

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On August 24, 2004, the Commission adopted the federal guidelines for eligible telecommunications carriers (“ETCs”) to verify on an annual basis their consumers’ continued eligibility for Lifeline.¹ The federal methodology used for the annual audits allowed ETCs to choose a random sample of their customers to audit. The number of customers was based on a table published by the Federal Communications Commission which produced a statistically valid sample. Most ETCs have used that table to determine the sample number. However, some utilities have audited their entire Lifeline customer base.

The Commission has reviewed the results of the past two years’ audits. These audits were not required until 2005, though the Lifeline program began in 1998. Over this period of 7 years, the eligibility status of customers changed, but many customers failed to notify the utilities that they were no longer eligible. Because of the small sample sizes under the federal guidelines, many customers have never been audited. The audits are performed by the utilities’ employees and consist of mailing letters and notices to customers. The results are then provided to the Commission.

¹ Order at 3.

Based on our review of these Lifeline verification audits, the Commission has determined that ETCs must verify annually the continued eligibility of their entire Lifeline customer bases. The verification audit for the year 2007 should be completed by confirming the eligibility of all current Lifeline subscribers. The results of the audit should be submitted to the Commission no later than August 15, 2007. All ETCs should continue to perform these annual audits of their entire Lifeline subscriberships and submit the results by August 15 of each year or until the Commission orders otherwise.

IT IS THEREFORE ORDERED that:

1. ETCs shall verify each Lifeline consumer's eligibility for the 2007 audit and hereafter shall verify annually their entire Lifeline subscribership.
2. No later than August 15, 2007, each ETC shall submit the results of its 2007 audit to the Commission
3. Until such time as otherwise ordered by the Commission, each ETC shall, by August 15 of each calendar year, submit the results of its annual audit of its entire Lifeline subscribership to the Commission.

Done at Frankfort, Kentucky, this 24th day of May, 2007.

By the Commission

ATTEST:



Executive Director