

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: Communications and Public Utilities Committee

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BILL: CS/SB 1320

SPONSOR: Commerce and Consumer Services and Communications and Public Utilities Committees

SUBJECT: Lifeline/Link-Up Assistance Program

DATE: April 14, 2005

REVISED: 3/22/05

3/28/05

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	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Caldwell</u>	<u>Caldwell</u>	<u>CU</u>	<b>Fav/1 amendment</b>
2.	<u>Siebert</u>	<u>Cooper</u>	<u>CM</u>	<b>Fav/CS</b>
3.	<u>                    </u>	<u>                    </u>	<u>TA</u>	<u>                    </u>
4.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
5.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
6.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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## I. Summary:

This committee substitute expands the applications of the Lifeline Assistance to companies that request and are granted eligible telecommunications carrier status. This committee substitute also does the following:

- Requires eligible telecommunications carriers to offer free toll blocking under certain conditions.
- Prohibits collection of a monthly number-portability charge for Lifeline subscribers.
- Prohibits collection of service deposits from new Lifeline subscribers.
- Requires timely credit following receipt of notice of eligibility.
- Prohibits discontinuance of basic local service for nonpayment of nonbasic service or unregulated charges if timely payment is made on basic service.
- Requires connection even if nonbasic or unregulated charges remain unpaid.
- Permits payment arrangements for payment of unpaid basic local telecommunications service charges.
- Permits blocking access to certain service and removal of the block.

This committee substitute substantially amends section 364.10, Florida Statutes.

## II. Present Situation:

Senate Bill 1320 is the result of the Committee Interim Project Report 2005-116, *Assessment of Lifeline Assistance Program* by the Communications and Public Utilities Committee.

Section 364.10, F.S., relates in part to Lifeline service. While subsection (1) prohibits a telecommunications company from making or giving any undue or unreasonable preference or advantage to any person or locality or subjecting any particular person or locality to any undue or unreasonable prejudice or disadvantage in any respect whatsoever, subsection (2) creates an exception for Lifeline services. Subsection (2) requires telecommunications companies serving as carrier of last resort to provide a Lifeline Assistance Plan to qualified residential subscribers, as defined in a commission-approved tariff, and a preferential rate to eligible facilities.

Subsection (3) requires companies that sought rebalancing of local rates and access charges under the Tele-Competition Innovation and Infrastructure Enhancement Act of 2003 to tariff and provide Lifeline service to any otherwise eligible customer or potential customer who meets an income eligibility test at 125 percent or less of the federal poverty income guidelines for Lifeline customers. The Office of Public Counsel certifies and maintains claims submitted by customers for eligibility under the authorized income test. Affected local exchange telecommunications companies are required to provide to each state and federal agency providing benefits to Lifeline eligible persons applications, brochures, pamphlets, or other materials that inform persons of their eligibility. Specified agencies are required to furnish the materials to affected persons at the time they apply for benefits.

Subsection (3) also freezes residential basic local telecommunications service rates for the time that rates increase under Commission Order or until the customer no longer qualifies for Lifeline Assistance, whichever is sooner. State agencies that provide benefits to Lifeline eligible persons must develop procedures to promote Lifeline participation in cooperation with the Department of Children and Family Services, the Public Service Commission, and participating telecommunications companies. Finally, the commission is required to report to the Governor, the President of the Senate, and the Speaker of the House of Representatives each year on the number of customers who are subscribing to Lifeline service and the effectiveness of any procedures to promote participation.

The December 2004 report by the commission entitled “Number of Customers Subscribing to Lifeline Service and the Effectiveness of Any Procedures to Promote Participation” stated that as of September 2004, 154,017 customers subscribed to Lifeline of the 1.1 million customers eligible resulting in a 14 percent participation rate. The report noted that the participation rate decreased with the addition of approximately 300,000 newly eligible customers (those whose income was 125 percent or less of the federal poverty income guidelines).

In 2004, two dockets were opened at the commission. Docket No. 040451-TP was pursuant to a petition by the Citizens of Florida through the Office of Public Counsel (OPC) to initiate rulemaking that would require local exchange telecommunications companies to provide Lifeline Service within 30 days of certification by the OPC. Docket No. 040604-TL was opened by the commission to consider adoption of the National School Lunch Free Lunch program and income-based criterion at or below 135 percent of the federal poverty guidelines as eligibility criteria for the Lifeline and Link-Up programs.

