

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: RULES AND REGULATIONS GOVERNING :
THE CERTIFICATION AND VERIFICATION :
PROCEDURES FOR TELECOMMUNICATIONS :
CARRIERS ELIGIBLE TO RECEIVE PAYMENTS : DOCKET NO. 4020
FROM THE FEDERAL UNIVERSAL SERVICE FUND :
AND CERTIFICATION AND VERIFICATION :
PROCESSES FOR COMPLIANCE WITH PROVIDING :
LIFELINE AND LINKUP SERVICE :

REPORT

On December 4, 2008, Cox Rhode Island Telcom, L.L.C. (“Cox”) filed a Petition with the Public Utilities Commission (“Commission”) seeking adoption of certain federal certification and verification rules put into place by the Federal Communications Commission (“FCC”). Specifically, Cox, one of two Eligible Telecommunications Carriers (“ETC”) in Rhode Island, sought adoption of rules that would allow ETCs “the option of using a statistical sampling method for purposes of the ETCs’ required annual verification of continued eligibility of its Lifeline subscribers for support by the Universal Service Funding mechanism.”¹ According to Cox, certification of a customer occurs at the time the individual enrolls in Lifeline and Link Up whereas verification occurs periodically during the subscriber’s participation in Lifeline Service.²

Each year, ETCs must file an annual certification with the Universal Service Administrative Company (“USAC”) attesting that the ETC has complied with state verification procedures.³ To date, the Commission has not promulgated certification and verification procedures. The effect has been that each ETC has been required to validate its entire Lifeline subscriber base each year. Cox indicated that in light of its expanding

¹ Cox’ Petition, pp. 1-2.

² *Id.* at 1, n.1.

³ *Id.* at 3 (paragraph 9).

customer base, it would prefer to utilize statistical sampling as allowed by the federal rules.

In response to Cox's Petition, in accordance with R.I.G.L. § 42-35-6, the Commission opened Docket No. 4020 within thirty (30) days to initiate rulemaking proceedings. Commission staff met with the two ETCs, Cox and Verizon New England Inc. d/b/a Verizon-Rhode Island ("VZ-RI"), and the Division of Public Utilities and Carriers ("Division") in order to work cooperatively to develop a set of rules addressing certification and verification procedures. A period of discovery ensued and draft rules were provided to the participants for review.

On October 23, 2009, proposed Rules and Regulations Governing the Certification and Verification Procedures for Telecommunications Carriers Eligible to Receive Payments from the Federal Universal Service Fund and Certification and Verification Processes for Compliance with Providing Lifeline and Linkup Service ("New ETC Rules") were noticed in accordance with R.I.G.L. § 42-35-3(a), and a public hearing was scheduled for November 19, 2009. The New ETC Rules are necessary because they are required by the FCC and work in conjunction with the ETCs' federal obligations to the USAC. The Rules will not adversely affect any small businesses in the State of Rhode Island. The Rules will provide more clarity and efficiency for the administration of the Lifeline and Linkup Programs.

The New ETC Rules include Eligibility for Enrolling in and Retaining Lifeline Discounts that include the eligibility requirements set forth in State Law. The Commission's New ETC Rules also allow an ETC, at its option, to include federal income limits as a basis for eligibility in accordance with federal Lifeline Guidelines.

Additionally, the New ETC Rules clarify that customers receiving Lifeline Service may receive vertical or ancillary services, provided however, that they are not subscribers of the measured Lifeline Service that allows a customer 180 minutes of direct-dialed local calling each month for a discounted rate of \$1.00. This memorializes the Commission's decision in Docket No. 3692 and ensures all ETCs are providing comparable discounted service under the Lifeline programs.

The New ETC Rules also allow an ETC to either coordinate with the Rhode Island Department of Human Services and the Department of Administration, Division of Planning to receive certifications of subscriber eligibility as VZ-RI currently does or, in the alternative, to utilize a statistical sampling of its subscribers to Lifeline Service, as Cox seeks to do. However, the Commission did not utilize the sample sizes set forth in the federal rules, opting instead, for a minimum sample of ten percent (10%) of its Lifeline participants each reporting year. The procedures for sampling the participants is set forth in the New ETC Rules and provides for two separate notices to customers.

