BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program.

Rulemaking 11-03-013 (Filed March 24, 2011)

REPLY COMMENTS OF CTIA
ON CALIFORNIA LIFELINE REIMBURSEMENT FOR SERVICE CONNECTION/ACTIVATION/CONVERSION DISCOUNTS AND REIMBURSEMENTS

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In accord with the Amended Scoping Memorandum and Ruling of the Assigned
Commissioner issued in the above-captioned proceeding on December 24, 2015 (“Ruling”),
CTIA1 submits the following reply to the comments of The Utility Reform Network, Center for
Accessible Technology, and the Greenlining Institute (“Joint Consumers”) submitted in the

I. INTRODUCTION

The Joint Consumers’ proposal to limit California LifeLine subsidies for wireless carriers
to instances in which “the carrier demonstrates that it is providing high quality, broadband
capable … smartphones”2 is inconsistent with the required service elements of the California
LifeLine program, contrary to programmatic goals supported by the Joint Consumers, and
unnecessary to ensure that wireless California LifeLine providers offer consumers “high-quality

1 CTIA-The Wireless Association® (“CTIA”) is an international nonprofit membership
organization that has represented the wireless communications industry since 1984. Membership
in the association includes wireless carriers and their suppliers, as well as providers and
manufacturers of wireless data services and products. More information about CTIA is available

2 Opening Comments of The Utility Reform Network, Center for Accessible Technology and the
Greenlining Institute on Amended Scoping Ruling Regarding Reimbursement of Nonrecurring
basic telephone service at affordable rates,” consistent with the program’s statutory objectives.\(^3\) Moreover, the Joint Consumers’ proposal would negatively impact the California LifeLine market by creating a disincentive to carrier participation, thereby decreasing competition to the detriment of low-income consumers. At present, the California LifeLine program has multiple wireless providers competing for customers by offering varied service plans and devices. The Commission should continue to let this competitive market operate to the benefit of consumers. Accordingly, the Joint Consumers’ proposed handset requirements should be rejected.

### II. THE JOINT CONSUMERS’ PROPOSAL IS UNNECESSARY TO MEET STATUTORY OBJECTIVES AND ENSURE HIGH-QUALITY BASIC TELEPHONE SERVICE, AND IT WOULD NEGATIVELY IMPACT THE CALIFORNIA LIFELINE MARKET

The Joint Consumers’ proposal requires that wireless handsets provided to California LifeLine program end-users have certain functionalities, including being “broadband capable.” Such functionality is unnecessary for carriers to meet the required elements of the California LifeLine Program, satisfy statutory objectives, or to ensure that California LifeLine customers receive “a valuable and useful service.”\(^4\) Furthermore, such a requirement could drive currently participating wireless carriers to withdraw from the California LifeLine program due to increased expenses. Such an outcome should be avoided.

In its decision expanding the California LifeLine program to wireless carriers, the Commission set forth an extensive list of service elements that each carrier must provide as part

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\(^3\) See Decision 14-01-036, p. 4 citing Pub. Util. Code § 871.7(a) (“The Moore Universal Telephone Service Act, enacted in 1987, was intended to offer high quality basic telephone service at affordable rates to the greatest number of California residents, and has become an important means of achieving universal service by making residential service affordable to low-income citizens through the creation of a lifeline class of service.”).

\(^4\) See Joint Consumers’ Comments, p. 5.
of its California LifeLine service offering.\(^5\) Broadband service is not one of the required service elements. Moreover, the Joint Consumers’ proposal is unnecessary to ensure that wireless California LifeLine provides “high-quality basic telephone service” consistent with statutory objectives. The Commission has determined that compliance with designated programmatic elements of the California LifeLine service offering is sufficient to ensure that customers receive “high-quality basic telephone service”\(^6\) that satisfies statutory objectives.\(^7\) As the Commission explained:

Our goal in this proceeding, as in others before it, is to offer, in the words of the Moore Act, “high-quality basic telephone service at affordable rates to the greatest number of California residents . . . by making residential service affordable to low-income citizens . . . .” With that in mind, we have used the Commission’s recent redefinition of basic service as a springboard for determining which wireless service elements and plans are eligible for LifeLine support for qualified participants, meet our universal service objectives, preserve program integrity, contribute to public safety, and acknowledge the market and technological changes that have reshaped the telecommunications industry.\(^8\)

The Commission-determined service obligations for wireless participants in the California LifeLine program are consistent with the enabling statute,\(^9\) are resulting in high-quality service offerings for LifeLine end-users, and are succeeding in attracting participating carriers.

Limiting California LifeLine subsidies for wireless carriers to instances in which a carrier demonstrates that it is providing a broadband-capable smartphone would upset the careful balance achieved by the Commission’s current programmatic requirements. A motivating factor behind the Commission’s decision to expand the California LifeLine program to wireless carriers was the desire to increase competition in the California LifeLine marketplace, thereby improving

\(^6\) See Decision 14-01-036, Ordering Paragraph 26 and Attachment D, Appendix A-2.
\(^7\) Pub. Util. Code § 871.7(a)
\(^8\) Decision 14-01-036, p. 4 (citations omitted).
\(^9\) See Footnote 3, supra (emphasizing the provision of high quality basic telephone service).
affordability. The Commission designed the California LifeLine program “to encourage service innovation, infrastructure investment, and to foster choice, competition, and ratepayer and consumer protection.”

The Joint Consumers’ proposal would create a disincentive to participation in the California LifeLine market to the detriment of consumers and contrary to the Commission’s and statutory goals.

The Joint Consumers acknowledge “that the program’s practices should strive to maintain and eventually expand the number of LifeLine provider participants.” They also acknowledge that “it is imperative that the LifeLine program provides a valuable and useful service to the participants at a fair and reasonable rate.”

Despite these acknowledgments, the Joint Consumers’ proposed equipment requirement would put realization of these goals at risk by potentially reducing the number of wireless carriers offering California LifeLine. This could decrease market competition, which in turn would reduce innovative service and technology offerings available to low-income consumers.

The Joint Consumers’ proposal conflicts with the programmatic requirements and goals of the California LifeLine program, would create a disincentive to entry for wireless carriers into the California LifeLine program contrary to program goals, and is unnecessary to ensure that

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10 See Decision 14-01-036, pp. 44–45.
11 Id., p. 85. See also id., p. 88 ("The purpose of this [program] . . . is to expand consumer choice and to promote competition and technological innovation in the range of telecommunications services and technologies offered to consumers.").
12 Joint Consumers’ Comments, p. 7.
13 Id., p. 5.
14 Requiring all wireless service plans offered under the California LifeLine program to include a broadband-capable smartphone could result in a price point that is too high for low-income customers, even with the California LifeLine subsidy. Thus, the Joint Consumers’ proposal could deny low-income consumers a desired option for LifeLine service. See Decision 14-01-036, pp. 13–14 ("Generally members of the public agreed that wireless phone service is important to many households and an option they wished to have for California Lifeline.").
wireless California LifeLine meets the program’s statutory objectives. Accordingly, the Commission should reject the proposal.

III. CONCLUSION

The Commission should reject the Joint Consumers’ proposal to limit California LifeLine subsidies to instances in which “the carrier demonstrates that it is providing high quality, broadband capable … smartphones.” If adopted by the Commission, the Joint Consumers’ proposal would serve as a disincentive to participation by wireless carriers in the California LifeLine program to the detriment of low-income consumers. The proposal is unnecessary to ensure that wireless California LifeLine customers are receiving a valuable service consistent with statutory objectives.

Respectfully submitted February 22, 2016, at San Francisco, California.

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