

**ANNUAL REPORT OF THE UNIVERSAL LIFELINE TELEPHONE SERVICE  
TRUST ADMINISTRATIVE COMMITTEE (ULTS-AC)**

**FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2007**

**August 6, 2008**

**Submitted by: Mateo Camarillo, Chairman ULTS-AC**

**UNIVERSAL LIFELINE TELEPHONE SERVICE TRUST –  
ADMINISTRATIVE COMMITTEE**

Pursuant to PU Code 277(a) the ULTS-AC was established to serve as an advisory committee to the California Public Utilities Commission (CPUC). The role of the ULTS-AC is to advise the CPUC regarding the development, implementation and administration of the Universal Lifeline Telephone Service Trust (ULTS) program to ensure lifeline telephone service is available to the people of the State as provided by Assembly Bill 1348 (AB 1348), and subsequently modified by Senate Bill 669 (SB 669).

**The Moore Universal Telephone Service Act.**

AB 1348 was to ensure the availability of affordable basic local telephone service to all qualifying low-income households in California. This bill became law in September 1983 and is known as Article 8. Universal Telephone Service, Public Utilities Code Section 871.

The ULTS program provides subsidized basic telephone service to qualifying residential subscribers. Under the ULTS program, a ULTS customer may select any carrier from those that provide residential local exchange service in the customers area. The ULTS program is funded by a surcharge, as determined by the CPUC, on the end of the user's bill for intrastate telecommunications services. There are approximately 3.0 million subscribers who receive subsidized telephone service through their local telephone service provider. These customers pay half the cost of basic telephone service.

**ULTS Marketing Board (ULTSMB)**

Pursuant to Decision 96-10-066 the ULTSMB was established as the entity responsible for developing designing and implementing a competitively neutral marketing strategy for the ULTS program. The intent of the Decision was to provide basic telephone service to all qualifying low income households in California. The ULTSMB was to assist the CPUC's goal of attaining 95 percent subscribership amongst all eligible customer subgroups in California.

The annual budget was limited to \$5 million and the CPUC directed the ULTSMB to devote 80 percent of its marketing and education budget to campaigns designed to bring basic telephone service to qualifying households without telephone service. The remaining marketing and education budget of 20% was to be used to close the gap between the total number of households with telephone service who qualify for the ULTS program and the number of those households that actually use the program.

The ULTSMB contracted with a marketing firm to establish an outreach campaign that would educate customers and promote awareness of the ULTS program to low-income households and increase the number of subscribers in the program. In November 1999,

phase one of the campaign started and was known as “Connect California”. A public advertisement phase commenced in April 2000 and was completed in October 2000. During that time a ULTS call center was established to help facilitate customer access to local telephone service providers in a competitively natural manner or of the customers’ choice in order to establish service. The call center was staffed by telephone representatives who assisted customers with any questions relating to the ULTS program. Additionally, representatives were available in seven languages for the non-English speaking customers identified as part of the target audience.

Senate Bill 669 (SB 669) implemented changes to the ULTSMB relative to the program administration of the ULTS. Under SB 669, the existing ULTSMB was disbanded and the new ULTS-AC board was created. This bill required that the administrative responsibilities for the ULTS program become the responsibility of the CPUC. Oversight of the ULTS program was assigned to the CPUCs Telecommunications Division (TD). Therefore, the role of the ULTS-AC under the SB 669 became an advisory role.

### **ULTS-AC**

By Commission Decision 02-04-059 the restructuring of the ULTS program was completed and the establishment of the new ULTS-AC commenced effective February 1, 2003. The CPUC’s Communications Division (CD) is the program administrator overseeing the ULTS contract administration and marketing activities with advice from the ULTS-AC in its new advisory capacity.

