

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

THE UNIVERSAL TELEPHONE ASSISTANCE )  
CORPORATION )

Petition for determination of the amount and )  
form of supplemental assistance to be provided )  
by local exchange telecommunications carriers, )  
pursuant to 83 Ill. Adm. Code 757.200(b). )

No. 15-\_\_\_\_\_

**PETITION**

To the Commission:

The Universal Telephone Assistance Corporation (“UTAC”) hereby requests that the Illinois Commerce Commission (“Commission”) determine the amount and form of supplemental assistance that the Illinois local exchange telecommunications carriers (“LEC’s”) shall provide to each eligible new subscriber or eligible subscriber under the Universal Telephone Service Assistance Program (“UTSAP”), as required by 83 Ill. Adm. Code 757.200(b). On September 4, 2014, in Docket No. 14-0446, the Commission ordered that UTAC provide a one-time installation fee benefit of up to \$35 for each eligible subscriber or eligible new subscriber under UTSAP. UTAC now recommends that the Commission maintain the level of supplemental assistance under UTSAP to a one-time fee benefit of up to \$35.00 towards the LEC’s customers installation charge (without a percentage limit on the total installation charge). In addition to this supplemental assistance from voluntary contributions by Illinois telephone subscribers, eligible customers of eligible telecommunications carriers (“ETC’s”) would continue to receive federal Lifeline benefits. As explained below, UTAC believes that maintaining the current level of the supplemental connection fee benefit of up to \$35.00 will encourage eligible customers to connect to the telephone network and it will provide meaningful

assistance to low income consumers. UTAC also believes that increasing the benefit level will still allow UTSAP fund to continue to provide benefits in the foreseeable future. If the Commission approves UTAC's proposal, it will not be necessary for carriers to file new tariffs.

In support of its request, UTAC respectfully states as follows:

1. UTAC is a not-for-profit corporation, of which all Illinois LEC's are members, formed pursuant to the requirements of 83 Ill. Adm. Code 757.215. The formation of UTAC and its organizational documents were approved by the Commission in Docket No. 93-0067, and UTAC remains subject to the jurisdiction of the Commission. The principal purpose of UTAC is to carry out the provisions of 220 ILCS 5/13-301 and 5/13-301.1, as implemented by 83 Ill. Adm. Code 757, Subpart C.

2. This petition is filed pursuant to 83 Ill. Adm. Code 757.200(b), which requires UTAC, as the UTSAP Administrator, to file annual petitions with the Commission, "requesting the Commission to determine the amount of supplemental assistance, if any, the carriers shall provide each eligible new subscriber or eligible subscriber" under the UTSAP. Section 757.200(b) additionally requires that the instant petition contain the recommendations of UTAC, as the UTSAP Administrator, regarding waiver amounts and new UTSAP programs. This petition contains the required UTAC recommendations, which are described below. In addition UTAC is taking this opportunity to comment on related telecommunications topics of interest facing the industry and low income consumers.

3. Section 757.200(c) sets forth four mechanisms by which LEC's, through UTSAP, may provide assistance or supplement the assistance provided to eligible low income residents. Specifically, the Commission may order the assistance through UTSAP be made by means of (a) a waiver of initial telephone service installation charges for eligible new subscribers; (b) a waiver

of all or part of the local exchange service obligation (i.e., monthly bills for local exchange telephone service) of eligible subscribers or eligible new subscribers; (c) a combination of (a) and (b); or (d) any other programs authorized by Section 13-301.1 of the Act.

4. The UTAC benefit is only paid to landline carriers and fewer low income consumers are using landlines. Over the past year, UTAC has maintained the funds available to continue to provide its present subscriber line installation waiver. As of May 31, 2015, the UTSAP had a fund balance of approximately \$1,090,580, as compared to its fund balance of approximately \$1,014,780 on May 31, 2014. As of May 31, 2013, the UTSAP had a fund balance of approximately \$912,000, as compared to its fund balance of approximately \$799,500 on May 31, 2012. For the period June 2014, through May 2015, UTSAP's total expenses, including installation waivers and routine administrative and public relations expenses, averaged approximately \$5,800 per month, as compared to \$7,600 in average monthly expenses for the period June 2013 through May 2014.

5. In its first order entered under 83 Ill. Adm. Code 757.200(b), on November 23, 1993, in Docket No. 93-0332, the Commission determined that UTSAP should provide supplemental assistance by means of a one-time waiver on initial telephone service installation charges for eligible new subscribers, in addition to the 50% waiver (up to \$30.00) provided under the federally funded connection assistance program.<sup>1</sup> Since its inception, the UTSAP has consistently offered a connection fee waiver.<sup>2</sup>

In 2010, there was a large increase in the number of waivers adjusted and UTAC filed an emergency petition to lower the benefit amount. On January 20, 2011, the Commission,

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<sup>1</sup> The federal Link-Up program was discontinued following the FCC's *Lifeline and Linkup Reform and Modernization Order* issued February 6, 2012.

