STATE OF CALIFORNIA Edmund G. Brown Jr., *Governor*



PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

October 28, 2016

To: California LifeLine Service Providers

**SUBJECT: NOTICE OF SPECIFIC SUPPORT CALCULATION FOR 2017**

This letter is to inform all California LifeLine Service Providers of the new Specific Support Amount, effective January 1, 2017.

**Background**

In Decision (D.) 10-11-033, adopted November 19, 2010, the Commission established a new California LifeLine subsidy methodology and claim system for California LifeLine service providers. For every subscriber reported by the California LifeLine administrator, each California LifeLine service provider receives a subsidy up to the Specific Support Amount (SSA).

D.10-11-033, Ordering Paragraph (OP) 6, provides the California LifeLine SSA calculation methodology. The SSA would be calculated by taking 55% of the highest basic flat rate of the Carriers of Last Resort (COLRs) as reported to the Commission on August 1st of the previous year, which would become effective January 1st of the following year. Resolution T-17321, issued September 22, 2011, revised General Order 153 (effective December 1, 2011) to incorporate changes necessary to implement the SSA methodology adopted by D.10-11-033.

The four largest Uniform Regulatory Framework (URF) COLRs in 2011 were AT&T, Verizon, SureWest, and Frontier. The initial SSA that became effective from the implementation date of D.10-11-033 until December 31, 2011, was $11.50. For 2012, the SSA amount was determined by Resolution T-17337 to be $11.50.

In D.14-01-036, OP 6 and OP 8 capped the SSA for wireline and qualifying wireless telephone plans with 1,000 or more voice minutes at $12.65 from January 1, 2014 through June 30, 2015. However, pursuant to D.10-11-033 and GO 153, Section 8.5.2, the Communications Division is only authorized to reset the SSA annually, effective January 1 of each year, at 55% of the highest reported URF COLR rate, rounded to the nearest $0.05. Thus, from July 1, 2015 through December 31, 2015, the SSA remained at $12.65. For 2016, the SSA amount is currently $13.20.

On December 9, 2015, the Commission issued D.15-12-005 approving Application 15-03-005[[1]](#footnote-1) for the transfer of Verizon California’s assets and operating franchise to Frontier. Verizon California, Inc. became Frontier California Inc. effective April 1, 2016. For 2017, the SSA is calculated as follows:

**Calculation**

The four largest URF COLRs reported their highest basic flat service rates effective July 31, 2015, as follows:

AT&T California $25.00

Frontier California Inc. $22.00

Frontier Communications of the Southwest Inc. $21.50

Consolidated Communications of California Company $21.99

Of the four, AT&T’s rate of $25.00 represented the highest basic flat rate service amount. Therefore, using the formula given in D.10-11-033 and GO 153, the SSA is computed as follows:

$25.00 x 55% = $13.750, rounded to $13.75 (the nearest $0.05)

As a result, for 2017, the SSA changes from $13.20 to $13.75. This change is effective for service provider claims for reimbursement for California LifeLine program participants receiving service from their service providers dating from January 1, 2017. Customer billing information must also be updated effective January 1. This includes not only the subsidy rate itself in the billing system, but the individual line-item disclosure required on monthly bills as set forth in D.10-11-033, OP 24.

Therefore, if the new SSA impacts either the California LifeLine service provider’s tariffs or schedule of rates and charges, then the service provider is required to file an advice letter reflecting the changes. Should the new SSA change result in a rate increase for customers, a customer notice is required, in accordance with disclosure requirements as set forth in General Order 153, Section 4.7. Hence, in this situation, California LifeLine service providers should submit a draft notice to the Commission’s Public Advisor’s Office for review at public.advisor@cpuc.ca.gov with a copy to Anna Jew at anna.jew@cpuc.ca.gov.

If you have any questions regarding this matter, please contact Anna Jew by phone at (415) 703-3087 or via e-mail at anna.jew@cpuc.ca.gov.

Sincerely,

/s/ Michael C. Amato

Michael C. Amato

Acting Director, Communications Division

1. In the Matter of the Joint Application of Frontier Communications Corporation, Frontier Communications of America, Inc. (U5429C), Verizon California, Inc. (U1002C), Verizon Long Distance LLC (U5732C), and Newco West Holdings LLC for Approval of Transfer of Control Over Verizon California, Inc. and Related Approval of Transfer of Assets and Certifications. [↑](#footnote-ref-1)