

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 11, 2018

President Picker
Commissioner Aceves
Commissioner Peterman
Commissioner Randolph
Commissioner Rechtschaffen

SUBJECT: Annual Report Of The Universal LifeLine Telephone Service for the Period July 1, 2017 through June 30, 2018

Pursuant to Section 4.1.b of the Charter of the Universal LifeLine Telephone Service Trust Administrative Committee (Committee), Communications Division, on behalf of the Committee, submits the enclosed annual report for the period July 1, 2017 through June 30, 2018. This report was approved by the Committee on September 19, 2018.

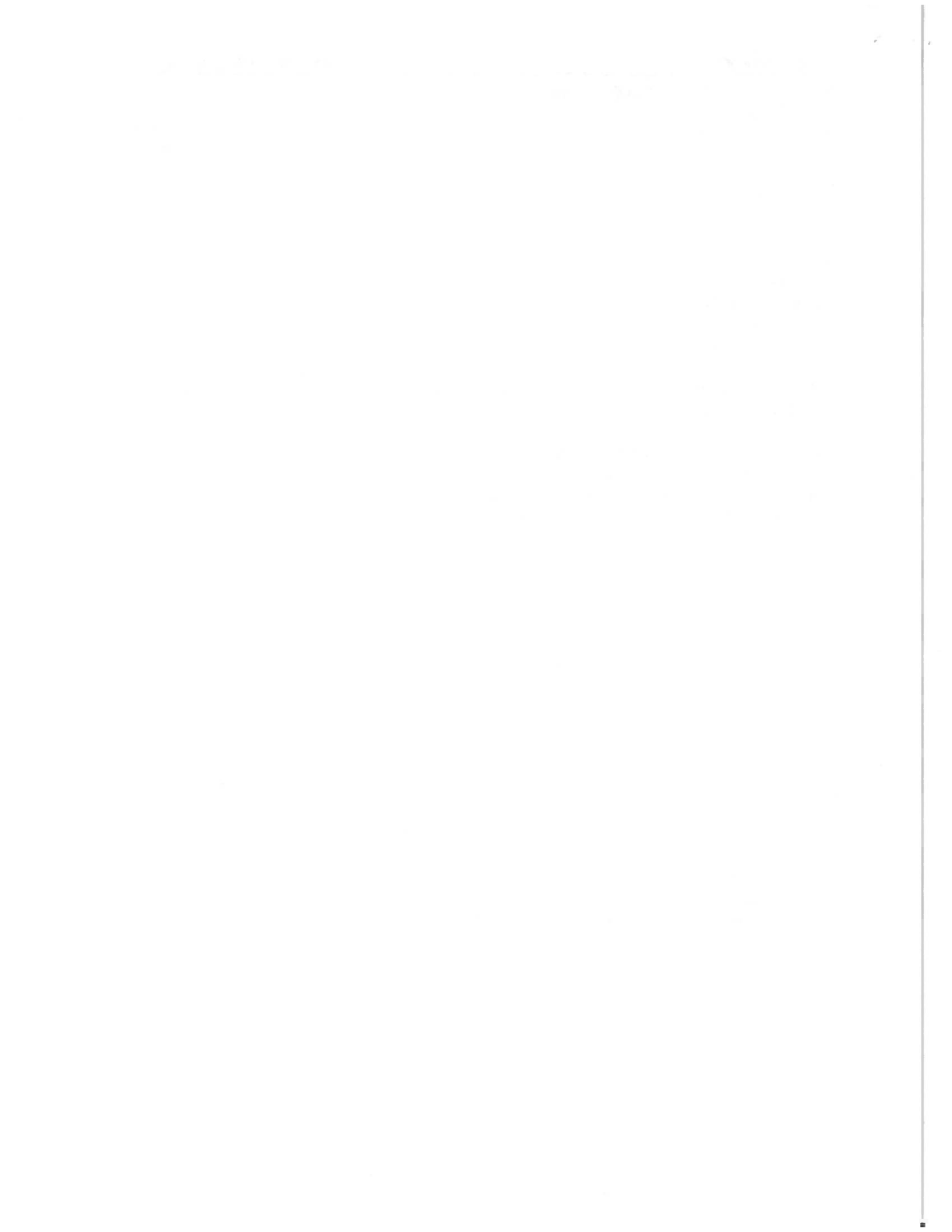
Sincerely,

A handwritten signature in blue ink, appearing to read "Anna Jew".