At the February 1, 2005 agenda conference, the commission considered and approved a settlement proposal from BellSouth, Verizon, and Sprint relating to Docket No. 040604-TL. Under this proposal, tariffs would be filed to implement a simplified certification process to be in

effect for a period of at least one year. Under this process, a customer would sign a document, under penalty of perjury, attesting that he/she participates in one of Florida's Lifeline eligible programs, (e.g. Temporary Assistance to Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, Medicaid, Federal Public Housing Assistance (Section 8), Low-Income Home Energy Assistance Plan (LIHEAP), and Bureau of Indian Affairs Program). The customer would also identify the program in which he/she is participating.

A review of the simplified certification process would be undertaken after the process has been in effect for six months and the findings of the review would be presented to the PSC staff and all parties to the docket. If circumstances warrant, a review could be undertaken earlier. After the program has been in effect for 12 months, an evaluation would be undertaken to determine whether any changes are necessary. If during the course of the trial period, BellSouth, Sprint, or Verizon believe changes are necessary, they will notify staff and OPC of any planned modification to the process 60 days prior to any modification, unless extraordinary circumstances warrant less notification. Staff and OPC would be notified 90 days prior to any planned cancellation of the simplified certification process.

BellSouth, Sprint, and Verizon will revisit the issue of adding an income-based eligibility criterion of 135 percent of the federal poverty level, and the National School Lunch Program either at the time of the six month review process, or when the Florida Supreme Court rules on consolidated Case Nos. SC04-9, SC04-10, and SC04-946, whichever is earlier. BellSouth, Sprint, and Verizon agree to work with commission staff and the Office of Public Counsel to include a formal school outreach effort in the Lifeline education programs.

Finally, the rulemaking docket, No. 040451-TP, remains open.

### **III. Effect of Proposed Changes:**

**Section 1** amends s. 364.10, F.S., to expand the applications of the Lifeline Assistance to companies that request and are granted eligible telecommunications carrier status.

This section requires eligible telecommunications carrier to offer free toll blocking under certain conditions, and prohibits collection of service deposits from new Lifeline subscribers if the subscribers elects toll blocking or limitations. Further, this section provides that an eligible telecommunications carrier is not permitted to charge Lifeline subscribers a monthly number-portability charge.

A subscriber must be given written notification of impending termination and a period to transition off the Lifeline service. Also, a carrier must give timely credit following receipt of notice of eligibility from the Office of Public Counsel.

This section also prohibits discontinuance of basic local service for nonpayment of nonbasic service or unregulated charges if timely payment is made on basic service, and requires connection even if nonbasic or unregulated charges remain unpaid. Carriers may make payment arrangements with subscribers for unpaid basic local telecommunications service charges.

When a subscriber has an overdue account for long-distance or collect calls, a lifeline service subscriber's access to long-distance service may be blocked. Once payment is made, and at the subscriber's request, the block must be removed at no cost. However, a deposit may be charged before removing the block.

This section also provides that the Department of Education and Office of Public Counsel to aid in promotion of Lifeline Assistance.

Additionally, this section permits the commission to adopt rules.

By January 15, 2005, telecommunication companies must file a report with the Public Service Commission on lifeline participation in the state. The Public Service Commission is then required to file the report with the President of the Senate and the Speaker of the House by March 1, 2006.

**Section 2** provides an effective date of July 1, 2005.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Participating telecommunications companies contribute \$3.50 per month for each Lifeline Customer. Increased enrollment will increase the amount of contribution by each company. Companies currently voluntarily spend money to promote the Lifeline Assistance program. The commission has the discretion to require money to be spent to promote Lifeline Assistance which may be more than what is currently being spent or which may be the same as what is currently being spent but which the companies no longer volunteer to spend. Participating telecommunication companies may have additional costs as enrollment procedures and timely credit procedures are established by rule.

**C. Government Sector Impact:**

The commission may have a fiscal impact due to the monitoring and rulemaking requirements, but this impact should be insignificant as they are currently monitoring participation and undertaking a related rulemaking proceeding.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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## **VIII. Summary of Amendments:**

None.

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