



WELCOME!

California LifeLine Program

Workshop Day 2

April 26, 2016

9 a.m. to 5 p.m.



California **LIFELINE** program

California LifeLine Team
April 25-26, 2016
www.californialifeline.com





Actual Expenses for Reimbursing Non-Recurring Charges (Fiscal Years 2013-2014 and 2014-2015)

- Reimbursements of non-recurring charges to California LifeLine wireline comprised **about 1%** of all actual California LifeLine wireline expenditures
 - Reimbursements of non-recurring charges to California LifeLine wireless comprised **about 45%** in Fiscal Year 2014-2015 all actual California LifeLine wireless expenditures
 - Reimbursements of non-recurring charges to California LifeLine wireless for Fiscal Year 2014-2015 equaled approximately **\$89 million** most of which (**about 72%**) occurred in the **2nd half** of Fiscal Year 2014-2015
 - Reimbursements of non-recurring charges to California LifeLine wireless between January to June 2015 equaled approximately \$64 million
- 3 (approximately **\$10.7 million per month**)





Service Connection Charge





Foundation for Reimbursing Service Connection Charges

- **Public Utilities Code §874.(c)**

The lifeline telephone service installation or connection charge, or both, shall not be more than 50 percent of the charge for basic residential service installation or connection, or both. The commission may limit the number of installation and connection charges, or both, that may be incurred at the reduced rate in any given period.

- **General Order 153 §2.46**

Service Connection Charge = A non-recurring charge, for the installation of Basic Residential Telephone Service or the non-regulated residential service provided by a Non-Traditional Provider, that is paid by the customer applying for such service.





Service Connection Charge

	California LifeLine Wireline	California LifeLine Wireless
Reimbursable Level	Up to \$39	Up to \$39
Frequency of Reimbursement	Unlimited	Up to 2
Reimbursable Activities	<ul style="list-style-type: none"> 1) initial installation 2) re-establishment at the same address 3) re-establishment at a different address 4) switching California LifeLine service providers 	<ul style="list-style-type: none"> 1) initial establishment of California LifeLine service from a consumer who has never been on the California LifeLine Program 2) switching California LifeLine service providers
Participant's Contribution	\$10 or of one-half of the regular service connection charge, whichever is lower	Contribution is not required





FCC's Concerns About Reimbursing Service Connection Charges

FCC found that Link-Up was potentially **susceptible to abuse**, was creating **unhelpful incentives**, and was providing **little public-interest benefit** (FCC 12-11 ¶ 252)

We question whether it makes sense to provide Link Up support to ETCs with high activation fees for voice service when low-income consumers can get Lifeline service from another provider without paying an activation fee...Indeed, the **lack of activation fees assessed by many competitive ETCs** raises the question of whether the existence of rules allowing ETCs to collect Link Up support creates an incentive for some ETCs to charge such fees, when they otherwise would not. (FCC 12-11 ¶ 246)

Installation at residence is not required – “Historically, incumbent telephone companies incurred costs in initiating service, such as the cost of visiting the housing unit to physically connect a telephone line to initiate service. In contrast, today, service initiation in **virtually all instances** for both wireless and wireline providers is **done remotely via software...**” (FCC 11-32 ¶ 77 and FCC 12-11 footnote 678)

FCC concerned some ETCs may be **fabricating or inflating** service connection charges to **unnecessarily collect money** (FCC 11-32 ¶ 46 and 79)





FCC's Concerns About Reimbursing Service Connection Charges

1998	1999	2000	2001	2002	2003
\$42,460,994	\$33,987,623	\$30,440,886	\$30,788,223	\$31,022,462	\$30,685,670

2004	2005	2006	2007	2008	2009
\$32,128,985	\$34,502,959	\$32,700,705	\$31,391,197	\$37,259,935	\$51,028,861

2010	2011	2012	2013	2014
\$76,559,703	\$130,387,708	\$46,710,128	\$567,204	\$636,563





Actual Expenses for Reimbursing Service Connection Charges

SERVICE CONNECTION CHARGES (SCNC)	FY 13/14	FY 14/15	FY 15/16 (July to November 2015)
Actual Expenditures on SCNC to California LifeLine Wireless	\$3,724,227	\$87,271,158	\$0
Actual Expenditures on SCNC to California LifeLine Wireline	\$1,739,606	\$1,017,267	\$329,189
TOTAL SCNC Expenditures (California LifeLine Wireless and California LifeLine Wireline)	\$5,463,833	\$88,288,425	\$329,189
SCNC as Percentage of All Actual California LifeLine Wireless Expenditures	69%	44%	
SCNC as Percentage of All Actual California LifeLine Wireline Expenditures	1%	1%	





Comparing Application Requests to Transfer Requests (January 2015 to March 2016)

- **General Order 153 § 4.2.1 and 4.2.1.1**

California LifeLine Service Providers shall ask the customer whether he/she is currently or within the last 30 days has been enrolled in California LifeLine by another California LifeLine Service Provider.

