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BEFORE THE

2 FLORIDA PUBLIC SERVICE COMMISSION

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4 DOCKET NO.: UNDOCKETED

5 In the Matter of

6 PROPOSED AMENDMENT OF RULE

25-4.0665, LIFELINE SERVICE.

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15 PROCEEDINGS: RULE DEVELOPMENT WORKSHOP

16

DATE: Tuesday, February 6, 2007

17

18 TIME: Commenced at 9:33 a.m.

Concluded at 11:53 a.m.

19

20 PLACE: Betty Easley Conference Center

Room 148

21 4075 Esplanade Way

Tallahassee, Florida

22

23 REPORTED BY: MARY ALLEN NEEL, RPR, FPR

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2 PARTICIPANTS IN ATTENDANCE:

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BOB CASEY, SAMANTHA CIBULA, and CURTIS WILLIAMS,

4 representing the Commission Staff.

5 CHARLES BECK and CHANEL WHITE, Office of Public

Counsel, representing the Citizens of the State of

6 Florida.

7 CECELIA BRADLEY, representing the Office of the

Attorney General.

8

MANUEL A. GURDIAN and MARYROSE SIRIANNI,

9 representing BellSouth.

10 SANDY KHAZRAEE, representing Embarq.

11 TOM McCABE, representing TDS Telecom.

12 DOUG NELSON and JOHN MITUS, representing

Sprint-Nextel.

13

DE O'ROARK and DAVID CHRISTIAN, representing

14 Verizon.

15 SUZIE RAO, representing Alltel Wireless.

16 MARSHA RULE, Rutledge, Ecenia, Purnell & Hoffman,

representing Sprint-Nextel.

17

EILEEN SCHILLINGS, representing DCF.

18

MIKE TWOMEY and LESLIE SPENCER, representing AARP.

19

JEFF WAHLEN, Ausley & McMullen, representing

20 Windstream.

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2 PARTICIPANTS VIA TELEPHONE:

3

LYNN HALL, representing Smart City.

4

STACEY A. KLINZMAN, representing VCI (Vilaire).

5

ANGELA McCALL, representing Frontier.

6

VIV NEWELL, representing Verizon.

7

DEBORAH NOBLES, representing NEFCOM.

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BRUCE RENARD, representing FTPA.

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1 P R O C E E D I N G S

2 MS. CIBULA: Let's get started. Pursuant to

3 notice, this time and place has been set for a rule

4 development workshop to obtain comments on the amendment

5 of Rule 25-4.0665 pertaining to Lifeline service. I'm

6 Samantha Cibula of the Commission's legal division.

7 Here with me today is Mr. Curtis Williams and Mr. Bob

8 Casey of the Commission's technical staff.

9 There's a sign-in sheet on the back table, so

10 be sure that you sign in today so we know who has

11 attended this workshop. And there's also copies of the

12 draft rule and the agenda for the workshop on that

13 table.

14 This workshop is being transcribed, so it's

15 important that you identify yourself before speaking.

16 I'm planning to go through the agenda as it's set out on

17 the agenda that we sent out, 1 through 5 of the

18 discussion issues. Unless there are any preliminary

19 comments or questions before we get started, I guess we

20 can start on the first agenda item.

21 And we would also like to know who's on the

22 telephone first.

23 MS. KLINZMAN: Stacey Klinzman, VCI Company.

24 MS. HALL: Lynn Hall, Smart City.

25 MS. NOBLES: Debbie Nobles, NEFCOM.

5

1 MS. McCALL: Angie McCall, Frontier

2 Communications.

3 MS. NEWELL: Viv Newell, Verizon.

4 MS. CIBULA: Is there anyone else on the

5 phone?

6 MR. RENARD: Yes. Bruce Renard just joined

7 from FPTA.

8 MR. CASEY: The person with Verizon on the

9 phone, would you repeat your name, please?

10 MR. RENARD: Yes. Bruce Renard.

11 MR. CASEY: The person with Verizon.

12 MS. NEWELL: Viv Newell, V-i-v, N-e-w-e-l-l.

13 MR. CASEY: Thank you very much.

14 MS. CIBULA: And also to the people that are

15 participating by telephone, if you're going to be doing

16 other things, could you make sure that your telephone is

17 on mute so that we can't hear it here at the workshop.

18 And make sure it's not on hold either, because that

19 creates some other problems.

20 Are there any preliminary questions before we

21 get started?

22 Okay. Let's start on -- the first issue of

23 the agenda is the application of the Lifeline service

24 program to bundled offerings. I believe it's

25 encompassed in subsection (3) of the draft rule. Does

6

1 anyone have any comments on that issue?

2 MR. O'ROARK: Verizon does have a comment on

3 that.

4 MS. CIBULA: Okay.

5 MR. O'ROARK: I'm De O'Roark representing

6 Verizon. And this actually is the principal issue that

7 we wanted to address today.

8 We have a number of concerns about this

9 section of the proposed rule. Today what I would like

10 to do is focus on two core policy concerns that we have,

11 first, that the rule would not be competitively neutral,

12 but would disproportionately burden ILECs, and second,

13 that the rule would not advance the goal of universal

14 service, but would only promote the availability of

15 premium services, which is not what Lifeline was

16 designed to do.

17 Before I get into those two concerns, let me

18 review some background. As you know, Lifeline customers

19 in Florida receive a $13.50 discount. Carriers

20 providing the discount receive $10 in reimbursement from

21 the Federal Government and then absorb the remaining

22 $3.50 themselves.

23 Florida initially adopted the requirement that

24 local carriers fund the state portion of Lifeline before

25 the advent of local competition. Back then, if a local

7

1 carrier needed to deal with that Lifeline cost, it could

2 simply apply to the Commission for an increase in its

3 local rates and then take those revenues and spread it

4 across its rate base. That doesn't work in a

5 competitive environment, where when you raise your

6 rates, you risk losing customers, and that's something

7 this Commission has recognized for a long time.

8 So I'm sure that you're all aware of it, but

9 just to review briefly, you can go back to 1997 with the

10 FCC's Universal Service Order, and it noted that many

11 states, like Florida does today, funded the state

12 portion of Lifeline through state rate regulation. In

13 other words, the ILECs absorb the cost.

14 In that connection -- and I'm referring to

15 paragraph 361 of that 1997 Universal Service Order --

16 the FCC specifically referred to comments that the

17 Florida Commission filed in that docket. Here's what

18 the FCC said. "The Florida PSC points out that this

19 method of generating Lifeline support from the

20 intrastate jurisdiction could result in some carriers,

21 i.e., ILECs, bearing an unreasonable share of the

22 program's costs." In fact, you'll recall that initially

23 Florida did not accept $1.75 of federal funds until it

24 received clarification from the FCC that ILEC funding

25 could count for the $3.50 of state matching funds.

8

1 In 1999, the Commission in its Lifeline report

2 again recognized this basic problem. Here's what this

3 Commission said in 1999. "Although the absence of

4 explicit state level of funding of Lifeline may have

5 been appropriate under rate-of-return regulation where a

6 LEC could apply for rate increases if needed, we believe

7 that in the long term, this policy is likely not

8 sustainable in a competitive environment. Local

9 exchange companies with qualifying customers could

10 provide a disproportionate share of the state matching

11 funds for those customers, while providers with no

12 Lifeline customers would contribute nothing. The

13 providers serving the most low-income customers thus

14 would be disadvantaged."

15 Now, back in the late 1990s, I'll grant you

16 that those concerns that this Commission expressed may

17 have seemed somewhat theoretical, but those concerns are

18 very real today. As the Commission recognized just two

19 or three months ago in its 2006 competition report to

20 the Legislature, ILECs face very significant competition

21 from a host of competitors.

22 So that brings me with that background to our

23 first core policy concern, that the proposed section (3)

24 is not competitively neutral. One point is that it is

25 not clear that all ETCs will be treated the same,

9

1 because the rule appears to be geared to wireline

2 service, and it is not clear how it would be applied to

3 wireless service. For example, if you apply the

4 Lifeline discount to all packages offered by wireline

5 carriers, but have wireless carriers apply it only to

6 one package, that would not be a competitively neutral

7 application of a rule.

8 The bigger concern we've got, though, taking

9 it a step back, is that many of our competitors, cable

10 companies, for example, are not ETCs at all, and they

11 pay nothing to support Lifeline, and thus they reap a

12 significant competitive advantage.

13 Now, I'll grant you that competitive

14 neutrality is an issue even with the Lifeline program as

15 it exists today, but it's a growing problem. And it

16 will -- one problem with applying the discount to all

17 voice service packages is that you exacerbate that

18 problem of competitive neutrality. And that's

19 particularly the case because the expansion that we're

20 talking about goes beyond the purpose of Lifeline.

21 That's the second core policy concern that we've got,

22 that is, that the proposed section (3) does not advance

23 the goal of universal service.

24 As you know, the FCC's rules list the basic

25 components that must be supported for service subject to

10

1 the Lifeline discount, and it essentially corresponds to

2 what is defined as basic service here in Florida.

3 Likewise, under section 364.025(1), a LEC's current

4 universal service obligation is to provide basic service

5 within their service territories.

6 Section 364.10 requires ETCs to provide a

7 Lifeline Assistance Plan to qualified residential

8 subscribers as defined in a Commission-approved tariff

9 or price list. As an aside, the proposed rule makes a

10 significant departure from that statutory language,

11 which requires a Lifeline Assistance Plan, and now would

12 go beyond that to require the discount to be applied to

13 virtually every plan.

14 Consistent with Verizon's universal service

15 obligation, the Lifeline plan that we submitted to the

16 Commission and that the Commission approved applies the

17 Lifeline discount to basic service. Because the goal of

18 the Lifeline discount is to promote universal service by

19 enabling low-income consumers to obtain telephone

20 service, a basic service requirement makes sense.

21 Expanding the program so that it requires

22 discounts for premium service goes well beyond the

23 purpose of Lifeline. The purpose should be to increase

24 telephone subscribership, not to provide premium

25 services to customers who already have telephone

11

1 service, and not to simply increase Lifeline enrollment

2 for its own sake.

3 So at least with respect to wireline carriers,

4 we would propose that section (3) be modified so that it

5 only applies to basic service. I know there's also the

6 issue with respect to wireless carriers, but I'll let

7 them speak to that.

8 So those are our comments on section (3).

9 MR. WAHLEN: Good morning. I'm Jeff Wahlen of

10 the Ausley Law Firm here on behalf of Windstream

11 Florida, Inc.

12 Mr. McCabe is handing out a document here. I

13 don't know if you want to mark these as exhibits or not,

14 but this is a document that Windstream believes

15 illustrates the bundle issue pretty well.

16 Windstream agrees with the comments that

17 Verizon has made. I was trying to figure out what to

18 title this document, and I was going to call it "The

19 Bundle Conundrum," but I didn't know how to spell

20 "conundrum," so I didn't. I just left it untitled. But

21 I think it's important to look at what this shows, and

22 it goes to the purpose of Lifeline.

23 If the purpose of Lifeline is to provide

24 low-income people with the opportunity to get basic

25 telephone service, you can see that Windstream's basic

12

1 local service with the SLIC is about $16.88. You give

2 them a $13.50 credit, and they can get basic local

3 service. They can be on the network, and they can be

4 contributing, you know, to the goal of universal service

5 for $3.38 a month, and that's a great thing.

6 But if you also apply the Lifeline credit to

7 bundles that include basic service, that opens up the

8 possibility that customers will buy Windstream's most

9 expensive bundle, which is roughly $56, and they get a

10 $13.50 credit, and they would be spending about $43 a

11 month for telephone service.

12 Well, if the purpose of Lifeline is to get

13 people who can't afford basic service basic service and

14 you apply the credit to the premium bundles, you have

15 the possibility that a customer is going to be -- who

16 presumably can't afford $16.88 for service is actually

17 going to be paying $43 a month for service.

