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J. Henry Ambrose
Director
Regulatory Matters



December 23, 1998

John Ricker, Director
Universal Service Administrative Company
100 South Jefferson Road
Whippany, New Jersey 07981

Re: CC Docket No. 96-45 – Designation of Carriers Eligible Under Section 214(e) of the Act

Dear Mr. Ricker,

This is to advise you that the Public Service Commission of the District of Columbia (PSC) has only designated Bell Atlantic – Washington, D.C., Inc. (BA-DC) as an eligible telecommunications carrier under Section 214(e) of the Telecommunications Act of 1996 and pursuant to 47 C.F.R. §54.201. The PSC designated the District of Columbia as a single, undivided service area for determining federal universal service obligations and support mechanism (see attached Order No. 11073, 10/16/97, Section II.B.). BA-DC operates throughout the District of Columbia area.

This notification is in accordance with the Federal Communications Commission's Public Notice (DA-97-1892) released on September 29, 1997.

Sincerely,

A handwritten signature in black ink that reads "J. Henry Ambrose".

J. Henry Ambrose
Director – Regulatory Matters
Bell Atlantic – Washington, D.C., Inc.

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Attachment

Copy to: Ms. Sheryl Todd, Federal Communications Commission, Universal Service Board
The Office of the Secretary, Federal Communications Commission
Mr. Jesse P. Clay, Jr., Secretary, D.C. Public Service Commission
Mr. Richard Beverly, Esquire, General Counsel, D.C. Public Service Commission
Ms. Elizabeth A. Noël, Esquire, People's Counsel

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PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
717 14th STREET, N.W., WASHINGTON, D.C. 20005

ORDER REGARDING DESIGNATIONS FOR
FEDERAL UNIVERSAL SERVICE SUPPORT

October 16, 1997

FORMAL CASE NO. 962 - IN THE MATTER OF THE IMPLEMENTATION OF
THE DISTRICT OF COLUMBIA TELECOMMUNICATIONS COMPETITION ACT OF 1996
AND IMPLEMENTATION OF THE TELECOMMUNICATIONS ACT OF 1996, Order No.
11073.

This Order requires any common carriers who wish to qualify for federal universal service support to file applications with the Commission.¹

I. BACKGROUND

On May 8, 1997, the Federal Communications Commission ("FCC") issued regulations² to implement the provisions³ of the Telecommunications Act of 1996⁴ relating to universal service. The

¹ The Commission will issue a separate Order to initiate proceedings to consider additional universal service issues that must be addressed pursuant to section 4 of the District of Columbia Telecommunications Competition Act of 1996, D.C. Code § 43-1453, and the FCC's universal service regulations. At a meeting at the offices of the Commission on September 19, 1997, interested carriers and the Office of the People's Counsel indicated that they would seek to identify such universal service issues through informal discussions and present such proposed issues to the Commission in a filing. Interested members of the public will have a full opportunity to participate in this proceeding and propose their own issues.

² Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, FCC 97-157 (rel. May 8, 1997) ("Universal Service Order"), Appendix I, 47 C.F.R. §§ 36.125 et seq.

³ 47 U.S.C. §§ 214(e), 254.

⁴ Pub. L. No. 104-104, 110 Stat. 96, amending the Communications Act of 1934, 47 U.S.C. § 151 et seq.

FCC's regulations⁵ provide that, beginning January 1, 1998, only eligible telecommunications carriers⁶ may receive federal universal service support in accordance with 47 U.S.C. § 254, including support for Lifeline⁷ and Link Up.⁸ State commissions, upon their own motion or upon request, must designate a common carrier that meets the FCC's eligibility requirements to receive federal universal service support for a service area designated by the State commission.⁹ Upon request, State commissions in non-rural areas must designate more than one common carrier as an eligible telecommunications carrier, so long as each additional requesting carrier meets the FCC's eligibility requirements.¹⁰

On September 30, 1997, Bell Atlantic - Washington, D.C., Inc. ("BA-DC") filed an application to be designated as eligible to receive federal universal service pursuant to the FCC's regulations.¹¹

⁵ 47 C.F.R. § 54.201.

⁶ An "eligible telecommunications carrier" is a carrier designated as such by the State commission. 47 C.F.R. § 54.5. Such a carrier must be a common carrier and must offer the services supported by Federal universal support mechanisms and advertise the availability of such services. 47 U.S.C. § 214(e). A "telecommunications carrier" is any provider of "telecommunications services," with the exception of aggregators of telecommunications services as defined in 47 U.S.C. § 226. 47 C.F.R. § 54.5. This definition includes, *inter alia*, cellular mobile radio service providers, interexchange carriers, and, to the extent they are acting as telecommunications carriers, companies that provide both telecommunications and information services. *Id.* A "telecommunications service" is the offering of telecommunications for a fee directly to the public, or to such classes of user as to be effectively available directly to the public, regardless of the facilities used. *Id.*

⁷ Lifeline is a program that makes certain basic services available to qualifying low-income consumers at a reduced rate. See 47 C.F.R. § 54.401.

⁸ Link Up is a program under which qualifying low-income consumers may receive service connection at a reduced charge. See 47 C.F.R. § 54.411.

⁹ 47 U.S.C. § 214(e)(2); 47 C.F.R. § 54.201.

¹⁰ *Id.*

¹¹ Letter from J. Henry Ambrose, Director of BA-DC
(continued...)

II. ANALYSIS AND DECISION

A. Designation of Eligible Carriers

In light of the FCC's deadline of January 1, 1998, and the need to ensure continued availability of services supported by federal universal service support mechanisms in the District, one or more carriers must be designated as eligible for federal universal service support pursuant to 47 U.S.C. § 214(e)(2) and 47 C.F.R. § 54.201. BA-DC has filed an application as noted above. Any other carrier who wishes to qualify for federal support for universal service is directed to file with the Commission an application to be designated as an eligible telecommunications carrier. Any such application must demonstrate that the carrier complies with each of the eligibility requirements set forth in 47 U.S.C. § 214(e) and 47 C.F.R. § 54.201 and that the carrier should be approved as an eligible telecommunications carrier.

Pursuant to 47 C.F.R. § 54.401(d), any carrier that the Commission designates as an eligible carrier will be required, prior to January 1, 1998, to file with the FCC's universal service support administrator information 1) demonstrating that the carrier's Lifeline plan meets the FCC's criteria and 2) stating the number of qualifying low-income consumers and the amount of State assistance.

B. Designation of Service Area

The Commission, pursuant to 47 U.S.C. § 214(e)(2) and 47 C.F.R. § 54.201 and § 54.207, designates the District of Columbia as a single, undivided service area for purposes of determining federal universal service obligations and support mechanisms. This service area designation should be referenced in any carrier's application for a designation of eligibility pursuant to this Order.

C. Assessment

Any carrier who submits an application pursuant to this Order may be assessed, in accordance with the Commission's statutory authority and pursuant to a Notice of Agency Fund Requirements, for costs that the Commission incurs in proceedings to approve or reject the applications.

(...continued)
Regulatory Matters, to Jesse P. Clay, Jr., Commission Secretary,
Formal Case No. 962, filed September 30, 1997.

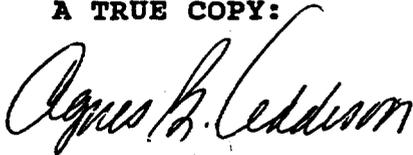
THEREFORE, IT IS ORDERED THAT:

1. Any carrier who wishes to be designated as eligible for federal universal service support pursuant to 47 U.S.C. § 214(e)(2) and 47 C.F.R. § 54.201 and has not yet filed an application must, within twenty (20) days of the date on which notice of this Order is published in the District of Columbia Register, file an application in accordance with the above directions;

2. Any carrier who submits an application pursuant to this Order may be assessed for the Commission's costs as discussed above; and

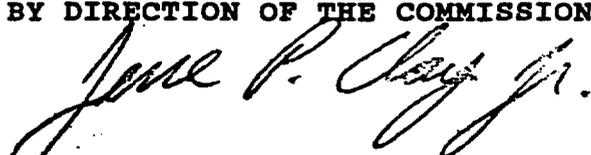
3. The Commission Secretary is directed to publish in the District of Columbia Register a notice that, in accordance with this Order, any carrier who wishes to be designated as eligible for federal universal service support pursuant to 47 U.S.C. § 214(e)(2) and 47 C.F.R. § 54.201 must file an application with the Commission within twenty (20) days of the date on which notice of this Order is published in the District of Columbia Register.

A TRUE COPY:



ACTING CHIEF CLERK

BY DIRECTION OF THE COMMISSION:



**JESSE P. CLAY, JR.
COMMISSION SECRETARY**

Bell Atlantic - Washington, D.C., Inc.
1710 H Street, N.W.
10th Floor
Washington, DC 20006
202 392-5455 Fax 202 659-4948
E-Mail: j_henry.ambrose@BellAtlantic.com

J. Henry Ambrose
Director
Regulatory Matters



December 23, 1998

John Ricker, Director
Universal Service Administrative Company
100 South Jefferson Road
Whippany, New Jersey 07981

Re: CC Docket No. 96-45 – Designation of Carriers Eligible Under Section 214(e) of the Act

Dear Mr. Ricker,

Pursuant to 47 C.F.R. §54.401(d) and as directed by the Public Service Commission of the District of Columbia (PSC), Bell Atlantic -Washington, D.C., Inc. (BA-DC) respectfully submits the following information: (1) to demonstrate that BA-DC's Lifeline plan complies with the Federal Communications Commission's (FCC) rules, and (2) to state the number of qualifying low-income customers and the amount of local assistance. Enclosed are the PSC Order approving BA-DC's revised Lifeline tariff, Order No. 11286, dated 11/5/98 (Attachment A) and the PSC Order designating BA-DC as an Eligible Telecommunications Carrier, Order No. 11265, dated 12/17/98 (Attachment B).

