

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 8, 2015

To: All Local Exchange Companies, Competitive Local Exchange Carriers, Eligible Telecommunications Carriers, and Wireless Carriers that file claims or plan to file claims on the California LifeLine Telephone Program (LifeLine) Fund for the California LifeLine Program

Subject: California Lifeline **Claim Payment Schedule Notification**

Communications Division notifies California LifeLine (LifeLine) service providers of the schedule to process claims that will take longer than its recent historical practice that could potentially impact service providers' internal financial planning/budgeting.

The Commission's General Order 153, Sections 9.5.2, 9.5.4, and 9.9.1 allow the Communications Division 120 days after a claim period for service providers that have more than 100 subscribers and 240 days for service providers that have less than 100 subscribers to review and process a claim. More recently, Communications Division staff has endeavored to process CA LifeLine claims on an expedited basis resulting in service provider's typically receiving payment within 45 days of the date the claim was filed with Communications Division. This letter advises LifeLine service providers of a process change however claims will continue to be paid within the time period, as mandated by General Order 153.

In the past six months, the number of participants in the program has doubled, with almost 300,000 participants added in the last two months as a result of wireless service providers participating in LifeLine. With the rapid increase in participation, service providers' claims have risen from approximately \$20 million per month to over \$40 million per month. As part of developing the Governor's proposed budget, the Commission develops its program budget a year in advance. Hence, for the State fiscal year (FY) 2014-15, the Communications Division developed its budget in August 2013, at which time wireless service providers were not participating in the program. In forecasting its resource needs, Communications Division estimated the total service providers' claims of \$202 million for FY 2014-15. Communications Division's estimated total service providers' claims of \$202 million for FY 2014-15 is substantially less than the currently anticipated claims.

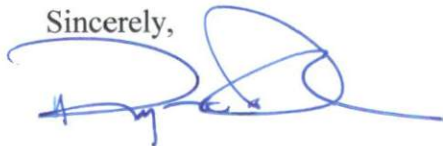
Communications Division and the Commission will continue to ensure that claims can be paid in a timely manner. A key step among those activities is managing the surcharge that generates revenues used to fund program expenses including service providers' claim reimbursements and all other program costs. Thus, a resolution (T-17479) that proposes to increase the LifeLine surcharge from 2.4% to 3.8% will be considered for approval by the Commission at its June 25, 2015 meeting. If approved, additional revenues will not begin to be received until approximately 90 days after adoption of the resolution (i.e., October 2015). As a result, Communications Division will no longer be able to process service providers' claims on an expedited basis until such time the imbalance between surcharge revenues and current program growth are back in balance. Although we do not expect this time frame to be in effect long term, we are notifying you of the current situation in order for service providers to plan accordingly.

As a reminder to all LifeLine service providers, Communications Division will continue to adhere to the payment rule set forth in GO 153, Sections 9.5.2, 9.5.4, and 9.9.1. A copy of the General Order 153 and ULTS claim form are available on the California Public Utilities Commission website at:

http://www.cpuc.ca.gov/PUC/Telco/Information+for+providing+service/FormNotices_Public+Program.htm

Please continue to email completed claims to lifelineclaim@cpuc.ca.gov. If you have any questions regarding this matter, please contact Anna Jew by phone at 415-703-3087 or by email at aml@cpuc.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Dulin", with a large, stylized flourish extending to the right.

Ryan Dulin, Director
Communications Division