

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

**FOR THE PERIOD JULY 1, 2013 THROUGH JUNE 30, 2016**

**Date submitted March 24, 2017**

**Submitted by: Ken McEldowney, 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 introduced 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 California LifeLine program (formerly known as Universal LifeLine Telephone Service or ULTS) or “LifeLine” provides subsidized basic telephone service to qualifying residential subscribers. Under the LifeLine program, a customer may select any carrier from those that provide residential local exchange service in the customer’s area. The LifeLine 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 2.1 million subscribers as of June 30, 2016 who receive subsidized telephone service through wireline or wireless service providers.

### **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 LifeLine program. The intent of the Decision was to provide basic telephone service to all qualifying low income households 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 LifeLine 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 LifeLine 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 LifeLine call center was established to help facilitate customer access to local telephone service providers in a competitively neutral 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 LifeLine 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 LifeLine program. 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 LifeLine program become the responsibility of the CPUC. Oversight of the LifeLine program was assigned to the CPUC's Telecommunications Division (TD), now called the Communications Division (CD). Therefore, the role of the ULTS-AC under the SB 669 became an advisory entity.

### **ULTS-AC**

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

In November 2003, the ULTS-AC made significant modifications to the original Plan which had carried over and had been implemented as part of the current LifeLine marketing program administered by Richard Heath and Associates (RHA) 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 incumbent and competitive local telephone companies, community-based organization and consumer advocacy groups. The experience and knowledge that each member possesses has allowed the ULTS-AC to work diligently to advise the Commission on the development of a strong marketing plan in order to achieve our goals of reaching 95% subscribership among all eligible consumers in the state.

The ULTS-AC continues to ensure that the LifeLine 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 and 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, outreach and call center programs for LifeLine
- Track enrollment data
- Identify target groups that have low-penetration rates
- Monitor education and outreach message dissemination
- Monitor Call Center activities
- Track the LifeLine Program Administrator's recertification process to ensure LifeLine customers recertify based on their household income or eligible program qualifications each year
- Continue to advise on all education and outreach material in language specific form with correct and consistent information
- Identify problems with the marketing campaign and make recommendations for correction and improvement.

**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 the LifeLine Marketing Plan
- Provide recommendations to CD on R.06-05-028 and R.11-03-013
- Monitor and evaluate CBO education and outreach.
- Closely monitor CPUCs Conflict of Interest Concerns Relative to the impact on ULTS-AC members
- Monitor ULTS-AC Budget
- Review Senate and Assembly Bills impact on LifeLine
- Continual interaction with LifeLine program contractors
- Monitor legislative and CPUC activities that may impact LifeLine program or consumers in California

- Submit yearly LifeLine budget for review and approval by Commission resolution

The unresolved issues of conflict of interest of telephone company members of the committee should be resolved as expeditiously as possible. The limited roster of the committee has made the presence of a quorum especially difficult.

### **ULTS-AC Accomplishments:**

During the last three years the ULTS-AC met a total of 9 times.

During these meetings, the ULTS-AC provided the following advice to the CPUC

- Submitted budgets
- Provided advice to the Communications Division on LifeLine contractors
- Reviewed and monitored program expenditures and surcharge income
- Provided feedback to the marketing, outreach and call center contractors
- Provided feedback to CD staff regarding changes in the LifeLine program.

The ULTS-AC provides an important vehicle for the CPUC to receive information from interested parties who are key to the provision of the LifeLine program, 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 coming years.

### **Significant Program Changes During Report Period**

January 2014 – CPUC adopted Decision 14-01-036 which made revisions and modernized the California LifeLine program to allow voluntary participation by wireless service providers.

March 2014 – The LifeLine program was rebranded and launched a new logo (3 rings) which will be used on all program materials.

November 2014 – CPUC adopted Resolution T-17460 which increased the LifeLine surcharge from 1.15% to 2.40% effective January 1, 2015.

The CPUC's vendor, Richard Heath Associates (RHA) which held two contracts, one for LifeLine Marketing and Outreach and the other for the LifeLine Call Center expired. The Marketing and Outreach contract expired in June 2015. There is no replacement to conduct marketing and outreach to date as CD wants to reassess the need at a later date once wireless California LifeLine is in place for a period of time. The Call Center contract also expired in June 2015 and that function transferred to the California LifeLine Administrator who handles all eligibility determinations for the program.

June 2015 – CPUC adopted Resolution T-17479 which increased the LifeLine surcharge from 2.40% to 3.80% effective August 1, 2015.

August 2015 – CPUC adopted Resolution T-17486 which increased the LifeLine surcharge from 3.80% to 5.50% effective October 1, 2015.