

**CHAPTER 26. SUBSTANTIVE RULES APPLICABLE TO TELECOMMUNICATIONS SERVICE PROVIDERS.**

**Subchapter P. TEXAS UNIVERSAL SERVICE FUND**

**§26.412. Lifeline Service Program.**

- (a) **Scope and purpose.** Through this section, the commission seeks to identify and make available Lifeline Service to all qualifying customers and households, establish a procedure for Lifeline Automatic Enrollment and Lifeline Self-Enrollment, and define the responsibilities of all providers of local exchange telephone service that provide Lifeline Service, qualified customers, the Texas Health and Human Services Commission (HHSC), and the Low-Income Discount Administrator (LIDA) Program.
- (b) **Applicability.** This section applies to the following providers of local exchange telephone service collectively referred to in this section as Lifeline providers:
- (1) ETC -- A carrier designated as such by a state commission pursuant to 47 C.F.R. §54.201 and §26.418 of this title (relating to Designation of Common Carriers as Eligible Telecommunications Carriers to Receive Federal Universal Service Funds) or a carrier designated as an ETC by the FCC pursuant to 47 C.F.R. §54.201.
  - (2) ETP -- A provider designated as an ETP as defined by §26.417 of this title (relating to Designation as Eligible Telecommunications Providers to Receive Texas Universal Service Funds (TUSF)).
  - (3) Resale ETP (R-ETP) -- A certificated provider that provides local exchange telephone service solely through the resale of an incumbent local exchange carrier's service and that has been designated as a R-ETP as defined by §26.419 of this title (relating to Telecommunication Resale Providers Designation as Eligible Telecommunications Providers to Receive Texas Universal Service Funds (TUSF) for Lifeline Service).
  - (4) Non-ETP/ETC Certificated Provider -- Any certificated provider of local exchange telephone service that chooses not to become an ETP or an ETC as defined by §§26.417, 26.418, or 26.419 of this title.
- (c) **Definitions.**
- (1) Qualifying low-income customer -- A customer who meets the qualifications for Lifeline Service, as specified in subsection (d) of this section.
  - (2) Toll blocking -- A service provided by Lifeline providers that let customers elect not to allow the completion of outgoing toll calls from their telephone.
  - (3) Toll control -- A service provided by Lifeline providers that allow customers to specify a certain amount of toll usage that may be incurred on their telephone account per month or per billing cycle.
  - (4) Toll limitation -- Denotes either toll blocking or toll control for Lifeline providers that are incapable of providing both services. For Lifeline providers that are capable of providing both services, "toll limitation" denotes both toll blocking as defined in paragraph (2) of this subsection and toll control as defined in paragraph (3) of this subsection.
  - (5) Eligible resident of Tribal lands -- A "qualifying low-income customer," as defined in paragraph (1) of this subsection, living on Tribal lands, as defined in 47 C.F.R. §54.400.
  - (6) Income -- As defined in 47 C.F.R. §54.400 includes all income actually received by all members of the household. This includes salary before deductions for taxes, public assistance benefits, social security payments, pensions, unemployment compensation, veteran's benefits, inheritances, alimony, child support payments, worker's compensation benefits, gifts, lottery winnings, and the like. The only exceptions are student financial aid, military housing and cost-of-living allowances, irregular income from occasional small jobs such as baby-sitting or lawn mowing, and the like.

