

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

ORIGINAL

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. 16-

0366
RECEIVED

JUN 29 2016

PETITION

ILLINOIS COMMERCE COMMISSION
CHIEF CLERK'S OFFICE

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 August 12, 2015, in Docket No. 15-0406, 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 maintaining 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 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, 2016, the UTSAP had a fund balance of approximately \$1,126,000, as compared to its fund balance of approximately \$1,090,580 on May 31, 2015. For the period June 2015, through May 2016, UTSAP's total expenses, including installation waivers and routine administrative and public relations expenses, averaged approximately \$7,000 per month, as compared to \$5,800 in average monthly expenses for the period June 2014 through May 2015.

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.¹ Since its inception, the UTSAP has consistently offered a connection fee waiver.²

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, decreased the supplemental connection fee waiver to up to \$5.00 but not to exceed 50% of the

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

² 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.

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 for each eligible subscriber or eligible new subscriber under UTAC and on August 12, 2015, the Commission ordered the same benefit. 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. The reduction in contributions and lower interest rates resulted in a reduction in revenue. Contributions plus interest income for the period June 2015 through May 2016, averaged approximately \$9,950 monthly, as compared to approximately \$12,235 per month for the period of June 2014, through May 2015.

7. In the publicity area for the first quarter of 2015, UTAC mailed a memo and an 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 followup on our 2014 outreach with their 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 in Illinois.

Third quarter outreach corresponded with National Lifeline Awareness Week. For Lifeline Awareness Week, UTAC board members wrote letters to the editor of newspapers around the state. Letters were published in almost all major media markets in Illinois. The Governor's office also issued a proclamation.

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

In the first quarter of 2016, UTAC ran Facebook ads targeting eligible individuals and family on social media. The ads linked to further information about the UTAC programs, including all federally required information. The Facebook ads are an ongoing project with UTAC gathering information on the most cost effective way to get out UTAC's message. The ads significantly increased traffic to the UTAC website, which includes all information potentially eligible residents need to learn about the program and how to enroll.

For the second quarter of 2016, UTAC worked with the Illinois Library Association to provide a short e-newsletter entry and flyer that member libraries could send to their e-mail lists.

Information about a new program for eligible AT&T customers to receive low-cost broadband was also included.

8. During the calendar year 2015, UTSAP provided an estimated 506 waivers at a cost of \$17,710, as compared to 992 waivers for calendar year 2014 at a cost of \$21,415.

9. UTAC anticipates additional competition for low-income customers in the future by wireless carriers and by broadband providers. Several competitive wireless carriers, including

TracFone and Platinum, d/b/a Care Wireless, now offer federal Lifeline support to qualifying low-income customers. On April 27, 2016, the Federal Communications Commission issued its Third Report and Order (Lifeline Modernization Order) in the Lifeline docket (WC Dkt. 11-42). The Lifeline program currently provides 1.6 billion dollars per year in subsidies to approximately 13,000,000 low income households to help pay for telephone and mobile voice service. Beginning in December 2016, the FCC will provide the same \$9.25 per month subsidy for broadband only or broadband and voice services offered by qualifying Lifeline Broadband Providers to eligible low income households. In the Lifeline Modernization Order, the FCC made numerous changes to the Lifeline program. The inclusion of Broadband Internet Access Service (BIAS) as a telecommunications service reflects the changes in technology. The new Lifeline broadband program is designed to emphasize the delivery of broadband, not just voice, to low income households. Eligibility for Lifeline BIAS will be available for those qualified in Medicaid, SSI, public housing, SNAP, and the VA Pension and survivor pension program. The FCC removed LIHEAP, and temporary assistance to needy families and the school lunch program as eligible programs for Lifeline support. For the next few years, Lifeline will still be available to traditional landline and mobile voice packages, but the FCC laid out a transition path that would eventually migrate all of the support to voice and broadband service packages. UTAC will elaborate on the Lifeline Modernization Order in its testimony.

10. For the period from June 1, 2015, to May 31, 2016, the UTSAP fund increased by approximately \$3,000 per month and UTAC now retains a monthly surplus.

11. In its Order in Docket #15-0406 issued on August 12, 2015, the Commission maintained the supplemental installation waiver at \$35. UTAC now recommends that the Commission maintain the \$35 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. 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 level of voluntary contributions although lower than the previous year, is likely to be sustainable to cover the number of connection fee waivers for the year so that UTAC's Board believes that it can offer the proposed connection fee waiver until the next annual review by the Commission in 2017.

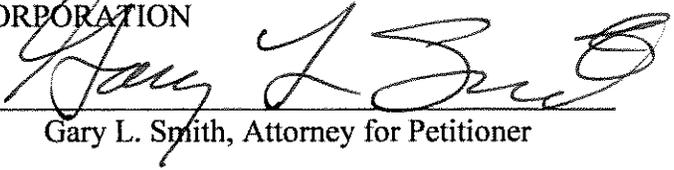
13. If the Commission approves UTAC's proposal to maintain the level of UTSAP benefits of up to \$35, it will not be necessary for carriers to file new tariffs reflecting the new benefit level. In addition, as in past years, UTAC respectfully requests that the Commission's order expressly find that Illinois 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 COOK)

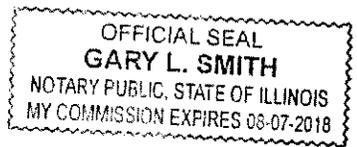
VERIFICATION

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
Allen Cherry

Sworn to and subscribed before me this 20th day of June, 2016.

Gary L. Smith
Notary Public



CERTIFICATE OF SERVICE

I, Gary L. Smith, hereby certify that on the 29 day of June, 2016, 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