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

In the Matter of Federal-State Joint Board on Universal Service LifeLine and Link UP	CC Docket No. 96-45; WC Docket No. 03-109

COMMENTS OF THE
CALIFORNIA PUBLIC UTILITIES COMMISSION
AND THE PEOPLE OF THE STATE OF CALIFORNIA

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I. INTRODUCTION AND SUMMARY

The People of the State of California and the California Public Utilities Commission ("California" or "CPUC") respectfully submit these Comments in response to the request of the Federal-State Joint Board on Universal Service (Joint Board) for comments on the LifeLine and Link-Up Eligibility, Verification, and Outreach issues. The Federal Communications Commission ("Commission" or "FCC") referred these issues to the Joint Board in its *Referral Order*.[1] In the *Referral Order*, the FCC asked the Joint Board to review the Commission's eligibility, verification, and outreach rules for the Federal LifeLine and Link-Up Universal Service programs, which currently provide discounts on telephone service for low-income customers. The FCC also asked the Joint Board to recommend any changes to these aspects of the LifeLine and Link-Up programs (LifeLine/Link Up) that may be necessary, given significant technological and marketplace changes. The FCC adopted the current rules based on consideration several considerations: (1) the combination of federal and State rules that govern which customers are eligible to receive discounts through the LifeLine and Link-Up programs; (2) best practices among States for effective and efficient verification of customer eligibility, both at initial customer sign-up and periodically thereafter; (3) appropriateness of various outreach and enrollment programs; and (4) the potential expansion of the low-income program to broadband, as recommended in the National Broadband Plan.[2] The

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[1] Federal-State Joint Board on Universal Service, LifeLine and Link-Up, CC Docket No. 96-45, WC Docket No. 03-109, Order, FCC 10-72 (rel. ay 4, 2010) (*Referral Order*).
[2] *Referral Order,* para.1.

Joint Board is asked to prepare and submit to the FCC a recommended decision regarding these issues within six months of the release of this Order.

California is one of the forty States with its own telephone universal service program for low-income residents. The CPUC established the California LifeLine Program (originally known as Universal LifeLine Telephone Service or "ULTS" program) as part of its on-going ratemaking authority in the 1970's, and then in 1984, the California Legislature codified the ULTS program as section 871, *et seq.*, of the California Public Utilities Code.[3] All local exchange carriers in California providing residential local exchange service are required to offer California LifeLine services – discounted installation and basic monthly residential service -- at the rates the CPUC establishes. The California program is funded by a surcharge assessed on the intrastate billings of end-user customers' of all telecommunications services providers in the State.

Since its inception, the California LifeLine Program, in conjunction with the federal LifeLine/Link-Up programs, has provided millions of California consumers with access to affordable basic telephone service. Over more three decades, the CPUC has continually updated its LifeLine Program to meet changing federal eligibility, verification, and outreach requirements. California has also adopted further criteria for its program to meet the State's unique needs. In response to the FCC's request for information on best practices among the States, these comments are intended to inform the Joint Board about the consumer eligibility criteria, our effective and efficient subscriber certification and verification practices, and our LifeLine outreach efforts.

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[3] *See the Moore Act*, Cal. Pub. Util.Code §871 et seq.

The CPUC here also opposes the suggestion, in the *Referral Order*, that the FCC should establish national uniform criteria for eligibility, certification, verification, outreach and document retention. If the Commission were to adopt such national standards, it should not preempt State adoption of additional or different criteria that would pertain to the State's own low-income programs. Further, California includes here information about the problems we have encountered with automatic enrollment and electronic certification. Finally, the CPUC recommends the use of pilot programs to determine how expanding the Federal LifeLine and Link-Up programs to include broadband Internet access service would affect the funding for and stability of both State and Federal LifeLine programs.

II. BEST PRACTICES -- CONSUMER ELIGIBILITY AND CERTIFICATION REQUIREMENTS FOR THE CALIFORNIA LIFELINE PROGRAM

In the *Referral Order*, the FCC encourages the Joint Board to share the States' experiences with issues related to consumer eligibility, and asks the Joint Board to consider which of the best practices should be applicable at the federal level.[4] California offers here an overview of our initial certification process.