18 And I think, and Windstream believes, that

19 this illustrates the fact that there's a little bit

20 something funny about applying the Lifeline credit to

21 these bundled packages. This shows that what it really

22 is doing is promoting premium services, not basic

23 services. And as just a core matter, Windstream

24 believes that it doesn't make sense to apply the

25 Lifeline credit to a bundle when the net price of the

13

1 bundle far exceeds the cost of basic local service. If

2 someone can afford $43 a month for basic service, you

3 know, they ought to be able to afford $16.88 without the

4 Lifeline credit. So something is funny about the way

5 the language in the rule works in terms of bundles.

6 And I guess the problem is exacerbated by

7 paragraph (22) of the rule, which talks about how you

8 can't disconnect customers if they pay their basic

9 service. The way this works, I think, a customer could

10 sign up for the premium package, the McDaddy package,

11 get the $13.50 credit, be billed $43 a month, pay 16,

12 keep service, but start accumulating a bad debt with the

13 company for the difference. And while deposits and

14 things like that could, you know, solve the problem, it

15 encourages customers who presumably have an

16 affordability problem to buy something that they may not

17 be able to pay for. So the interaction of paragraph

18 (22) and paragraph (3) are a big concern to Windstream

19 in this.

20 Now, Windstream supports universal service and

21 thinks that Lifeline is a good thing within boundaries.

22 It shares Verizon's concern about the funding and the

23 $3.50, but believes that the document I've handed out to

24 you illustrates the difficulties and the kind of

25 inconsistencies that are created when you begin to apply

14

1 the Lifeline credit to bundles that cost more than basic

2 service would cost in the first instance.

3 Thank you.

4 MR. CASEY: Jeff, can I ask you a question?

5 MR. WAHLEN: Sure.

6 MR. CASEY: I notice the bundle that you give

7 an example for is 49.95. That includes unlimited long

8 distance.

9 MR. WAHLEN: Uh-huh.

10 MR. CASEY: Don't they have another bundle

11 which is cheaper?

12 MR. WAHLEN: Sure. We could have done --

13 MR. CASEY: For just local service?

14 MR. WAHLEN: Yes. We have could have done

15 this with some different bundles.

16 MR. CASEY: Okay. So there are smaller

17 packages --

18 MR. WAHLEN: Sure.

19 MR. CASEY: -- for local service?

20 MR. WAHLEN: Yes.

21 MR. CASEY: Okay.

22 MR. WAHLEN: I don't know what they all are,

23 but the same point would apply.

24 MR. CASEY: Right. I realize -- 13.50 on any

25 package or just on a local package.

15

1 MR. WAHLEN: Right. And I --

2 MR. CASEY: But would you be against -- if

3 there was, say, a 29.95 with just local service, would

4 you be against having a 13.50 discount on that?

5 MR. WAHLEN: Well, I think if the net bill is

6 still more than $16.88, there's still kind of a question

7 about what we're doing here. If the net price is more

8 than the cost of basic local service, presumably the

9 customer is proving that they can pay for basic local

10 service, notwithstanding the fact that they meet the

11 eligibility requirement. So are we really promoting

12 universal service, or are we just promoting the

13 marketing of premium calling features? That's the

14 issue.

15 MR. CASEY: Thank you.

16 MR. WILLIAMS: I have one quick question also,

17 Jeff.

18 MR. WAHLEN: Sure.

19 MR. WILLIAMS: You brought up an interesting

20 point that I don't think really has been introduced into

21 the discussion regarding the bundled packages, and that

22 is the non-long distance additional services, and I

23 think that's a pretty good point that we need to take a

24 look at.

25 But let me ask you, if that wording is changed

16

1 as it relates to the other non-basic elements to

2 basically address that issue, does that relieve your

3 concern?

4 MR. WAHLEN: Well, it certainly improves the

5 concern. I don't know if it relieves it entirely,

6 because, again, the -- you know, as long as what the

7 customer is paying with the credit is more than basic

8 local service would be, are we really accomplishing the

9 goal of improving universal service, or are we just

10 making a credit available so that customers can buy

11 vertical features? And that is the real question. It

12 certainly improves or makes Windstream's concern less if

13 you do that, but I think at the end of the day, you

14 still have to step back and look at what we're doing

15 here.

16 MR. WILLIAMS: Okay. Thank you.

17 MS. CIBULA: Are there any more comments?

18 MS. WHITE: Yes, I have a comment. Chanel

19 White, Office of Public Counsel.

20 I would like to speak on behalf of the

21 citizens who call our office every day. And we've

22 spoken with them about -- or they've spoken with us

23 about their bundled packages. And, of course, we notify

24 them that at this time, they are not able to take

25 advantage of the Lifeline credit while they have a

17

1 bundle. And here are the concerns they have expressed

2 to us:

3 They choose the packages, the bundles, because

4 it's the most economical for the services they feel they

5 need. They feel they need caller ID in order to, you

6 know, accept or reject certain calls, avoid scams and

7 telemarketers that oftentimes target the elderly. And

8 most of our callers are elderly. It's important that

9 they know who they will speak with and who they do not

10 need to speak with.

11 Long distance is another feature they find

12 very important. Most of them live states away or maybe

13 cities away from their immediate family, and it's

14 important that they are able to communicate with those

15 members.

16 These people choose packages, again, because

17 it's the most economical. A basic telephone line isn't

18 always enough when you're someone living alone. You

19 need to have access to certain features, and you need

20 the most affordable access to those features.

21 We've had -- let's see. Maybe from February

22 '05 until January of this year, we've had maybe 170

23 Verizon Lifeline applicants who could not be placed on

24 the program right away because they had a bundle.

25 That's not including the people over the phone who we

18

1 screen. And once we find out they have a package, we

2 let them know, "Well, you need to choose." Sometimes

3 they choose to give up the package, and sometimes they

4 decide they cannot or will not give up their package.

5 Also, taking into consideration when we mail

6 out our applications, we have an insert that notifies

7 them, "Check with your telephone company. If you have a

8 package, you may not be able to receive the Lifeline

9 credit." And so this -- we do not have a number exactly

10 of how many possible Lifeline applicants decide not to

11 apply for the credit because of bundled packages, but we

12 would say every day we have someone.

13 And on behalf of them, just giving you their

14 voice of concern, the package is sometimes the most

15 economical way for them to have the features they feel

16 they need, and it does not mean they do not need the

17 Lifeline credit. They need both. In many instances,

18 they need both.

19 MR. BECK: My name is Charlie Beck with the

20 Office of Public Counsel, and I would like just to add a

21 few comments to Chanel's.

22 It's no secret to anyone here that the

23 Lifeline subscriber rate is embarrassingly low in

24 Florida. We should be doing everything we can to get

25 people on Lifeline instead of the types of things we've

19

1 heard earlier today that actually discourage people from

2 Lifeline and put up barriers in their place. Not all

3 companies take that view. For example, BellSouth offers

4 their packages with Lifeline.

5 And there's nothing that limits Lifeline to

6 just the basic services. If you look -- I think Verizon

7 mentioned the FCC's rules. They're contained in 47 CFR

8 54.401, and it defines certain things that Lifeline must

9 include, but it's not an exclusive list. It simply says

10 it includes certain things, but it doesn't exclude

11 others. Of course, the fact that some of the local

12 exchange companies offer Lifeline with packages also is

13 an example of showing that Lifeline can be offered with

14 packages.

15 We do not agree with Verizon that the proposed

16 rule is not competitively neutral. It does apply to all

17 ETCs. In fact, most wireless companies are offering

18 packages. So this would simply require the LEC to offer

19 something similar to the Lifeline packages that others

20 are offering.

21 The plan -- Verizon mentioned that section

22 364.10, Florida Statutes, requires an ETC to provide a

23 Lifeline Assistance Plan. There are various phrases

24 that are used in the statute with regard to Lifeline.

25 You see the term "Lifeline Assistance Plan" mentioned in

20

1 part (2)(a) of 364.10. If you go to (b) and (c), it

2 mentions Lifeline service. If you go to section (3),

3 you'll see it talks about a Lifeline Assistance Credit.

4 So Lifeline is used in a number of contexts.

5 We would submit to you that the plan that is

6 required by the statute is essentially the credit. It

7 doesn't mean there's just one offering of basic local

8 exchange service that would be Lifeline. The plan is

9 the credit. And I think the staff's proposed rule

10 appropriately would apply that to non-basic as well,

11 because the credit is the plan, the 13.50 credit. So

12 we're very much in support of the staff's proposal to

13 include packages in Lifeline.

14 Thank you.

15 MR. CASEY: Charlie, could I ask you a

16 question?

17 MR. BECK: Yes.

18 MR. CASEY: Verizon -- take, for example,

19 Verizon, but it's with all these phone companies. They

20 have a number of different packages. You know, they can

21 start at 29 and go all the way up. Would it alleviate

22 your concerns if they just gave a discount on their

23 basic bundled package? For example, Verizon has a 29.95

24 local package.

25 MR. BECK: I think so, you know, just talking

21

1 off the top of my head.

2 MR. CASEY: Instead of on any bundle?

3 MR. BECK: As I took the example in the

4 proposed rule, you gave examples of call waiting, call

5 forwarding, and voice mail, and that's what I take it.

6 I didn't see it necessarily including long distance.

7 MR. CASEY: Okay. Thank you.

8 MS. KLINZMAN: May I be heard? This is Stacey

9 Klinzman from VCI.

10 MS. CIBULA: Sure.

11 MS. KLINZMAN: I don't have a comment to make

12 about the content of what we're talking about, but I do

13 have a comment to make about people being able to speak

14 up and to let you know also that those of us, or at

15 least me, on the teleconference, the speakers are

16 breaking up, and I'm not able to get each word. I'm not

17 sure anything can be done about that, but I would like

18 to encourage everyone to please speak up.

19 Thank you.

20 MS. CIBULA: Any more comments?

21 MS. NOBLES: Yes. This is Debbie Nobles with

22 NEFCOM.

23 I guess I just want to throw out one thought

24 on this, in that I don't really think the issue with my

25 company is a matter of whether we're trying to

22

1 discourage Lifeline customers from being able to get all

2 of the services that they can avail themselves of. I

3 think my concern is that under the current conditions,

4 with $3.50 being a cost that I'm going to have to eat,

5 in addition to the business decisions that I've already

6 made in pricing my bundles to give discounts on other

7 services, I didn't factor in the $3.50, an additional

8 cost that I would have to absorb for Lifeline customers

9 to necessarily take my bundles. Maybe that's something

10 that I should have, but it's not. And if I have to

11 change the prices of my bundled services, I'm going to

12 have to increase them to account for that additional

13 cost, which makes them a lot less competitive with the

14 folks that I created the bundles for in the first place

15 to try to compete against.

16 For me, I would like for it to remain a

17 business decision for a company to decide whether they

18 can build that cost into their bundles, make it and keep

19 it competitive, and offer to it Lifeline customers. I

20 do have a problem with it being a mandate.

21 Now, I will say that even in light of the fact

22 that our pricing may not have considered the Lifeline

23 customers, we will make certain bundles available to our

24 Lifeline customers. But again, I think that should be a

25 business decision and should not be a mandate.

23

1 MR. NELSON: Bob, could I comment? This is

2 Doug Nelson with Sprint-Nextel. I just wanted to make a

3 few comments.

4 I generally agree with Verizon on the policy

5 issues, and I would like to address the bundles of

6 services we offer in Lifeline. We think Lifeline, as

7 mandated by the FCC, is for basic access to the network,

8 and we recognize that we have to make that service

9 attractive to customers, and we believe that with more

10 ETCs out there, there's a little more choice for

11 customers who are seeking Lifeline.

12 Our service does come with long distance, but

13 we do not apply it and we're not required by FCC rules

14 to apply it to any service the customer chooses. We

15 designate a service plan. And we read 54.403 of the

16 FCC, the Code of Federal Regulations, as very clearly

17 stating that the support applies to the lowest tariffed

18 or otherwise generally available residential rate for

19 service. And we're going to do our best to make that

20 attractively priced and an attractive service.

21 But just for the record, to clarify, we don't

22 apply the Lifeline discount to any one of our wireless

23 services now, nor do we think we have to.

24 MR. CASEY: Right. You're saying that you

25 designate a service plan, but that service plan is a

24

1 bundle; right?