- **General Order 153 § 4.2.1.1**

If yes, the California LifeLine Service Provider shall then contact the California LifeLine Administrator to validate the customer's approved status. The California LifeLine Service Provider shall inform the customer that the California LifeLine Administrator will notify the customer and the customer's current California LifeLine Service Provider once it determines whether or not the customer is currently or within the last 30 days has been enrolled in California LifeLine. If the California LifeLine Administrator **cannot confirm** the customer's **continued eligibility**, the customer will be treated as a new California LifeLine applicant and be **subject to the Application Process**.





Comparing Application Requests to Transfer Requests (January 2015 to March 2016)

- **General Order 153 § 5.4.5**

changing his/her California LifeLine Service Provider shall not be required to undergo the Application Process, provided that the subscriber initiates California LifeLine service with his/her new California LifeLine Service Provider within 30 days of disconnecting California LifeLine service with the previous California LifeLine Provider and the subscriber maintains eligibility in all other respects. If a subscriber *changes his or her principal place of residence*, while maintaining eligibility in all other respects, the subscriber shall not be required to go through the Application Process again





Comparing Application Requests to Transfer Requests (January 2015 to March 2016)

	APPLICATIONS	TRANSFERS
Volume of Requests from Service Providers	5.9 million	Less than 3,000
Volume Determined as Appropriate Request Type by the Administrator and APPROVED	2.2 million	2 million
Volume Determined as Appropriate Request Type by the Administrator and DENIED	1.5 million	200,000
Discrepancy Between How A Service Provider Submitted a Request Versus How the Request Should Have Been Submitted	Over Requested by 2.2 million	Under Requested by 2.2 million
Minimum Cost for Each Eligibility Decision	\$2.16	\$0.00





Volume and Characteristics of Transfers (March 2014 to March 2016)

- A majority of transfers (about **75%**) occurred after 30 days while more than half (about **58%**) happened after 60 days
- Transfers predominantly comprised of...
 - Inter-carrier transfers (about **98%**)
 - Transfers between California LifeLine wireless telephone service providers only (about **92%**)
 - Transfers occurring after 7 days (about **94%**)
 - One and two time transfers (about **80%**)





Service Connection Charge

- Reimbursement level
- Frequency of reimbursement
- Reimbursable activities
- Participant's contribution
- Justification for reimbursement
- Access to real-time information if the reimbursement still exists and is limited

Seeking
Your
input





Service Conversion Charge





Foundation for Reimbursing Service Conversion Charges

- **General Order 153 §2.47**

Service Conversion Charge = A non-recurring charge, that may be applicable when a customer changes the class, type, or grade of service, such as changing from Measured Rate Service to Flat Rate Service.





Service Conversion Charge

	California LifeLine Wireline	California LifeLine Wireless
Reimbursable Level	Up to \$39	None
Frequency of Reimbursement	Unlimited	None
Reimbursable Activity	change in the class, type, or grade of service, including requests to change from Foreign Exchange Service	None
Participant's Contribution	\$10 or of one-half of the regular service conversion charge, whichever is lower	Not Applicable





Actual Expenses for Reimbursing Service Conversion Charges

SERVICE CONVERSION CHARGES (SCVC)	FY 13/14	FY 14/15	FY 15/16 (July to November 2015)
Actual Expenditures on SCVC to California LifeLine Wireless	\$0	\$2,114,229	\$0
Actual Expenditures on SCVC to California LifeLine Wireline	\$466,349	\$310,535	\$136,803
TOTAL SCVC Expenditures (California LifeLine Wireless and California LifeLine Wireline)	\$466,349	\$2,424,764	
SCVC as Percentage of All Actual California LifeLine Wireless Expenditures	0%	1%	
SCVC as Percentage of All Actual California LifeLine Wireline Expenditures	0.3%	0.2%	





Service Conversion Charge

- Reimbursement level
- Frequency of reimbursement
- Reimbursable activities
- Participant's contribution
- Justification for reimbursement

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Your
input





California LifeLine Program Payment Floor





Foundation for Payment Floor

- **General Order 153 §9.3.2.2**

Beginning January 1, 2013, there will be an assumed payment floor of \$5.00 for California LifeLine Flat Rate Service and \$2.50 for California LifeLine Measured Rate Service, in the calculation of the SSA recovery.