On November 13, 2009, the Division submitted written comments suggesting that all customers enrolled in Lifeline Service be allowed to purchase ancillary services regardless of whether they are enrolled in flat or measured service.⁴ The Division opined that the ancillary features could facilitate employment searches or the receipt of medical treatment. The Division also noted that such a policy change could provide additional revenues for the carriers.⁵

On November 19, 2009, the Commission conducted a hearing to receive oral comments. No members of the public appeared to provide comments. Cox, VZ-RI and

⁴ Division's Comments dated 11/13/09.

⁵ *Id.* at 2.

the Division entered appearances. Referencing the Division's comments, the Commission requested additional information from Cox and VZ-RI, specifically to review the number of customers subscribing to Lifeline Service, either under measured service or flat-rate service, the number of Lifeline customers receiving ancillary services and bill comparisons between customers purchasing different services.

On November 23, 2009, Cox submitted written comments supporting the New ETC Rules. Cox noted that the New ETC Rules properly adopt and implement procedures for ETCs to certify and verify customer eligibility and enrollment in Lifeline and Link Up services in Rhode Island. In response to the Division's comments, Cox acknowledged the Division's concerns regarding measured Lifeline service customers but suggested that there are relatively few such customers and therefore, it is not necessary to lift the restriction at this time. Furthermore, Cox opined that the concern is not relevant to the goal set forth in Cox's Petition, mainly to establish a procedure for ETCs to certify and verify eligibility and enrollment in Lifeline and Link-Up.⁶

Following a review of the record, at its Open Meeting held on December 23, 2009, a majority of the Commission voted to adopt the New ETC Rules as proposed on October 23, 2009. Specifically addressing the Division's Comments regarding the restriction on customers receiving measured Lifeline service, the Commission found no basis in the record to reconsider its ruling in Docket No. 3692 to allow these customers to purchase ancillary services. Additionally, the Commission found that clarifying its interpretation of Cox's tariff such that all ETCs will be bound by the same restrictions (i.e., restricting Lifeline measured service customers from receiving ancillary services),

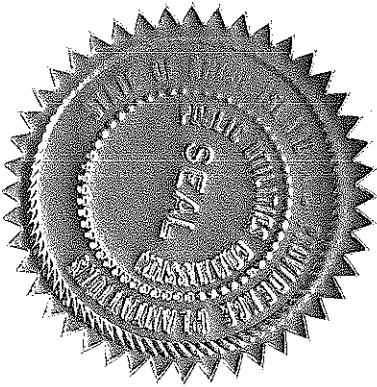
⁶ Cox's Comments, pp. 3-4.

will impact three (3) customers in the State of Rhode Island.⁷ The Commission notes that customers taking unlimited Lifeline Service may still purchase ancillary services.

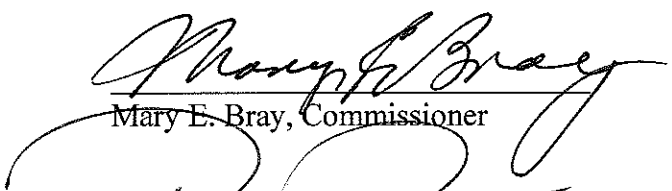
(19890)

EFFECTIVE AT WARWICK, RHODE ISLAND ON FEBRUARY 4, 2010
PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 23, 2009. FINAL
RULES FILED WITH THE SECRETARY OF STATE'S OFFICE ON JANUARY 15,
2010. REPORT ISSUED ON JANUARY 25, 2010.

PUBLIC UTILITIES COMMISSION



*Elia Germani, Chairman



Mary E. Bray, Commissioner



Paul J. Roberti, Commissioner

*Chairman Germani dissented because he would have extended the restriction on the purchase of ancillary services to all Lifeline customers, not just those taking measured Lifeline service.

⁷ Cox indicated that it currently has three (3) customers taking measured Lifeline Service and purchasing ancillary services separately. Verizon has none.