2 MR. NELSON: It is.

3 MR. CASEY: It's just a basic bundle.

4 MR. NELSON: Well, wireless is fundamentally

5 different from most local exchange services. You know,

6 it's really not distance sensitive. You get -- everyone

7 knows that you get a bucket of minutes, and you pay a

8 flat monthly rate, and then if you go over those

9 minutes, you incur additional charges. It includes

10 usually voice mail, caller ID, call waiting, features

11 like that as well.

12 MR. CASEY: I was just going to say, we have a

13 representative from Alltel Wireless here also who gets a

14 prize for the longest distance she had to travel. She

15 just told me she left at five o'clock yesterday morning

16 and got here at six o'clock last night. She came from

17 Washington for the meeting.

18 Suzie, did you want to make some comments?

19 MS. RAO: Thank you for the opportunity to

20 provide comments. My name is Suzie Rao with Alltel

21 Wireless.

22 Regarding the bundling issue in section (3), I

23 would like to reiterate Doug's concerns and comments and

24 also state that the Lifeline discount as it reads in the

25 rules applies to basic local exchange service, but

25

1 Alltel as a wireless carrier doesn't provide basic local

2 exchange service, and I believe it's exempt from the

3 statutory definition of basic service.

4 So the question we have is, as a wireless

5 carrier, since we don't segregate local and long

6 distance service, how would this apply in a wireless

7 context? It seems like it's written for the landline

8 way of doing business.

9 And again, I would like to reiterate that the

10 way Alltel provisions Lifeline as an ETC is, it reads

11 54.403(a) to mean that you would apply the Lifeline

12 discount on the lowest tariffed rate or otherwise

13 generally available rate, so we have a stand-alone

14 Lifeline rate plan that we offer the customers that is

15 low in price and is attractive to them so that we can

16 get Lifeline customers. We're dedicated to promoting

17 Lifeline service. I think our outreach is really very

18 good. So section (3) and section (22) is a little bit

19 ambiguous in terms of how wireless ETCs should implement

20 Lifeline.

21 MR. CASEY: Of course, we're not writing the

22 rules for wireless, of course, but the FCC orders do say

23 that you have to follow a Lifeline plan if a state has

24 one, so it's kind of around the fence there.

25 Alltel's basic plan, it is a bundle; right?

26

1 MS. RAO: Correct.

2 MR. CASEY: So it would include local service,

3 and what else would that include?

4 MS. RAO: There's no vertical features

5 associated. You would have to pay for those

6 additionally, and I think it's $3 a month. But our

7 Lifeline plan is a prepaid offering, and it's $16.70 a

8 month, which is pretty much a 50 percent discount off

9 our standard prepaid plan, which is 29.99. So the

10 customer is getting a pretty good deal with 300 anytime

11 minutes.

12 MR. CASEY: So it's just -- basic local

13 service then is what they're getting?

14 MS. RAO: I guess you could define basic local

15 service as a calling area with, you know, the Alltel

16 home coverage area as your local service, so it could

17 include multiple states.

18 MR. CASEY: Okay. Thank you.

19 MR. WILLIAMS: Can you also just kind of give

20 us a brief description of your disconnect policy as it

21 relates specifically to Lifeline customers? And if you

22 will, can you follow up, Doug?

23 MS. RAO: I think our disconnect policy is

24 pretty generous. Currently, our practice is that if a

25 customer is delinquent on his or her bill, we will send

27

1 them a notice. It doesn't really apply in a prepaid

2 context, which is what our plan is, because the plan can

3 shut off after the 300 minutes if the customer chooses

4 not to replenish, and I think it's 45 cents an

5 additional minute. So in a prepaid context, it doesn't

6 really apply.

7 But if it was, say, a postpaid plan, we have

8 some postpaid plans in other states where if a customer

9 is delinquent, we send a notice, a written notice, and

10 we give them 60 days to pay their bills, and then

11 they're disconnected for lack of payment.

12 But again, there are some rules -- I saw

13 somewhere, I think, here that said you can't disconnect

14 the basic service, you can only disconnect for long

15 distance that's not paid in full. So how would you

16 apply that when you can't separate out local and long

17 distance unless you choose to define the calling area

18 that the company has as the local service if it includes

19 long distance?

20 MR. WILLIAMS: Thank you.

21 MR. NELSON: I'm going to actually defer to

22 John Mitus, who is the head of our ETC program office.

23 I didn't have the microphone on. John Mitus is the head

24 of our ETC program office at Sprint-Nextel.

25 I will say that we do offer a toll limitation

28

1 option for customers so they can avoid exceeding, you

2 know, a limit by very much on their monthly bill in

3 overage charges. John, if you would.

4 MR. MITUS: Yes. Our disconnect policy -- as

5 Alltel stated and as Doug had said earlier, our local

6 calling plan is basically the United States, because

7 long distance is included as part of our package. So

8 there's really no delineation between local and long

9 distance. So when it says disconnect for nonpayment of

10 other services, it's really tough to follow that.

11 And as far as our Lifeline customers, they go

12 into our general pool, and they're treated as any other

13 customer as far as disconnect goes once they're on the

14 program. And we do offer a choice of either a $250

15 deposit or a $75 spending limit for any overage charges.

16 MS. CIBULA: Any additional comments?

17 Mr. Twomey.

18 MR. TWOMEY: Good morning. I'm Mike Twomey

19 from AARP, and with me is Leslie Spencer with AARP

20 Florida. Excuse me.

21 The first thing I want to address is the fact

22 that the AARP rejects what it considers to be this

23 condescending, patronizing, offensive notion that

24 low-income people eligible for Lifeline assistance being

25 able to pick a bundle that provides them with caller ID,

29

1 for example, as Public Counsel suggested, a lot of

2 people they think they need. The notion that the

3 companies know better how their customers should spend

4 their money is offensive. The notion that there's

5 something a little bit funny going on, that people being

6 able to -- Lifeline eligible customers being able to

7 select a bundle is going to lead them into lives of

8 fraud, defrauding the companies, is condescending. It's

9 offensive, it's patronizing, and we reject it out of

10 hand.

11 And I don't understand in this Windstream

12 handout why Windstream, in the interest of protecting

13 their customers' spending habits, would reject the extra

14 $38.38 they would get from the customer in terms of

15 revenue stream monthly if the customer took the bundle.

16 It's beyond me why they would want to go for a net R1

17 price of $3.38 versus a net bundle price of 42.76.

18 AARP likes section (3) just the way it is.

19 And I think the answer is, to address Ms. Nobles' more

20 reasoned rejection for the bundled pricing of the

21 competitive aspect, make everybody do it, and make them

22 cope with it. Make that part of the competitive

23 requirement. If everybody has to apply Lifeline to

24 their bundled services, in all their bundled services,

25 they can factor that in in their competitive pricing, or

30

1 so it seems to us.

2 I wish I had brought the portion of the 2006

3 Lifeline report, because I can't quite remember the

4 numbers, the dollars that the three wireless companies

5 got from Lifeline subsidies in the year 2005, but my

6 recollection is that for the number of customers they

7 were serving, the payments were -- I'll use the word

8 "obscene." And I find it curious that they're in here

9 now wanting to limit a million households or more,

10 1.1 million households in what this Lifeline assistance

11 can be applied to. So we would say reject that, reject

12 it out of hand.

13 As far as the notion that, if I understood

14 Verizon's comments at the outset, about the 3.50 being

15 not apparently reasonable or not fair in what we have

16 now as the competitive market, I don't understand that

17 either. We've had the potential at least of competition

18 since 1995 in this state at the behest of the companies

19 when they went to the Legislature and got the law

20 changed. We had the 3.50 company payment in 2002 and

21 2003 when these companies went to the Legislature and

22 used as a great big hook for getting the rebalancing

23 legislation the notion that they were generously going

24 to expand the availability of Lifeline.

25 One could necessarily assume, I think, that

31

1 there was a suggestion in their offering to expand that,

2 that they expected or that one could expect that

3 Lifeline participation would necessarily increase in

4 this state, and the companies as a quid pro quo for

5 getting the rebalancing legislation would have more

6 Lifeline customers and would necessarily have to pay the

7 extra $3.50.

8 Now, we all know, to our great embarrassment,

9 that the participation rate has gone down since then.

10 And naturally, it's understandable in a business sense

11 that the companies don't want to pay the $3.50 for not

12 new customers necessarily, because we have a penetration

13 rate of 94 percent or thereabouts. We're talking about

14 us, AARP and the consuming public, wanting to see people

15 by and large that already have phone service get the

16 Lifeline assistance they're eligible for for service

17 that they're already paying for.

18 So there's no sympathy from this quarter in

19 terms of worrying about these companies having to pay

20 the $3.50. They argued this repeatedly to the

21 Legislature, and they argued it before this Commission

22 when we had the rebalancing case.

23 So AARP is good with this language. We think

24 you ought to keep the -- let the consumers decide how

25 they're going to spend their money. The next thing you

32

1 know, these companies will be in here arguing that these

2 people, these Lifeline guys have cable TV and DVD

3 players and cell phones and things of that nature and

4 that they shouldn't be getting assistance because

5 they're squandering their limited funds. Again, we

6 don't need to be hearing that kind of thing.

7 Thank you.

8 MR. CASEY: Mike, can I ask you a question?

9 MR. TWOMEY: Yes, sir.

10 MR. CASEY: Do you believe that the 13.50

11 discount should be applied to any bundle or --

12 MR. TWOMEY: Yes.

13 MR. CASEY: -- just the local service?

14 MR. TWOMEY: Yes, any bundle.

15 MR. CASEY: Any bundle?

16 MR. TWOMEY: Yes.

17 MR. CASEY: Okay. Thank you.

18 MR. WILLIAMS: One more question, Mike,

19 Mr. Twomey. Do you have any comments regarding the

20 difficulty or the dilemma that we're looking at when you

21 compare wireline versus wireless, by definition, the

22 differences in the two services and how the discount

23 would apply?

24 MR. TWOMEY: Well, I'm not sure of the answer.

25 I would like to know from the wireless companies, if I

33

1 may, whether the application of the Lifeline credit by

2 the FCC is a requirement that it go against the basic

3 program, or are you saying that there's a prohibition by

4 the FCC that it be applied to anything more than your

5 basic bundle?

6 Do you all understand my question? Are you

7 prohibited by the FCC from applying the 13.50 to any but

8 your basic bundle, or does the FCC, on the other hand,

9 require that it be made available at least to your basic

10 bundle?

11 MR. NELSON: The FCC requires that it be

12 applied to lowest priced tariffed or otherwise generally

13 available service. That's the only way I can really

14 answer the question.

15 MR. TWOMEY: Am I hearing you say then that

16 there's not a prohibition? The FCC does not say, does

17 it, that you cannot apply that 13.50 to any bundle of

18 services that you offer?

19 MR. NELSON: The FCC does not authorize the

20 Lifeline program to apply it to other bundles.

21 MR. TWOMEY: It prohibits it?

22 MR. NELSON: That's my answer.

23 MR. TWOMEY: You're saying it prohibits it?

24 MR. NELSON: I don't understand what you mean

25 by prohibits it. I just don't understand your point in

34

1 prohibiting something. It doesn't authorize it.

2 MR. TWOMEY: Is he right?

3 MS. RAO: That's how I read it, because it

4 says you will do this, and what you will do is put the

5 Lifeline discount on the lowest tariffed or otherwise

6 generally available rate. So to me, that means thou

7 shalt do this, you can't do something else.

8 MR. BECK: Could you give us a reference?

9 MS. RAO: Yes. It's 54.403(a). I think it's

10 the very last sentence of that section, which is a very

11 long section.

12 MR. TWOMEY: Would you give the cite again,

13 please?

14 MS. RAO: 54.403(a).

15 MR. TWOMEY: 403(a).

16 MR. RENARD: Mike, can you summarize what has

17 just been said for those of us on the phone who can't

18 hear? I couldn't hear her.

19 MR. TWOMEY: Well, I don't think I answered

20 Curtis's question. I'm not sure I have an answer to

21 that. But I asked the question whether there was a

22 prohibition, an FCC prohibition against the wireless

23 companies applying the Lifeline credit to any but their

24 most basic bundle. And I think the answer I heard is

25 that their interpretation, through the companies anyway,

35

1 is that the FCC says you shall apply to it your most

2 basic bundle, and therefore, they read that as being a

3 prohibition against it being applied to more expensive

4 bundles.