At its inception, the California LifeLine Program was solely an income-based program providing discounted basic residential landline telephone services to qualifying low-income households. Eligibility was based on a consumer's self-certifying, via declaration under penalty of perjury, that his/her household income met the ULTS income guidelines. Customer self-certification was required on initiation of service, and

[4] *Referral Order,* para. 16.

annually thereafter the customer had to verify, but not certify by declaration, that he/she remained eligible for LifeLine.

By 2005, through employing the self-certification process, the California LifeLine Program served over 3.5 million low-income households and had an annual program cost exceeding $570 million. Of this amount, approximately $330 million was funded by LifeLine/Link-Up and $240 million was funded from the California LifeLine fund.

On April 7, 2005, the CPUC adopted Decision (D) 05-04-026[5] amending the California LifeLine Program to comport with the FCC's April 2004 *Report and Order on LifeLine/Link-Up* (FCC No. 04-87)[6]**.** In that FCC *Order*, consistent with the Joint Board's recommendation, the FCC adopted federal certification and verification procedures, and required States, under certain circumstances, to establish certification and verification procedures to minimize potential abuse of these programs. In particular, the FCC ordered all States to require subscribers self-certifying under an income-based criterion to provide documentation of income. The Commission also required States to establish procedures for verification of a consumer's continued eligibility. However, the FCC adopted the Joint Board's recommendation to allow States administering their own LifeLine/Link-Up programs the flexibility to design and implement their own income documentation and verification procedures. The FCC also issued general program

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[5] D. 05-04-026 is available online at: www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/45281.htm.

[6] *In the Matter of LifeLine and Link Up*, Report and Order, WC Docket No. 03-109, rel. April 29, 2004.

guidelines, established a three-year document retention criterion for carriers, and issued outreach and marketing guidelines. In response to the *Order*, and in order to maintain the $330 million annual federal LifeLine/Link-Up support, the CPUC took the following specific steps:

- Revised income-based eligibility from self-certification to income-documentation;
- Added program-based criteria for California LifeLine enrollment, similar to the federal program;
- Directed the CPUC's Communications Division (CD) to seek a third party LifeLine Certification Agent to enroll new California LifeLine customers and to verify the continued eligibility of existing California LifeLine customers; and
- Directed that a mechanized communications system be developed and maintained between the California LifeLine Certifying Agent and carriers that provide LifeLine services.

In July of 2005, the CPUC released a Request for Proposal (RFP) to retain vendor services for the third-party California LifeLine Certification Agents. The CPUC awarded a contract in 2006 to NECA Services, Inc., which later changed its name to Solix, Inc. Subsequently, the CPUC worked extensively with the carriers and Solix to establish procedures to ensure efficient processing of consumer LifeLine applications and renewals.

In 2008, a number of California put in place a number of major and minor changes to further improve and support implementation of the California LifeLine Program. For example, the CPUC now tracks customer response rates on a weekly basis, and reports both reasons for customer denials,and California LifeLine Program participant counts on a monthly basis. Bi-monthly conference calls now incorporate the marketing and call center updates.

Also, through our Certifying Agent vendor, California implemented an interactive website which allows customers to enroll and recertify online. This dramatically cuts down on errors and application delays. Currently, when a consumer requests LifeLine service from a carrier, the carrier will electronically forward that information to Solix, the Certifying Agent. When Solix receives the notice from the carrier, it then sends an application in a colored envelope to the consumer. If the consumer is applying for California LifeLine service based on income eligibility, the consumer must return the completed application to Solix by mail, along with proper documentation of income (see below). If the consumer is applying for service based on program eligibility, the consumer may return the completed application to Solix by mail or electronically. Once Solix reviews the application, it will inform the carrier and the consumer as to whether the application has been approved or denied.