BA-DC offers Lifeline Service in the District of Columbia under the name "Economy II Service." Economy II Service is available to all low income customers in the District who meet the criteria of the federal Low Income Heating and Energy Assistance Program (LIHEAP) and who are certified by the District of Columbia's Energy Office. The rate for Economy II Service is \$3.00 as compared to \$11.05 for similar service, not including the Subscriber Line Charge (SLC).

The PSC has certified that Economy II Service provides the functionality described in §54.101 (a) (1)-(9). These are as follows:

1. Single party service or its functional equivalent;
2. Voice grade access to the public switched network;
3. Dual tone multi-frequency signaling or its functional equivalent;
4. Access to emergency services;
5. Access to operator services;
6. Access to interexchange service;
7. Access to directory assistance; and
8. Toll limitation services for qualifying low-income consumers.

John Ricker
Universal Service Administrative Company
December 23, 1998
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In addition, the PSC has approved revisions to the Economy II Service tariff to provide Lifeline toll limitation service at no cost to Lifeline customers. See enclosed Attachment C, BA-DC's Lifeline Service Tariff, "Local Exchange Service Tariff P.S.C. -D.C.-No. 202" filed 11/25/98. The toll limitation service offered is toll blocking as described in the approved tariff pages (Attachment C, Section 2, page 6, subparagraph (g)). That subparagraph also contains new language that waives any deposit requirement if the customer voluntarily elects toll blocking. Item (h) on that page is a new regulation stating that Economy II Service will not be interrupted or disconnected for failure to pay for long distance charges.

The PSC also approved changes to the Link-Up program filed by BA-DC that eliminated the restriction on the number of times an Economy II customer may use the Link-Up discount. With this change, the program is in compliance with FCC specifications. (Attachment C, Section 3, page 8, footnote †.)

In accordance with the PSC's and BA-DC's well-established commitment to meeting the goals of universal service, BA-DC also offers a "Locally Funded Service Upgrade" to Economy II Service. Specifically, customers who have qualified for Economy II Service and are over age 65 will receive flat rate telephone service for a \$1.00 monthly charge. The additional support for this service comes solely from ratepayers in the District of Columbia.

As of November 1998, there were 9,625 Economy II Service customers in the District of Columbia. Attachment D demonstrates that BA-DC is entitled to receive \$6.97 in federal support, an increase of \$3.50 from the previously allowed SLC support. Line 1 under Economy II Service shows that there is an additional \$1.05 in state support above the FCC requirement. Line 4 under Locally Funded Service Upgrade shows the additional state support above the FCC requirement is \$6.00.

BA-DC has made the necessary tariff revisions to comply with FCC Order and the PSC has designated BA-DC as an Eligible Telecommunications Carrier. On December 17, 1998, the PSC filed with the FCC a "Petition of the Public Service Commission of the District of Columbia for Waiver" to request the FCC to permit BA-DC to receive universal service support retroactive to January 1, 1998 (Attachment E).

John Ricker
Universal Service Administrative Company
December 23, 1998
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As an eligible telecommunications carrier in the District of Columbia and as demonstrated in Attachment D, BA-DC qualifies for the additional Lifeline support of \$3.50 per Lifeline customer that the D.C. customers are currently funding. With the additional increase in support, BA-DC will reduce its rates to their customers. BA-DC, therefore, requests that the Administrator certify BA-DC's Lifeline plan so that the universal service support be made available.

Sincerely,



J. Henry Ambrose
Director – Regulatory Matters
Bell Atlantic – Washington, D.C., Inc.

Enclosures

Copy to: Ms. Sheryl Todd, Federal Communications Commission, Universal Service Board
The Office of the Secretary, Federal Communications Commission
Mr. Jesse P. Clay, Jr., Secretary, D.C. Public Service Commission
Mr. Richard Beverly, Esquire, General Counsel, D.C. Public Service Commission
Ms. Elizabeth A. Noël, Esquire, People's Counsel

ATTACHMENT A

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
717 14th STREET, N.W., WASHINGTON, D.C. 20005

ORDER

November 5, 1998

**TT97-13. IN THE MATTER OF THE APPLICATION OF BELL ATLANTIC -
WASHINGTON, D.C., INC., FOR AUTHORITY TO AMEND THE LOCAL
EXCHANGE SERVICES TARIFF, P.S.C. - D.C. - NO. 202 AND GENERAL SERVICES
TARIFF, P.S.C.-D.C.-NO. 203, Order No. 11286**

I. INTRODUCTION

On September 30, 1997, Bell Atlantic, Washington, D.C., Inc. ("BA-DC" or "Company") filed an application¹ requesting authority to amend its Local Exchange Services Tariff, P.S.C. - D.C. - No. 202 and its General Services Tariff, P.S.C. - D.C. - No. 203, in order to change certain provisions of the Company's programs that implement Lifeline Assistance ("Lifeline") and Lifeline Connection Assistance ("Link Up"),² two federally subsidized telecommunications plans for low-income consumers. The amendments proposed by BA-DC sought to bring their programs into compliance with the requirements of the May, 1997 FCC Report and Order No. 97-157,³ and to make other unrelated tariff revisions.

As originally adopted by the FCC in 1985, Lifeline and Link Up were designed to increase

¹ See letter from J. Henry Ambrose to Commission Secretary Jesse P. Clay, Jr., filed September 30, 1997, enclosing "Application of Bell Atlantic - Washington, D.C., Inc., Tariff Filing to Comply with Federal Communications Commission Report and Order No. 97-157, In the Matter of Federal - State Joint Board on Universal Service, CC Docket No. 96-45" ("Application"). The Application included a "Proposed Local Exchange Services Tariff" and a "Proposed General Services Tariff."

² See Federal Communications Commission ("FCC") *Decision and Order*, 50 Fed. Reg. 939 (Jan. 1985), regarding the Lifeline program; see also FCC *Decision and Order*, 51 Fed. Reg. 137 (Dec. 1986), regarding the Link Up program.

³ See, generally, *In the Matter of Federal- State Joint Board on Universal Service*, CC Docket No. 96-45 (May 8, 1997) ("Report and Order").

telephone subscribership among low-income consumers by reducing monthly service charges through Lifeline, and by reducing initial service connection charges, up to a maximum of \$30.00, through Link Up.⁴ However, the Report and Order revised the rules for each program in order to achieve three primary goals: (1) to make Lifeline available to low-income customers nationwide; (2) to make collection and distribution of support for Lifeline and Link Up competitively neutral; and (3) to ensure that Lifeline customers have the benefit of certain basic services.⁵

To accomplish these goals, the Report and Order requires that customer eligibility for Lifeline assistance be based solely on income or factors related to income, and that any carrier (e.g., BA-DC) seeking federal Lifeline support must demonstrate to the public utility commission in the State in which it operates that its Lifeline and Link Up programs comply with rules adopted in the Report and Order.⁶ Specifically, the Report and Order requires that the Lifeline program include single-party service, voice grade access, dual tone multifrequency signaling, and access to emergency (e.g., 911 or E911),⁷ operator, interexchange, directory assistance, and toll limitation services.⁸ The rules also prohibit local carriers from disconnecting Lifeline subscribers from local service for non-payment of toll charges,⁹ and/or from imposing service deposit requirements for Lifeline customers who voluntarily accept toll limitation.¹⁰ With respect to Link Up, the Report and Order prohibits any limitation on the number of times a subscriber can receive Link Up assistance.¹¹ The FCC set January 1, 1998, as the date for implementation of revised Lifeline and Link Up programs, and as the date for State commissions to designate companies as "eligible telecommunications carriers" for purposes of receiving federal subsidies for those programs.¹²

⁴ Report and Order at ¶¶ 329-30.

⁵ *Id.* at ¶¶ 326-28.

⁶ *Id.* at ¶¶ 368 and 373.

⁷ "E911" refers to Enhanced 911.

⁸ Report and Order at ¶ 328.

⁹ *Id.* at ¶ 390.

¹⁰ *Id.* at ¶ 398.

¹¹ *Id.* at ¶ 382.

¹² States unable to meet this deadline are permitted to seek a waiver so that eligible carriers may receive federal funds retroactive to January 1, 1998. See Report and Order at ¶¶ 408-09; see also *In the Matter of Federal-State Joint Board on Universal Service*, Fourth Order on Reconsideration of CC Docket No. 96-45, Report and Order in CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72, FCC 97-420 (rel. December 30, 1997) ("Fourth Order"); see also 47

(continued...)

The tariff revisions initially proposed in BA-DC's Application involve its Economy II Service, a plan through which the Company implements the Lifeline program.¹³ Specifically, BA-DC proposed to: (1) eliminate the tariff provisions which require that customers under age 65 be a head of household to qualify for Economy II Service;¹⁴ (2) discontinue its practice of interrupting or disconnecting Economy II service to customers for failure to pay long distance charges, and adopt instead "Lifeline Toll Restriction Service" ("LTRS"), a free toll blocking service that would be initiated at the Company's option whenever unpaid long distance charges totaled \$20.00 or more, and which would block the origination of all toll calls and services by Economy II customers;¹⁵ (3) end its requirement for service deposits in cases where an Economy II customer voluntarily elects to have his/her toll calls blocked;¹⁶ and (4) eliminate the Company's current restrictions on the number of times a low-income subscriber can use the Link Up service connection discount.¹⁷ Although not a subject of the Report and Order, BA-DC also proposed to allow senior citizens to file applications for Economy II Service directly with the D.C. Energy Office ("the DCEO"),¹⁸ instead of with BA-DC, as is the current practice.

II. PROCEDURAL HISTORY

On November 14, 1997, the Commission published a Notice of Proposed Rulemaking ("NOPR") in the District of Columbia Register¹⁹ in which it expressed concern regarding several of the proposed tariff revisions. Specifically, the Commission noted that: (1) BA-DC proposed to offer only one form of toll limitation service -- toll blocking -- while the Report and Order seemed

¹²(...continued)

U.S.C. § 214(e)(2).