5 MR. RENARD: Thank you.

6 MR. BECK: Just for the record, Mike, I don't

7 agree with the wireless carriers. We read 54.403

8 several times and don't see it. And in fact, if they

9 were right, that would mean BellSouth is violating the

10 FCC orders when they offer it. 54.403 isn't just for

11 wireless. It's for ETCs in general. I don't agree with

12 their reading.

13 MS. CIBULA: And I also just want to remind

14 the people participating by telephone to make sure you

15 identify yourself before you speak for the court

16 reporter. Thanks.

17 MR. TWOMEY: I don't have -- Curtis, I don't

18 have more of a answer for you than that. I'm not sure

19 what the answer is.

20 MR. WILLIAMS: Okay.

21 MS. CIBULA: Additional comments?

22 MR. McCABE: Yes. Tom McCabe on behalf of TDS

23 Telecom.

24 Just for the record, from our company's

25 position, the 3.50 is an issue. TDS and the other small

36

1 local exchange companies weren't over there at the

2 Legislature getting any legislation passed. The reality

3 is that the 3.50 does have an impact, and it impacts all

4 of our customers.

5 I think the comments that Debbie Nobles made

6 regarding the bundles is a valid one with respect to

7 being a business decision. Our company, we have chosen

8 to make it available at this point in time. Whether

9 that needs to change in the future, I don't know, but it

10 depends on what competitive issues that I have sitting

11 out there today.

12 And the idea that we don't have competition is

13 just ludicrous. I mean, revenues that I used to receive

14 in order to support my basic local service such as

15 access are being moved over to wireless carriers. There

16 was a recent article in the paper not too long ago,

17 within the last month, that -- I believe it was in 2002,

18 one in 20 customers had a wireline -- one in 20 had left

19 their wireline service. Today it's one in eight.

20 The world changes. And we seem to be making

21 some progress with developing rules for Lifeline,

22 advancing Lifeline. I don't think that there's any

23 phone company up here that's trying to prevent Lifeline

24 from occurring.

25 Thank you.

37

1 MS. CIBULA: Any additional questions? Anyone

2 on the telephone that would like to comment on Issue 1?

3 MR. RENARD: This is Bruce Renard on behalf of

4 FPTA.

5 I would just add to the discussion, from what

6 I'm hearing, it seems to me there may be a middle ground

7 here that addresses legitimate concerns, because I do

8 think there is validity in the notion that Lifeline was

9 created for provision of basic service and to try to

10 make sure that everyone at least has access to the

11 network.

12 And, of course, that definition is being

13 challenged a little bit now as we're moving forward in

14 technology and convergence is occurring, and we're

15 asking ourselves what is really included universal

16 service, and therefore Lifeline. But at least for the

17 creation of it, I think it's correct to say it is aimed

18 at basic service.

19 I do think also there is validity to the

20 notion of this 3.50 coming out of the ILECs' pockets

21 when, you know, many other states or some other states

22 have intrastate universal service funds to fund those

23 needs. And we don't have that in Florida, and yet

24 they're paying this money, and I think there's a

25 legitimate question as to whether that's right.

38

1 And maybe we all ought to be looking at a

2 legislative solution that, you know, creates a universal

3 service fund to fund legitimate needs. And I understand

4 the political challenges of doing that, but I think

5 that's something that we should think about.

6 But in the meantime, maybe the middle ground

7 here is to say that the Lifeline credit will be only

8 applicable to the basic service, and then the companies

9 will be able to figure out what the additional services

10 are that are really needed by these customers, as

11 mentioned by the Public Counsel, such as, you know,

12 caller ID, the kind of safety benefits that we can all

13 recognize, and come up with a reasonable add-on amount

14 for those optional features.

15 So you would still get your basic service with

16 the Lifeline credit, and then provide customers with the

17 option, if they want to get additional features for a

18 reasonable amount more, you know, for those. And that

19 way the companies could be properly compensated, and the

20 customer could still get the Lifeline benefit plus any

21 additional features they needed. So maybe there's some,

22 you know, approach along those lines to be worked out

23 here.

24 I just throw that out for the group's

25 consideration. Thank you.

39

1 MS. CIBULA: I believe we have one additional

2 comment.

3 MS. BRADLEY: This is Cecilia Bradley from the

4 Attorney General's Office. And we would just like to

5 encourage you, as Public Counsel and AARP has indicated,

6 to apply this to bundled services and various other

7 options.

8 You know, these are not people that we should

9 be looking down upon because we would like to provide

10 them with some additional benefits at this time. These

11 are hard-working people that have worked and supported

12 these companies for a lifetime and now are on fixed

13 incomes. So we would like to see more than what's the

14 least we can do for them. We would like to encourage

15 everyone, including some of the companies, to step up

16 and look at what services we can provide for these

17 people.

18 These are loyal customers, and they have

19 earned, you know, some cuts at this point in time. This

20 is where we may all be a generation from now, and we

21 certainly hope that the next generation will want to

22 keep providing some benefits if we need it and we're on

23 fixed incomes.

24 But this is an important thing for so many of

25 these people. You know, it used to be a luxury to have

40

1 a telephone, but now it's a vital lifeline to their

2 emergency services, to their families. When a lot of

3 people get older, at some point they're not able to get

4 out as much, and the phone is a link to the outside

5 world.

6 So this is an important service that these

7 companies are providing, and we encourage you to work

8 with these folks to try to provide these benefits, and

9 not the least that can be done, but what services you

10 can provide.

11 You know, obviously, we want companies to be

12 competitive in Florida, and we want a level playing

13 field for everyone, but these people have earned this,

14 and let's work with them.

15 And we appreciate the efforts the PSC is

16 making to try to encourage the Lifeline and increase the

17 people that are registering for this, because this is --

18 you know, we're all paying into universal service, and

19 we would like to see some of these benefits coming back

20 to the people that deserve these benefits.

21 Thank you.

22 MS. CIBULA: Any more comments on Issue 1?

23 MS. KLINZMAN: This is Stacey from VCI. Could

24 someone just clarify for me that the intent of this

25 section of the rule is not to force companies to offer a

41

1 bundle, but if they do offer a bundle, the Lifeline

2 discount should be applied to it?

3 MR. WILLIAMS: Yes. We're not suggesting or

4 requiring the companies to offer a specific bundle. I

5 think you stated it correctly, in that the Lifeline

6 discount would not be -- basically, the intent is that

7 the Lifeline discount would not be disallowed if a

8 bundled package is offered.

9 MS. KLINZMAN: You're breaking up. Was the

10 answer to that no, it is not the intention to force

11 companies to offer a bundle if they don't want to?

12 MR. WILLIAMS: Correct.

13 MS. KLINZMAN: Okay. Thank you.

14 MS. CIBULA: Any additional comments?

15 MR. McCABE: Just a quick one for

16 clarification, because I don't know where this ends up

17 going ultimately when you define a bundle. I like what

18 Charlie suggested, but that's beside the point.

19 Are you talking about broadband? You know, if

20 I offer a bundle that has broadband and Dish Network and

21 I have a package and it's 99 or $125, are you now going

22 to be saying that Lifeline applies to that package?

23 Just some clarification, because --

24 MR. WILLIAMS: Well, the main point is that

25 the Lifeline credit, the Lifeline discount would apply

42

1 to the basic service element, and if a bundled package

2 includes basic local service as a part of that bundled

3 package, then we would envision that the Lifeline

4 discount would apply. If the package, if the bundled

5 package does not include basic local service, then the

6 Lifeline discount would not apply.

7 MR. WAHLEN: Could I respond to that, because

8 I'm confused. And I may be wrong about this, but I

9 don't think Windstream offers any packages without basic

10 local service. I mean, that's what they're in the

11 business of providing. So the answer to your question I

12 think is, it would apply to each and every package,

13 including broadband and all these others.

14 And I apologize if someone thinks that my

15 comments were being condescending. That's not the

16 point. The point is, does it really make sense? If

17 somebody is paying $49 for telephone service plus

18 satellite plus broadband, do you really think the $13.50

19 credit should apply to that? And maybe you do, and if

20 you do, that's fine.

21 But I think Windstream would be more

22 comfortable with the approach advanced by Ms. Nobles,

23 which is, you know, set the basic floor and then let the

24 companies decide on a business basis what additional

25 bundles they want to apply the credit to.

43

1 MR. CASEY: I believe as the rule is proposed

2 right now, it applies to any bundle. That's why I was

3 asking some questions here as far as whether OPC would

4 agree with just a local service, the low end bundle, or

5 any bundle, or Verizon with their 29.99, just apply it

6 to that, or all bundles. But the rule as proposed is

7 for any right now.

8 And, Tom, any meetings we have with staff,

9 we're always sensitive to small companies and the effect

10 it has on you, so that always comes up at every meeting,

11 just to assure you.

12 MS. RULE: Marsha Rule here.

13 Curtis, I've got a question for you, just to

14 clarify what you were saying. My understanding based on

15 prior workshops and the Commission's position in the

16 past is that the Commission has equated dial tone with

17 basic service. So if I understand you correctly, you're

18 saying if a bundle includes basic service, then the

19 discount would have to be applied. But I read that,

20 under discussions with staff before and the Commission's

21 position, to mean it has to be applied to any bundle

22 that includes dial tone.

23 You know, I'm asking all of you up there, is

24 that your understanding, or is my understanding of what

25 basic service is, in your opinion, wrong?

44

1 MR. WILLIAMS: Well, our interpretation of

2 basic service is as it's defined by the Florida

3 Statutes. And I think as far as the FCC is concerned,

4 the FCC specifically directs the ETCs to apply the

5 Lifeline discount to basic service, so --

6 MS. RULE: Right. But in discussions with

7 staff, other staffers have said basic service is

8 equivalent to dial tone. And I'm trying to figure out

9 if a package includes dial tone, must the discount be

10 offered? I'm not aware of any packages that really

11 don't, telephone service that doesn't include dial tone,

12 but, you know, I could be wrong.

13 MR. CASEY: If you're looking for a legal

14 meaning, is dial tone the same as local service, I would

15 have to defer to our attorney.

16 MS. CIBULA: That's something I'll have to

17 look into. That's something I'll have to look into when

18 we're considering this.

19 MS. RULE: Thank you.

20 MS. CIBULA: Any additional questions on Issue

21 1?

22 Let's move on to Issue 2, verification of

23 continued Lifeline eligibility. I believe this is

24 encompassed in subsections (11) through (14) of the

25 draft rule. Any comments?

45

1 MR. CASEY: I just wanted to mention

2 something. I believe OPC has been working with the

3 companies to work out a verification process for the

4 income-based Lifeline customers; is that correct?

5 MR. BECK: Right. We're doing verification

6 right now based on our database of persons that we've

7 certified as eligible. We've also been talking to

8 BellSouth, Verizon, and Sprint to try to synchronize

9 what we're doing with their databases as well.

10 MR. CASEY: I just wanted to bring that out,

11 because there was a question before in a previous

12 workshop whether or not OPC does verification. But you

13 are doing it. Thank you.

14 MS. SIRIANNI: Bob, this is MaryRose with

15 BellSouth. I was just going to say, I know at the

16 informal workshop back in early January, there were some

17 concerns about verification. And since then, we have

18 had some discussions with the Office of Public Counsel,

19 and I believe that, you know, we will be able to work

20 through those issues. So at this point, BellSouth

21 doesn't have any further comments on the verification

22 that OPC will be doing.

23 MR. CASEY: That's great. Glad you can work

24 it out among yourselves. Thank you.

25 MS. SIRIANNI: Thank you.

46

1 MR. McCABE: Hey, Bob. On number -- let's

2 see. Thirteen. Let's see. Well, I don't know what --

3 number (7) on page 3, "The ETC must accept public

4 assistance eligibility determination letters," I think

5 you can strike "enrollment" on the last line, since we

6 don't do verification up front. You know, it doesn't

7 matter to me, but --

8 MR. CASEY: That's on page 3, did you say?

9 MR. McCABE: Yes, number (7), or (13). Well,

10 I don't know how this reads.

11 MR. CHRISTIAN: Line 20.

12 MR. McCABE: Thanks.

13 MR. CASEY: Would anyone have any objection to

14 that? Okay.