Further, the CPUC adopted a number of features designed to facilitate the customer application and renewal process. Application/Renewal forms and qualification/denial letters are available in eight languages (English, Spanish, Chinese (Mandarin and Cantonese), Korean, Japanese, Vietnamese, Tagalog). In addition, letters and forms also are available in Braille. Consumers receive multiple reminders to return their forms. For the application process, applicants receive three reminders to watch for their forms in the mail and return them on time: a confirmation letter from the carrier, as well as two outbound dialer messages and a postcard from the Certifying Agent. For the renewal process, the customer receives two outbound dialer messages and if the form is not returned by the 45th day, a soft denial and new form is sent the customer. In addition, for both applications and renewals, if forms are not filled out properly, the Certifying Agent mails the customer a correctible denial letter and a new form. Customers whose applications are denied may appeal the denial to the CPUC's Consumer Affairs Branch.

Prior to July 2009, a customer would be automatically enrolled in the California LifeLine Program when the customer requested such service from the carrier. If the customer's application were not approved, the customer would be back-billed for the difference between the LifeLine rate and the regular rate. This back-billing led to numerous complaints from consumers and carriers, who preferred not having to undo a preliminary determination of eligibility. Therefore, after hosting a workshop to discuss implementation, the CPUC in July 2009, adopted "pre-qualification" for all LifeLine applicants.[7] Now when a customer requests LifeLine service, the customer is billed at the regular rate until the customer's eligibility is confirmed. At that point, the customer will begin receiving the LifeLine discounts and will receive a retroactive credit from the carrier to the date of the original request for LifeLine services.

As noted above, a California LifeLine applicant can qualify for benefits using one of two methods. A customer can qualify either based on the total household income or if the consumer is enrolled in one or more of various low-income assistance programs.

The chart below indicates Application and Renewal qualification types, the currently available methods for customer submission of information, and whether or not documentation review by the Certifying Agent is required.

[7] See CPUC D.08-08-029.

Currently, documentation review is a mixture of automated (electronic) validation and manual validation.

<u>Income Based</u>

Applicants can qualify for California LifeLine if their total household income is at or below these maximum income amounts:

Household Size	California LifeLine Annual Income Limits (6/1/10 through 5/31/11)
1-2 members	$24,000
3 members	$28,200
4 members	$34,000
Each additional member	$5,800

The income limitations approximate 150% of the Federal Poverty Guideline (FPG). The CPUC updates the income limitations every year using the Consumer Price Index (CPI), and sends a letter annually in late March to the carriers and the Certifying Agent vendor informing them of any change.

To qualify for California LifeLine based on household income, an applicant must provide documents proving that his/her total household income is at or below the income maximum for the applicant's household size. Valid income documentation includes:

- Prior year's State, federal, or tribal tax return
- Income Statements or paycheck stubs for three consecutive months within the calendar year
- Statement of benefits from Social Security, Veterans Administration, retirement/pension, unemployment compensation, and/or workmen's compensation
- Divorce decree
- Child support document
- Other official documents

The applicant must submit required with any new application that is based on income eligibility. Therefore, a new applicant qualifying under income-based criteria cannot use the web-based enrollment system. However, for annual renewal, no documentation is required, and so the consumer can renew electronically. The consumer need only verify that the household continues to meet the income criteria. However, if the customer is randomly selected for an "audit" during the renewal process, the customer must provide documentation of income, and the web-based system cannot be used.

A. Program Based

Applicants can qualify for the California LifeLine Program if they or another person in their household are enrolled in any one of the following public-assistance programs:

- Medicaid/Medi-Cal
- Low-Income Home Energy Assistance Program (LIHEAP)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance or Section 8
- Food Stamps or Supplemental Nutrition Assistance Program (SNAP)
- Women, Infants and Children Program (WIC)
- Healthy Families Category A
- National School Lunch's FREE Lunch Program (NSL)
- Temporary Assistance for Needy Families (TANF)
- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Stanislaus County Work Opportunity and Responsibility to Kids (StanWORKs)

- Welfare-to-Work (WTW)
- Greater Avenues for Independence (GAIN)
- Tribal TANF
- Bureau of Indian Affairs General Assistance
- Head Start Income Eligible (Tribal Only)

In both the application and renewal processes, the customer need only self-certify or verify that s/he (or a member of the household) participate in one of the above programs. Under program-based enrollment, the customer has the option of using the web-based system during both the application and renewal process; no documentation is required. However, the CPUC's Certifiying Agent vendor annually reviews a sample of customers who are verifying their status for renewal of LifeLine eligibility. If a customer is randomly selected for this "audit" during the renewal process, the customer must provide documentation of participation in one of the above programs, and the web-based system cannot be used.