<sup>2</sup> Between October 1999 and December 2003, the UTSAP also provided a supplemental monthly *credit* of \$1.50, and later \$1.20, in addition to the monthly Lifeline benefits. Since January 1, 2004, however, the UTSAP has not provided a monthly benefit.

decreased the supplemental connection fee waiver to up to \$5.00 but not to exceed 50% of the total installation charge and that is the current level of support. On August 21, 2012, in Docket No. 12-0408, the Commission ordered that UTAC provide a one-time installation fee benefit of up to \$15.00, not to exceed 50% of the total installation charge for each eligible subscriber or eligible new subscriber under UTSAP and on September 30, 2013, the Commission ordered UTAC to provide a one-time installation benefit of up to \$20.00, not to exceed 50% of the total installation charge for each eligible subscriber or eligible new subscriber under UTAC, and on September 4, 2014, the Commission ordered UTAC to provide a one-time installation benefit of up to \$35.00, not to exceed 50% of the total installation charge for each eligible subscriber or eligible new subscriber under UTAC. UTSAP's fund balance now exceeds 1,000,000 and UTAC proposes to continue a one-time benefit of \$35 towards the carrier's installation charge.

6. Voluntary contributions to UTAC have decreased each year since 2000 and interest rates have declined steadily during that same period. During the past two years, UTAC has received interest at less than 1% on bank deposits. Contributions plus interest income for the period June 2014 through May 2015, averaged approximately \$12,235 monthly, as compared to approximately \$15,490 per month for the period of June 2013, through May 2014.

7. UTAC continued its publicity outreach in 2014 with the goal of increasing awareness among potential customers of the benefits available through Lifeline and UTSAP supplemental assistance. At the same time, UTAC's publicity efforts sought to increase voluntary contributions that the UTSAP program relies on. In the first quarter of 2014, UTAC worked with the Township Officials of Illinois to distribute information about UTAC's programs to the 1,431 member townships.

In the second quarter of 2014, information about Lifeline was distributed to members of a trade association representing community agencies that serve the developmentally disabled and those who suffer from mental illness. There is significant crossover between the individuals served by these community agencies and the UTAC proxy programs.

Third quarter outreach corresponded with National Lifeline Awareness Week. For Lifeline Awareness Week, UTAC provided information about Lifeline for State legislators to include in their e-newsletters. Several legislators included information about Lifeline in their e-newsletters for Lifeline Awareness Week. UTAC also penned and distributed letters to the editor, which ran in papers all over the State. The Governor's office issued a proclamation and the ICC placed a banner on their website.

In the fourth quarter, bill inserts about the low-income universal service programs were mailed to existing phone customers by all local phone companies.

For the first quarter of 2015, UTAC mailed a memo and English/Spanish flyer about Lifeline to all agencies in Illinois that administer the Low Income Home Energy Assistance Project, which is a UTAC proxy program.

The Township Officials of Illinois had asked UTAC to follow-up on its 2014 outreach with the members who assist residents in their communities to determine which assistance programs they may qualify for. In the second quarter of 2015, UTAC staff provided information to the appropriate committee members and drafted a memo to be distributed with the English/Spanish flyer to the members of the Township Officials of Illinois.

8. In July and August 2010, three competitive ETC's together requested approximately 87% of all funds claimed by all Illinois carriers for reimbursement of installation waivers, with "first month free" promotions that did not result in sustained subscribership. In

docket 10-0634, the Commission entered an expedited order on January 20, 2011, to reduce the connection benefit from \$12 to \$5. The dramatic increase in connection fee waivers from competitive ETC's during 2010 then subsided in 2011, and participation levels in the UTSAP supplemental installation waiver program decreased in 2012. During the calendar year 2013, UTSAP provided an estimated 1,807 waivers at a cost of \$29,200, as compared to 992 waivers for calendar year 2014 at a cost of \$21,415.

9. Just as UTAC has seen an increase in prepaid landline telecommunication carriers targeting the low-income market in the past several years, UTAC anticipates additional competition for low-income customers in the future by wireless carriers and by VOIP providers including providers via broadband. Several competitive wireless carriers, including TracFone and Platinum, d/b/a Care Wireless, now offer federal Lifeline support to qualifying low-income customers. There has also been an increased penetration of VOIP broadband providers to the low income population.

