customers, or applicants for service who are eligible for Lifeline based upon income or benefit program participation, to post a deposit.

(h) **Past due charges.** Local exchange telecommunications companies shall bill Lifeline customers, and applicants for Lifeline who are eligible for Lifeline based upon income or benefit program participation, for past due charges in installment plans of twelve months, including those charges owed by applicants for service from their failure to complete a prior payment plan. Lifeline customers and applicants shall not be assessed service fees for installment payments, and shall be permitted to prepay installment payments without charge. Customers paying under installment plans who are discontinued from the Lifeline program shall be permitted to continue to make payments under their installment plans.

(i) **Disconnection procedures.**

(1) A Lifeline customer shall not be scheduled for disconnection or disconnected for nonpayment of charges except for charges for residential basic local telecommunications service, as provided in s. 364.604(4), F.S., and shall further not be scheduled for disconnection or disconnected unless these charges are at least 30 days past due, and the total amount for all charges owed exceeds $50. A Lifeline customer shall not be scheduled for disconnection or disconnected who can make reasonable partial payments pursuant to a twelve month installment plan; or who has a personal or medical emergency which is communicated to the service provider. A personal emergency includes, but is not limited to a situation where the primary wage earner has left the customer's household.

(2) Payments by Lifeline customers shall be applied first to charges for residential basic local telecommunications service.

(3) A Lifeline customer, and a person designated by the customer, shall be notified in writing of a scheduled disconnection of service for failure to pay charges at least 15 days prior to the scheduled disconnection. The notice shall include the amount owed for residential basic

service; and instructions for payment and excuse of payment, including a non-toll phone number to call to make arrangements to pay the amount owed on a twelve month installment plan, and to indicate the presence of an emergency situation that would preclude termination.