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- (d) **Customer Eligibility Requirements.** A customer is eligible for Lifeline Service if they meet one of the criteria of paragraph (1), (2), or (3) of this subsection as determined by the Low-Income Discount Administrator (LIDA). Nothing in this section shall prohibit a customer otherwise eligible to receive Lifeline Service from obtaining and using telecommunications equipment or services designed to aid such customer in utilizing qualifying telecommunications services.
- (1) The customer's household income is at or below 150% of the federal poverty guidelines as published by the United States Department of Health and Human Services and updated annually;
  - (2) A customer who receives benefits from or has a child that resides in the customer's household who receives benefits from any of the following programs qualifies for Lifeline Services: Medicaid, Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), Federal Public Housing Assistance, Low Income Home Energy Assistance Program (LIHEAP), or health benefits coverage under the State Child Health Plan (CHIP) under Chapter 62, Health and Safety Code, National School Lunch Program -- Free Lunch Program, Temporary Assistance for Needy Families (TANF); or
  - (3) A customer is an eligible resident of Tribal lands as defined in subsection (c)(5) of this section. In addition to the programs listed in paragraph (2) of this subsection, residents of Tribal lands may qualify if they are in one of the programs listed in 47 C.F.R. §54.409 (b).
- (e) **Lifeline Service Program.** Each Lifeline provider shall provide Lifeline Service as provided by this section. Lifeline Service is a non-transferable retail local exchange telephone service offering available to qualifying low-income customers. Lifeline Service shall be provided according to the following requirements:
- (1) Designated Lifeline services. Lifeline providers shall offer the services or functionalities enumerated in 47 C.F.R. §54.101 (relating to Supported Services for Rural, Insular and High Cost Areas).
  - (2) Toll limitation. Lifeline providers shall offer toll limitation to all qualifying low-income customers at the time the customer subscribes to Lifeline Service. If the customer elects to receive toll limitation that service shall become part of the customer's Lifeline Service and the customer's monthly bill will not be increased by otherwise applicable toll limitation charges.
  - (3) Disconnection of service.
    - (A) Disconnection. A certificated provider of local exchange service shall be prohibited from disconnecting basic network services listed in PURA §58.051 to a customer who receives Lifeline Service because of nonpayment by the customer of charges for other services billed by the provider, including interexchange telecommunications service.
    - (B) A certificated provider of local exchange service may block a lifeline service customer's access to all interexchange telecommunications service except toll-free numbers when the customer owes an outstanding amount for that service. The provider shall remove the block without additional cost to the customer on payment of outstanding amount.
    - (C) Discontinuance of Lifeline Discounts for customers automatically enrolled. The eligibility period for automatically enrolled customers is the length of their enrollment in HHSC benefits plus a period of 60 days for renewal. Automatically enrolled customers will have an opportunity to renew their HHSC benefits or self-enroll with the LIDA upon the expiration of their automatic enrollment.
    - (D) Discontinuance of Lifeline discounts for customers who have self-enrolled. Individuals not receiving benefits through HHSC programs, but who have met Lifeline income qualifications in subsection (d) of this section, are eligible to receive the Lifeline discount for seven months, which includes a period of 60 days

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during which the customer may renew their eligibility with the LIDA for an additional seven months.