¹³ For BA-DC's existing tariff provisions regarding Economy II Service, see Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 4th Revised Page 2; 2nd Revised Page 4; 3rd Revised Page 5; and, 2nd Revised Page 6.

¹⁴ Proposed Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 3rd Revised Page 6.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ Application at 2; see also Proposed General Services Tariff, P.S.C. - D.C. - No. 203, Section 3, 3rd Revised Page 8.

¹⁸ Proposed Local Exchange Services Tariff, P.S.C.- D.C.- No. 202, Section 2, 3rd Revised Page 6.

¹⁹ 44 D.C. Register 7070 (November 14, 1997).

to require that both toll blocking and toll control services be offered;²⁰ (2) toll blocking service could be imposed at the Company's option, instead of the customer's; (3) the tariff revisions failed to fully address deposit requirement issues; and (4) BA-DC's cover letter transmitting the revisions contained statements that should properly have been made a part of the tariff itself.²¹

BA-DC, the Office of the People's Counsel of the District of Columbia ("OPC"), the District of Columbia Government ("DC Government"), the American Association of Retired Persons ("AARP") and the District of Columbia Commission on Aging ("DCCA") each filed separate comments on the Commission's NOPR.²² In view of the impending FCC implementation deadline of January 1, 1998, the Commission requested that the parties convene informally to discuss and, if possible, resolve any contested issues. In accordance with that request, Commission Staff met with commenting parties, the DCEO, and the District of Columbia Consumer Utility Board on December 5 and 8, 1997.

During those meetings, two issues not addressed in the Commission's NOPR were specifically raised by Commission Staff. The first was whether, and under what circumstances, BA-DC's present "Economy II Flat Rate Service" for Lifeline-eligible senior citizens age 65 and older could be continued,²³ in light of the Report and Order's requirement that non-income factors, such as age, be eliminated as requirements for participation in the Lifeline program. The second was whether Lifeline customers with past due local and/or long distance charges could be

²⁰ "Toll limitation" includes both toll blocking and toll control. "Toll blocking" allows consumers to elect not to allow the completion of outgoing toll calls from their telephones. "Toll control" allows consumers to specify a certain amount of toll usage per month or per billing cycle. See 47 C.F.R. § 54.400 (b) through (d) (1998); see also Report and Order at ¶¶ 82, 383, 385, 387 and 388.

²¹ 44 D.C. Register 7070 (November 14, 1997) at 7075.

²² Comments of Bell Atlantic - Washington, D.C. in Response to Notice of Proposed Rulemaking in TT97-13 (filed December 1, 1997) ("BA-DC Initial Comments"); Comments of the Office of the People's Counsel (filed December 1, 1997) ("OPC Initial Comments"); Comments of the District of Columbia Government on TT 97-13 (filed December 1, 1997) ("DC Government Comments"); Statement of Guy Coriden on behalf of the District of Columbia Legislative Committee of the American Association of Retired Persons (filed December 1, 1997) ("AARP Comments"); Comments of the District of Columbia Commission on Aging (filed December 1, 1997) ("DCCA Comments").

²³ The present Economy II Flat Rate Service is a \$1.00 per month rate plan, with unlimited local calling, available only to Lifeline-eligible seniors. Cf., Economy II Message Rate Service, presently a \$3.00 per month rate plan, with a limit of 120 message units, for other Lifeline-eligible consumers that are under age 65 and head of household. See Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, 4th Revised Page 2.

required to participate in "Message B Service," a BA-DC service plan specifically designed to allow customers to avoid disconnection of local service while paying off past due long distance balances.²⁴

On December 12, 1997, BA-DC and OPC filed a joint submission with the Commission, which included a revised Economy II Service tariff reflecting further tariff revisions proposed by BA-DC and agreed to by OPC.²⁵ The Revised Tariff restructured the Company's present Economy II Service into a plan for which all Lifeline-eligible consumers could qualify, regardless of age, and which would be offered at the rate of \$3.00 per month with a limit of 120 message units.²⁶ However, the Revised Tariff also provided for a "Service Upgrade" that would be offered at the rate of \$1.00 per month, with unlimited local calls, and for which only persons age 65 and older could qualify.²⁷ In addition, the Revised Tariff amended BA-DC's existing Message B Service to specify that Lifeline customers receiving service under Message B would not pay the \$1.00 or \$3.00 Economy II rates for local service, but would instead pay the tariffed Message B monthly local service charge of \$7.45.²⁸ Finally, the Revised Tariff eliminated Company-initiated toll blocking and clarified the Company's deposit requirements.²⁹

AT&T filed comments concerning the Revised Tariff on December 15, 1997.³⁰ On December 30, 1997, the FCC issued its Fourth Order,³¹ which clarified a number of issues, including the type of toll limitation services that eligible telecommunications carriers were required to offer to their Lifeline customers.

²⁴ See Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, 4th Revised Page 2; 4th Revised Page 3; and, Original Page 3a; General Services Tariff, P.S.C. - D.C. - No. 203, Section 6, 1st Revised Page 9.

²⁵ Joint Additional Submission of Bell Atlantic-DC and the Office of the People's Counsel In Response To Request From Commission Staff Regarding Eligible Telecommunications Carrier Designation (filed December 12, 1997) ("Joint Submission"); see also Exhibit 1 to Joint Submission, captioned "Tariff Pages" ("Revised Tariff").

²⁶ Revised Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 5th Revised Page 2.

²⁷ *Id.* at Original Page 7.

²⁸ *Id.* at 5th Revised Page 2.

²⁹ *Id.* at 3rd Revised Page 6.

³⁰ AT&T's Comments on BA-DC's Revised Economy II (Lifeline) Tariff (filed December 15, 1997) ("AT&T Comments").

³¹ See n. 12, *supra*.

III. ANALYSIS AND DECISION

In addition to its statutory duty to review and approve all of BA-DC's service offerings,³² the Commission is also required to determine, pursuant to 47 U.S.C. § 214(e)(2) and ¶ 135 of the Report and Order, whether or not BA-DC's proposed amendments to its tariffs meet FCC requirements and thus, whether BA-DC may properly be designated as a telecommunications carrier eligible to receive federal Lifeline and Link Up support. In this regard, BA-DC's original Proposed Local Exchange Services Tariff, Proposed General Services Tariff, and its subsequently filed Revised Tariff present a number of issues for decision, as follows:

A. Toll Limitation Services

In its NOPR, the Commission sought specific comment as to whether, pursuant to the Report and Order, BA-DC could properly offer only toll blocking services (*i.e.*, "LTRS") to its Lifeline customers, as opposed to offering both toll blocking and toll control services. In response, BA-DC argued that the Report and Order did not require it to offer both.³³ OPC, the DC Government, AARP and DCCA each disagreed.³⁴ However, OPC subsequently joined with the Company in urging that BA-DC's designation as an eligible telecommunications carrier need not turn on this issue, and that further consideration of the toll limitation question could be addressed as part of Formal Case No. 962, an active Commission proceeding to address competitive telecommunications issues generally, including universal service.³⁵

On December 30, 1997, the FCC modified the toll limitation portions of its Report and Order, stating that telecommunications carriers may "offer only one, and not necessarily both [toll blocking and toll control] at this time in order to be designated as eligible telecommunications carriers."³⁶ Based upon the FCC's clarification of the provisions of its Report and Order, the Commission concludes that BA-DC's proposal to offer only toll blocking services is appropriate at this time and is consistent with the public interest.

B. Company-Initiated Toll Blocking

³² D.C. Code § 43-501(a) (1998 Repl.).

³³ BA-DC Initial Comments at 3.

³⁴ OPC Initial Comments at 11; DC Government Comments at 2; AARP Comments at 2; DCCA Comments at 1.

³⁵ See Formal Case No. 962, In the Matter of the Implementation of the District of Columbia Telecommunications Competition Act of 1996 and Implementation of the Telecommunications Act of 1996; see also D.C. Code § 43-1452(k) (1998 Repl.).

³⁶ Fourth Order at ¶ 115.

As noted above, BA-DC's Proposed Local Exchange Services Tariff stated that toll blocking could be accomplished by the Company, at its option, whenever a Lifeline customer's unpaid long distance bill totaled \$20.00 or more.³⁷ In support of this provision, BA-DC argued that Company-initiated toll blocking was not violative of the Report and Order and that, without toll blocking, "customers could 'game' the system by switching [long distance] carriers once they have run up a bill, leaving their former toll providers(s) with little effective way to collect past charges."³⁸ AT&T agreed that the tariff should include the involuntary toll blocking provision, observing that if BA-DC could not collect and/or block toll charges on behalf of a long-distance carrier, "uncollectibles in the District would increase dramatically," along with rates for interLATA toll services.³⁹ OPC, the DC Government, AARP and DCCA all opposed the provision on the grounds that it was inconsistent with the Report and Order.⁴⁰ Nonetheless, based on an agreement with OPC that a decision as to the propriety of Company-initiated toll blocking could be made in Formal Case No. 962, BA-DC ultimately deleted the involuntary toll blocking provision in its Revised Tariff.⁴¹

We express no opinion as to whether long distance carriers would be better insulated from the risk of unpaid toll charges if local exchange carriers, such as BA-DC, were authorized to initiate, on an involuntary basis, toll blocking for Lifeline customers. Rather, we note that the Report and Order concludes that, as to long distance service, long distance carriers are free to either require service deposits from Lifeline customers who do not voluntarily elect long distance toll blocking services, or to disconnect those customers from the long distance network if toll charges are not paid.⁴² As to unpaid local charges, the Report and Order provides a similar option; that is, Lifeline customers can be disconnected from the local network and required to make an advance payment not to exceed one month's local charges in order to have local service restored.⁴³

BA-DC's Revised Tariff deletes all references to Company-initiated toll blocking, which we find to be consistent with the Report and Order. However, the Revised Tariff is lacking any

³⁷ See n. 15, *supra*.