15 MR. BECK: I'm not clear. I must have a

16 different copy, because my page 3 doesn't have it. What

17 are you referring to, Tom?

18 MR. McCABE: The ETC -- it states that the ETC

19 must accept public assistance eligibility determination

20 letters.

21 MR. CHRISTIAN: Right here where it says

22 "enrollment." We don't accept those letters for

23 enrollment. They sign up with a very simplified

24 enrollment, so we can strike the word "enrollment," and

25 just use it for the verification. That's what he's

47

1 saying. That's no big deal.

2 MS. CIBULA: I don't think staff has a problem

3 with that, but we'll go back and look at it.

4 MR. WILLIAMS: Just to add a little clarity, I

5 think what Tom is saying is that this language would

6 have been applicable under the enrollment process that

7 we had in prior to the simplified certification process,

8 but now with the simplified certification process in

9 place, it's not really necessary for customers to

10 provide that information up front. But during the

11 verification process a year later, they are required to

12 provide that information.

13 MS. CIBULA: And we might need to move that

14 subsection to a different part of the rule, stick it

15 with probably the rest of the verification language as

16 well, so that might be a change that we make.

17 Additional comments on verification?

18 Mr. Twomey?

19 MR. MITUS: This is John Mitus from

20 Sprint-Nextel. When you're saying that we have to

21 accept the public assistance, what about reverification

22 on an annual basis? Is this an automatic, we got a

23 letter, we have to keep them for life, or are we allowed

24 to recertify these customers?

25 MR. WILLIAMS: I'm not sure if I understand

48

1 your question. Is your question are you required to

2 obtain that information from the customer on an annual

3 basis, or can you rely upon the information that was

4 provided previously? Can you restate the question?

5 MR. MITUS: The FCC requires the ETCs to

6 annually with a statistical sample recertify Lifeline

7 customers. The way this reads, it almost makes it sound

8 that once we get a letter from the public assistance,

9 you know, we can't ask the customer for any additional

10 information.

11 MR. CASEY: That's originally, yes, but on an

12 annual verification, you can verify that they are still

13 on that public assistance program.

14 MR. MITUS: Thank you.

15 MS. CIBULA: Mr. Twomey.

16 MR. TWOMEY: Yes. Just a quick question on

17 what I think is the new or renumbered section (15). It

18 starts out, "If an ETC believes that a subscriber no

19 longer qualifies for Lifeline service, the ETC must

20 provide 60 days written notice prior to the termination

21 of Lifeline service." And the question I have is, is

22 there any additional subsequent communication or notice

23 envisioned after the 60 days, or would there just be the

24 60-day letter, and then when that time has elapsed, the

25 Lifeline credit would cease? Is there anything like a

49

1 ten-day letter or a five-day, or is there just a

2 two-month letter, essentially?

3 MR. CASEY: I believe it's just the 60-day.

4 They would go to transitional Lifeline after that.

5 MR. TWOMEY: Right. Okay.

6 MR. CASEY: They wouldn't be dropped

7 completely.

8 MR. TWOMEY: Thank you.

9 MS. KLINZMAN: This is Stacey Klinzman. A

10 question was asked about OPC verifying the income

11 eligibility. I didn't hear the answer to that.

12 MR. BECK: We are. We're using a sampling.

13 MS. KLINZMAN: The OPC does verify the income

14 eligible consumers?

15 MR. BECK: Yes.

16 MS. KLINZMAN: Okay. Thank you.

17 MS. KHAZRAEE: This is Sandy Khazraee with

18 Embarq. Is my mike on?

19 On page 4, paragraph (11), which starts on

20 line 8, where it makes an ETC responsible for the annual

21 verification under both subsections (1) and (2), I'm

22 quite happy to have the OPC do the verification of the

23 ones that are under income, which I think is number (2),

24 so I would just as soon as not have that in the rule,

25 that I'm responsible for it, personally. That's my

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1 input there.

2 And then back on paragraphs (15) and (16), I

3 think it would be a little less confusing if where we

4 use the term "Lifeline service" we used the term

5 "Lifeline discount," because some people might read this

6 and think that we're actually talking about

7 disconnecting the subscriber's actual dial tone, when

8 what we're really talking about, I think, is removing

9 the discount if they have not responded.

10 MS. CIBULA: I know this keeps coming up,

11 using the term "Lifeline discount" instead of "Lifeline

12 service." But we feel like we have to in the rules

13 mirror what the statute says, and the statute calls it

14 Lifeline service, so we thought in the rules we need to

15 use the term "Lifeline service" as well, not to create

16 -- I know you mentioned there could be confusion, but

17 that could create confusion as well if you start calling

18 it the Lifeline discount compared to Lifeline service.

19 MS. KHAZRAEE: Okay. That makes sense.

20 MS. SIRIANNI: I guess then, Samantha, it goes

21 back to your comment at the informal workshop about, you

22 know, whether you believe that some of these rules

23 actually need to be in a rule, these proposed rules,

24 because they mirror the statute. Do they need to be

25 here if they're in the statute? Like the 60 days, I

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1 mean, that language is right out of the statute pretty

2 much.

3 MS. CIBULA: Actually, I think the 60 days --

4 the statute mentions the termination letter, but it

5 doesn't say how far in advance you have to do that

6 termination letter. I think there's another part of the

7 statute that talks about the 60 days, but I don't think

8 that's exactly on point with what you're talking about.

9 MS. SIRIANNI: Okay.

10 MR. CASEY: And, Sandy, as far as the

11 responsibility for annual verification, we purposely put

12 that in there. We didn't say that the ETC shall do the

13 annual verification because of the income-based, but you

14 are responsible for it. So if OPC wasn't doing it, the

15 ETC would be responsible for it, because you're the one

16 receiving the funds.

17 MS. KHAZRAEE: Is it necessary to have it in

18 the state rules, since it's really covered under the

19 FCC's rules? And I'm asking. I don't really know.

20 MR. CASEY: What we're trying to do is embody

21 all requirements of the Lifeline program into one piece,

22 one rule, so that if somebody wanted to see what our

23 requirements are, they can go right to that rule, and

24 all our requirements are laid out for the whole program.

25 They wouldn't have to go to the FCC and go to Commission

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1 orders and everything like that.

2 MS. SIRIANNI: I'm not sure if this is on

3 point or not. I guess I'm a little confused with the

4 way we're going through the issues, and they're jumping

5 around in the rule, so I don't know if this is the

6 correct place to discuss -- I think it's number (9) in

7 the rule where it talks about the application receipt.

8 Or is that -- do I need to wait until under other

9 matters?

10 MS. CIBULA: We'll probably wait till the

11 other matters. We're going to go page by page at the

12 end and try to hit everything else.

13 MS. SIRIANNI: Okay. I wasn't sure, because

14 you're jumping around, and so I just didn't know if --

15 MS. CIBULA: Yes. I thought at the end we

16 would go page by page and pick up all the other aspects

17 of it.

18 MS. SIRIANNI: Okay. That's fine.

19 MS. CIBULA: Any more questions or comments on

20 Issue 2?

21 Let's move to Issue 3, frequency of

22 information to be included in reports to the Commission

23 on Lifeline service. And this is in subsection (25) of

24 the draft rule.

25 MS. KHAZRAEE: This is Sandy Khazraee with

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1 Embarq. We do not maintain all of the information that

2 is detailed in this list, so we would like the rule to

3 say that these reports shall include the following data

4 if it is maintained by the ETC in the normal course of

5 business.

6 You know, there's some of it -- I mean, we can

7 definitely give you the number of Lifeline subscribers

8 added and the ones that are removed. But as far as

9 tracking the reasons that they disconnected Lifeline, we

10 do not track that currently. You know, we might have

11 that information if they volunteer it when they

12 disconnect their service, but even if we're told, we may

13 not have it in a way that we can easily pull it out of

14 the records. So it's not something that we have in most

15 cases, and in the few cases where we might actually have

16 the information, it would be very difficult for us to

17 access it.

18 Providing the number of subscribers who have

19 ancillary services is a very manual and time-consuming

20 process for us. So, you know, some of this information

21 is just either not available or not easily available,

22 and we would like to just have that caveat in the rule.

23 MS. SIRIANNI: This is MaryRose Sirianni with

24 BellSouth. And I would echo all of Sandy's comments,

25 and then I would add a couple of things. One, right now

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1 you're asking for the reports on a quarterly basis, and

2 I would ask if you would consider a semiannual basis.

3 Also, you say no later than two weeks

4 following the ending of each quarter. I would ask if we

5 could change that to 30 days, because sometimes in order

6 to get the data from our systems for the previous month,

7 it takes a little more time than just a two-week period,

8 so if we could have 30 days to do that.

9 Also, as Sandy said, there's certain items in

10 here that we don't keep on a regular basis, and we

11 wouldn't want to have to start doing it. It would be

12 costly to the company to do that. So we would like the

13 language that Sandy suggested. I won't go through each

14 one individually as to what we do or don't keep. I

15 would just say Sandy's language would work for

16 BellSouth.

17 Thank you.

18 MR. CHRISTIAN: Dave Christian on behalf of

19 Verizon. I would echo comments from BellSouth and

20 Embarq.

21 One thing that I would just like to point out

22 for Verizon is that our information for generating

23 reports is usually not available until 30 days after the

24 conclusion of the month, so I would ask for at least 45

25 days to be able to put the report together in a format

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1 that you would understand and that we could compile.

2 Although the system dump would happen within 30 days of

3 the end of that previous month, we would probably have

4 to massage it and make it into a form that you guys

5 could understand. So I would at least ask for 45 days

6 before we provide a report.

7 MS. SIRIANNI: I don't have a problem with

8 that.

9 MR. McCABE: Tom McCabe with TDS. I would

10 agree with the comments that have already been made. I

11 think that semiannual would be reasonable. I think the

12 quarterly -- you know, you get to a point where you have

13 so much information, even the Commission staff. I mean,

14 what are you going to do with it on a quarterly basis?

15 I mean, I certainly understand there's this idea of

16 wanting to know what's happening out there, but it also

17 takes time implementing new plans and things of that

18 nature.

19 Then there's also -- some of the information

20 requested to me really has no relevance. You know,

21 ancillary services, what value does that have? I mean,

22 I can understand in terms of trying to find out what's

23 happening with Lifeline, but having ancillary services,

24 I mean, we've been collecting that -- you've been

25 requesting that data for, I don't know, eight years

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1 maybe now since we started these, and I don't see where

2 it has ever been used for anything of value.

3 The information in terms of why customers

4 leave for whatever reason, that information, there's not

5 a lot of value in it, because the information is bad.

6 What you're doing is, you're relying on customers to

7 tell you, and 95 percent of the customers don't tell us

8 anything. So to provide you with that type of

9 information doesn't do anything for you. And at the

10 same time, it's also very time-consuming. You have to

11 do all of this stuff manually.

12 So the ones that are geared more towards the

13 number of Lifeline customers, the number of new adds,

14 Link-Up, those are fairly easy to run from a system

15 report. It's when you have to start going back into

16 each one and matching things that it becomes quite

17 time-consuming.

18 Thank you.

19 MR. WAHLEN: Jeff Wahlen on behalf of

20 Windstream. Windstream agrees with the comments of all

21 the other local exchange companies.

22 The annual data request for Windstream is a

23 challenge. Doing it quarterly would be over the top.

24 Semiannually would be good, and providing information

25 that is kept in the normal course of business would be

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1 preferable.

2 MS. RAO: Suzie Rao with Alltel. Some of the

3 questions I have regarding the quarterly reporting

4 obligations, I'm wondering if some of the more direct

5 ones, like the number of Lifeline subscribers and the

6 number of Link-Up connections added, can what we provide

7 to USAC for a Lifeline reimbursement be submitted to the

8 Commission under confidential seal? Those are

9 confidential documents we provide to USAC to get the

10 reimbursement, and a lot of these questions are similar.