During this transition, the ULTS-AC continues to implement the Scope of Work, and the Goals and Objective of the ULTSMB Plan. Moreover, in November 2003, the ULTSAC made significant modifications to the original Plan which have carried over and have been implemented as part of the current ULTS marketing program administered by RHA and Associates with oversight by the Communications Division. The current composition of the ULTS-AC reflects a broad diverse group of individuals with representation from small and large local telephone companies, competitive local companies, consumer-based organization and consumer advocacy groups. The experience and knowledge that each member possesses has allowed the ULTS-AC to work diligently to develop a strong marketing plan and to achieve our goals of reaching 95% subscribership among all eligible consumer in California.

The ULTS-AC continues to ensure that the ULTS program targets all eligible low-income segments of the population of California including, but not limited to African American, Cambodian, Chinese, Filipino, Hispanic, Hmong, Korean, Laotian, Vietnamese, Native Americans, Seniors, social agency and welfare recipients. To achieve this, it is imperative that the ULTS-AC working with CD continues to:

- Track and report monthly the activities of the marketing, education and Call Center program for ULTS
- Track enrollment data
- Verification of households who qualify for ULTS, but may not be subscribed for ULTS
- Identify target groups that have low-penetration rates
- Identify target audience reached/successful outreach efforts
- Monitor education and outreach message dissemination
- Report and monitor Call Center activities
- Coordinate with telephone service carriers to include enrollment by zip code or other geographic areas
- Track telephone service carrier re-certification process to ensure ULTS customers recertify based on their personal income qualifications each year
- Continue to modify and update all education and outreach material in language specific form with correct and consistent information
- Monitor timeline and activities of CBOs
- Ensure that objectives and implementation methods are effective
- Identify problems with the marketing campaign and make recommendations

**ULTS-AC Goals and Objectives:**

- Meet regularly under the Provisions of Bagley-Keene Open Public Meeting Act
- Follow procedures mandated by Charter
- Provide recommendations and changes to ULTS Marketing Plan
- ULTS to provide recommendations to TD on R.03-04-003
- Monitor and evaluate CBO education and outreach. Identify any targeted audience changes
- Closely monitor CPUCs Conflict of Interest Concerns Relative to the impact on ULTS-AC members
- Review and monitor ULTS-AC Budget
- Discuss and access Senate & Assembly Bills impact on ULTS
- Continual interaction with ULTS Program Contractor
- Monitor legislative activities that may impact ULTS or consumers in California

- Submit yearly ULTS budget for review and approval by Commission resolution
- Review possible Consumer Bill of Rights issue integration with ULTS

By Executive Order from the Department of Finance, the ULTS-AC is being precluded from meeting 12 times per year. Instead, our ability to meet has been limited. This Executive Order has placed severe constraints on the ULTS-AC and precludes the ULTS-AC from advancing forward the goals and objectives as set forth above, and precludes the ULTS-AC in finalizing proposed plans, and approving unfinished business. Furthermore, the unresolved issues of conflict of interest should resolved as expeditiously as possible.

During Fiscal Year 2006-2007, the ULTS met on August 30, 2006, October 24, 2006, January 10, 2007, January 31, 2007, March 20, 2007, April 26, 2007 and June 5, 2007. The committee's ability to meet has been severely constrained by the limited roster of the committee, therefore making the presence of a quorum especially difficult.

During these meetings, the ULTSAC provided the following advice to the CPUC

- Submitted a budget for FY 08-09
- Provided advice to the Communications Division in preparation of the Marketing Request for Proposal that was issued on July 5, 2007.
- Reviewed and monitored program expenditures and surcharge income
- Provided feedback to the LifeLine marketing contractor Richard Heath & Associates
- Reviewed CPUC implementation of FCC mandated 3<sup>rd</sup> party verification systems
- Provided feedback to Communications Division staff regarding improvements to the third party verification process.

The ULTSAC provides an important vehicle for the CPUC to receive information from interested parties who are key to the provision of LifeLine service, service providers, consumer groups and community organizations. We remain dedicated to that goal and anticipate continuing to serve the public and the CPUC in the next fiscal year.