

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Response to this letter is due by February 27, 2015

February 12, 2015

To: All Local Exchange Companies, Competitive Local Carriers, or other Eligible Telecommunications Carriers that file claims on the California LifeLine Telephone Program (LifeLine) Fund for the California LifeLine Program

Subject: **Effective Date on Denials Global Issue**

In June 2012, California LifeLine Program (LifeLine) renewals (or verifications) were put on temporary hold and resumed in October, 2012 as "catch-up renewals". In 2013, LifeLine service providers discovered that the LifeLine Administrator (Administrator) sent some of the catch-up renewal denial decisions (or verification denials) in the return feeds with the anniversary date rather than the effective date. These records should have been sent with the effective date of the denial, since they were catch-up renewals being processed late. These effective date issues were later corrected by the Administrator in the service providers' Weighted Average Report (WAR). This situation may have resulted in service providers receiving reimbursement amounts greater than the discounts actually passed on to consumers¹.

The CPUC Communications Division would like to ensure that customers receive the appropriate credits due to these errors; however, neither the CPUC nor the Administrator has the means to issue credits or checks to individual consumers. Therefore, the CPUC will be directing service providers to either credit active customers or refund the LifeLine fund for any credit amounts due.

Each service provider has been provided a spreadsheet by the Administrator containing customer-specific data for customers affected by this issue. These spreadsheets list all customers originally affected by this issue, and as such may include customers who are no longer LifeLine participants, or consumers who are no longer active customers with that same service provider. The CPUC recognizes it would be cost prohibitive to request service providers to issue refund checks to consumers who are no longer that service provider's customer; therefore, service providers should issue credits directly to customers who are still active with the same service provider (whether or not the customer is a current LifeLine participant), but should issue a refund to the LifeLine fund for any customers due credits who are no longer active with that same service provider.

The CPUC therefore directs participating LifeLine service providers to do the following:

1. Provide the Communications Division a detailed estimate of the administrative cost reimbursement the service provider will seek from the CPUC in order to research and provide these credits.
 - a. Service providers should use the attached spreadsheet as a template for determining the administrative costs; however this spreadsheet does not need to be returned along with the initial administrative cost estimates.

¹ Please see the previously distributed memo dated October 9, 2014 concerning the Global Verification Denial issue for further details and example scenarios.

Service providers should not begin work on these credits until the Communications Division has approved, in writing, the service provider's estimated administrative costs. Once approval has been received, the service provide should then proceed to:

2. Analyze the affected customers in the Administrator-provided spreadsheet to determine
 - a. Which, if any, customers still active with the same service provider are due a credit, and
 - b. What, if any, credit is due to the LifeLine fund for customers no longer active with the same service provider.
3. Provide the Communications Division with an estimated timeline of how long it will take to complete this work.
4. Upon CPUC approval, process the appropriate credits and return the completed spreadsheet to CD (template attached) detailing all credits processed.

Service providers may claim the incremental LifeLine related costs incurred in processing these credits as a one-time implementation cost on Line 10 of the claim form. To prevent delay in the claim approval process, please include the title "Effective Date on Denials Global Issue" on the Commission Order on Line 10 of the claim form so that Communication Division staff can refer to the correct document. Service providers must also include a detailed explanation of the costs, including description of work done or labor hours required. Please provide the detailed explanation on the claim spreadsheet, under "description" on tab 10 of the claim form workbook.

The initial estimate identified in task #1 above should be submitted to: lifelineclaim@cpuc.ca.gov by February 27, 2015.

Thank you for your assistance and cooperation in resolving this issue.

If you have further questions about this request, or other California LifeLine related matters, please contact Anna Jew by phone at 415-703-3087 or by email at anna.jew@cpuc.ca.gov.

Sincerely,

/s/ JONATHAN LAKRITZ
Jonathan Lakritz, Program Manager
Communications Division

¹ Formerly known as Universal LifeLine Telephone Service (ULTS)

Memo



To: CPUC

From: Tom Burns
Program Manager
Xerox SES, BPS

Xerox SES, BPS
3237 Peacekeeper Way
Suite 205
McClellan, CA 95652

C: Xerox California LifeLine
Team

Date: 10/09/2014

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Subject: Global Verification Denial

Renewing Participants in the Catch-Up Renewal Process

In early 2013 some of the service providers brought to Xerox's attention a discrepancy in the return feed associated with the notification date of a renewing participant's denial and the effective date of the denial. The discrepancy showed a gap between the notification date and the effective date of the verification denials (VD; a.k.a Eligibility Decision) for renewing participants in the catch-up renewal process. In the return feed, Xerox used the anniversary date as the effective date of the VDs instead of the notification date. Communications Division's December 3, 2012 Administrative Letter^[1] (Admin Letter) required the notification date to serve as the effective date for the catch-up renewals.