³⁸ BA-DC Initial Comments at 4-5.

³⁹ AT&T Comments at 4.

⁴⁰ OPC Initial Comments at 9, 12; DC Government Comments at 2; AARP Comments at 2; DCCA Comments at 1.

⁴¹ See n. 29, *supra*.

⁴² See Report and Order at ¶ 400.

⁴³ *Id.* at ¶ 401.

affirmative statement that toll blocking services are available solely at a Lifeline customer's option. We believe that the public interest requires that the tariff include such a statement and, by this Order, require BA-DC to further revise its tariff accordingly.

C. Service Deposits

In comments filed in response to the Commission's NOPR, BA-DC explained its service deposit policy as not requiring deposits from Lifeline customers who voluntarily choose toll limitation service, and as providing for the return of previously paid deposits to customers later choosing toll limitation.⁴⁴ This explanation was subsequently embodied in the provisions of the Revised Tariff, with OPC's concurrence and without objection from other parties.⁴⁵ Based on these circumstances, the Commission concludes that the Revised Tariff's provisions regarding service deposits meet the requirements of the Report and Order, and serve the public interest.

D. Economy II Application Process

As discussed above, BA-DC proposes to change the Economy II Service application procedures to now allow all eligible customers, regardless of age, to file their applications with the DCEO directly rather than with BA-DC.⁴⁶ The DC Government supported this change, reasoning that it would increase administrative efficiency,⁴⁷ and no other party objected to the revision.

While the Commission agrees that streamlining the application process for all Economy II customers is in the public interest, we wish to ensure that the DCEO does not become the sole outlet for distribution and/or receipt of Economy II applications.⁴⁸ In our view, BA-DC should continue to distribute and collect applications, including distribution and collection of applications as a part of the Company's continuing community outreach efforts, and should continue to forward any applications collected to the DCEO for administrative processing. With both the DCEO and the Company undertaking this responsibility, the Commission believes that

⁴⁴ BA-DC Initial Comments at 6.

⁴⁵ See n. 29, *supra*; see also Joint Submission at 2.

⁴⁶ See notes 14 and 29, *supra*.

⁴⁷ DC Government Comments at 1-2.

⁴⁸ The Revised Tariff states that "[C]ustomers who have not been identified [as eligible for Lifeline assistance] must file an application for Economy II Service with DCEO." (emphasis supplied). Revised Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 3rd Revised Page 6.

opportunities for qualified customers to become enrolled in the Economy II Service plan will be maximized.

E. Elimination of Head of Household Requirements and Restrictions on Use of the Link Up Discount

In order to meet the requirements of the Report and Order, BA-DC's proposed tariff revisions amend the qualifications for Economy II Service to eliminate the "head of household" requirement (since it is an eligibility factor not related to income), and to eliminate the present restrictions on the number of times an Economy II customer may use the Link Up discount.⁴⁹ In that both of these changes benefit the public and are consistent with the Report and Order, both are by this Order approved.

F. Economy II Service Upgrade Plan

As discussed above, BA-DC's present Lifeline program, Economy II Service, has two components: a \$1.00 per month Economy II Flat Rate Service with unlimited calling for low income customers above age 65, and a \$3.00 per month Economy II Message Rate Service, with a limit of 120 message units per month, for low income customers below age 65 who are also "heads of household."⁵⁰ In order to meet the Report and Order's requirement that only income or income-related factors be considered when determining eligibility for Lifeline assistance, BA-DC's Revised Tariff now proposes a single Economy II Service plan, with a rate of \$3.00 and a limit of 120 message units monthly, in which all qualified consumers can participate, regardless of age or head of household status.⁵¹ The \$1.00/unlimited calling plan for low-income senior citizens is now described as a "Service Upgrade."⁵²

OPC initially objected to the Service Upgrade plan, arguing that age could not be a qualifying factor for any Economy II Service program.⁵³ However, based upon BA-DC's explanation that the extra program benefit would be subsidized solely by District ratepayers, OPC subsequently concurred with the proposed tariff revision.⁵⁴ The DC Government argued that the age qualification should be set at age 60, but stated that the Commission could resolve this issue

⁴⁹ See notes 14 and 17, *supra*; see also Report and Order at ¶¶ 344-345.

⁵⁰ Local Exchange Services Tariff, P.S.C. - D.C. - No. 202. 4th Revised Page 2.

⁵¹ See n. 26, *supra*.

⁵² See n. 27, *supra*.; see also Joint Submission at 3.

⁵³ OPC Initial Comments at 14-15.

⁵⁴ Joint Submission at 3.

in Formal Case No. 962.⁵⁵

While the Commission is of the opinion that BA-DC's proposal for a single Economy II Service plan, with eligibility based solely on income-related criteria, is consistent with the requirements of the Report and Order, we find that the "Service Upgrade" proposal, as presently structured by BA-DC, is problematic. Specifically, the record is not clear as to whether Service Upgrade is a separate program for income-qualified seniors, or simply an enhancement to the new \$3.00 Economy II Service. The Joint Submission states that the \$1.00 rate for seniors is "separately described" in the Revised Tariff, and that "[T]his separate rate is called Service Upgrade..."⁵⁶ Further, the Revised Tariff itself states that Service Upgrade "replaces" the \$3.00 Economy II Service rate and the 120 message unit limit.⁵⁷ These statements, taken together, would thus seem to suggest that Service Upgrade is in fact a separate offering. However, the Service Upgrade plan is not described separately from the new \$3.00 Economy II Service in BA-DC's Revised Tariff, but rather is set out as a footnote to it.⁵⁸

In our view, a proper characterization of the Service Upgrade proposal is critical to a determination of whether the proposal meets federal requirements. If the Service Upgrade is viewed as a separate service based, in part, on the prohibited non-income factor of age, it cannot qualify as a Lifeline program eligible for federal support. If it is instead meant to be an enhancement to basic Economy II Service, which is open to all qualified low-income consumers, we do not believe that such an enhancement is proscribed by the Report and Order. The FCC has concluded that while federal support for a Lifeline program is set at a maximum of \$7.00 for each income-eligible customer, "states are not limited in the amount of Lifeline assistance they provide, nor are states prohibited from offering different levels of assistance to different classes of consumers."⁵⁹

By this Order, the Commission interprets BA-DC's and OPC's intent, as expressed in the Joint Submission and in the Revised Tariff, to be the creation of a single Economy II program which accords the added benefits of a \$1.00 rate and unlimited calling to income-qualified seniors.

⁵⁵ D.C. Government Comments at 1.

⁵⁶ Joint Submission at 3.

⁵⁷ Revised Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, Original Page 7, at Note 6(b).

⁵⁸ Revised Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 5th Revised Page 2, at "Message Rate Service, Individual Line, Economy II"; *see also* Revised Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, Original Page 7, generally.

⁵⁹ *See In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, DA 97-2478 (rel. December 30, 1997) at ¶ 14.

Accordingly, the Commission directs BA-DC to: (1) identify its Service Upgrade plan as a "Locally Funded Service Upgrade";⁶⁰ (2) delete any reference in its tariff to the upgrade being available to customers who "otherwise qualify" for Economy II Service; (3) delete any reference in the tariff to the upgrade replacing or otherwise supplanting the \$3.00 Economy II rate or message unit allowance; (4) delete from the tariff any separate statement of the \$1.00 per month Service Upgrade rate, describing the Upgrade instead as a program which reduces the \$3.00 Economy II Service rate to \$1.00 and which includes unlimited local calling on a flat rate basis; and (5) make such other conforming amendments to the upgrade plan as are necessary to comport with the requirements of this Order and the requirements of the Report and Order.

G. Message "B" Service

In the Application first filed by BA-DC to implement the requirements of the Report and Order, no reference was made to "Message B Service," a calling plan for customers whose telephone service has been, or is about to be, disconnected for non-payment of past due local and/or long distance charges.⁶¹ Staff believes, and the Commission agrees, that this issue is relevant because certain features of Message B Service are affected by the Report and Order's provisions if the service is subscribed to by customers receiving Lifeline support (*i.e.*, subscribed to by Economy II customers).

Under BA-DC's present tariff, any customer with past due local and/or long distance charges and facing disconnection of local service as a result, may be placed by the Company on Message B Service. In that event, local service continues uninterrupted and customers are given up to 24 months to pay off past due charges in monthly installments.⁶² Toll blocking is automatically imposed by the Company on Message B customers,⁶³ and the rate for local service under Message B is \$7.45 each month, except that Economy II customers on the Message B Service plan are presently charged either the \$3.00 or \$1.00 federally subsidized monthly rate.⁶⁴

⁶⁰ According to calculations by Commission Staff, the \$1.00/unlimited calling benefit to be made available to low-income seniors requires total support of \$16.47. Of this amount, \$7.00 per eligible customer will come from federal funds and \$9.47 per eligible customer will be provided solely by District ratepayers..

⁶¹ See n. 24, *supra*.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 4th Revised
Page 2.

With the issuance of the Report and Order, however, a problem arises as to Economy II customers because Message B Service does not allow access to operator assistance or to interexchange service, two calling features that eligible telecommunications carriers must make available to Lifeline-supported customers.⁶⁵ Under Message B, Company-initiated toll blocking is specifically authorized, past due long distance charges must be paid in full within 24 months in order to retain local service, and deposits may be required even though toll blocking has already been imposed,⁶⁶ all of which are contrary to the Report and Order's provisions for customers supported by federal Lifeline funds.⁶⁷

In response to these issues, BA-DC's Revised Tariff eliminates the \$1.00 and \$3.00 federally subsidized monthly rates for Economy II customers who are placed on Message B Service, instead requiring all customers placed on Message B Service to pay the current \$7.45 non-subsidized monthly service charge.⁶⁸ The effect of this change is that Lifeline support for Economy II customers placed on Message B Service will be discontinued, and the Company can continue to apply the restrictive features of Message B Service to these customers without violating the provisions of the Report and Order. Although no party objected to these tariff revisions, the Commission finds them to be contrary to public policy and inimical to the interests of the District's Lifeline-eligible consumers.