After the CPUC adopted the changes to the California LifeLine Program noted above, the number of customers now served has declined to approximately 2 million low-income households with an annual cost of approximately $535 million. Of this amount, approximately $204 million is federally funded by LifeLine/Link-Up and $331 million is funded by the State LifeLine fund.

The detailed procedures for the administration of California LifeLine Program are set forth in the CPUC's General Order (GO) 153.[8]

III. ADDITIONAL FCC QUESTIONS ON ELIGIBILITY CRITERIA

A. Additional Documentation

The FCC seeks input from the Joint Board on whether a consumer should have to provide additional documentation – beyond that provided to the State – to prove eligibility for federal low-income programs.[9] The CPUC opposes this suggestion. As long as the State program eligibility requirements are consistent with federal standards, the consumer should not have to provide additional documentation to prove eligibility for federal low-income programs. Although such a requirement might provide some benefit as a further deterrent to abuse of the program, the costs and administrative burden of such a requirement would outweigh any benefit.

B. National Uniform Eligibility and Certification Requirements

The FCC further asks the Joint Board to consider whether eligibility and certification requirements should be consistent across the States. For example, the Commission could establish a consistent set of eligibility and certification rules that apply for consumers to participate in the federal low-income programs.[10] The CPUC recommends that the FCC continue to permit States with their own programs to establish their own eligibility criteria and certification processes, consistent with and in compliance with any basic FCC requirements. Each State is unique and each State's low-income

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[8] G.O. 153 is available online at: http://docs.cpuc.ca.gov/Published/Final_resolution/99996.htm.
[9] *Referral Order*, para. 15.
[10] *Id*, para. 16

support program is unique. The State programs vary by size and scope, by support amount, and by administrative structures, among other factors. The States are best positioned to know what works best for the consumers and carriers in their States.

Also, Section 254(f) of the Communications Act of 1934, as amended, clearly contemplates independent and complementary State universal service programs so long as they do not burden the federal program.

The current approach, whereby the FCC sets some basic requirements as a floor but permits States to mold their State programs to fit the needs of the State, is working well and California sees no need for change.

C. Automatic Enrollment

The FCC notes that "some States employ 'automatic enrollment' whereby an 'electronic interface between a State agency and the carrier . . . allows low-income individuals to automatically enroll in LifeLine/Link-Up following enrollment in a qualifying public assistance program.'"[11] The Commission asks the Joint Board to revisit the issue of whether the Commission should require automatic enrollment in all States in order to participate in the federal low-income programs.[12]

The CPUC would support a federal mandate for automatic enrollment with two conditions: 1) if the federal government provided the money necessary to pay for the design and establishment of the electronic communications systems between agencies necessary to implement such a process; and 2) if the systems and processes are designed to ensure privacy

[11] need cite here.
[12] *Id*, paras. 18, 19

and security of customer information. Even if these two conditions are met, however, it is unclear how the Commission would ensure cooperation from the federal and State agencies providing qualifying low-income assistance programs.

Our experience with a State effort to provide automatic enrollment to the California low-income energy assistance program – California Alternate Rates for Energy (CARE) – may provide useful information. California Public Utilities Code Section 739.1 requires the CPUC to examine methods to improve CARE enrollment by, among other things, working with other agencies such as the California Health and Human Services Agency (CHHS).   Since 2002, the CPUC has attempted to implement automatic enrollment into CARE for consumers who participate in the Federal Low Income Home Energy Assistance Program (LIHEAP), Medi-Cal, Women, Infants, and Children (WIC), and Healthy Families, which is administered by the CHHS Agency.   California successfully executed automatic enrollment for LIHEAP participants, but we could not get beyond that point to establish automatic enrollment for CHHS Agency's other program participants.

