



Matthew G. Bevin
Governor

Charles G. Snavely
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Daniel E. Logsdon Jr.
Commissioner

NEWS RELEASE

Contact: Andrew Melnykovich
502-782-2564 or 502-564-3940
502-330-5981 (cell)
Andrew.Melnykovich@ky.gov

Changes Coming to Lifeline Telecommunications Assistance Programs for Low-income Consumers

Federal subsidy to cover broadband services; eligibility rules also altered

FRANKFORT, Ky. (Oct. 3, 2016) – Major changes are coming in December to the Lifeline program that subsidizes telecommunications services for low-income customers.

The Federal Communications Commission (FCC), which sets the rules for the Lifeline program, earlier this year added broadband to the list of subsidized services. The Lifeline program currently offers subsidies only for voice service for either landline or wireless telephone service.

In addition, the FCC also changed the rules for demonstrating eligibility for Lifeline services. Some proofs of eligibility will no longer be accepted; others have been added.

The Lifeline program currently provides a subsidy of up to \$12.75 per month for eligible Kentucky households to maintain a single telephone line, which may be either landline or wireless.

The federal government provides \$9.25 of the subsidy, while Kentucky contributes \$3.50. The state subsidy comes from funds collected from carriers who may recover the cost through a small monthly surcharge on telephone bills. The federal subsidy comes from the federal Universal Service Fund which is assessed on all telecommunications carriers and may be recovered through a monthly surcharge on telephone bills.

Beginning December 1, broadband providers will become eligible to participate in the Lifeline program and to offer subsidized service. The service can be either wireless or a fixed service such as cable, DSL or fiber optic. Because the PSC does not regulate broadband the \$3.50 state subsidy will not be available for broadband only service in Kentucky.

Lifeline subsidies will remain limited to one per household. Customers will have to choose whether to obtain federally subsidized service from a telephone or broadband provider. The state subsidy may only be used for voice service provided by wireless or landline telephone.

Changes to the eligibility rules apply to customers who sign up for Lifeline or recertify their eligibility on or after December 1.

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Customers may continue to verify eligibility through proof of participation in SNAP (food stamps), Medicaid, Supplemental Security Income (SSI), or Federal Public Housing Assistance. In addition, participation in Veteran's Pension or Survivor Benefits now may be used as proof of Lifeline eligibility.

Customers also can qualify if they can provide proof of income below 135 percent of the federal poverty level.

Participation in the Low-Income Home Energy Assistance Program (LIHEAP), the school lunch program, or the Temporary Assistance to Needy Families (TANF) will no longer be accepted as proof of eligibility.

The FCC made the changes to the verification requirements based on the number of people using various programs as proof of eligibility and also to pave the way for an eventual move to an electronic verification system that will rely on electronic records.

Lifeline providers will be required to meet certain minimum standards set by the FCC. The standards will be upgraded annually through 2021. The standards as of December 1 will be:

- Landline: unlimited local calling
- Wireless voice service: 500 free minutes
- Wireless broadband: 500 megabytes (MB) of data
- Fixed broadband: 150 gigabytes of data; download speed of 10 MB/second; upload speed of 1 MB/second

The federal subsidy for mobile or fixed broadband will remain at \$9.25 per month through November 2021. However, the federal monthly subsidy for both landline and wireless voice service will be phased out, declining to \$7.25 on Dec. 1, 2019; \$5.25 on Dec. 1, 2020; and falling to zero on Dec. 1, 2021. The only exception will be in areas with only a single Lifeline provider, where the subsidy for voice service will remain at \$5.25 beyond that date.

The PSC is currently examining the future of the Kentucky Universal Service Fund (KUSF), which provides the state portion of the Lifeline subsidy. The KUSF had been rapidly depleted in recent years, prompting the PSC in March to temporarily increase the surcharge in order to keep the fund solvent while determining its long-term viability.

More information on the Lifeline program is available on both the PSC and FCC websites.

The FCC's online guide to the Lifeline program is here: <https://www.fcc.gov/general/lifeline-program-low-income-consumers>

The case file for the PSC's review of the KUSF may be found here: http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2016-00059

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.

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