

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO UNIVERSAL ) ADMINISTRATIVE  
SERVICE AND FUNDING ISSUES ) CASE NO. 360

ORDER

On April 29, 2004, the Federal Communications Commission ("FCC") released its order in the matter of Lifeline and Link-Up, WC Docket No. 03-109. The FCC, based on comments and recommendations by the Joint Board on Universal Service, expanded the federal default criteria to include an income-based criterion and additional means-tested programs. The proposed rules were to be effective 30 days after publication in the Federal Register, which occurred on June 22, 2004. Except for Sections 54.405(c), 54.405(d), 54.409(d), 54.409(d)(3), 54.410, 54.416, and 54.417, which contain information collection requirements not yet approved by the Office of Management Budget, the rules were made effective July 22, 2004.

The Federal Lifeline Program reduces the subscriber's monthly telephone bill by an amount equal to the subscriber line charge, plus \$1.75, plus an amount equal to one-half of the amount provided by state funding up to \$1.75. The state participates by providing \$3.50 in order to receive the maximum matching amount from the Federal Lifeline Program.

The Commission has previously supported the Lifeline program. The goal of Lifeline is that consumers in all regions of the nation, including low-income consumers, have access to telecommunications and information services that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged in urban areas. Another universal service principle is that the extension of service to the maximum number of subscribers is in the interest of public safety and all users of telecommunications services.

Previously, the Federal Lifeline Program provided support to individuals who are enrolled in one of five programs: Medicaid, food stamps, Supplemental Security Income, federal public housing assistance, and low-income home energy assistance programs. With the adoption of the new rules, eligibility is expanded to include Temporary Assistance to Needy Families program ("TANF") and the National School Lunch's free lunch program ("NSL"). These programs have been added to the federal default eligibility criteria. The FCC also adopted a provision that a consumer is eligible to participate in Lifeline/Link-Up if the consumer's income is at or below 135 percent of the federal poverty guidelines. Because the rules regarding the provisions for using the income-based guideline are not effective at this time, carriers should not comply with them.

In addition to the above rule changes, the FCC considered a recommendation by the Joint Board to encourage all states to adopt automatic enrollment as a means of certifying that consumers are eligible for Lifeline and Link-Up. The FCC declined to require automatic enrollment, but it did encourage states to adopt automatic enrollment. The Commission does not support an automatic enrollment at this time. Automatic

enrollment would place additional burdens on all subscribers in the form of higher surcharges to support the Lifeline Program and additional burdens on carriers to be able to interface with government agencies to implement the requirement. Moreover, the public interest in automatic enrollment has not been demonstrated.

The Joint Board also recommended that all states be required to establish procedures to verify consumers' continued eligibility for the Lifeline and Link-Up Program. The FCC agreed to require carriers to verify annually the continued eligibility of a statistically valid sample of their Lifeline subscribers. The Commission directs the carriers to adopt the federal guidelines for verifying continued eligibility.

The FCC also adopted guidelines regarding publishing the availability of Lifeline to the public. The Commission recommends that carriers follow these guidelines: (1) states and carriers should utilize outreach materials and methods designed to reach households that do not currently have telephone service; (2) states and carriers should develop outreach advertising that can be read or accessed by any sizable non-English speaking populations within the carrier's service area; and (3) states and carriers should coordinate their outreach efforts with governmental agencies that administer any of the relevant government assistance programs.

IT IS THEREFORE ORDERED that:

1. Within 30 days of the date of this Order, Eligible Telecommunications Carriers shall update their tariffs to include TANF and NSL for Lifeline and Link-Up eligibility, effective the date of this Order.

2. Eligible Telecommunications Carriers shall implement annual certification audits to verify eligibility.

3. Eligible Telecommunications Carriers shall continue to advertise the availability of Lifeline and Link-Up programs to subscribers in their service area in a manner designed to reach those most likely to benefit from the programs.

4. The provision that a consumer is eligible to participate in Lifeline/Link-Up if the consumer's income is at or below 135 percent of the federal poverty guidelines shall not be implemented at this time.

Done at Frankfort, Kentucky, this 24<sup>th</sup> day of August, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned above a horizontal line.

Executive Director

Administrative Case No. 360