- **Decision 10-11-033**

- requires California LifeLine participants to pay at least \$5 per month
- limit California LifeLine support paid to the lesser of the SSA or the amount that results in the California LifeLine participant having \$5.00 and \$2.50 monthly rates for flat rate service and for measured rate service, respectively
- rationale:
 - i. makes sense so that every California LifeLine participant is contributing some amount to the program
 - ii. help moderate the price fluctuations among the different providers
 - iii. every California LifeLine participant should be invested in the purchase of phone service to understand that there is a cost associated with it





Foundation for All Plans Obligation

- **Decision 14-01-036 Ordering Paragraph 18**

All LifeLine telephone service plans, including bundled, promotional, and family plans, which meet or exceed the minimum service elements and are consistent with California LifeLine rules, shall be eligible for the California LifeLine discounts.

- **General Order 153 Appendix A
(California LifeLine Service Elements)**

All plans, including bundled service, promotional service, and family plans, that meet or exceed the minimum service elements and are consistent with California LifeLine rules shall be eligible for the California LifeLine discounts. The California LifeLine provider must apply the applicable support to the plan chosen by the California LifeLine participant (Participant) to the extent the plans meet or exceed the minimum service elements.



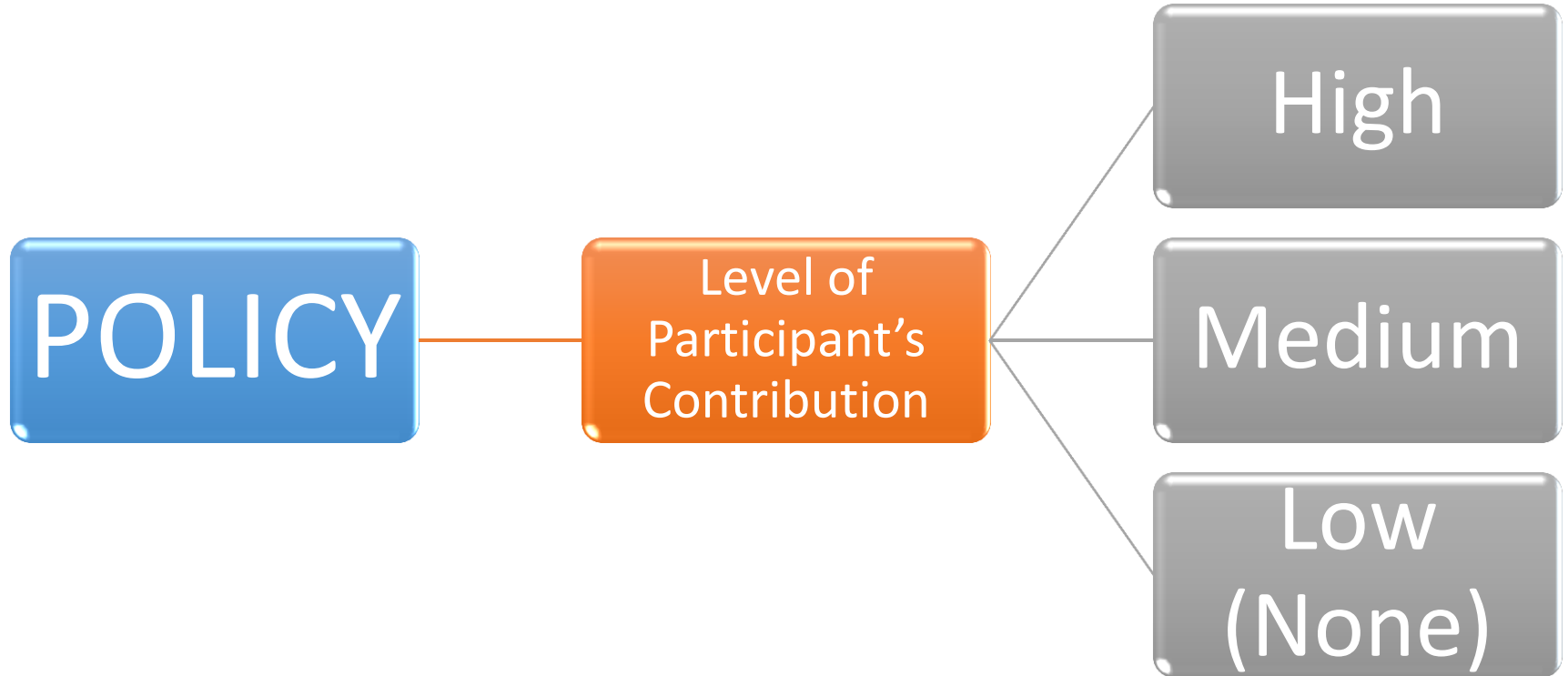


Payment Floor





Payment Floor





Payment Floor