11 So I'm wondering if the ones that pertain that we can

12 comply with, if we could just give you a copy of any

13 Lifeline report that we do, for the State of Florida,

14 for example, provide it under seal. I think we could

15 work around that.

16 Then I do have some concerns about the other

17 requirements here, about Lifeline subscribers denied

18 service, ancillary services. Again, if the goal is to

19 promote Lifeline, I'm not sure how knowing this

20 additional information can get you to that goal. We

21 would have to submit significant time to get that

22 information. It's not easily ascertainable. So I'm

23 wondering if there is a way to make this a little more

24 generalized so that we can work towards complying with

25 this aspect of the rule.

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1 MR. NELSON: Doug Nelson with Sprint-Nextel.

2 I agree with most of the comments that have already been

3 made.

4 I would reiterate -- I think Ms. Rao was

5 talking about Form 497. And that's turned in to USAC

6 routinely; is that correct?

7 MS. RAO: (Nodding head affirmatively.)

8 MR. NELSON: And to the extent -- I know at

9 the informal meeting we discussed that the intent wasn't

10 to create new burdens for reporting with this, and I

11 think we need to be sure what's new reporting burdens

12 and what's not. And it would be helpful to know what

13 you have as a baseline provided to USAC already that

14 could be just copied, and then determine what additional

15 information is needed and whether carriers provide them

16 today, and what would be, you know, the impact of

17 developing new reporting.

18 I agree we need more time to put the reports

19 together. Forty-five days sounds reasonable. The

20 frequency of the report should be less than is proposed,

21 just because it's a lot of information to gather.

22 And in particular, I think we -- and John can

23 correct me if I'm wrong -- have issues with keeping

24 track in a useful way of the reasons for the customer

25 going off Lifeline. It's just not something we collect

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1 today. As I understand it, it would be basically a

2 manual reporting standard to pore over records.

3 MR. TWOMEY: AARP supports what we understand

4 to be the staff's desire to have more frequent

5 submission of the information from which you can judge

6 trends and the like and would therefore support the rule

7 as it's written with a quarterly requirement.

8 MS. BRADLEY: This is Cecilia Bradley with the

9 Office of the Attorney General. Excuse me.

10 We would also support staff's recommendations

11 on this. I think -- I'm confident the Commission would

12 not ask for useless information. I think this is things

13 that they feel like will help them spot trends and work

14 towards improving the system and increasing the

15 registration. And to have this coming in on a regular

16 basis rather than a couple of times a year is certainly

17 going to be beneficial in helping with that analysis.

18 And we think that's very important and very useful

19 information and would encourage you to keep what you've

20 written.

21 Thank you.

22 MR. CASEY: The whole intent of this was to

23 find out the success stories or the failures and see if

24 we can't share that with other ETCs.

25 To give you an example, I know we have VCI on

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1 the phone, Vilaire, a small competitive LEC. They've

2 signed up 4,600 Lifeline customers since September since

3 they reported for their annual report, for our report.

4 And we need to find out, well, how do you sign up 4,600

5 customers in a few months? And we're going to do that.

6 We're going to find out how and share it with all the

7 ETCs.

8 MR. WAHLEN: Bob, Jeff Wahlen.

9 MR. CASEY: Sure.

10 MR. WAHLEN: I don't have any problem with

11 that. But you can find that out by calling them up and

12 asking them. If you're looking at the numbers, you

13 know, you can get the numbers. You can see what people

14 are doing semiannually, and then if you see somebody who

15 is being real successful or having a problem, call them

16 up and ask them. Send them a data request. Requiring

17 all the information from all the ETCs, you know, like

18 the tide coming in is the issue.

19 We don't have any problem and would like to

20 hear the success stories, but I'm not sure what you have

21 here really gets you to the example you just gave. You

22 can get to the example you just gave by looking at the

23 report and seeing who's having a big increase. You

24 don't have to have all the other information. You can

25 call them up and ask them. That's what we're talking

61

1 about in terms of meaningful information.

2 MR. WILLIAMS: I have a question for anyone.

3 In terms of the reports that are submitted to the FCC,

4 number one, how often -- and I guess it relates to just

5 the basic question of the number of customers enrolled.

6 Number one, how often is that report submitted to the

7 FCC, and number two, how much time do you have before

8 that report is actually required to be submitted?

9 MS. RAO: I can answer that. The carrier has

10 an option of reporting on a quarterly basis by the third

11 Monday of the quarter following the quarter that just

12 ended. So by the third week, you report your lines for

13 the entire quarter preceding, or you can choose to file

14 on a monthly basis as soon as that month is over.

15 MR. WILLIAMS: Thank you.

16 MS. RAO: Assuming you want the Lifeline

17 reimbursement back.

18 MS. CIBULA: Any additional comments? Anyone

19 on the telephone?

20 I would suggest maybe we take maybe a

21 five-minute break and give the court reporter some time

22 to rest. We'll be back in five minutes.

23 (Short recess.)

24 MS. CIBULA: Okay. Let's get started again.

25 Issue 4 is progress on automatic enrollment in

62

1 the Lifeline service program.

2 As most of you are probably aware, OPC and

3 AARP have a petition pending before the Commission in

4 Docket No. 060667-TL pertaining to automatic enrollment

5 in the Lifeline program. As that is a pending docket,

6 it is best that we not get into the merits of that

7 petition. However, staff is also working on a type of

8 automatic enrollment with the Department of Children and

9 Families which may result in some future rulemaking, so

10 we thought it was important to update everyone on the

11 progress being made in that regard.

12 MR. CASEY: And we do have some DCF

13 representatives here this morning, and I've asked them

14 if they would just give us an update on how we're doing.

15 I can't say enough about how they're cooperating and

16 helping us out with this automated enrollment that the

17 PSC has been working on since March.

18 Ladies, can you give us a little update?

19 MS. SCHILLING: Sure. I'm Eileen Schilling

20 from the Department of Children and Families. And our

21 plan now is to add some questions to our Web application

22 so that we can automatically funnel that information to

23 the Public Service Commission, and they in turn will

24 provide that information to the various phone companies.

25 What we'll ask is if you're interested in

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1 Lifeline services, or for people that do not have a

2 phone number, if they're interested in Link-Up. We will

3 ask for the billing address of the person who has the

4 phone company. We will have a drop-down box so that

5 someone can select which phone company they are

6 interested in having the service with, and we'll ask

7 that on our Web application.

8 What we will do is -- generally it takes about

9 30 days before someone actually might get approved for

10 assistance. So just because somebody applies and

11 answers those questions -- until they actually get

12 approved for either Medicaid, temporary cash assistance,

13 or food stamps, we will not provide that information to

14 the Public Service Commission until that point. So our

15 plan is to hold that information for 90 days, once a

16 month go in and check against our records to see if

17 they're approved, those that get approved, send that

18 information to the Public Service Commission, and

19 periodically check on the new applicants.

20 And we are on track. We hope to have this in

21 by the end of March.

22 MR. CASEY: We had a very productive meeting

23 yesterday with all the parties to the docket, and I came

24 away from the meeting believing that we're a lot closer

25 than we thought we were regarding the petition and

64

1 regarding what we're doing now.

2 One of the things that was brought out

3 yesterday was that with the plan that we're doing now,

4 the applicant has to check a box saying, yes, I am

5 interested in discounted phone service. Now, there's a

6 different process with the petition. However, DCF said

7 that, well, most everybody that applies always checks

8 that box. And that brings us a little closer to where

9 the petition -- what the petition is requesting. So

10 we're going to keep working on it with the parties and

11 see if we can't come up with something.

12 MR. TWOMEY: Bob, I think -- excuse me. I

13 think there was a correction, right, Eileen?

14 MS. SCHILLING: There was. When we had been

15 looking at some cases, most of them I saw did show that.

16 Actually, they went back and got some statistics, and it

17 was not that high. It was 30 percent.

18 MR. CASEY: Thirty percent.

19 MS. SCHILLING: So I learned a lesson. I

20 should not have said anything without official results.

21 So I do take that back.

22 MR. CASEY: Well, thank you for checking.

23 That will help us out.

24 Any other comments?

25 MR. McCABE: Bob, I've just got a question.

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1 MR. CASEY: Or questions.

2 MR. McCABE: With that process, when it comes

3 back to the Commission, is that integrated into your

4 existing automated process where you send us an e-mail

5 and then we go get it, or are we going to have to

6 develop another one on top of the one --

7 MR. CASEY: No. This is even a better

8 process. Our IT folks believe that once this

9 spreadsheet comes in on a monthly basis to our computer,

10 it can automatically send it out to the different

11 telephone companies, break it down by telephone company

12 and automatically send it out to you, so there's no

13 manual work involved. And these will be people that

14 have already been approved for a DCF program and already

15 have checked the box saying they're interested in

16 discounted phone service.

17 MR. McCABE: So what it would do is just

18 generate an e-mail to the people that we have already

19 listed with the Commission that currently is set up for

20 the automatic process that you have today?

21 MR. CASEY: The automated process, yes.

22 MR. McCABE: And they would send an e-mail

23 with the information as opposed to us retrieving the

24 information?

25 MR. CASEY: Correct, correct.

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1 MR. McCABE: Okay.

2 MR. CASEY: And now that you mention the

3 automated process, let me update you. Yesterday I told

4 you that we had 783 applications. Well, 24 hours later,

5 we have 810. So we're growing, and we're proud of that.

6 Any other comments? Tom, did you want to say

7 something?

8 MR. McCABE: I got one from Miami yesterday.

9 For some reason, the folks down in Miami I think want me

10 port their numbers up to Quincy, I guess.

11 MR. CASEY: And I have that e-mail on my desk,

12 and I'm going to call that person and direct it to the

13 right telephone company for you.

14 MR. CHRISTIAN: Bob, this is just a question,

15 and maybe we can work on this as we get closer to the

16 launch date with DCF.

17 The audit trail here, the paperwork, is the

18 record, electronic record going to be it for paperwork,

19 or is there going to be some sort of other follow-up

20 that we can use if we're audited by USAC? I just want

21 to make sure that we're going to comply with the federal

22 requirements for USAC auditing purposes and that we have

23 some adequate paper trail that can follow that up.

24 I'm not an expert on that process. I don't

25 know how this is going to work. I just want you to be

67

1 concerned about that when we think about the federal

2 paperwork and make sure it complies with that.

3 MR. CASEY: We'll definitely watch that. And

4 I wish our IT folks were here, because they know exactly

5 what we're going to retain because of the

6 confidentiality and everything.

7 MR. CHRISTIAN: Thanks.

8 MS. SIRIANNI: Bob, I just have a quick

9 question. When that information comes from DCF to you

10 and then to us, is it going to contain like what program

11 they were qualified under? I guess that's really --

12 MS. SCHILLING: Well, we hadn't thought about

13 it. I mean, what programs we do are Medicaid, cash

14 assistance, and food stamps.

15 MS. SIRIANNI: Right. Because right now, you

16 know, we kind of track what program. So I'm just -- you

17 know, before you get too far, I just kind of wanted to

18 ask that question, because it's information we normally

19 put in, like if they're qualifying under Medicaid or

20 cash assistance or whatever.

21 MR. CASEY: Right now, I believe the system

22 isn't tracked that way.

23 MS. SIRIANNI: Just the name and telephone

24 number and address?

25 MR. CASEY: Right, and that they do qualify

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1 for a DCF program. That's all that's really necessary.

2 MS. SIRIANNI: Okay. That's fine.

3 MR. CASEY: That's something we can look at,

4 certainly look at in the future, though.

5 MS. SIRIANNI: I just was trying to figure out

6 what type of information, what all information they were

7 going to send. When they send that e-mail, will there

8 be some kind of -- I guess to go to David's point,

9 something that I guess maybe that would be, you know,

10 the following list of customers are certified under a

11 DCF program, I mean, somebody that we I guess could

12 probably use as an audit trail.

13 MR. CASEY: Right. And that will be coming

14 from the PSC. We're actually going to be the filter.