The purposes which the Report and Order seeks to accomplish are several: to increase telephone subscribership among low-income consumers; to make a certain basic set of telecommunications services and options available to those consumers; and to keep them on the local network. As a consequence, Lifeline customers are accorded the benefits of access to customary telecommunications services at reduced rates; access to the long distance network after payment of a deposit or through choosing voluntarily to limit their long distance calls, but not both; and guaranteed, continuous access to the local network with an advance payment of only one month's local service charges. Message B Service provides none of these benefits, and the Revised Tariff, as presently drafted, is fraught with danger for all but the most well-informed Lifeline-eligible consumer.

First, the Revised Tariff is drafted so as to allow the Company, at its option, to place

⁶⁵ *Id.* at Original Page 3a; *see also* General Services Tariff, P.S.C. - D.C. - No. 203, Section 6, 1st Revised Page 9; Report and Order at ¶ 328.

⁶⁶ *See* Local Exchange Services Tariff, Section 2, Original Page 3a.

⁶⁷ *See* Report and Order at ¶ 328.

⁶⁸ Revised Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 5th Revised Page 2.

Economy II consumers on Message B Service.⁶⁹ There is nothing in the Revised Tariff requiring the Company to explain that local service cannot be disconnected simply because an Economy II customer has accrued unpaid long-distance charges. Neither is there any requirement in the Revised Tariff that Lifeline-eligible customers be given the choice of remaining connected to the local network at the \$1.00 or \$3.00 rate by merely paying one month's local service charges in advance, as opposed to paying the \$7.45 Message B monthly fee, along with past due long distance charges. The very purpose of Message B Service is to tie the continued provision of local service to the payment of past due local and/or long distance charges. For Lifeline-eligible consumers, we find this policy to be in conflict with the policies underlying the Report and Order, and of benefit solely to BA-DC and the long distance carriers for whom the Company serves as collection agent. As we have noted earlier, we agree with the conclusions stated in the Report and Order -- namely, that both the local company and the long distance carriers have adequate remedies at their disposal to protect themselves from past due bills.

In sum, the Commission has no assurance that Lifeline customers would have sufficient information to allow them to compare the federal requirements for the Lifeline program with Message B Service so as to conclude that the Lifeline program, and its lower \$3.00 or \$1.00 rates, constitutes the better service plan. Accordingly, we direct that, effective as of the date of this Order, Message B Service is eliminated as a service offering available to Economy II customers. Specifically, the Company is directed as follows:

- (1) BA-DC shall amend its tariff to provide that, effective as of the date of this Order, Message B Service is no longer available to Economy II customers, and shall delete any provision in its tariff which states or otherwise implies that Economy II customers may be placed on Message B Service by the Company;⁷⁰
- (2) For Economy II customers not already on Message B Service, BA-DC may require, effective as of the date of this Order, an advance payment of one month's local charges at the \$3.00 or \$1.00 rate, as applicable. As to long distance service, the Company may offer those customers the option of voluntary toll blocking or the payment of a reasonable service deposit;
- (3) For Economy II customers already on Message B Service, BA-DC may continue to require payment, on a monthly basis, of any past due local and/or long distance charges for which payment arrangements have already been made (*i.e.*, made prior to the date of this Order), and may disconnect the customer from the local network

⁶⁹ See Revised Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, 5th Revised Page 2.

⁷⁰ See, *e.g.*, Local Exchange Services Tariff, P.S.C. - D.C. - No. 202, Section 2, Original Page 3a, which presently states that "[C]ustomers eligible for Economy II Service may be placed on...Message Service...".

only if the agreed upon payments are not made. As to local service and beginning with the December billing cycle for each affected customer, the Company must remove all Message B local service restrictions which are prohibited by the Report and Order, as discussed herein, but may require the payment of one month's local charges in advance at the \$3.00 or \$1.00 rate, as applicable. As to long distance service and beginning with the December billing cycle for each affected customer, BA-DC must remove all Message B long distance service restrictions which are prohibited by the Report and Order, as discussed herein, but may offer an Economy II customer the option of voluntary toll blocking or the payment of a reasonable service deposit. Local service may not, thereafter, be disconnected for failure to pay long distance charges accrued after the date of this Order; and

- (4) BA-DC shall notify all Economy II customers currently receiving Message B Service of the service changes required by this Order by a direct mailing posted and received prior to the start of the December billing cycle for each affected customer. The Company shall also advertise to the general public, prior to December 1, 1998, the availability of Economy II Service, including the revisions required by this Order, for two consecutive weeks in one or more newspapers generally distributed throughout the service area and using generally understood language which explains all changes to the Service. In addition, the Company shall, in March and September, 1999, include an insert in the monthly bill of all Message B customers notifying them of the availability of Economy II Service and explaining, in generally understood language, all features of Economy II Service as implemented by this Order.

THEREFORE, IT IS ORDERED THAT:

1. BA-DC's Application is approved, subject to the provisions of this Order;
2. Pursuant to 15 D.C.M.R. § 296.1, BA-DC shall file, within five (5) days of the date of this Order, a tariff which includes all revisions approved or directed by this Order; and,
3. Pursuant to 15 D.C.M.R. § 296.3, parties will be given five (5) days to file written comments with the Commission Secretary on the filing required by paragraph 2, immediately above.

A TRUE COPY:

Acting
Leavis Ouderk
CHIEF CLERK

BY DIRECTION OF THE COMMISSION:

Jesse P. Clay Jr.
JESSE P. CLAY, JR.
COMMISSION SECRETARY

ATTACHMENT B

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
717 14TH STREET, N.W., WASHINGTON, DC. 20005

ORDER

December 17, 1998

FORMAL CASE NO. 962, IN THE MATTER OF THE IMPLEMENTATION OF THE DISTRICT OF COLUMBIA TELECOMMUNICATIONS ACT OF 1996 AND IMPLEMENTATION OF THE TELECOMMUNICATIONS ACT OF 1996, Order No. 11265

I. INTRODUCTION

On September 30, 1997, Bell Atlantic - Washington, D.C., Inc. ("BA-DC" or the "Company") requested that the Public Service Commission of the District of Columbia ("Commission") 1) designate it as an eligible carrier; 2) designate the District of Columbia as the universal service area; and 3) adopt BA-DC's current advertising and outreach efforts for the Economy II Service program.¹ By Order issued October 16, 1997, the Commission designated Washington, D.C., as the universal service area.² This Order grants BA-DC's remaining requests by designating the Company as an eligible telecommunications carrier and reaffirming the Commission's approval of BA-DC's current advertising and outreach efforts for the Economy II Service and Lifeline Connection Assistance ("Link Up") programs, as revised by Order No. 11286.³

II. BACKGROUND

The federal government created the Lifeline Assistance ("Lifeline") and Lifeline Connection Assistance ("Link Up") programs in 1985 as mechanisms for increasing telephone subscribership among low income consumers by reducing monthly service charges through Lifeline and reducing initial service connection charges through Link Up.⁴ The Telecommunications Act of 1996 (the

¹ Formal Case No. 962, Letter from J. Henry Ambrose to Jesse P. Clay, Jr., at 3 (dated September 30, 1997) ("Application"); Letter from Hank Ambrose to Jesse P. Clay, Jr., (December 12, 1997) entitled "Supplement to request for Eligible Carrier Status."

² Formal Case No. 962, Order No. 11073 (October 16, 1997).

³ TT 97-13, *In the Matter of the Application of Bell Atlantic-Washington, D.C., Inc., for Authority to Amend the Local Exchange Services Tariff, P.S.C.-D.C.-202, and General Services Tariff, P.S.C.-D.C.-No.203*, Order No. 11286. (November 5, 1998).

⁴ In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45 (May 8, 1997) ("Report and Order"), at ¶¶ 329-30.

“Act”⁵ required the States to open their local telecommunications markets to competition and directed the Federal Communications Commission (“FCC”) to ensure that telecommunications services are universally available to consumers throughout the country at an affordable price.⁶ The Act required the FCC to establish a universal service support fund as a means of paying for, *inter alia*, the services provided under the Lifeline and Link Up programs. All telecommunications carriers are required to contribute to the universal service support fund and may, in turn, receive support from the fund if they have been designated an eligible telecommunications carrier by the appropriate State Commission.⁷

In order to be designated as eligible to receive universal service support, a carrier must offer and advertise throughout their service area all of the telecommunications services supported by the Lifeline and Link Up programs. Carriers must provide these telecommunications services using their own facilities or a combination of their own facilities and resale of another carrier’s services.⁸ Congress delegated to the FCC the authority to identify the services to be supported by universal support mechanisms, including Lifeline and Link Up. The FCC has identified those services as: 1) single-party service; 2) voice-grade access to the public switched network; 3) dual tone multi-frequency signaling or its functional equivalent; 4) access to emergency services; 5) access to operator services; 6) access to interexchange services; 7) access to directory assistance; and 8) toll limitation services for qualifying low-income consumers.⁹

III. ANALYSIS AND DECISION

BA-DC asserts that it meets all of the above-referenced criteria for designation as an eligible carrier. Specifically, BA-DC states that it currently uses its own facilities to operate a telecommunications business in the District of Columbia; that, as part of its Economy II Service program, it offers and advertises all of the services designated by the FCC for support under the Lifeline and Link Up programs; and that it provides voice-grade access to the public switched network at a frequency range of between approximately 300 Hertz (Hz) and 3,000 Hz for a bandwidth of 2,700 Hz.¹⁰ Additionally, by Order issued November 5, 1998, the Commission

⁵ Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 U.S.C. § 251 *et seq.* (Supp. 1998).

