

CERTIFICATE

STATE OF WISCONSIN)

PUBLIC SERVICE COMMISSION)
OF WISCONSIN)

Docket 1-AC-155

I, Lynda L. Dorr, Secretary to the Public Service Commission of Wisconsin, and custodian of the official records, certify that the annexed order adopting rules, relating to universal telecommunication service policies, programs and funding, were duly approved and adopted by this Commission on March 7, 1996.

I further certify that this copy has been compared by me with the original on file in this Commission and that it is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the Public Service Commission of Wisconsin at Madison, WI, this 8th day of March, 1996.

Lynda L. Dorr

Lynda L. Dorr
Secretary to the Commission
Public Service Commission of Wisconsin

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**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Rules for Universal Service
Policies, Programs and Funding

1-AC-155

**FINAL ORDER OF THE PUBLIC SERVICE COMMISSION
ADOPTING RULES**

To create ch. PSC 160 governing the provision of universal telecommunications service and the establishment of a universal service fund.

**ANALYSIS PREPARED BY THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

In 1993 Wisconsin Act 496 (Act 496), the legislature enacted a new regulatory model to manage the transition to a competitive telecommunications marketplace without compromising the concepts of universal service. The Commission was given broad authority to clarify and establish universal service concepts and to fund the programs necessary to assure universal service.

The rules adopted by the Commission in the newly created ch. PSC 160 govern the provision of universal telecommunications service and the establishment of a universal service fund. Important features of these rules include:

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- identification of the essential components of universal local exchange service that shall be available at affordable prices to all residents of the state.
- requirements for advanced service capabilities to be available upon request in a timely manner and at affordable prices throughout the state.
- toll blocking service for low-income customers along with a waiver process for the requirement.
- eligibility criteria for the various universal service programs that are designed to protect low-income customers.
- Link-Up and Lifeline programs to make essential service more affordable for low-income customers.
- voice-mail service for the homeless so they are more accessible by telephone to employers, medical services, social services and other necessary contacts.
- vouchers to assist individuals with disabilities in the purchase of telecommunications equipment necessary for affordable access to and comparable use of essential services.
- clarification of pay telephone service providers' responsibilities for pay telephone usability by individuals with disabilities.
- adaptation of the Commission's existing rate ceiling policy to address competitive telecommunications markets.
- provision for the Commission to approve other universal service programs to protect high-cost customers in competitive areas.
- continuation of the Commission's current rate shock mitigation policy.

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- establishment of a rate discount program for institutional customers which promotes affordable access throughout the state to high-quality education, library and health care information services.
- assignment of a provider of last resort for local services and a process for change under competition.
- a process for changing the provider of last resort for intraLATA toll services.
- prohibition of identification of a charge on customers' bills for recovery of payments to the Universal Service Fund (USF).
- services and compensation of the USF administrator and the audit of the fund.
- a budget process for the USF.
- USF assessment calculation and collection procedures and disbursement of payments.
- guidelines for the formation and operation of a USF Council which advises the Commission on administration of the USF and development of these rules.

REGULATORY FLEXIBILITY ANALYSIS

These proposed universal service rules may have an effect on small telecommunications utilities, which are small businesses under s. 196.216, Stats., for the purposes of s. 227.114, Stats. The agency has considered the methods in s. 227.114 (2), Stats., for reducing the impact of the rules on small telecommunications utilities and finds that incorporating all but a few of these methods into the proposed rules would be contrary to the statutory objectives which are the basis for the proposed rules.

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The Commission has, in s. PSC 160.061(1), exempted from participation in the Link-Up America Program small telecommunications utilities with low service ordering and connection charges and, in s. PSC 160.062(1), exempted from participation in the Lifeline Program small telecommunications utilities with low monthly local service rates.

The Commission has allowed an implementation schedule for data transmission capabilities in s. PSC 160.031, to reduce the cost that would be imposed by immediate implementation of the requirement. It has also allowed a slower implementation of blocking for Extended Community Calling to allow time for compliance which will reduce the impact of the requirement on small telecommunications utilities.

The Commission also established a universal service fund assessment exemption policy in s. PSC 160.18(1)(a) that protects the entry and continuation of small telecommunications providers as directed in the statutory objectives.

The Commission finds that the universal service policies and programs and the processes to administer and fund them as set forth in this chapter are in the public interest for all telecommunications utilities in the state.

RULE AND STATUTORY AUTHORITY

Pursuant to authority vested in the Public Service Commission by ss. 196.02 (3); 196.218(2), (3), (4), (4m), (5), (5m), (7) and (8); 196.499(17); 196.66; and 227.11, Stats., and interpreting ss. 196.01, 196.02, 196.03(6), 196.202, 196.203(3), 196.217, 196.218, 196.499(17), and 196.66, Stats., the Public Service Commission creates ch. PSC 160 to read as shown in Attachment 1.

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FISCAL ESTIMATE

These rules will have no fiscal impact on the agency or on any other state or local units of government.

EFFECTIVE DATE

These rules shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22(2)(intro.), Stats.

ENVIRONMENTAL ANALYSIS

This action is not expected to result in significant environmental impacts according to s. PSC 4.10. In addition, no unusual circumstances have come to the attention of the Commission which would require further environmental review. It consequently requires neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment.

Dated at Madison, Wisconsin

March 7, 1996

By the Commission.

Lynda L. Dorr

Lynda L. Dorr
Secretary to the Commission

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Attachment

See Attached Notice of Appeal Rights.