- (4) Number Portability. Consistent with 47 C.F.R. §52.33, Lifeline providers may not charge Lifeline customers a monthly number-portability charge.
  - (5) Service deposit prohibition. If the qualifying low-income customer voluntarily elects toll limitation from the Lifeline provider, the Lifeline provider may not collect a service deposit pursuant to §26.24 of this title (relating to Credit Requirements and Deposits) in order to initiate Lifeline Service.
  - (6) Ancillary services. A Lifeline provider shall provide customers who apply for or receive Lifeline Service access to available vertical services or custom calling features, including caller ID, call waiting, and call blocking, at the same price as other consumers. Lifeline discounts shall only apply to that portion of the bill that is for basic network services.
  - (7) Bundled packages. A Lifeline provider shall provide customers who apply to receive Lifeline Service access to bundled packages at the same price as other consumers less the Lifeline discount that shall only apply to that portion of the bundled package bill that is for basic network service.
- (f) **Lifeline support and recovery of support amounts.**
- (1) **Lifeline discount amounts.** All Lifeline providers shall provide the following Lifeline discounts to all eligible Lifeline customers so long as the total of all the Lifeline discounts combined does not result in a rate of less than zero for a customer's basic local service. Should the total of all Lifeline discounts result in a rate of less than zero on a customer's bill, the Lifeline provider shall only provide a Lifeline discount amount up to the price a customer is charged for basic local service.
    - (A) Federally approved reduction - Up to the federal monthly basic Lifeline support amount outlined in 47 C.F.R. 54.403.
    - (B) Additional federal Lifeline reduction for an eligible customer who is a resident of Tribal lands, as defined in 47 C.F.R. §54.400, up to the federal monthly Lifeline amount outlined in 47 C.F.R. §54.403.
    - (C) State reduction - A state-approved reduction of up to a maximum of \$3.50 in the monthly amount of intrastate charges.
    - (D) Texas High Cost Universal Service Plan (THCUSP) Incumbent Local Exchange Carrier (ILEC) Area Discount --
      - (i) All Lifeline providers operating in the service areas of Southwestern Bell Telephone Company d/b/a AT&T Texas, GTE Southwest Incorporated d/b/a Verizon Southwest, Central Telephone Company d/b/a CenturyLink, United Telephone Company d/b/a CenturyLink, and Windstream Communications Southwest, or their successors, (collectively, THCUSP ILECs) shall provide a reduction (THCUSP ILEC Area Discount) up to 25% of any actual increase by a THCUSP ILEC to its residential basic network service rate that occurs in a THCUSP ILEC's Public Utility Regulatory Act (PURA) Chapter 58 regulated exchanges.
      - (ii) A THCUSP ILEC Area Discount shall be calculated by a THCUSP ILEC on the basis of the weighted average of the Rate Increase(s). The calculation of the weighted average of the Rate Increase(s) shall use a denominator that is the sum of all PURA Chapter 58 regulated residential lines with Rate Increases, and shall use a numerator that is the sum of each product that results from multiplying the number of PURA Chapter 58 regulated residential lines affected by each discrete Rate Increase times the corresponding Rate Increase. The weighted average of the Rate Increase(s)

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- calculation shall be included in the tariff filing made to implement the THCUSP ILEC Area Discount.
- (iii) A THCUSP ILEC Area Discount shall be provided to all qualifying Lifeline customers who are located in the service area of the THCUSP ILEC that has implemented the corresponding Rate Increase.
  - (iv) A THCUSP ILEC shall file with the commission tariffs implementing a THCUSP ILEC Area Discount at the time it files for a rate increase. The effective date of a THCUSP ILEC Area Discount shall have the same effective date as the corresponding rate increase.
  - (v) A competitive local exchange carrier (CLEC) Lifeline provider operating in the service area of a THCUSP ILEC shall file with the commission tariffs or price lists implementing the appropriate THCUSP ILEC Area Discount.
- (E) Small and Rural Incumbent Local Exchange Company Universal Service Plan (SRILEC USP) Area Discount -
- (i) Beginning January 1, 2014, all Lifeline providers operating in the service areas of those incumbent local exchange carriers that participate in the SRILEC USP shall provide an increase in the Lifeline service discount up to 25% of any actual increase by a SRILEC USP ILEC to its residential basic network service rate that occurs in a SRILEC USP ILEC's regulated exchanges and is consistent with §26.404 of this title (relating to Small and Rural Incumbent Local Exchange Company (ILEC) Universal Service Plan).
  - (ii) A SRILEC shall file with the commission tariffs implementing a SRILEC USP Area Discount at the time it files for a rate increase. The effective date of a SRILEC USP Area Discount shall have the same effective date as the corresponding rate increase
  - (iii) A CLEC Lifeline provider operating in the service area of a SRILEC shall file with the commission tariffs or price lists implementing the appropriate SRILEC USP Area Discount.
- (2) **Lifeline support amounts.** The following Lifeline providers shall receive support amounts for the Lifeline discounts outlined in paragraph (1) of this subsection. Note: A Lifeline provider shall not receive a support amount greater than the amount it provided to each qualifying Lifeline customer.
- (A) ETC -- Pursuant to 47 C.F.R. §54.403, the federal Lifeline support an ETC shall receive is:
    - (i) Federally approved support amount pursuant to 47 C.F.R. §54.403.
    - (ii) Additional federal Lifeline reduction for an eligible resident of Tribal lands, as defined in 47 C.F.R. §54.400 -- up to the federal monthly Lifeline amount outlined in 47 C.F.R. §54.403.
  - (B) ETP --
    - (i) State support of up to a maximum of \$3.50.
    - (ii) THCUSP ILEC Area support -- Amount calculated pursuant to paragraph (1)(D) of this subsection.
    - (iii) SRILEC USP support -- Amount calculated pursuant to paragraph (1)(E) of this subsection.
    - (iv) If an ETP has been designated as an ETC, then the certificated provider shall also receive support amounts prescribed by subparagraph (A) of this paragraph.
  - (C) Resale ETP -- A resale ETP shall receive Lifeline Service support up to or equal to the following state and federal amounts as long as the Lifeline Service was not