In 2005, the State Legislature passed a statute supporting the CPUC's efforts to implement automatic enrollment for those eligible to participate in the California Alternate Rates for Energy (CARE) program. Specifically, the 2005 law required the Secretary of the California Health and Human Services Agency to evaluate, on or before April 1, 2006, how the use of programs and databases, as specified, might be optimized to facilitate the automatic enrollment of eligible customers into the CARE program. The law directed "interagency cooperation" among CHHS, the State Department of Social Services, the CPUC, and electric and gas corporations. The law also ordered the CPUC to improve the CARE applications process by cooperating with other agencies, including CHHS, to ensure that all consumers who are eligible for California's public assistance programs are enrolled in CARE.

After the bill passed, CPUC staff worked with CHHS developed a pilot program. CHHS recommended use of the WIC program as the basis for automatic enrollment because of its consistent communication with its clients and its broad reach. It also recommended that the WIC staff educate its clients about the CARE program and help them enroll. On the basis of those recommendations, the CPUC worked with the energy utilities to get them to agree to adopt CHHS's recommendations. The CPUC planned the pilot program and developed cost estimates around the CHHS recommendations. The anticipated start date for the pilot program was July 1, 2007.

In March 21, 2007, CHHS raised concerns about "legal issues specific to the WIC program" -- a "legal issue with the data", including privacy concerns, and indicated that those concerns would delay their final determination to use the WIC program and develop a final proposal. CHHS has not responded to our request for more elaboration on the legal issues and privacy concerns. These issues were not resolved and the pilot program was never implemented.

In 2008, CPUC staff held discussions with the Center to Promote Health Care Access to develop a pilot program with several goals: to increase participation in CARE; to expand the network of outreach and enrollment channels for low-income hard-to-reach customers; to leverage application and eligibility data used for establishing eligibility in other categorical programs, such as Medi-Cal and WIC to support the determination of CARE eligibility; and to streamline the screening, eligibility, and retention of participants in CARE, with a focus on how to reduce "churn" or disenrollment of participants at the time of program eligibility renewal.

One-e-App is a Web-based eligibility solution used by a variety of community-based organizations (CBOs) and other organizations, such as schools, clinics, and churches, for eligibility in a wide range of health and social services. The pilot program added CARE to One-e-APP. By including CARE in One-e-App, the CPUC aimed to leverage both the tool and the associated resources that are dedicated to helping enroll low-income vulnerable community members in these important support programs. A six-month web-based pilot began in late 2009 with results anticipated sometime during the summer of 2010.

In the meantime, the energy utilities are moving ahead with automatic enrollment to the extent they are able, as the CPUC has required, consistent with the spirit of the law. The utilities' efforts are impeded, however, due to a lack of access to customer information that may be considered confidential. For privacy reasons, Section 739.1 (c) requires that: "[t]he [CPUC] shall ensure that a customer consents prior to enrollment." Because customer consent is required by law, some types of automatic enrollment that were earlier contemplated by the CPUC are not appropriate. For example, a pure automatic enrollment system that enrolled in the CARE program anyone who was enrolled in any of the low income programs run by CHHS would not meet the consent requirement of Section 739.1 (c).

The above overview regarding California's experience with attempts to implement automatic enrollment for our CARE program, demonstrates some of the problems encountered with such a proposal. In addition to cost, privacy, and security issues, problems arise with coordination of such implementation among State and federal agencies. In summary, there are many issues that would have to be addressed if the FCC were to mandate automatic enrollment of LifeLine eligible consumers. And privacy issues are of particular concern to California because our State constitution guarantees residents the right to privacy.

D. Electronic certification and verification of consumer eligibility

The FCC asks the Joint Board to review online mechanisms that would allow carriers to automate their interactions with States and the Federal Government to certify a customer's initial and ongoing eligibility for program discounts. The Commission notes that the National Broadband Plan suggests that the Commission should consider a centralized database for online certification and verification, based on numerous such proposals in the record.[13] As noted above, the CPUC has initiated an online certification process for California LifeLine Applicants qualifying under program-based eligibility. Our third-party certifying agent maintains the centralized database for the California LifeLine Program, not the carriers. The CPUC has full access to the database. However, California has only limited take rates from customers on the online process as shown below.