⁶ 47 U.S.C. § 214(e)(2) (Supp. 1998).

⁷ *Id.*

⁸ Report and Order at ¶ 134; see also 47 U.S.C. § 214(e) (Supp. 1998).

⁹ Report and Order at ¶ 61; see also 47 U.S.C. § 214(e) (Supp. 1998).

¹⁰ In its original Report and Order, the FCC required an eligible carrier to offer voice-grade access in the frequency range between approximately 500 Hz and

approved BA-DC's application to amend its Local Exchange Services Tariff in order to comport with the new federal requirements for the Lifeline and Link Up programs.¹¹

We find that BA-DC has demonstrated that it currently operates a telecommunications business in the District of Columbia and that it uses its facilities to offer the services designated for support under the Lifeline and Link Up programs. With regard to the advertising requirement, the Commission has previously directed BA-DC to advertise the availability of these services in media of general distribution and has required BA-DC to file monthly reports with the Commission which detail the Company's outreach efforts.¹² In Order No. 11286, the Commission required BA-DC to advertise the availability of Economy II Service "for two consecutive weeks in one or more newspapers generally distributed throughout the service area and using generally understood language which explains all changes to the Service." We find that the Commission's advertising requirements are consistent with those established by federal law and we reaffirm them in this Order. Based on the above findings, we conclude that BA-DC has satisfied all the criteria for being designated an eligible carrier under federal law and consequently is entitled to receive federal universal service support effective January 1, 1998.

4,000 Hz for a bandwidth of approximately 3,500 Hz. However, in its Fourth Report and Order, the FCC changed the frequency range to 300 Hz to 3,000 Hz. BA-DC has filed a sworn affidavit attesting to its claim that it now meets the frequency and bandwidth requirements established by the FCC. See Formal Case No. 962, Affidavit of Charles H. Eppert, III, Director of Technical Regulatory Planning for Bell Atlantic Corporation Network Services, Inc. filed December 24, 1997.

¹¹ TT97-13, *supra* note 3.

¹² The Commission has previously approved BA-DC's (formerly Chesapeake and Potomac Telephone Company) Economy II advertising and outreach efforts. See Formal Case No. 850, *In the Matter of Investigation into the Reasonableness of the Authorized Returns on Equity, Rate of Return, and Current Charges and Rates for Telecommunications Services Offered by Chesapeake and Potomac Telephone Company*, Order No. 10115 at 4-5 (November 13, 1992); see also Formal Case No. 850, *In the Matter of Investigation into the Reasonableness of the Authorized Returns on Equity, Rate of Return, and Current Charges and Rates for Telecommunications Services Offered by Chesapeake and Potomac Telephone Company*, Order No. 10142 (January 7, 1993).

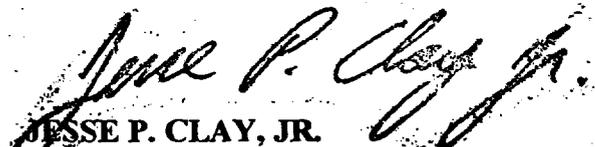
THEREFORE, IT IS ORDERED THAT:

1. The Application of Bell Atlantic - Washington, D.C., Inc. is granted;
2. The Commission designates Bell Atlantic - Washington, D.C., Inc., as an eligible telecommunications carrier in the District of Columbia for purposes of receiving federal universal service support effective January 1, 1998; and
3. In accordance with 47 C.F.R. § 54.401(d), the Commission directs Bell Atlantic - Washington, D.C., Inc., to file information with the Universal Service Administrative Company ("USAC") Administrator which demonstrates that BA-DC's Lifeline plan meets the criteria set forth in the FCC's regulations and states the number of qualifying low-income consumers and the amount of state assistance required.

A TRUE COPY

CHIEF CLERK

BY DIRECTION OF THE COMMISSION:


JESSE P. CLAY, JR.
COMMISSION SECRETARY

ATTACHMENT C

Bell Atlantic - Washington, D.C., Inc.
1710 H Street, N.W.
10th Floor
Washington, DC 20006
202 392-5455 Fax 202 659-4948
E-Mail: j_henry.ambrose@BellAtlantic.com

J. Henry Ambrose
Director
Regulatory Matters



Your Reference: TT97-13
November 25, 1998

Mr. Jesse P. Clay, Jr., Secretary
The Public Service Commission
of the District of Columbia
717 14th Street, N.W., Suite 200
Washington, D.C. 20005

Dear Mr. Clay:

The following tariff pages are hereby filed in compliance with Order No. 11286 dated November 5, 1998 in Telephone Tariff 97-13 to become effective December 1, 1998:

GENERAL SERVICES TARIFF, P.S.C.-D.C.-NO. 202
Section 2, 2nd Revised Page 1
Section 2, 6th Revised Page 2
Section 2, 1st Revised Page 3a
Section 2, 3rd Revised Page 4
Section 2, 6th Revised Page 5
Section 2, 3rd Revised Page 6
Section 2, Original Page 7
Section 3, 3rd Revised Page 8
Section 3, 2nd Revised Page 9

This filing revises the terms and conditions of Economy II Service in compliance with Commission Order No. 11286 and applicable FCC lifeline requirements and should replace the tariff pages previously filed on November 13, 1998. Bell Atlantic - Washington, D.C., Inc. has added one sentence regarding the requirement to pay one month's charges in advance to restore local service after disconnection for non-payment of local charges (GENERAL SERVICES TARIFF, P.S.C.-D.C.-NO. 202, Section 2, 3rd Revised Page 6).

If you have any questions regarding this matter, please call me at the above number.

Respectfully submitted,

A handwritten signature in cursive script that reads "J. Henry Ambrose".

Copy to: The Honorable Marlene L. Johnson, Chair
The Honorable Agnes M. Alexander
The Honorable Edward M. Meyers
Richard Beverly, Esq., General Counsel
Elizabeth A. Noël, Esquire, People's Counsel

LOCAL EXCHANGE SERVICES TARIFF
P.S.C.-D.C.-No. 202

Bell Atlantic - Washington, D.C., Inc.

Section 2
2nd Revised Page 1
Cancels 1st Revised Page 1

LOCAL EXCHANGE SERVICE

A. GENERAL

The regulations and rates contained herein are applicable to local exchange telephone services furnished within the District of Columbia (Washington Zone of the Washington Metropolitan Exchange Area [WMEA]).

B. REGULATIONS

1. Explanation of Terms

Household

A household defines those who dwell in a single housing unit or address at which Local Exchange Service may be offered.

2. Touch-Tone Calling Service and Pay Telephone Lines are provided as specified in Sections 3 and 4D respectively, of this tariff.

3. Local Service Area

The local service area of the Washington Zone includes all telephones bearing the designation of any central office of the WMEA and the Ashton (Md.), Braddock (Va.), Dulles (Continental Tel. Co. of Va.), Engleside (Va.), Gaithersburg (Md.), Herndon (Va.), Laurel (Md.) and Lorton (Continental Tel. Co. of Va.) exchanges.

The WMEA embraces the District of Columbia and certain adjacent areas in Maryland and Virginia. The WMEA comprises zones designated as follows: Alexandria-Arlington (Va.), Berwyn (Md.), Bethesda (Md.), Bowie-Glenn Dale (Md.), Capitol Heights (Md.), Clinton (Md.), Fairfax-Vienna (Va.), Falls Church-McLean (Va.), Hyattsville (Md.), Kensington (Md.), Layhill (Md.), Marlboro (Md.), Oxon Hill (Md.), Rockville (Md.), Silver Spring (Md.) and Washington, D.C.

4. Residence First and Additional Lines

Only one Residence First Line is available per household. All other residence lines in the same household, regardless of the number of subscribing customers or Local Exchange Services, will be Residence Additional Lines.

5. Lifeline Service

Economy II Message Rate Service is the Telephone Company's Lifeline Service designed to provide qualified customers access to local exchange telephone service. Such qualified customers are charged a reduced rate for local exchange telephone service. Customers who qualify for this Lifeline Economy II Message Rate Service (hereafter "Economy II Service") and meet other requirements set forth below are entitled to a Locally Funded Service Upgrade, as specified in C.2. (Note 6) following.

(N)

(N)

C. RATES

1. Application of Rates

The rates shown herein entitle the customer to local messages to all telephones of the local service area as specified in B. preceding.

Issued: November 24, 1998

Effective: December 1, 1998

LOCAL EXCHANGE SERVICES TARIFF
P.S.C.-D.C.-No. 202

Bell Atlantic - Washington, D.C., Inc.

Section 2
6th Revised Page 2
Cancels 5th Revised Page 2

LOCAL EXCHANGE SERVICE

C. RATES (Cont'd)

2. Rate Schedule

	Per Month		
	Residence	Business	
Flat Rate Service			
Individual Line, first.....	\$14.00	-	
Individual Line, additional.....	14.00	-	
Private Branch Exchange (PBX) Trunk, first.....	14.00	-	(D)
PBX Trunk, additional.....	14.00	-	
Message Rate Service			
Individual Line, first (1).....	7.45	\$11.79	
Individual Line, additional (1).....	7.45	11.79	
Individual Line, Economy I (2).....	4.35	-	
Individual Line, Economy II (1) (5) (6).....	3.00	-	(C)
PBX Trunk (1).....	-	11.79	
Message "B" Service (1) (4)			
Previous service			
Flat, Flat/Message, or Message Rate	7.45	-	(D)
Flat/Rate Message Rate Service			
Individual Line, first (3).....	8.75	-	
Individual Line, additional (3).....	8.75	-	

For explanation of notes, see Pages 3 through 7 following.

(T)

LOCAL EXCHANGE SERVICES TARIFF
P.S.C.-D.C.-No. 202

Bell Atlantic - Washington, D.C., Inc.