15 The big spreadsheet is coming to us. We're going to

16 break it down and automatically send it out to you. So

17 it will say the following people --

18 MS. SIRIANNI: Okay. Well, we can talk about

19 as it gets closer. I was just trying to figure out what

20 all it was going to include by the time it came to us.

21 MR. CASEY: Okay. We can work out those

22 details.

23 MR. NELSON: Bob, this is Doug from

24 Sprint-Nextel, Doug Nelson.

25 I just wanted to ask if you had considered the

69

1 location of the customer's residence in your interaction

2 with DCF. We're willing to work with you on making

3 sure, for instance, that a customer in Miami doesn't try

4 to sign up for Nextel service, because we're only in the

5 northern Panhandle part of the state. You know, that's

6 a concern for us, because we don't want to get an

7 application or a customer's name who's ultimately not

8 going to be able to be served. And I know we've been

9 working with Ms. Golden on providing lists of counties

10 and trying to narrow it down that way. Have you guys

11 given that any consideration?

12 MR. CASEY: Well, the process right now with

13 DCF is that if they are interested in the 13.50

14 discount, the next step is going to be a drop-down box.

15 The drop-down box is going to have a listing of all 19

16 ETCs. So it's for existing telephone customers that

17 have existing service, and then you would pick your

18 provider.

19 Now, that's not to say that there isn't

20 glitches like Tom has brought up, usually about two or

21 three a month with our automated system. We have people

22 who sign up for the wrong company, and all it takes is a

23 phone call. You know, Curtis or I will call them and

24 straighten it out and find out who their real provider

25 is, and we'll send it to them.

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1 MR. NELSON: And that's fine. I mean, I can

2 see one bit of confusion with our company would be that

3 the designated ETC is Nextel Partners and not Nextel

4 Corporation. So if it's just listed as Nextel, they may

5 say, "Oh, I have Nextel service," but in fact, it's not

6 a designated ETC.

7 MR. CASEY: And that's something we're going

8 to have to watch for.

9 MR. NELSON: Yes, exactly.

10 MR. CASEY: Those are little bumps in the road

11 that we'll work out.

12 MR. NELSON: Okay. All right. Thank you.

13 MS. RAO: Bob, this is Suzie Rao with Alltel.

14 To follow up on that point, I just thought of

15 another thing that could be confusing to consumers. The

16 ETC is not necessarily an ETC in the entire market where

17 it provides the service. It's just a part of that

18 market, like Alltel is just an ETC right now in the

19 non-rural areas of BellSouth and Verizon in Florida.

20 So to the extent that there's customers who

21 fall in other -- who have service with landline

22 telephone companies that are not part of the ETC area,

23 how do you prevent that confusion? It's something to

24 think about that --

25 MR. CASEY: Yes. If they're not on the list

71

1 of 19, they need to contact their local service

2 provider.

3 MS. RAO: Is there also a way to -- I'm sorry.

4 MR. NELSON: No, go ahead.

5 MS. RAO: Because the federal rules say that

6 Lifeline is limited to one per household, so the way I

7 interpret that is, if a customer has landline service

8 and wireless service, the customer would have to choose

9 which service provider he or she can receive the

10 Lifeline discount on. What's the audit mechanism --

11 MR. CASEY: What's to prevent a person from

12 getting wireline and wireless, is what you're saying.

13 Those are things that have to be worked out yet. Even

14 the FCC hasn't worked that out.

15 MR. NELSON: Just to go over one more point

16 that Suzie just made, the ETC designated area may not

17 include the entire service area of the wireless

18 provider. For instance, in Tallahassee, Nextel Partners

19 provides service in most parts of it, but it's only

20 designated as an ETC I believe in the western and

21 northern portions outside of the city. And the

22 requirement is that the customer's primary address of

23 residence be in the ETC designated area.

24 So we should be aware of that as a point of

25 confusion too and just try to figure out, like you

72

1 said -- right now it's kind of a manual process where

2 you contact the customer, but that might be an issue

3 that comes up.

4 MR. CASEY: Thank you for bringing that up.

5 Any other comments or questions regarding DCF

6 or the automated program, automatic, without going into

7 the docket?

8 MS. CIBULA: Okay. I guess we'll move to

9 Issue 5, which is all other matters. I thought we would

10 start on page 1 of the draft rules and go section by

11 section and see if anyone has any comments generally.

12 So starting with section (1) on page 1.

13 Section (2)?

14 I know we talked about section (3) already,

15 unless someone has something additional to add to

16 section (3).

17 Section (4) on page 2.

18 MR. CHRISTIAN: Could you go -- I'm sorry. On

19 page 3, number (8), line 24, ETCs must allow customers

20 the option to submit Link-Up or Lifeline applications

21 via mail, facsimile, or electronically. Could you

22 define what electronically means? Is that the

23 Commission process and the DCF process, and if we linked

24 our webpage to your webpage, is that compliant with that

25 rule? I would just like some further clarification,

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1 because I don't think heretofore we've allowed

2 electronic means, meaning e-mails to be sent. But

3 obviously, we do have electronic processes in place to

4 allow for the Commission's website and the DCF process.

5 Is there a better way of saying that phrase?

6 MR. CASEY: Would you have a suggestion?

7 MR. CHRISTIAN: I don't off the top of my

8 head, but I just wanted to make sure that we're talking

9 about the same thing here, because we're not set up to

10 allow for applications to be sent via e-mail at this

11 point in time, and that would be probably something that

12 would take some time and some resources to do. I just

13 wanted to highlight that as maybe a way we could

14 artfully craft that, that we would accept electronic

15 applications from the Commission via the website. It

16 may take a little bit more words there to get to where I

17 feel comfortable with that.

18 MS. CIBULA: Okay. We'll look into that.

19 MR. CHRISTIAN: Thanks.

20 MS. KHAZRAEE: This is Sandy Khazraee with

21 Embarq. We had the same concern, because we didn't know

22 what electronically meant. One thought was, you could

23 say ETCs must allow customers the option to submit

24 Link-Up or Lifeline applications via mail or facsimile,

25 or may allow, if technically feasible to the companies

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1 -- or may allow electronically if technically feasible

2 to the companies.

3 MR. CASEY: And Ms. Cibula is going to ask for

4 post-workshop comments, and if you can include that.

5 Any suggested language we'll be glad to look at.

6 MR. CHRISTIAN: Yes, thanks.

7 MR. McCABE: Where are we? I thought I was on

8 2.

9 MS. CIBULA: Let's go back to page 2, section

10 (4), subsection (4).

11 MR. McCABE: Yes. Tom McCabe, TDS. I think

12 we need to get some clarification. I think the intent

13 of subsection (1) was just to kind of lay out what all

14 the criteria are for Lifeline. I think we need some

15 clarification on subsection (4) that ETCs -- the

16 suggestion I had was that ETCs not operating under the

17 provisions of section 364.164, F.S., are exempt from

18 subsection (1)(b).

19 MR. CASEY: And that's simply because right

20 now, the only ETCs required to do the 135 percent are

21 the ones who elected rebalancing.

22 MR. McCABE: Right.

23 MR. CASEY: We can surely clarify that.

24 MS. CIBULA: And can you make sure that you

25 include that in your post-workshop comments, and we can

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1 look at that.

2 MR. McCABE: Yes.

3 MS. CIBULA: Any more comments on subsection

4 (4)?

5 Subsection (5).

6 Subsection (6)?

7 MS. SIRIANNI: This is MaryRose with

8 BellSouth. This is just minor, but starting in

9 subsection (6) and through other parts of the proposed

10 rules, you talk about the on-line self-certification

11 form. And we have always identified that as a

12 simplified enrollment form, and we would prefer to keep

13 with simplified certification form, or simplified form,

14 or just enrollment form, because it has never been

15 termed "self-enrollment form."

16 MS. CIBULA: That's what the form is titled

17 right now, how we have it titled, so we wanted to mirror

18 the title. But that might something we could think

19 about, maybe changing the name of the title of that form

20 to jive with what everyone is thinking about.

21 MS. SIRIANNI: Okay. Because I know in the

22 past, the form that we've always -- that we developed

23 and used like in the back-to-school brochures and such

24 -- actually, I have one right here, and it just says

25 "Application for Link-Up Florida and Lifeline

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1 Assistance."

2 So we've never termed it -- when we spoke

3 about it, we talked about the simplified form, but we

4 actually never even titled it that. So to go all the

5 way to self-certification -- you know, I believe that

6 the other companies, at least Verizon and Embarq, agreed

7 with that, so I would just ask you to consider that.

8 MR. CHRISTIAN: I think when we agreed to this

9 process, we termed it a simplified enrollment process,

10 and that was in Commission recommendations and orders, I

11 believe.

12 MS. SIRIANNI: That's correct.

13 MR. CHRISTIAN: So we would like that to be

14 consistent with the original intent of the program.

15 MS. SIRIANNI: If you go to

16 self-certification, it has a lot of other connotations

17 that go along with it, and that wouldn't be consistent

18 with what we proposed in the previous dockets and came

19 out in the order, so we just --

20 MS. CIBULA: What we're referring to in the

21 rule -- we actually have copies of the form on the back

22 table of what we're referring to in the rule, and that's

23 the title that we have on those forms right now. But we

24 understand that maybe people have a different

25 understanding of what those forms are, and we could

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1 maybe look into changing the title of the forms.

2 MS. SIRIANNI: Okay. Thank you. And we'll

3 include that in our post-workshop comments.

4 MR. NELSON: This is Doug from Sprint-Nextel.

5 I would just like to -- I don't know if this is related

6 directly to the language of the rules, but one thing

7 we've been contemplating is -- as you know, when we get

8 an application through your on-line process, we have to

9 tell the customer about the plan, and we have to get

10 them to sign up for it. One thing we're thinking about

11 doing is asking you all to put a link through your

12 website to our website that would provide that

13 information. And I just want to make sure -- you know,

14 I think I'll put this in post-workshop comments, but I

15 want to make sure that will be an acceptable option.

16 Would that change your present Web-based plan, or would

17 that be consistent?

18 MR. CASEY: That's certainly something we

19 could look at. That's certainly something we could look

20 at. I would hesitate just to put Sprint-Nextel. If

21 anything, we would put all ETCs and their links if --

22 MR. NELSON: Well, that's why -- I mean, I

23 think as FTIA, we want to discuss this a little more,

24 but it might be one thing that's addressed in comments,

25 I think. And I think it should be discretionary. I

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1 mean, it should be set up to help people get in touch

2 with the company in the most efficient way possible,

3 basically, and I think companies should have flexibility

4 on how they want to facilitate that.

5 MR. CASEY: We could certainly look at that.

6 MR. NELSON: Okay.

7 MS. CIBULA: Any other comments on subsection

8 (5) or (6)?

9 Subsection (7)? And I think we had comments

10 on this already. Any additional ones?

11 Subsection (8)?

12 MR. CHRISTIAN: I just apologize for going out

13 of turn. I didn't realize we were --

14 MR. McCABE: He's always working ahead.

15 MS. CIBULA: Subsection (9). I believe

16 MaryRose had a comment on subsection (9).

17 MS. SIRIANNI: Yes. I jumped the gun on that

18 one earlier. You weren't alone.

19 Subsection (9) was something that was actually

20 added to the proposed rule after the informal workshop

21 on January the 10th, I believe, out of a suggestion of

22 the Office of Public Counsel. And basically what it

23 does is, it requires ETCs to provide the subscriber with

24 a receipt, an application receipt once they submit their

25 application.

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1 BellSouth does not currently provide a receipt

2 to the customer after that. We don't do that actually

3 in any of at least our Southeast Region states. That

4 would provide -- or that would cause us to go through an

5 additional step. And the customers see their credit on

6 their bill either the next bill cycle or the bill cycle

7 after that.

8 This is not something we have had any

9 complaints about. I know the Office of Public Counsel

10 stated that they do get complaints about it, but I guess

11 I would ask them if they could provide us -- you know,

12 can they tell us how many complaints from BellSouth

13 customers they received regarding, you know, calls about

14 not knowing if their application was received or not,

15 because it's not something that we routinely -- or

16 actually, I can ever remember really ever getting

17 complaints on. It just would -- I'm not sure that the

18 cost and the resources required to do it would outweigh

19 the benefit that the customer would actually get from

20 it.