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purchased as a wholesale offering from the ILEC. Any Lifeline Service purchased as a wholesale offering from the ILEC includes the Lifeline Discount and is therefore not eligible to receive an additional discount. The TUSF, regardless of whether the Lifeline Service Discount is state or federally mandated, will provide the Lifeline Service support so long as the total of all the Lifeline discounts combined does not result in a rate of less than zero for a customer's basic local service. Should the total of all Lifeline discounts result in a rate of less than zero on a customer's bill, the Lifeline provider shall only provide a Lifeline discount amount up to the price a customer is charged for basic local service.

- (i) Federally approved support amount pursuant to 47 C.F.R. §54.403.
  - (ii) Additional federal Lifeline reduction for an eligible resident of Tribal lands, as defined in 47 C.F.R. §54.400 -- up to the federal monthly Lifeline amount outlined in 47 C.F.R. §54.403;
  - (iii) State support of up to a maximum of \$3.50.
  - (iv) THCUSP Area support -- Amount calculated pursuant to paragraph (1)(D) of this subsection.
  - (v) SRILEC USP support -- Amount calculated pursuant to paragraph (1)(E) of this subsection.
- (D) Non-ETP/ETC -- A Non-ETP/ETC is not eligible to receive any state or federal Lifeline support.
- (g) **Obligations of the customer and the Lifeline provider.**
- (1) **Obligations of the customer.**
    - (A) Customers who meet the low-income requirement for qualification but do not receive benefits under the programs listed in subsection (d) of this section may provide the LIDA with self-enrollment for Lifeline benefits.
    - (B) Customers receiving benefits under the programs listed in subsection (d) of this section and who have telephone service will be subject to the Lifeline automatic enrollment procedures as provided by the LIDA unless they provide the LIDA with a request to be excluded from Lifeline Service.
    - (C) Customers receiving benefits under the programs listed in subsection (d) of this section and who do not have telephone service must initiate a request for service from a participating telecommunications carrier providing local service in their area.
    - (D) The LIDA shall provide a self-enrollment form by direct mail at the customer's request.
    - (E) Opportunity for contest.
      - (i) A customer who believes that their self-enrollment application has been erroneously denied may request in writing that LIDA review the application, and the customer may submit additional information as proof of eligibility.
      - (ii) A customer who is dissatisfied with LIDA's action following a request for review under clause (i) of this subparagraph may request in writing that an informal hearing be conducted by the commission staff.
      - (iii) A customer dissatisfied with the determination after an informal hearing under clause (ii) of this subparagraph may file a formal complaint pursuant to §22.242(e) of this title (relating to Complaints).
  - (2) **Obligations of Lifeline providers.**
    - (A) A Lifeline provider shall only provide Lifeline Service to all eligible customers identified by the LIDA within its service area in accordance with this section.

