

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

April 30, 1998

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FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (MARSH)^{GR}
DIVISION OF LEGAL SERVICES (COX) *WPC MCB JFO*

RE: DOCKET NO. 970644-TP - ESTABLISHMENT OF ELIGIBLE
TELECOMMUNICATIONS CARRIERS PURSUANT TO SECTION 214(e) OF
THE TELECOMMUNICATIONS ACT OF 1996

DOCKET NO. 970744-TP - IMPLEMENTATION OF CHANGES IN THE
FEDERAL LIFELINE ASSISTANCE PROGRAM CURRENTLY PROVIDED BY
TELECOMMUNICATIONS CARRIERS OF LAST RESORT

AGENDA: 05/12/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\970644B.RCM

CASE BACKGROUND

The FCC instituted several changes to the Lifeline Assistance Plan (Lifeline) in its Report and Order on Universal Service (CC Docket No. 96-45, FCC Order 97-157, released May 8, 1997) (Order). Some of the changes were adopted to make the program consistent with the Telecommunications Act of 1996 (the Act), particularly with regard to competitive neutrality. The previous Lifeline program was a function of jurisdictional separations and applied only to incumbent LECs; thus, it was not competitively neutral. Other changes were instituted in an attempt to increase subscribership levels among low-income consumers.

The FPSC adopted the new provisions in a series of orders in Docket Nos. 970644-TP and 970744-TP.

On January 26, 1998, ALLTEL Florida, Inc. (ALLTEL); BellSouth Telecommunications, Inc. (BellSouth); and Sprint-Florida,

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Incorporated (Sprint), filed protests to Order No. PSC-98-0026-FOF-TP. This recommendation addresses the parties' protests and FCC action regarding waivers from provision of toll control.

DISCUSSION OF ISSUES

ISSUE 1: Should the FPSC modify the toll control provisions contained in Order No. PSC-98-0026-FOF-TP?

RECOMMENDATION: Yes. Staff recommends that Eligible Telecommunications Carriers (ETCs) be required to report to the FPSC when toll control becomes technically feasible. Staff also recommends that ETCs no longer be required to file waivers for the toll control provision. (MARSH)

STAFF ANALYSIS: One of the requirements added to the federal Lifeline program, effective January 1, 1998, was that Lifeline consumers be able to receive, without charge, toll limitation services. Two forms of toll limitation services were required: voluntary toll blocking and toll control. (FCC Order, ¶383)

With voluntary toll blocking, customers may have all toll calls blocked. With toll control services, customers may limit in advance the toll usage per billing cycle. States were permitted to grant waivers to carriers who are technically incapable of providing toll limitation services while they upgrade their switches to enable them to provide such services. Presently, all ETCs in Florida can provide toll blocking, but not toll control. By Order No. PSC-98-002-FOF-TP, issued January 5, 1998, the FPSC granted waivers from the requirement to offer toll control for one year, beginning January 1, 1998.

At the time the FPSC voted on this matter, there were petitions pending at the FCC asking for reconsideration of the requirement to provide toll control. While the FPSC was aware of pending FCC action, the FPSC's order stated that the FPSC may wish to retain provision of toll control as a requirement in Florida, as indicated by the following discussion:

Several companies also pointed out that petitions have been filed with the FCC asking it to reconsider its toll

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limitation requirements. Although the requirements for federal funding may be changed, we may still wish to retain toll control as part of Florida's lifeline plan. We support the toll limitation requirements as currently framed in the FCC's Order. Accordingly, we believe that ETCs should continue with plans for implementation of full toll limitation services regardless of the FCC's decision on the matter. (Order No. PSC-98-0026-FOF-TP, p. 5)

It is this portion of the Order that the carriers have protested. Sprint and other ETCs have requested a waiver of the federal requirement to provide toll control due to lack of feasibility, especially with regard to real-time billing capability.

After the FPSC's vote, the FCC addressed the toll limitation issue in its Fourth Order on Reconsideration in CC Docket No. 96-45, In the Matter of Federal-State Board on Universal Service, issued on December 30, 1997. In that order, the FCC concluded

. . . that giving consumers such an option is not viable at this time. Based on the record before us, we find that an overwhelming number of carriers are technically incapable of providing both toll-limitation services, especially toll-control, at this time. (§114)

. . . [W]e define toll-limitation services as either toll blocking or toll control and require telecommunications carriers to offer only one, and not necessarily both, of those services at this time in order to be designated as eligible telecommunications carriers. We note, however, that if, for technical reasons, a carrier cannot provide any toll limitation service at this time the carrier must seek a time-limited waiver of this requirement to be designated as eligible for support during the period it takes to make the network changes needed to provide one of those toll-limitation services [W]e plan to monitor and revisit this issue if we determine that technological impediments to carriers' ability to offer toll limitation have been reduced or eliminated. (§115)

In order to provide toll control, LECs would need to receive recording and rating information from the IXCs on a real-time basis. Without this information, LECs claim that it is impossible to provide toll control, as they would have no way of determining

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when the customer's dollar limit had been reached. According to the carriers, systems must be developed to collect this information. It appears that provision of toll control is not feasible at this time.

Conclusion

It is clear that a waiver is no longer needed to retain ETC status under the FCC's Fourth Reconsideration Order, as long as one of the toll limitation services is provided. All Florida ETCs can provide toll blocking. Accordingly, waiver requests should no longer be required as long as one of the services can be provided.

Although the FCC is not requiring the provision of both types of service at this time, the requirement has been suspended rather than eliminated. It is believed that one of the primary reasons subscribers lose access to telecommunications services is disconnection for failure to pay toll bills. Although this may be a serious consideration for low-income subscribers, nevertheless, these customers may have a need to make some amount of toll calls. Staff believes it would be appropriate for ETCs to notify the FPSC as soon as it is technically feasible for them to provide toll control.

Accordingly, staff recommends that ETCs be required to report to the FPSC when toll control becomes technically feasible. Staff also recommends that ETCs no longer be required to file waivers for the toll control provision, as long as toll blocking can be provided.

ISSUE 2: Should these dockets be closed?

RECOMMENDATION: Yes, these dockets should be closed if no person whose substantial interests are affected by the FPSC's Proposed Agency Action files a protest within 21 days of the issuance date of the order. If a protest is filed, Docket No. 970644-TP should be closed, and Docket No. 970744-TP should remain open to address the protest. (COX)

STAFF ANALYSIS: These dockets should be closed if no person whose substantial interests are affected by the FPSC's Proposed Agency

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Action files a protest within 21 days of the issuance date of the order.

The issues addressed in this recommendation are specific to Docket No. 970744-TP. No protests have been filed on issues that are specific to Docket No. 970644-TP. Accordingly, if a protest is filed on the issues contained in this recommendation, Docket No. 970644-TP should be closed, and Docket No. 970744-TP should remain open to address the protest.