21 Also, I believe part of that is in section

22 (16) of the rule too. There's a sentence in there that

23 would also -- you know, I think you all added.

24 MS. WHITE: Chanel White, Office of Public

25 Counsel. I can provide you later on today a rough

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1 estimate of the number of complaints we get. And we get

2 them from the three, actually. And usually, I will send

3 an e-mail on a specific person, but I can get you the

4 numbers of how many complaints we get.

5 And usually this is how it goes: The person

6 will call us and say, "I've sent my application to the

7 company. I've sent it twice or three times. I don't

8 see any credit. I've called the company. They have no

9 record of me ever submitting any documents." And, of

10 course, the person still is not placed on the program.

11 Sometimes this process can take more than

12 three months just with the back and forth of whether or

13 not the application has been received, whether or not

14 the recertification documents have been received. These

15 people have no idea whether or not they will be placed

16 on the programs. Yes, they do wait for the credit to

17 appear on their bills, but sometimes credit never does

18 appear, and then the customer is requested to start the

19 process from the beginning.

20 And so for that reason, we believe the person

21 needs some type of documentation that says, yes, they've

22 done what they were supposed to do.

23 MS. CIBULA: Could you provide the numbers in

24 your post-workshop comments to us?

25 MS. WHITE: Yes.

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1 MS. CIBULA: And also, you mentioned that it

2 would cost your company a lot of money. Could you maybe

3 in your post-workshop comments give us like a ballpark

4 figure of how much that would cost?

5 MS. SIRIANNI: Sure, I can do that.

6 MR. CASEY: We will be asking for a SERC,

7 which is a statement of estimated regulatory cost, for

8 these rules.

9 MS. SIRIANNI: I can try to come up with an

10 estimate of the cost that the company would incur to put

11 a process in place.

12 MS. CIBULA: Any additional comments on

13 subsection (9)?

14 MS. KHAZRAEE: This is Sandy Khazraee with

15 Embarq, and I'm just going to say that, you know, I

16 agree with MaryRose, that we don't currently provide

17 application receipts to anybody, so that would take a

18 change in our processes at some cost. And in general,

19 these customers do see the credit within one or two

20 billing cycles at most.

21 In the case where we've had -- I mean, we're

22 all humans that are doing these processes, so if there

23 is occasionally a problem, it is always fixed, and they

24 do get the credit back to the date that their original

25 application was filed. I can't think of anybody we've

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1 actually disconnected their service because their

2 Lifeline credit didn't show up if there was an error.

3 So, you know, we're just not sure that the

4 benefit that would be received for whatever we would

5 have to expend to make this happen would be worth it.

6 And we'll definitely include in our post-workshop

7 comments a cost estimate.

8 MR. McCABE: I'll just go ahead and agree with

9 those comments also, just to be on the record.

10 Typically what happens, I mean, we get applications sent

11 in to us, and Lifeline service is probably put on within

12 one to two days. And it really is just a matter of what

13 time the fax gets into the office. Now, granted, it's a

14 little bit easier as a small company because the numbers

15 aren't as great. But to go ahead and start sending

16 receipts back creates more processes in place.

17 One of the issues, unfortunately, I have

18 firsthand knowledge of getting a lot of applications

19 from varying companies, and that may be why some people

20 aren't signed up, because it doesn't get to the phone

21 company for three or four weeks. I mean, it could be

22 sitting in my mailbox for two weeks before I get over to

23 Quincy, and then I've got to make efforts to try and

24 bring it to somebody else. That could be what's leading

25 to some of these problems.

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1 But I think the additional work, especially

2 from our processes, I don't see any value.

3 MR. WAHLEN: Windstream agrees. This is Jeff

4 Wahlen.

5 MS. CIBULA: Any additional comments?

6 MS. WHITE: Chanel White, Office of Public

7 Counsel.

8 And there probably are instances where the

9 person sends their information to the wrong place. But

10 after speaking with them on numerous occasions, they can

11 read off to me the exact fax number they've submitted

12 their application to, which is located on the bottom of

13 the application, or the exact mailing address. So for

14 the most part, they are sending or attempting to send

15 the information where it should go. I think it's only a

16 small amount that may send their application to the

17 entirely wrong company. But for the most, I've spoken

18 to these people, and, you know, they have it together.

19 They know where they've sent their information.

20 Thank you.

21 MR. CASEY: And if you do have a problem, just

22 let the Commission know, and we can take care of it.

23 It's a simple phone call.

24 MS. CIBULA: Okay. Let's move to subsection

25 (10). Any comments?

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1 MR. McCABE: I guess the only comment I would

2 have has to do with the four digits, the last four

3 digits. You know, perhaps we need to wait as we

4 progress with the Department of Children and Family

5 Services, because we might end up limiting the benefits

6 of what they can do if we're only getting the four

7 digits. So that's just a suggestion.

8 MS. SIRIANNI: I know Bob was looking at me

9 like --

10 MR. CASEY: I knew MaryRose was going to hit

11 that button.

12 MS. SIRIANNI: And I was going to wait,

13 because after the conversation yesterday with DCF, I

14 think we'll wait to hear from them as to what their

15 capabilities are with -- you know, right now, they

16 require the full digits to get accuracy of the batching

17 of the records, and they said that they would check into

18 the last four digits to see if that capability was

19 available. So rather than get into this argument about

20 the last four digits or the full Social Security number,

21 we'll wait to hear from DCF as to what they're capable

22 of doing.

23 MR. CASEY: And that may be something we need

24 to work out.

25 MS. SIRIANNI: Right. So, you know, we'll

85

1 work through it.

2 MS. CIBULA: And it might be something that

3 down the road, if we're implementing something else, you

4 know, if we revise the rules, we can address that then.

5 MS. SIRIANNI: Right. So, you know, we'll

6 just hold off on that right now and just wait and see

7 how it falls out.

8 Thank you.

9 MS. CIBULA: Any more questions or comments on

10 subsection (10)?

11 I think we've already addressed (11), (12),

12 (13), and (14), but if anyone has any additional

13 comments.

14 Subsection (15).

15 Subsection (16), I believe BellSouth had

16 comments in regard to how it related back to subsection

17 (9).

18 MS. SIRIANNI: That's correct.

19 MS. CIBULA: Subsection (17).

20 Subsection (18).

21 Subsection (19). And this is where my

22 comments start. Subsection (19) through (24), as

23 MaryRose indicated, we mentioned something in the

24 informal meeting. We got comments at the last workshop

25 from FTIA, and we incorporated them into the rule, and I

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1 think (19) through (24) reflects a lot of the comments

2 they had.

3 When I reviewed them, the thing that jumped

4 out at me was that they're basically verbatim from the

5 statute, and there's a requirement from JAPC that we're

6 not supposed to just paraphrase or reiterate parts of

7 the statute into the rule, so it's likely that those

8 subsections will probably come out of the rule. It

9 doesn't mean that they're not applicable, because

10 they're still in the statute, and the statute is

11 applicable. So it's not that they're not applicable.

12 It's just that we're not supposed to repeat aspects of

13 the statute verbatim or paraphrase them into the rule.

14 MR. NELSON: This is Doug Nelson from

15 Sprint-Nextel. I think we would agree with that.

16 And we actually had sent you all some comments

17 on this section. We want to make sure it's consistent

18 with the federal rules with respect to the use of the

19 three terms, toll limitation, toll control, and toll

20 blocking. I think it's all the same from a policy

21 perspective and from, you know, the perspective of

22 allowing the option to the consumer and forgiving the

23 deposit if they accept the option. But in the wireless

24 context, it's important to have -- if there's going to

25 be something, to have the limitation, the toll

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1 limitation as used in federal law in the rules.

2 We can discuss that further if we need to, but

3 it might be best just to leave it out, because then it

4 makes more sense, really.

5 MS. CIBULA: Does anyone have any comments on

6 (19) through (24)?

7 And I believe we discussed (25) as well,

8 unless someone has anything additional to add.

9 Any additional comments in general that anyone

10 would like to add?

11 I guess the next order of business is the

12 schedule for post-workshop comments. I was thinking

13 maybe two weeks from today, unless -- that would be

14 February 20th, by the close of business on February

15 20th, unless someone has a major problem with that date.

16 MR. McCABE: When are you going to send out

17 the --

18 MR. CASEY: The SERC, the statement of

19 estimated regulatory cost?

20 MR. McCABE: Yes.

21 MS. CIBULA: The SERC we'll do once we get

22 everyone's comments. We'll look at the comments and

23 decide what comments we -- you know, what changes we're

24 going to make to the rule. And once we get that final

25 draft rule that we think we want to take to the

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1 Commission, we'll send the SERC out then.

2 MR. CHRISTIAN: Will there be a transcript of

3 the workshop?

4 MS. CIBULA: Yes, there will.

5 MR. CASEY: Yes, there will.

6 MR. CHRISTIAN: Will that be out before the

7 comments are due?

8 MS. CIBULA: A week they said. It will take a

9 week.

10 MR. CHRISTIAN: Could we possibly do comments

11 due on the 27th of February?

12 MS. CIBULA: That's fine.

13 MR. CASEY: That's fine.

14 MS. CIBULA: The 27th then.

15 MR. CHRISTIAN: Thank you.

16 MS. CIBULA: By close of business on the 27th.

17 And also, since this is undocketed right now, you need

18 to make sure you send the comments directly to me and

19 not to Records, or else they'll get lost. And you can

20 send it to my e-mail if that's more convenient to you as

21 well, which is scibula@psc.state.fl.us.

22 MS. KLINZMAN: I'm sorry. Who are you?

23 MS. CIBULA: Samantha Cibula. And my e-mail

24 address is scibula@psc.state.fl.us, or you could send it

25 to the PSC address addressed to me.

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1 MR. CASEY: Now, there may be some of the

2 small CLECs who aren't aware of what a SERC is. It's a

3 statement of estimated regulatory cost. In other words,

4 we're going to be sending out this asking how much it

5 would cost to implement these rules, how much it would

6 cost the ETC.

7 MS. CIBULA: And like I mentioned earlier,

8 once we get everyone's comments in, we'll decide what

9 revisions we want to make to the rule, and then we'll

10 have a final draft rule in staff's eyes that will be

11 sent out to the parties as a part of a SERC, where

12 you'll get to say how much it will affect dollarwise

13 your companies or your agency. And then once we get the

14 SERC back, we'll open a docket, and then we'll take a

15 recommendation to the Commissioners.

16 MR. WAHLEN: Should we serve our comments on

17 the other participants?

18 MS. CIBULA: You don't have to do that.

19 MR. WAHLEN: Well, I'm glad to. Mr. Casey has

20 been diligently maintaining a participant list, I think.

21 MR. CASEY: And you'll have one for this

22 meeting too.

23 MR. WAHLEN: If you're going to update that,

24 we can certainly do that if that's what people want to

25 do.

90

1 MS. CIBULA: Are there any more comments or

2 questions?

3 MS. KLINZMAN: I just want to -- this is

4 Stacey Klinzman. I just want to confirm that the

5 post-workshop comments are due on the 20th of February.

6 MS. CIBULA: The 27th.

7 MS. KLINZMAN: Thank you.

8 MS. CIBULA: Unless there's any more comments,

9 we're adjourned.

10 MR. CASEY: Thank you for coming. Appreciate

11 it.

12 MS. CIBULA: Thank you.

13 (Proceedings concluded at 11:53 a.m.)

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1 CERTIFICATE OF REPORTER

2

3 STATE OF FLORIDA:

4 COUNTY OF LEON:

5 I, MARY ALLEN NEEL, Registered Professional

6 Reporter, do hereby certify that the foregoing

7 proceedings were taken before me at the time and place

8 therein designated; that my shorthand notes were

9 thereafter translated under my supervision; and the

10 foregoing pages numbered 1 through 90 are a true and

11 correct record of the aforesaid proceedings.

12 I FURTHER CERTIFY that I am not a relative,

13 employee, attorney or counsel of any of the parties, nor

14 relative or employee of such attorney or counsel, or

15 financially interested in the foregoing action.

16 DATED THIS 11th day of February, 2006.

17

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