<u>Online Enrollment in California LifeLine Program:</u>

Total applications filed online from May 2008 to May 2010: 165,397

Total applications overall from May 2008 to May 2010: 2,591,884

<u>Percentage of total that were filed online: 6.4%</u>

Total renewals filed online from May 2008 to May 2010: 479,563

Total renewals overall from May 2008 to May 2010: 4,726,660

[13] *Id*. para 20.

<u>Percentage of total that were filed online</u>: 10.1%

One of the reasons for the limited use of the online enrollment process is lack of access by low-income consumers to computers and Internet access service. Customers may also be distrustful of the degree of security provided to personal information sent electronically. Also, new applicants qualifying under income-base criteria cannot use the online process because they must provide documentation of income with their applications. The CPUC's system has not been set up to facilitate electronic document transfer from consumers.

E. Duplicate Claims for Lifeline Support

The FCC states: **"**In the past, Lifeline consumers received telephone service solely from wireline carriers, which made the Commission's 'one-per-household' rule relatively straightforward to enforce with respect to customer and carrier compliance. Since that rule was adopted, there has been a surge in wireless phone usage among consumers and many consumers use mobile wireless service as a complement to a residential wireline connection."[14] Given "these changes in the marketplace and the greater potential for duplicate support, [the FCC asks] the Joint Board to consider how to ensure compliance with the Commission's 'one-per-household' rule to guard against waste, fraud, and abuse."[15]

The CPUC has contracted with a third party certifying agent to cross check applicants by name and address to prevent a household from double-dipping. An

[14] *Id*, para. 21.
[15] *Id*, para.22.

application is denied if the database indicates the household already has LifeLine service. However, for wireless carrier provision of Lifeline service, the Commission may want to establish a national process or system, such as master data base discussed above, that would enable the Commission to cross check applications with the States.

Also, the CPUC recommends that the FCC require that LifeLine marketing and outreach efforts, by the carriers and by State entities, be required to include information clearly notifying consumers that a consumer may only sign-up for one LifeLine service per household. This effort may help reduce duplication of LifeLine support, especially as there are wireless carriers who specialize in the provision of LifeLine service.

F. Carrier documentation retention requirements

Under Federal rules, all eligible telecommunications carriers (ETCs) "must maintain records documenting their compliance with Federal and State low-income program requirements for the three full preceding calendar years and must provide that documentation to the Commission or USAC upon request. ETCs in Federal default States face an additional obligation which requires them to maintain the documentation required by Commission rules for as long as the customer receives Lifeline service from that ETC. The FCC asks the Joint Board to consider whether the Commission should adopt a consistent set of document retention rules for all ETCs, whether operating in States maintaining their own low-income programs or in Federal default States. If so, we ask the Joint Board to consider what those document retention rules should require."[16]

[16] *Id*, para. 23.

California does not support national uniform document retention standards. States with their own programs should be permitted to adopt carrier document retention requirements appropriate to the State program and its auditing rules. For example, the CPUC periodically audits a carrier's remittance of LifeLine surcharge revenues and LifeLine claims to ensure against fraud and abuse. Audits cover up to five calendar years following the calendar year in which LifeLine surcharge revenues are remitted or LifeLine claims submitted. This is done except in cases where there appears to be malfeasance, such as gross waste, fraud, or abuse. Where there is an indication of malfeasance, the scope of the audit will depend on the law and circumstances existing at that time.

IV. BEST PRACTICES -- CONSUMER VERIFICATION REQUIREMENTS FOR THE CALIFORNIA LIFELINE PROGRAM

In the *Referral Order*, the FCC states that "due to the growth in Federal low-income support and expansion of participating carriers it is the appropriate time for the Commission to reevaluate whether it is taking all appropriate steps to ensure program integrity."[17] In line with this intent, the FCC further states that "[b]ecause of our concerns about the continued eligibility of Lifeline customers, we ask the Joint Board to undertake a thorough review of the existing low-income verification requirements contained in the Commission's rules"[18] and to identify best practices in State verification requirements as it considers this issue.[19]

[17] *Id*, para. 26.
[18] *Id*, para. 27.
[19] *Id*, para. 28.