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- (i) A Lifeline provider shall identify, on the initial database provided by the LIDA, those customers to whom it is providing telephone service and shall begin reduced billing for those qualifying low-income customers.
  - (ii) The eligible customer shall not be charged for changes in telephone service arrangements that are made in order to qualify for Lifeline Service, or for service order charges associated with transferring the account into Lifeline Service. If the eligible customer changes the telephone service, the Lifeline provider shall begin reduced billing at the time the change of service becomes effective.
  - (iii) Monthly, all ETCs, ETPs, RETPs, and certificated providers providing telephone service in Texas must provide a file of its residential customers in a format and date determined by LIDA, for Lifeline processing.
  - (iv) Upon receipt of the monthly update provided by the LIDA, a Lifeline provider shall begin reduced billing for those qualifying low-income customers subscribing to services within 30 days.
  - (v) The LIDA shall maintain customers' self-enrollment forms and provide a file of self-enrolling customers to all Lifeline providers.
- (B) **Tariff Requirement.** Each Lifeline provider shall file a tariff to implement Lifeline Service, or revise its existing tariff for compliance with this section and with applicable law, including subsection (f)(1)(C) of this section.
- (C) **Reporting requirements.** Lifeline providers providing Lifeline Service pursuant to this section shall report information as required by the commission or the TUSF administrator, including but not limited to the following information:
- (i) Initial reporting requirements. Lifeline providers shall provide the commission and the TUSF administrator with information demonstrating that it meets the requirements of this section.
  - (ii) Monthly reporting requirements. Lifeline providers shall report monthly to the TUSF administrator the total number of qualified low-income customers to whom Lifeline Service was provided for the month by the Lifeline providers. Resale ETPs shall not report any customers whose Lifeline Services were purchased from an ILEC as a wholesale Lifeline Service offering. The ILEC from whom these lines were purchased will include those customers in its total number of qualified low-income customers reported to the TUSF administrator. Non-ETP Lifeline providers are excluded from this reporting requirement since they have elected not to receive any type of Lifeline support.
  - (iii) Quarterly reporting requirements. Non-ETP certificated Lifeline providers shall report to the commission its Lifeline activity as required. Certificated non-ETPs shall use the *Report of Lifeline Service Provided by Non-ETP's* form located on the PUC website to provide this information.
  - (iv) Other reporting requirements. Lifeline providers shall report any other information required by the commission or the TUSF administrator, including any information necessary to assess contributions to and disbursements from the TUSF.
  - (v) ETPs shall file the following information with the administrator of the Federal Lifeline Program:
    - (I) information demonstrating that the ETP's Lifeline Service plan meets the criteria set forth in 47 C.F.R. Subpart E (relating to Universal Service Support for Low-Income Consumers);

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- (II) the number of qualifying low-income customers served by the ETP;
  - (III) the amount of state assistance; and
  - (IV) other information required by the administrator of the Federal Lifeline Program.
- (D) **Notice Requirement.** A Lifeline provider shall provide the following notices of Lifeline Service:
- (i) Notice of Lifeline Service in any directory it distributes to its customers advising customers of the availability of Lifeline Service. In any instance where the Lifeline provider provides bilingual (English and Spanish) information in its directory, the Lifeline provider must also provide its notice regarding Lifeline Service in a bilingual format;
  - (ii) An annual bill message-advising customers of the availability of Lifeline Service. In any instance where the Lifeline provider provides bilingual (English and Spanish) information in its annual bill messages, the Lifeline provider must also provide its notice regarding Lifeline Service in a bilingual format. All Lifeline providers are required to file a copy of the annual bill message in the designated project at the commission;
  - (iii) Inform all customers both orally and in writing of the existence of the Lifeline Service program when they request or initiate service or change service locations or providers. In any instance where the Lifeline provider provides bilingual (English and Spanish) information in its directory, the Lifeline provider must also provide its notice regarding Lifeline Service in a bilingual format; and
  - (iv) Shall publicize the availability of Lifeline Service in a manner reasonably designed to reach those likely to qualify for the service.
- (E) **Confidentiality agreements.** Each Lifeline provider must execute a confidentiality agreement with the LIDA prior to receiving the LIDA's eligibility database. The agreement will specify that client information is released by the LIDA to the Lifeline provider for the sole purpose of providing Lifeline Service to eligible customers and that the information cannot be released by the Lifeline provider or be used by the Lifeline provider for any other purpose.