Example of Effective Date Discrepancy

Renewal Anniversary Date:	September 1, 2012
Mailed Catch-Up Renewal Packet:	November 1, 2012
Received Catch-Up Renewal Form:	November 15, 2012
Mailed Catch-Up Correctable Renewal Packet:	November 17, 2012
Received Catch-Up Correctable Renewal Form:	December 1, 2012
Renewal Denial Notification Date:	December 3, 2012
Renewal Denial Effective Date:	September 1, 2012

Eligibility Decision = Verification Denial

Per some service providers' requests, Xerox researched this discrepancy issue further. Based on feedback received from AT&T, Xerox conducted its research in multiple parts and reviewed all the impacted service providers' respective archive folders. Additionally, Xerox reviewed whether the relevant Weighted Average Reports (WAR) reflected this aforementioned discrepancy. On August 21, 2013 Xerox provided the results of its research.

^[1] See [http://www.cpuc.ca.gov/NR/rdonlyres/678000F1-A606-4C38-9136-549AE4BC851E/0/CPUCCalifornia LifeLine Program Admininstrative Letter FINAL 120312.pdf](http://www.cpuc.ca.gov/NR/rdonlyres/678000F1-A606-4C38-9136-549AE4BC851E/0/CPUCCalifornia%20LifeLine%20Program%20Admininstrative%20Letter%20FINAL%20312.pdf).

Results of Research

- A. One part of the research was regarding the VDs for renewing participants in the catch-up renewal process. After Xerox compared the information in the return files with the relevant WARs, Xerox determined that the WARs accurately used the notification date as the effective date of the VDs consistent with the Resolution and Admin Letter. Therefore, the relevant WARs did not reflect any discrepancies.

Example of WAR Data

Utilizing the example dates as above, the data in the WAR reflected the following:

Renewal Anniversary Date:	September 1, 2012
Notification Date:	December 3, 2012
Effective Date:	December 3, 2012

Consequently, the WAR enabled service providers to receive reimbursements between the Anniversary Date and the Notification Date.

Moreover, if the service providers used the information in the return feeds with the discrepancy issue described above instead of the WARs when calculating the discounts to give to consumers, then it is possible for the service providers to have received reimbursement amounts of which were greater than the discounts actually passed on to consumers.

Xerox provided the accurate reimbursement amounts and data in the WARs. As such, service providers were responsible for crediting their consumers consistently based on the WARs.

- B. Another part of the research involved discrepancies in records of which fell under more complex scenarios and did affect the WARs. Xerox provided a comments field for these 2,371 impacted records detailing an explanation for each record. Xerox found there to be various reasons for discrepancies between consumers' notification/effective date in the daily return feed and the WAR. Most of the instances related to multiple notifications from the service provider requests and to correction issues related to transition from the legacy enrollment system to the current production system.

After closer evaluation of the number of consumers that might be affected by these more complicated scenarios, and by removing all the discrepancies involving a gap of less than 5 days between the effective and notification dates, Xerox did not have any issues left of

which required service providers to conduct further review or take any additional action.

A summary of all the discrepancies created by the VD issue is provided in Table 1. A summary of all the Phase 1 discrepancies greater than 5 days is provided in Table 2.

Events Timeline

04/09/13 - Xerox identified an issue with the reported effective date on verification denial records. There was a gap between the notification date and the effective date of the denial.

08/21/13 - Xerox posted the results of its research into the impacted service providers' respective archive folders.

09/13/13 - Xerox provided feedback from the service providers to the CPUC concerning the additional analysis. The CPUC started drafting an administrative letter.

03/19/14 - Xerox provided a list of consumers that were still active with the same service providers to the CPUC.

07/01/14 - CPUC sent out the draft administrative letter.

Table 1: All Discrepancies

OCN	Number of Consumers	Number of days
2318	1	-1
5728	1	-7
6946	2	-27
2321	2	-2
2301	2	-2
2323	3	-3
2342	3	-4
2339	5	-17
2343	6	-28
4280	6	-319
2311	8	-15
2344	9	-21
863C	10	-10
5969	12	-56
3402	15	-51
2315	20	-61
8881	22	-60
2324	23	-70
863F	24	-265
119E	31	-55
6059	32	-68
5782	38	-144
2338	44	-77
5253	54	-99
111B	80	-219
2308	88	-285
0822	186	-1264
049C	200	-789
5684	486	-2042
2595	487	-1725
2319	2617	-7887
175D	4393	-6158
9740	6977	-22182
Total:	15887	-44013

Table 2: Phase 1 Discrepancies Greater than 5 Days

OCN	Number of Consumers	Number of days
2311	1	-7
2339	1	-12
5728	1	-7
8881	1	-26
5969	2	-41
6059	2	-25
6946	2	-27
2343	2	-19
2344	2	-13
2324	2	-42
2338	3	-32
3402	3	-35
2315	3	-40
119E	3	-21
5253	4	-36
4280	5	-318
5782	7	-110
111B	12	-127
2308	13	-187
863F	15	-251
049C	16	-580
0822	58	-1092
2595	67	-1189
175D	71	-1765
5684	86	-1566
2319	325	-5061
9740	901	-15277
Total:	1608	-27906