Anna Jew
LifeLine Program Liaison
Communications Division

cc: C. Walker, Director
J. Lakritz, Program Manager
C. Sellden, Interim Program and Project Supervisor
Committee Members

Encl.



**ANNUAL REPORT OF THE UNIVERSAL LIFELINE TELEPHONE SERVICE
TRUST ADMINISTRATIVE COMMITTEE (ULTS-AC)**

FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

Date submitted: October 11, 2018

Submitted by: Ken McEldowney, Chairman ULTS-AC

UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST – ADMINISTRATIVE COMMITTEE

Pursuant to PU Code 277(a) the ULTS-AC was established to serve as an advisory committee to the California Public Utilities Commission (CPUC). The role of the ULTS-AC is to advise the CPUC regarding the development, implementation and administration of the Universal Lifeline Telephone Service Trust (ULTS) program to ensure lifeline telephone service is available to the people of the State as provided by Assembly Bill 1348 (AB 1348), and subsequently modified by Senate Bill 669 (SB 669).

The Moore Universal Telephone Service Act.

AB 1348 was introduced to ensure the availability of affordable basic local telephone service to all qualifying low-income households in California. This bill became law in September 1983 and is known as Article 8. Universal Telephone Service, Public Utilities Code Section 871.

The California LifeLine program (formerly known as Universal LifeLine Telephone Service or ULTS) or “LifeLine” provides subsidized basic telephone service to qualifying residential subscribers. Under the California LifeLine program, a customer may select any carrier from those that provide residential local exchange service in the customer’s area. The LifeLine program is funded by a surcharge, as determined by the CPUC, on the end of the user’s bill for intrastate telecommunications services. There are approximately 1.7 million subscribers as of June 30, 2018 who receive subsidized telephone service through wireline or wireless service providers.

ULTS Marketing Board (ULTSMB)

Pursuant to Decision 96-10-066 the ULTSMB was established as the entity responsible for developing designing and implementing a competitively neutral marketing strategy for the LifeLine program. The intent of the Decision was to provide basic telephone service to all qualifying low-income households in California.

The annual budget was limited to \$5 million and the CPUC directed the ULTSMB to devote 80 percent of its marketing and education budget to campaigns designed to bring basic telephone service to qualifying households without telephone service. The remaining marketing and education budget of 20% was to be used to close the gap between the total number of households with telephone service who qualify for the California LifeLine program and the number of those households that actually use the program.

The ULTSMB contracted with a marketing firm to establish an outreach campaign that would educate customers and promote awareness of the California LifeLine program to low-income households and increase the number of subscribers in the program. In

November 1999, phase one of the campaign started and was known as "Connect California". A public advertisement phase commenced in April 2000 and was completed in October 2000. During that time a LifeLine call center was established to help facilitate customer access to local telephone service providers in a competitively neutral manner or of the customers' choice in order to establish service. The call center was staffed by telephone representatives who assisted customers with any questions relating to the California LifeLine program. Additionally, representatives were available in seven languages for the non-English speaking customers identified as part of the target audience.

Senate Bill 669 (SB 669) implemented changes to the ULTSMB relative to the program administration of the LifeLine program. Under SB 669, the existing ULTSMB was disbanded and the new ULTS-AC board was created. This bill required that the administrative responsibilities for the California LifeLine program become the responsibility of the CPUC. Oversight of the LifeLine program was assigned to the CPUC's Telecommunications Division (TD), now called the Communications Division (CD). Therefore, the role of the ULTS-AC under the SB 669 became an advisory entity.

ULTS-AC

By Commission Decision 02-04-059, the restructuring of the California LifeLine advisory board was completed, and the establishment of the new ULTS-AC commenced effective February 1, 2003. The CPUC's CD is the program administrator overseeing the California LifeLine contract administration and marketing activities with advice from the ULTS-AC in its new advisory capacity.

