

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 21, 2008

**To: All Local Exchange Companies and Competitive Local Carriers that provide California Lifeline Telephone Service**

**Subject: Change in Maximum LifeLine Telephone Service Rates**

As a result of the authority granted URF carriers in Decision 08-09-042, LifeLine rates may be increasing. In Ordering Paragraph (OP) 2 of that decision, the Commission permits URF carriers to increase their standalone residential basic rate by up to \$3.25 effective January 1, 2009, with an additional \$3.25 increase permitted effective January 1, 2010. The decision also allows the URF carriers to increase LifeLine rates by 25% of the rate increase (OP 5) and suspends GO153 to the extent necessary to allow LifeLine rates to be less than 50% of basic residential rates (OP 11).

Effective January 1, 2009, AT&T will increase basic flat rate residential service from \$10.94 to \$13.50 and LifeLine service from \$5.47 to \$6.11. Basic measured rate service will increase from \$5.83 to \$7.28 and the LifeLine measured rate will increase from \$2.91 to \$3.27. Similarly, Verizon's basic service rates will change. Beginning January 9, 2009, Verizon will increase basic flat rate residential service by \$2.25 and measured rate service by \$1.80 for both the former GTE and Contel residential customers. LifeLine rates for Verizon will increase \$0.56 for residential flat rate service to \$6.03, and basic measured rate service will increase \$0.30 to \$3.21 per month.

**Effect of URF Carrier rate increases on carriers offering LifeLine rates:**

A) In accordance with General Order 153, non-URF carriers and CLCs offering California LifeLine service shall charge the lesser of 50% of the carrier's rate or the new AT&T LifeLine rates for LifeLine residential flat (\$6.11) and measured service (\$3.27) (see Section 8.1.4.1 and Sec. 8.1.5.1 respectively). For most carriers, this will mean that \$6.11 and \$3.27 will become the maximum LifeLine rates that can be charged.

B) All carriers are not required to increase LifeLine rates and may opt to maintain the current LifeLine rates charged. However, should carriers seek to raise their LifeLine rates, they will need to file an advice letter to revise tariffs and provide a 30-day notice to customers as required by General Order 96-B.

C) Effective January 1, 2009, competitive local carrier LifeLine (ULTS) claims for lost revenues are capped at the difference between the CLC's LifeLine rates and the ILEC's basic residential flat or measured rates for the service area in which the CLC is operating.

D) URF and non-URF ILECs can continue to claim the difference between the LifeLine rates charged customers and the carrier's basic residential flat and measured rates.

If you have any questions, please contact Cherrie Conner at [chr@cpuc.ca.gov](mailto:chr@cpuc.ca.gov) or at 415-703-2767.

Sincerely,

A handwritten signature in blue ink that reads "Michael C. Leutza for John M. Leutza".

John M. Leutza, Director  
Communications Division