10. Two years ago, the Federal Communications Commission awarded a \$1,500,000 grant under the Broadband Lifeline Pilot Program for discounted internet service and desk top computers to low income households in 35 rural Illinois counties to expand broadband to low income households. Seven Illinois telecommunications companies have implemented the program to targeted rural individuals who receive public assistance.

11. In its Order in Docket #14-0446 issued on September 4, 2014, the Commission increased the supplemental installation waiver from \$20 to \$35, but not to exceed 50% of the total connection charge. UTAC now recommends that the Commission maintain the \$15 supplemental installation fee waiver for qualified low income customers of Illinois LEC's to an

amount not to exceed \$35 for the next 12 months (without a percentage limit on the total installation charge).

12. For the period June 1, 2009, through May 31, 2010, the UTSAP fund decreased by approximately \$650 per month. For the period June 1, 2010, through May 31, 2011, the UTSAP fund decreased by approximately \$31,160 per month, as a result of the dramatic increase in claims by three competitive prepaid wireline carriers. For the period from June 1, 2012, through April 30, 2013, the UTSAP fund increased by approximately \$9,800 per month; for the period from May 1, 2013, to April 30, 2014, the UTSAP fund increased by approximately 7,320 per month; for the period from June 1, 2014, to May 31, 2015, the UTSAP fund increased by approximately \$5,800 per month and UTAC now retains a monthly surplus.

13. UTAC has calculated that it can afford to maintain the current connection fee benefit of up to \$35 of the carriers actual customary connection charge because it has now built up a surplus in funds and the conditions that led to abnormally high waiver claims in 2010 are not likely to reoccur including: AT&T's one time promotion that reduced the wholesale costs to the three competitive carriers has been discontinued; it appears likely that the three competitive carriers have stopped doing business in Illinois; the anticipated adoption of revisions to Code Part 757 includes several safeguards to prevent unwarranted waiver claims; and with the elimination of the federal Link-Up, there is less of a financial incentive for such a volume of waiver claims in a short period of time. Thus, the number of supplemental connection fee waivers and the expenses of the program have stabilized and the level of voluntary contributions although lower than the previous year, is likely to be sustainable to cover the \$35 waiver amount so that UTAC's Board believes that it can offer the proposed connection fee waiver until the next annual review by the Commission in 2016.

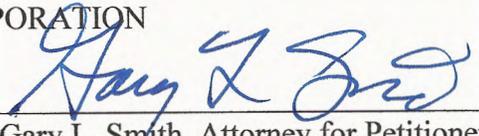
14. If the Commission approves UTAC's proposal to maintain the level of UTSAP benefits of up to \$35, it will not be necessary for carriers to file new tariffs reflecting the new benefit level. In addition, as in past years, UTAC respectfully requests that the Commission's order expressly find that Illinois operates a statutorily-mandated telephone assistance program, the UTSAP, which provides state support to the federal Lifeline program, in order to provide documentation to the Federal Communications Commission that Illinois is not a federal "default" state.

WHEREAS, UTAC respectfully requests that the Commission enter an order, pursuant to 83 Ill.Adm.Code 757.200(b): (i) determining that UTSAP should continue to provide connection fee assistance to eligible new subscribers in the amount of up to but not to exceed \$35 towards of the carrier's customary connection charge; (ii) finding that Illinois operates a statutorily-mandated telephone assistance program, the UTSAP, that provides state support to the federal Lifeline program; and (iii) granting such other relief as may be just and reasonable.

Respectfully submitted,

UNIVERSAL TELEPHONE ASSISTANCE  
CORPORATION

By: \_\_\_\_\_

  
Gary L. Smith, Attorney for Petitioner

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STATE OF ILLINOIS            )  
  ) ss  
COUNTY OF SANGAMON        )

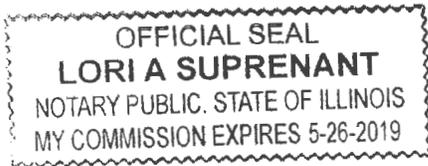
**VERIFICATION**

Allen Cherry, being first duly sworn, states that he is the President of the Universal Telephone Assistance Corporation, that he has read the attached and foregoing Petition, and that the facts and matters set forth therein are true to the best of his knowledge and belief.

*Allen Cherry*  
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Allen Cherry

Sworn to and subscribed before me this 27<sup>th</sup> day of June, 2015



*Lori A. Suprenant*  
Notary Public

CERTIFICATE OF SERVICE

I, Gary L. Smith, hereby certify that on the 30<sup>th</sup> day of June, 2015, I caused the foregoing Petition of the Universal Telephone Assistance Corporation for redetermination of the amount of supplemental assistance to be provided by local exchange telecommunications carriers pursuant to 83 Ill. Adm. Code 757.200(e) to be served electronically on all persons shown on the Service List below.

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Gary L. Smith