

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



October 31, 2012

NOTICE OF SPECIFIC SUPPORT CALCULATION FOR 2013 - REVISED

To California Lifeline Service Providers:

Note: This Administrative Letter corrects the previous (dated October 22, 2012) letter's rounding methodology for the SSA calculation.

Background:

In Decision (D) 10-11-033, adopted November 19, 2010, the Commission established a new California LifeLine subsidy methodology and claim system for California LifeLine Service Providers. For every subscriber reported by the California LifeLine administrator, each California LifeLine Service Provider receives a subsidy up to the Specific Support Amount (SSA).

In D. 10-11-033, Finding of Fact 15, the Commission detailed the means by which the SSA would be calculated. The SSA would be calculated by taking 55% of the highest basic flat rate of the four largest incumbent local exchange carriers (ILECs) namely, AT&T, Verizon, SureWest, and Frontier as of July 31st of each year, which would become effective January 1st of the following year, pursuant to Ordering Paragraph (OP) 6 of the Decision. The initial SSA amount that became effective from the implementation date of the Decision until December 31, 2011, was \$11.50. For 2012, the SSA amount was determined by Resolution T-17337 to be \$11.50. For 2013, the SSA amount is calculated as follows:

Calculation:

The four largest ILECs reported their highest basic flat service rates effective July 31, 2012, as follows:

| | |
|--------------------------|---------|
| AT&T | \$21.00 |
| Frontier Southwest, Inc. | \$21.50 |
| Verizon | \$20.91 |
| SureWest | \$19.99 |

Of the four, Frontier's rate of \$21.50 represented the highest basic flat rate service amount. Thus, using the formula given in D. 10-11-033, the SSA amount is computed as follows:

$$\$21.50 \times 55\% = \$11.82500, \text{ rounded to } \underline{\$11.85} \text{ (the nearest } \$0.05)$$

As a result, for 2013, the SSA amount changes from \$11.50 to \$11.85¹. This change is effective for carrier claims for reimbursement for CA LifeLine program participants receiving service from their carriers dating from January 1, 2013. Customer billing information must also be updated effective January 1. This includes not only the subsidy rate itself in the billing system, but the individual line-item disclosure required on monthly bills as set forth in D. 10-11-033, OP 24.

¹ Decision 10-11-033, Footnote 174 states that "We will round down to the nearest five cent increment if the number is not a full cent above a five cent increment and round up to the nearest five cent increment if it is [a] full cent above a five cent increment".

California LifeLine Service Providers are required to file Advice Letters to modify/update their CA LifeLine tariffs to reflect the revised SSA. Should the change result in a rate increase for customers, a customer notice is required, in accordance with disclosure requirements as set forth in General Order 153, Section 4.7. Hence, in this situation, California LifeLine Service Providers should submit a draft notice to the Commission's Public Advisor's Office for review at mle@cpuc.ca.gov with a copy to Fe Lazaro at fnl@cpuc.ca.gov.

If you have any questions regarding this matter, please contact Benjamin Schein by phone at (415) 703-1088 or via e-mail at bda@cpuc.ca.gov.



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