California LifeLine Program participants must annually renew or "verify" their continued eligibility. Similar to original certification, the consumer may renew electronically or by mail. However, for the annual renewal process, the LifeLine customer need only self-certify that he/she continues to be eligible for the benefits. The consumer is not required to submit new documentation of income. LifeLine customers have the option of renewing electronically via the web-based renewal system. However, if the customer is randomly selected for an "audit" during the renewal process, then current income documentation must be provided, and the web-based system cannot be used. As noted earlier, in Decision (D) 05-04-026 the CPUC directed the third party Certifying Agent to verify the continued eligibility of existing California LifeLine customers. Similar to the original applications process, for the renewal process the customer receives two outbound dialer messages from and if the form is not returned by the 45th day, a soft denial and new form is sent the customer. In addition, if the renewal forms are not properly filled out, the Certifying Agent sends the customer a correctible denial letter and a new form. Customers whose applications are denied may appeal the denial to the CPUC's Consumer Affairs Branch. National Uniform Verification Standards: The FCC asks the Joint Board to consider whether verification procedures should be more consistent across the States and whether it should encourage or adopt "real-time" verification procedures.[20] For the reasons Stated above concerning the adoption of national uniform eligibility and certification criteria and processes, the CPUC opposes adoption of national verification procedures that would preempt a State's ability to set criteria or establish a process for renewals that best fit the State program.

[20] *Id*, paras. 28, 29.

Regarding the use of real-time verification, this proposal, similar to the automatic enrollment proposal, raises cost, privacy and security concerns.

V. BEST PRACTICE: CALIFORNIA LIFELINE PROGRAM OUTREACH EFFORTS

In the *Referral Order*, the FCC states: "Given the passage of time since either the Joint Board or the Commission formally reviewed the approach to outreach associated with the low-income programs, we ask the Joint Board to evaluate the effectiveness of the current outreach requirements."[21] To help inform the Joint Board and the FCC of State outreach best practices, California provides the following information.

As part of our efforts to improve the CPUC's marketing of its California LifeLine Program, the CPUC relied on marketing principles to implement an integrated marketing communications (IMC) program.

Under the CPUC's IMC program, the CPUC has contracted with a private entity to conduct advertising, public relations, promotional, and outreach functions, under CPUC oversight. As part of the contractors' responsibilities, the contractor determines the appropriate target market based on its marketing research. Presently, the target market is based on three key elements:

- Wireline preference – there are certain population segments that prefer wireline phone service;
- Age – older consumers are more likely users of wireline phone services; and
- Geography – counties with more low-income households and/or unemployed people.

[21] Id, para. 34

The contractor uses this information to further its understanding of the target market (attitudes, history, characteristics, and the best time, place, and situation for communication) via qualitative and quantitative research. Additionally, this information is used to develop its communication objectives, to produce marketing materials, and to ascertain the appropriate communication tools and tactics. A summary of the various communication tools and tactics the CPUC has employed to reach the target market is provided below.

ADVERTISING

- addresses multiple ethnic backgrounds (African-American, Cambodian, Chinese, Caucasian, Filipino, Hispanic, Hmong, Korean, Laotian, Native American, and Vietnamese) in language and in a culturally sensitive way
- utilizes several media vehicles – television, radio, print, and out-of-home (billboard and transit)
- selects media vehicles that are appropriate for the targeted audience
- employs ethnically specific sub-contractors, one for Asian audiences and another for English and Spanish audiences, for advertising
- conducts advertising in three phases, typically lasting two months for each phase
- Asian and English/Spanish spots alternate in terms of weeks
- secures media interviews

PROMOTIONAL

- directs promotional efforts towards consumers and middlemen (entities in contact with current and potential California LifeLine participants)
- provides giveaways (magnetic phone clip, reusable bag, and pillbox) at events
- uses banners, stand-up displays, and tablecloths at events for a professional and presentable appearance
- creates and distributes organization specific newsletters
- develops and distributes collateral
- constructs and administers a Web site, for ordering marketing materials such as brochures, posters, and DVDs
- attends association conferences

PUBLIC RELATIONS

OUTREACH

- crafts and pitches public service announcements and feature articles
- secures media interviews
- fosters media partnerships with radio stations and print outlets
- conducts two direct mail campaigns – (1) schools and (2) organizations and individuals serving the Native American communities
- cultivates business partnerships
- functions as a liaison