Section 2
1st Revised Page 3a
Cancels Original Page 3a

LOCAL EXCHANGE SERVICE

C. RATES (Cont'd)

2. Rate Schedule (Cont'd)

<u>Note</u>	<u>Explanation</u>
(4)	This service will terminate following the Telephone Company's implementation of a billing system which can maintain multiple billing balances in order to selectively disconnect services. This service will be available to any eligible customer for up to a 24 month period. This is a single line service available only to residence customers whose telephone service has been or is about to be disconnected for nonpayment. This service includes Long Distance Message Restriction and restricts Credit Card billing and collect calls to customers of this service, where feasible. Customers of this service may not subscribe to or utilize any other regulated services offered by the Telephone Company, except Touch-Tone Calling Service, Nonlisted or Nonpublished Service and Call Trace. Customers disconnected from Message "B" Service cannot return to this service. Message "B" Service is not available to Economy II customers. (C) (C)

LOCAL EXCHANGE SERVICES TARIFF
P.S.C.-D.C.-No. 202

Bell Atlantic - Washington, D.C., Inc.

Section 2
3rd Revised Page 4
Cancels 2nd Revised Page 4

LOCAL EXCHANGE SERVICE

C. RATES (Cont'd)

2. Rate Schedule (Cont'd)

<u>Note</u>	<u>Explanation</u>	
(5)	Economy II Service is available on a Message Rate basis and is offered subject to the following conditions:	(C)
	(a) This service is available to customers at their principal residences only.	
	(b) Only one Economy II Service line is available per household.	(T)
	(c) Any household subscribing to Economy II Service will not be allowed to have any other exchange service.	(T)
	(d) Economy II Service is available only to persons who qualify under federal statutory criteria for participation in the Low Income Home Energy Assistance Program (LIHEAP) in the District of Columbia, as follows:	

LIHEAP

Households in which one or more individuals are receiving:

Aid to Families with Dependent Children (AFDC) under the District's plan approved under Part A of Title IV of the Social Security Act (other than such aid in the form of Foster Care in accordance with Section 408 of such act); or

Supplemental Security Income payments under Title XVI of the Social Security Act; or

Food Stamps under the Food Stamp Act of 1977; or

Payments under Sections 415, 521, 541 or 542 of Title 38, United States Code, or under Section 306 of the Veteran's and Survivor's Pension Improvement Act of 1978; or

Material formerly found on this page now appears on Page 5.

LOCAL EXCHANGE SERVICES TARIFF
P.S.C.-D.C.-No. 202

Bell Atlantic - Washington, D.C., Inc.

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LOCAL EXCHANGE SERVICE

C. RATES (Cont'd)

2. Rate Schedule (Cont'd)

<u>Note</u>	<u>Explanation</u>	
(5)	Economy II Service is available on a Message Rate basis and is offered subject to the following conditions: (Cont'd)	(C) (T)
(d)	Economy II Service is available only to persons who qualify under federal statutory criteria for participation in the Low Income Home Energy Assistance Program (LIHEAP) in the District of Columbia, as follows: (Cont'd)	(T)
	Households with incomes which do not exceed an amount equal to 150 percent of the poverty level, as determined by the District of Columbia's Poverty Guidelines below.	(x) (x)

The District of Columbia's Poverty Guidelines are as follows:

<u>Family Size</u>	<u>Maximum Incomes</u>	(y)
1	\$12,075	
2	16,275	
3	20,475	
4	24,675	
5	28,875	
6	33,075	
7	37,275	
8	42,475	

For family members numbering more than eight, add \$4,200 for each additional family member.

(x) Indicates material transferred from 2nd Revised Page 4.

(y) Effective October 1, 1998, by authority of the Energy Regulatory Affairs Division of the District of Columbia Energy Office. (C)

LOCAL EXCHANGE SERVICES TARIFF
P.S.C.-D.C.-No. 202

Bell Atlantic - Washington, D.C., Inc.

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3rd Revised Page 6
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LOCAL EXCHANGE SERVICE

C. RATES (Cont'd)

2. Rate Schedule (Cont'd)

<u>Note</u>	<u>Explanation</u>	
(5)	Economy II Service is available on a Message Rate basis and is offered subject to the following conditions: (Cont'd)	(C)
	(e) In addition to meeting the criteria in (d) preceding, customers with Economy II Service must be certified for participation by the District of Columbia Energy Office (DCEO). Customers who already have been identified by the District of Columbia Energy Office as qualified to participate in LIHEAP will automatically be deemed eligible for Economy II Service. Customers who have not been so identified must file an application for Economy II Service with DCEO or Bell Atlantic.	(T) (C) (C) (C)
	(f) Customers with Economy II Service lines will be entitled to a reduction in the Interstate Customer Access Line Charge specified in The Bell Atlantic Telephone Companies Tariff F.C.C. No. 1, for the District of Columbia.	(C)
	(g) Lifeline Toll Restriction is a toll blocking arrangement that permits customers with Economy II Service lines to complete local calls; calls to the operator; calls to E911 and other N11 Service Codes; calls to Toll Free Service telephone numbers; and local Directory Assistance Calls. Lifeline Toll Restriction will be offered at no charge, and will be added to a customer's account solely at the customer's discretion. The circumstances in which a deposit will be required for a customer prior to establishment of Economy II Service will be governed by the Consumer Bill of Rights, except that under no circumstances will a deposit be required for an Economy II customer, if the customer voluntarily elects to receive Lifeline Toll Restriction. If the Telephone Company collects and holds a customer deposit and the customer later voluntarily elects to receive Lifeline Toll Restriction, the deposit will be refunded. Lifeline Toll restriction prevents the origination of all interstate long distance calls; 700/900 calls; and calls to Audiotex Service Telephone numbers. This arrangement also blocks collect and third number calls billed to Economy II Service lines; the use of Connect ReQuest ; Verification and Verification with Interrupt Services; and interstate long distance Directory Assistance calls.	(N)
	(h) Economy II Service will not be interrupted or disconnected for failure to pay for long distance charges.	
	(i) The Telephone Company may require an advance payment of one month's local charges from Economy II customers to restore local service after disconnection for non-payment of local charges.	(N)

LOCAL EXCHANGE SERVICES TARIFF
P.S.C.-D.C.-No. 202

Bell Atlantic - Washington, D.C., Inc.

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Original Page 7

LOCAL EXCHANGE SERVICE

C. RATES (Cont'd)

2. Rate Schedule (Cont'd)

<u>Note</u>	<u>Explanation</u>
(6)	Locally Funded Service Upgrade
	(a) A Locally Funded Service Upgrade is available to Economy II customers who are 65 years of age or older.
	(b) The Locally Funded Service Upgrade reduces the Economy II rate to \$1.00 per month, and allows unlimited local calling on a Flat Rate basis.

GENERAL SERVICES TARIFF
P.S.C.-D.C.-No. 203

Bell Atlantic - Washington, D.C., Inc.

Section 3
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SERVICE CHARGES

C. RATES

1. Service Connection Charges*

a. Exchange Lines, each

Residence	<u>First Line</u>	<u>Additional Line</u>
Individual Line	\$ 30.76†	-
Installed at same time as first line	-	\$33.49
Installed subsequent to first line	-	43.06
Business	83.25	32.00
Network Controlled Inmate Line	146.25	-

* The Service Connection Charge for additional lines is only applicable when an additional line of the same type is installed at the same time as the first line except residence exchange lines.

† A fifty-percent reduction up to a total amount of \$30.00 of the residence service connection charge for initial service and any subsequent relocations, not including security deposit requirements, for a single telephone line per household at the principal place of residence is available for all applicants who meet the household income requirements for Residence Message Rate, Individual Line, Economy II Service, as set forth in Local Exchange Services Tariff, Section 2. (C)

These income requirements must be certified by the procedure established for Economy II Service applicants, as set forth in Local Exchange Services Tariff, Section 2. (C)

(D)

GENERAL SERVICES TARIFF
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Bell Atlantic - Washington, D.C., Inc.

Section 6
2nd Revised Page 9
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SUPPLEMENTAL EQUIPMENT

Long Distance Message Restriction
and Call Restriction

A. GENERAL

A Long Distance Message Restriction is an arrangement which permits a Local Exchange Service line or communication system to dial local service area calls, 911 calls, Directory Assistance calls and Toll Free Service calls, but prevents the origination of long distance calls and 700/900 calls. In addition, this arrangement denies the user access to "ZERO" (Operator) dialing.

Call Restriction is a service for both residence and business individual line customers which blocks the origination of all 700/900 service telephone numbers and directly dialed, i.e, 1+, long distance calls. This service will allow calls to 911, Directory Assistance, Toll Free service telephone numbers and calls to the operator (0+, 0-) for calling card, collect and third number billed calls.

B. REGULATIONS

1. Long Distance Message Restriction is provided for use only on individual line Local Exchange Service.
2. Long Distance Message Restriction will be provided to communications systems from central offices which are equipped for such services. It is an arrangement whereby calls placed over trunks equipped with Long Distance Message Restriction are denied access to long distance message service and 700/900 service telephone numbers.
3. The acceptance of long distance collect call messages is not restricted by Long Distance Message Restriction or Call Restriction. (D)
4. The types of non-sent paid calls allowed by Call Restriction include: (T)
 - Calling Card Calls
 - Collect Calls
 - Bill to Third Number Calls
5. Call Restriction is provided for use only on flat and message rate individual line Local Exchange Service. (T)

C. RATES

	<u>Nonrecurring Charge</u>	<u>Per Month</u>	USOC
1. Long Distance Message Restriction			
Per residence Individual Line or PBX trunk arranged.....	\$10.00	\$2.50	TD7
Per business Individual Line or PBX trunk arranged.....	10.00	3.50	TD7
2. Call Restriction			
Per residence Individual Line.....	10.00	3.00	DHL
Per business Individual Line.....	10.00	4.00	DHL

ATTACHMENT D

BELL ATLANTIC - WASHINGTON, D.C., INC.