In November 2003, the ULTS-AC made significant modifications to the original Plan which had carried over and had been implemented as part of the current California LifeLine marketing program administered by Richard Heath and Associates (RHA) with oversight by the Communications Division. The current composition of the ULTS-AC reflects a broad diverse group of individuals with representation from small and large incumbent and competitive local telephone companies, community-based organization and consumer advocacy groups. The experience and knowledge that each member possesses has allowed the ULTS-AC to work diligently to advise the Commission on the development of a strong marketing plan in order to achieve our goals of reaching 95% subscribership among all eligible consumers in the state.

The ULTS-AC continues to ensure that the California LifeLine program targets all eligible low-income segments of the population of California including, but not limited to African American, Cambodian, Chinese, Filipino, Hispanic, Hmong, Korean, Laotian, Vietnamese, Native Americans, Seniors and social agency and welfare recipients. To achieve this, it is imperative that the ULTS-AC working with CD continues to:

- Track and report monthly the activities of the marketing, outreach and call center programs for California LifeLine
- Track enrollment data
- Identify target groups that have low-penetration rates
- Monitor education and outreach message dissemination
- Monitor Call Center activities
- Track the California LifeLine Program Administrator's recertification process to ensure LifeLine customers recertify based on their household income or eligible program qualifications each year
- Continue to advise on all education and outreach material in language specific form with correct and consistent information
- Identify problems with the marketing campaign and make recommendations for correction and improvement.

ULTS-AC Goals and Objectives

- Meet regularly under the Provisions of Bagley-Keene Open Public Meeting Act
- Follow procedures mandated by Charter
- Provide recommendations to CD on R.11-03-013
- Monitor and evaluate CBO education and outreach.
- Closely monitor CPUCs Conflict of Interest Concerns Relative to the impact on ULTS-AC members
- Monitor ULTS-AC Budget
- Review Senate and Assembly Bills impact on California LifeLine
- Continual interaction with LifeLine program contractors
- Monitor legislative, CPUC and FCC activities that may impact California LifeLine program or consumers in California
- Submit yearly California LifeLine budget for review and approval by Commission resolution

The unresolved issues of conflict of interest of telephone company members of the committee should be resolved as expeditiously as possible. The limited roster of the committee has made the presence of a quorum especially difficult.

ULTS-AC Accomplishments

During the last year the ULTS-AC met a total of 4 times.

During these meetings, the ULTS-AC provided the following advice to the CPUC

- Submitted budgets
- Provided advice to the Communications Division on California LifeLine contractors

- Reviewed and monitored program expenditures and surcharge income
- Provided feedback to the call center contractors
- Provided feedback to CD staff regarding changes in the California LifeLine program.

The ULTS-AC provides an important vehicle for the CPUC to receive information from interested parties who are key to the provision of the LifeLine program, service providers, consumer groups and community organizations. We remain dedicated to that goal and anticipate continuing to serve the public and the CPUC in the coming years.

Significant Program Changes During Report Period

In November 2017, the CPUC adopted Resolution M-4833, directing utilities to implement emergency consumer protections to support consumers impacted by the October 2017 California wildfires. M-4833 granted additional consumer protections specific to LifeLine participants.

In January 2018, the CPUC adopted Resolution M-4835 to extend the emergency consumer protections established in M-4833 to support consumers and LifeLine participants impacted by the December 2017 California wildfires.

In February 2018, the CPUC adopted Decision 18-02-006 which revised the LifeLine eligibility criteria and implemented a California-only LifeLine subsidy program.

In March 2018, the CPUC issued an Assigned Commissioner Ruling to modifying 60-day benefit portability freeze and requesting comment on the benefit portability freeze for the California Lifeline Program.

In March 2018, the CPUC adopted T-17574 which revised the Universal LifeLine Telephone Service Trust Administrative Committee's Charter to add a new Member Representative from the California LifeLine Wireless Providers and a new Member Representative from the Deaf/Hearing Impaired or Disabled Community. T-17574 also changed the submission date of the Administrative Committee's Annual Budget Proposal and the Administrative Committee's Meeting Frequency.

In May 2018, the mailing and printing functions of the LifeLine program were transitioned to the California Office of State publishing.

