

SUBJECT: Prohibiting disconnection of lifeline and tel-assistance services

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 10 ayes — Wolens, S. Turner, Alvarado, Brimer, Counts, Craddick, Danburg, Hunter, McCall, Merritt

0 nays

5 absent — Bailey, Hilbert, D. Jones, Longoria, Marchant

WITNESSES: For — Carol Biedrzycki, Texas Ratepayers Organization to Save Energy; Janee Briesemeister, Consumers Union Southwest Regional Office; Randall Chapman, Texas Legal Services Center

Against — None

On — Henry Flores, Texas Telephone Association; Suzi McClellan, Office of Public Utility Counsel

BACKGROUND: Lifeline is a service fund established to help low-income telephone subscribers maintain basic telephone service. Tel-assistance is a state service fund established in 1987 to assist low-income telephone subscribers maintain basic telephone service. Both services provide assistance such as rate and installation fee reductions.

Universal Service Fund (USF) is a fund used to subsidize the cost of providing basic service in rural areas at an affordable rate and to reimburse local exchange carriers (local phone companies) for revenues lost in providing tel-assistance service for low-income, disabled elderly persons and service for hearing-impaired and speech-impaired persons.

Lifeline service, as defined by Federal Communications Commission (FCC) regulations, includes:

- ! voice grade access;
- ! local usage;
- ! dual tone multi-frequency signaling;
- ! single-party service;

- ! access to emergency services;
- ! access to operator services;
- ! access to interexchange service;
- ! access to directory assistance; and
- ! toll limitations.

DIGEST:

CSHB 1700 would prohibit a telecommunications provider from disconnecting local service for non-payment of other services, including long-distance, to customers who subscribe to lifeline or tel-assistance services. The telecommunications company could block a lifeline or tel-assistance subscriber's long-distance access, except toll-free numbers, when a long-distance charge was outstanding. When the consumer settled the debt, the company would unblock the service at no charge. The Public Utility Commission (PUC) would set disconnection rules.

CSHB 1700 would direct the PUC and the Texas Department of Human Services (DHS) to adopt rules automatically enrolling eligible consumers into lifeline or tel-assistance services. A telecommunication company would offer, at no cost to lifeline or tel-assistance consumers, the options of blocking toll calls or, if technically possible, limiting toll calls.

CSHB 1700 would direct the PUC to use the Universal Service Fund (USF) to reimburse a telecommunications carrier providing lifeline service as provided by federal law. The bill would specify that the change made in this bill to the USF would supercede any other act of the 76th Legislature and prevail over other non-substantive additions and corrections enacted by the 76th Legislature.

CSHB 1700 would define lifeline service as a retail local service offering as defined by FCC regulations.

The bill would take effect September 1, 1999.

SUPPORTERS
SAY:

CSHB 1700 would protect vulnerable Texans and help low-income families by making sure basic telephone service is in place and cannot be cut off if charges for additional services remain unpaid. The bill would require state agencies automatically to enroll eligible low-income telephone customers into lifeline or tel-assistance programs, allowing use of existing state-agency information to serve as a basis for eligibility. This would ensure the current

law on lifeline and tel-assistance programs truly reaches the people for which it was designed.

Similar programs in states like New York have been successful in helping low-income subscribers keep their basic phone service. Automatic enrollment also makes sense in comparison to an individual program outreach campaign. Such campaigns are expensive and difficult to administer in a targeted fashion. Automatic enrollment would target the population that qualifies for the program. This would ensure that the universal service fund fees on local phone bills truly support universal telephone service.

Allowing phone companies to receive reimbursement from the Universal Service Fund for lost revenue due to lifeline programs would further help low-income subscribers. Part of federal lifeline service requires state matching dollars to provide additional rate reductions to low-income subscribers. This provision would make state eligibility guidelines, and thus dollars, match federal guidelines to attract more federal program dollars.

The access and disconnection requirements in CSHB 1700 would bring state law up to FCC standards. Most of these provisions, such as not disconnecting service for outstanding balances on other services, already are observed. FCC regulations mandate company compliance regardless of the state in which the company operates. CSHB 1700 simply would clarify state policy.

**OPPONENTS
SAY:**

Lifeline and tel-assistance programs are programs that essentially re-distribute wealth. While the programs have been in existence for a while, these changes would expand their coverage and use the USF fee paid by all telephone users to pay for it.

NOTES:

The committee substitute added the lifeline service definition and the USF provision and also would direct DHS to help the PUC adopt rules, rather than any state agency from which the PUC requested help.

The companion bill, SB 687 by Barrientos, has been referred to the Senate Economic Development Committee.