**Application of Federal and State Lifeline and Link-Up Support
for Bell Atlantic-DC, Inc. Economy II Customers
Rates Effective January 1, 1998**

RECURRING SERVICE:

	Monthly Rates for Non-Eligible Customers	Monthly Rates for Lifeline Customers	Total Subsidy [1]	Federal Subsidy	State Subsidy
Economy II Service	(A)	(B)	(C) = (A) - (B)	(D)	(E) = (C) - (D)
1. Message Rate Service	\$11.05	\$3.00	\$8.05	\$3.50 [2]	\$4.55 [4]
2. SLC 7/1/98	\$3.47	\$0.00	\$3.47	\$3.47 [3]	\$0.00
3. Total Monthly Recurring Charge	\$14.52	\$3.00	\$11.52	\$6.97	\$4.55
Economy II Service - Locally Funded Upgrade					
4. Flat Rate Service	\$14.00	\$1.00	\$13.00	\$3.50 [2]	\$9.50 [4]
5. SLC 7/1/98	\$3.47	\$0.00	\$3.47	\$3.47 [3]	\$0.00
6. Total Monthly Recurring Charge	\$17.47	\$1.00	\$16.47	\$6.97	\$9.50

Notes:

[1] The total subsidy based on November, 1998 Economy II Service customers of 9,625 is \$1,814,135 annually.

[2] Per CC Docket #96-45, FCC 97-157 Adopted May 7, 1997, Paragraphs 351 and 352.

[3] Interstate Subscriber Line Charge (SLC) waived for Economy II Customers.

[4] The FCC requirement for the state subsidy is \$3.50. The state subsidy will be \$1.05 above this requirement for the Economy II Service, and \$6.00 above for the Economy II Service Upgrade.

NON-RECURRING CHARGE:

	Non-Recurring Rate For Non-Eligible Customers	Non-Recurring Rate For Link-Up Customers	Total Subsidy	50% Federal Subsidy	State Subsidy
Link-Up Charge	(A)	(B) = (A) x 50%	(C) = (A) - (B)	(D) = (A) x 50%	(E) = (C) - (D)
7. Line Connection Charge	\$30.76	\$15.38	\$15.38	\$15.38	\$0.00

ATTACHMENT E

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

IN THE MATTER OF

**FEDERAL-STATE JOINT BOARD ON
UNIVERSAL SERVICE**

CC Docket No. 96-45

**PETITION OF THE PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA
FOR WAIVER**

The Public Service Commission of the District of Columbia ("DCPSC") hereby requests that the Federal Communications Commission ("FCC") 1) waive the requirement that States designate, by December 31, 1997, an eligible carrier to receive universal service support; and 2) permit Bell-Atlantic - Washington, D.C., Inc., ("BA-DC") to receive universal service support retroactive to January 1, 1998.

I BACKGROUND

On May 8, 1997, the FCC issued its Report and Order on Universal Service, CC Docket No. 96-45, FCC Order 97-157 ("Report and Order") which, among other things, determined that only common carriers designated by a State commission would be eligible to receive federal universal service support.¹ On September 30, 1997, BA-DC filed an application with the Commission requesting designation as an eligible carrier.² BA-DC supplemented its Application with additional

¹ Report and Order at ¶¶ 132 and 134.

² See Formal Case No. 962T, Letter from J. Henry Ambrose to Jesse P. Clay, Jr., at 3 (dated September 30, 1997) ("Application").

information on December 23, 1997.³

In order to be designated as an eligible carrier, a carrier must offer all of the services designated by the FCC for support under the Lifeline program and ensure that customer eligibility under the program is based solely on income or income-related factors. BA-DC implements the Lifeline program in the District through its Economy II Service plan. Prior to issuance of the Report and Order, BA-DC's Economy II Service had two components: a \$1.00 per month flat rate service with unlimited calling for low income customers over age 65, and a \$3.00 per month message rate service with a limit of 120 message units per month for low income customers who are under age 65 and are also heads of household. The message rate service was income-qualified while the flat rate service was age *and* income qualified.

To satisfy the FCC requirement that eligibility for Lifeline be governed solely by income or income-related factors, BA-DC proposed to combine the program's two components into a single plan with the \$1.00 flat rate service available to senior citizens as a "Service Upgrade." According to BA-DC, the Service Upgrade would be subsidized entirely by D.C. ratepayers. However, it was unclear to the PSC whether BA-DC was offering the Service Upgrade as a separate program for income-qualified seniors or whether it was simply an enhancement to Economy II Service. If the Service Upgrade were a separate service, then it could not receive federal support because customer eligibility for the program is based on age, which is a prohibited non-income factor. If, however, the Service Upgrade were an enhancement to basic Economy II Service, and if the enhancement were funded entirely through intrastate subsidies, then federal support for the program would not be

³ Letter from J. Henry Ambrose to Jesse P. Clay, Jr., (dated December 23, 1997) entitled "Supplement to Request for Eligible Carrier Status" ("Supplement").

proscribed by the Report and Order.⁴

Initially, the DCPSC determined that the Service Upgrade was a separate service and, therefore, ineligible for federal support. However, after reconsidering the matter, the DCPSC determined that BA-DC's filings were more consistent with an intent to create an intrastate-subsidized enhancement to the basic Economy II Service. As a result, the DCPSC directed BA-DC to amend its tariff filings to conform to the company's intent.

Subsequently, the DCPSC determined that the new federal Lifeline criteria affected BA-DC's Message B Service. Pursuant to the tariff then in effect, when a customer faced disconnection for overdue local and/or long distance charges, the customer could continue to receive uninterrupted service by agreeing to be on Message B Service and paying off the past due charges in monthly installments. However, in order to be eligible for federal support, Message B Service must offer access to operator assistance or to interexchange services -- two calling features that BA-DC's Message B Service did not offer. Additionally, Message B Service permitted Company-initiated toll blocking; required customers to pay past due long distance charges as a condition for maintaining local service; and required customers to pay deposits even though their calls are subject to toll blocking -- conditions which render Message B Service ineligible for federal Lifeline support. Rather than conform Message B Service to the federal Lifeline requirements, BA-DC proposed to eliminate the federal subsidies for Economy II customers on Message B Service and require those customers to pay the non-subsidized monthly rate. After carefully considering the FCC Report and Order, the DCPSC modified the operation of the Message B program so that BA-DC's existing

⁴ See *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, DA 97-2478 (rel. December 30, 1997).

payment arrangements for customers currently on Message B Service were left undisturbed while ensuring that, in the future, the program is not used to circumvent the FCC Report and Order.

II. JUSTIFICATION FOR WAIVER

The DCPSC believes a waiver is appropriate for several reasons. First, in 1994, the Council of the District of Columbia ("Council") mandated that the DCPSC reduce its staff by 40% in order to comply with a Congressional mandate to reduce the total number of positions in the District government. As a result of the reduction, the remaining DCPSC staff have been forced to spread their time over a steadily increasing number of matters. For instance, the DCPSC has only one economist specialized in telecommunications and he must review all the telecommunications issues before the DCPSC — a factor that has delayed all telecommunications cases, including this one.

Second, the DCPSC, like other District government agencies, has had considerable difficulty attracting and retaining experienced attorneys primarily because District government attorneys are grossly underpaid as compared to their counterparts in the federal and private sectors. In the last two years, the DCPSC has experienced a turnover in virtually its entire legal staff with vacancy rates since January running as high as 40%. The DCPSC has been forced to replace its legal staff with inexperienced attorneys who cannot process the DCPSC's work as quickly as may be necessary.

Third, the DCPSC has historically ameliorated its staffing problems by contracting with outside legal consultants. However, in 1997, the Council eliminated the DCPSC's independent contracting authority as part of a District plan to centralize procurement functions. As a result of its own staffing problems and workload, the District's new centralized procurement office has been unable to address the DCPSC's procurement requirements in a timely fashion. This contracting

impediment, either directly or indirectly, delayed the resolution of all matters pending before the DCPSC.

Finally, the DCPSC's workload has increased significantly. In the area of telecommunications, alone, the DCPSC is defending its interpretation of the federal Telecommunications Act in U.S. District Court; reviewing interconnection agreements; establishing permanent prices for the unbundled elements of BA-DC's network; reviewing applications from competitive local exchange carriers seeking approval to enter the District's telecommunications market; revising payphone rules; examining the need for public interest payphones; investigating whether there has been a market failure in payphone pricing; determining whether, and to what extent, the DCPSC can prohibit the installation of payphones; and filing comments with the FCC on matters of interest to the DCPSC. Additionally, the DCPSC must continue to address the normal regulatory issues for all three of the industries it regulates including tariff filings; mergers and acquisitions; financing issues; least cost plans; consumer complaints; quality of service; and the numerous and complex issues surrounding deregulation of the District's electric and gas industries.

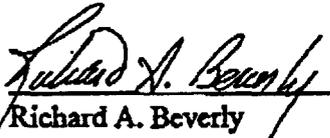
Given the impediments set forth above, and considering the difficulties in reconciling BA-DC's tariff revisions with the FCC's Report and Order, the DCPSC was unable to finally approve BA-DC's tariff revisions until November 5, 1998. A copy of that decision is attached. Under these circumstances, BA-DC and D.C. ratepayers should not be penalized for the DCPSC's delay in designating BA-DC as an eligible carrier.

BA-DC took reasonable steps to be designated an eligible carrier by January 1, 1998 and, at present, it is the only eligible carrier in the District of Columbia. Waiving the requirement that the Commission designate an eligible carrier by January 1, 1998 and permitting BA-DC to receive

universal support retroactive to January 1, 1998, will serve the public interest in that it will allow BA-DC's low-income customers, many of whom are elderly, to continue to receive vital telecommunications services at an affordable price. For these reasons, the DCPSC respectfully requests that the FCC grant this petition.

On behalf of the

**PUBLIC SERVICE COMMISSION OF THE
DISTRICT OF COLUMBIA**


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