- enlists, trains, and manages 63 community organizations to provide in-depth educations, to encourage enrollment, to attend events, and to distribute collateral
- conducts presentations to middlemen
- recruits various types of entities to distribute collateral

Another significant element of the CPUC's IMC program is the operations of three call centers:

- CPUC's Consumer Affairs Branch (California LifeLine section), staffed by CPUC employees, handles consumer complaints and appeals;
- California LifeLine Call Center, staffed by a vendor contracted by the CPUC, provides general information about the program and conducts an optional survey; and
- California LifeLine certification agent's call center, manages application and renewal related inquiries.

The CPUC reviews and approves all scripts conveyed to consumers from these call centers. Training and monitoring is conducted on a regular basis to ensure that accurate and consistent information is provided to consumers.

As for the carriers, the CPUC reviews the carriers' scripts, but we can only ensure that they cover the required essential items. Additionally, the carriers are in charge of training and quality assurance of their customer service representatives. Despite our best efforts, the CPUC has experienced cases in which carriers have provided inadequate and incorrect information to consumers. The CPUC tries to resolve some of the cases brought to our attention. However, we have limited resources to monitor calls; and consumers may not know that they have received incomplete or wrong information.

The CPUC's IMC program also includes the CPUC staff management of two Web sites, http://www.cpuc.ca.gov/puc/telco/public+programs/ults.htm and www.californiaLifeLine.com, which provide information to carriers and the public about the California LifeLine Program. The CPUC also interacts with carriers, community-based organizations, and consumers through two CPUC groups, the Working Group and the Administrative Committee. These groups acquire public and carrier input on a regular basis on the administration of the California LifeLine Program.

VI. SOCIAL SERVICE AGENCY PARTICIPATION IN OUTREACH EFFORTS

The National Broadband Plan suggested that the Commission should encourage State social service agencies to take a more active role in consumer outreach and provide such agencies with educational materials that could be used in such efforts.[22]

Encouragement or even a requirement from the Federal government for social service agencies, especially those that receive Federal funding and are included in the approved list of public assistance programs for Federal Lifeline eligibility, to participate in educating consumers about Lifeline programs would be beneficial. The social service agencies' contribution can be as simple as making collateral (brochures, posters, DVDs) available at their offices, playing a DVD in their lobbies, and including brochures in public assistance program participants' packets.

[22] *Id*, para. 33.

VII. NATIONAL UNIFORM OUTREACH REQUIREMENTS

The FCC asks the Joint Board to consider whether the Commission should adopt mandatory outreach requirements with which all ETCs must comply.[23] California answer would be no.

A one-size-fits all set of outreach requirements does not promote a marketing orientation. Using that method States offer consumers what they need, aim efforts to satisfy them, and take into consideration the consumers' point of view. Therefore, requiring all States and carriers to follow identical methods in conducting their outreach is not the optimum way to serve the consumer. States and carriers need flexibility to employ the most effective and appropriate communication tools and tactics depending on their selected target market, objectives, and available resources. However, general FCC guidelines would be beneficial to do the following: developing marketing-oriented communications plans, ensuring the reliability and accuracy of the research and data upon which the plans are based, setting goals for the level of consumer awareness and/or program participation, reviewing the communications plans, and for comparing the plans and goals with the achieved results as a way to audit and enforce compliance would be beneficial.

VIII. POTENTIAL APPLICATION TO BROADBAND

The FCC asks the Joint Board to consider how the potential expansion of the low-income program to broadband would affect any of its recommendations on changes to the eligibility, verification and outreach programs. The CPUC recommends that the FCC utilize broadband Lifeline pilot programs to help inform the Commission on this matter.

[23] *Id*, para. 34.

IX. CONCLUSION

California hopes that this information on the California LifeLine Program criteria and processes will help inform the Joint Board's response to the Commission. We also urge the Joint Board to recommend that States with their own programs be permitted the continued flexibility to adopt program requirements that best suit the State, its consumers and carriers, consistent with minimum Federal standards and guidelines.

Respectfully submitted,

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