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in s. 227.53, Stats. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in s. 227.01(3), Stats., a person aggrieved by the order has the further right to file one petition for rehearing as provided in s. 227.49, Stats. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with s. 227.48(2), Stats., and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 4/22/91

CHAPTER 160

UNIVERSAL SERVICE SUPPORT FUNDING AND PROGRAMS

PSC 160.01 SCOPE AND PURPOSE. (1) **PURPOSE.** Chapter PSC 160 is designed to effectuate and implement s. 196.218, Stats., and parts of other sections of the Wisconsin statutes, authorizing the commission to establish a universal service fund and programs to further the goal of providing a basic set of essential telecommunications services and access to advanced service capabilities to all customers of the state.

(2) **SCOPE AND EXCEPTION.** (a) The requirements of ch. PSC 160 shall be observed by the telecommunications providers subject to the jurisdiction of the commission as indicated in this chapter, except insofar as any exemption may be made by the commission.

(b) Nothing in this chapter shall preclude special and individual consideration being given to exceptional or unusual situations and upon due investigation of the facts and circumstances involved, the adoption of requirements as to individual providers or services that may be lesser, greater, other or different than those provided in this chapter.

(3) **DISPUTES.** Disputes not resolved between the affected parties regarding assessment or support amounts or the eligibility to receive or the liability to pay under this chapter shall be referred to the commission for resolution.

(4) **ENFORCEMENT.** The manner of enforcing ch. PSC 160 is prescribed in ss. 196.218, 196.499 (17) and 196.66, Stats., and includes such other means as provided in statutory sections administered by the commission.

(5) **ORDERS.** The commission may issue orders it deems necessary to assist in the implementation or interpretation of this chapter. Orders shall be issued only after notice and an opportunity for comment by interested parties including the universal service fund council.

PSC 160.02 DEFINITIONS. The definitions in s. 196.01, Stats., apply in this chapter. In addition, in this chapter:

(1) "Contributory provider" means a telecommunications provider that pays monies to the universal service fund.

(2) "Disability" means a physical or sensory impairment that limits or curtails an individual's access to or usage of telecommunications services. "Disability" includes a speech, vision or hearing impairment and motion impairments that limit an individual's ability to handle telecommunications equipment.

(3) "Emergency service numbers" mean 9-1-1 where available and fire, emergency medical services, law enforcement, and poison center emergency numbers where 9-1-1 is not available.

(4) "Institutions" means:

(a) Not-for-profit schools, which includes each school in a school district as defined by s. 115.001 (3), Stats., private schools as defined by s. 115.001 (3) (r), Stats., charter schools as defined by s. 118.40, Stats., colleges and universities as defined by s. 36.05 (13), Stats., and vocational, technical and adult education districts as defined by s. 38.01 (5), Stats.

(b) Public libraries.

(c) Not-for-profit hospitals.

(5) "Lifeline" means the program that provides reduced monthly service rates for low-income customers.

(6) "Link-Up" means the program that waives service connection charges for low-income customers.

(7) "Local exchange service provider" means a telecommunications utility or any other provider of basic local exchange service or standard business lines and usage.

(8) "Low-income" means a household that receives benefits from one or more of the following programs:

(a) Aid to families with dependent children under 42 USC 601 to 615.

(b) Medical assistance under 42 USC 1395.

(c) Supplemental security income under 42 USC 1381 to 1385c.

(d) Food stamps under 7 USC 2011 to 2029.

(e) The low income household energy assistance program under s. 49.80, Stats.

(f) The Wisconsin homestead tax credit under ss. 71.51 to 71.55, Stats.

(9) "Universal service" means a statewide rapid, efficient, communications network with adequate, economically placed facilities to assure that a basic set of essential telecommunications services is available to all persons in this state at affordable prices and that the advanced service capabilities of a modern telecommunications infrastructure are affordable and accessible to all areas of the state within a reasonable time.

PSC 160.03 ESSENTIAL TELECOMMUNICATIONS SERVICES. (1) Each local exchange service provider shall make available to all its customers at affordable prices all essential telecommunications services.

- (2) "Essential telecommunications services" means all the following:
 - (a) Single-party voice-grade service with:
 1. Line quality capable of facsimile transmission.
 2. Line quality capable of data transmission as specified in s. PSC 160.031.
 3. Dual-tone multi-frequency touch tone and rotary pulse dialing operability.
 4. Access to emergency services numbers and 9-1-1 operability where requested by local authorities.
 5. Equal access to interlata interexchange carriers subject to federal communications commission orders and rules.
 6. Equal access to intralata interexchange carriers pursuant to schedules, terms and conditions imposed by commission orders and rules.
 7. Single party revertive calling.
 8. A reasonably adequate local calling area as defined by the commission.
 9. Connectivity with all public toll, local, wireline and wireless networks.
 10. Telecommunications relay service for voice-to-text and text-to-voice translation between teletypewriter users and non-teletypewriter users.
 11. Access to operator service.
 12. Access to directory assistance.
 13. Toll blocking, 900 and 976 number blocking and extended community calling blocking options as specified in s. PSC 160.04.
 14. Intercept and announcements for vacant, changed, suspended and disconnected numbers.
 15. A directory listing with the option for non-listed and non-published service.

(b) Annual distribution of a local telephone directory in accordance with s. PSC 165.055.

(c) Public pay telephone service, as specified by s. PSC 165.088, semi-public pay telephone service and private pay telephone service subject to commission orders and ch. PSC 169.

(d) Timely repair.

PSC 160.031 ESSENTIAL DATA TRANSMISSION CAPABILITY. (1) The data transmission capability specified in s. PSC 160.03 shall be at least 9600 bits per second effective July 1, 1996.

(2) For lines extending greater than 10,000 feet from the central office, this data transmission capability requirement shall be met under an implementation schedule to be set by the commission.

(3) Local exchange service providers unable to meet the data transmission capability requirement in sub. (1), shall notify the commission in writing by May 1, 1996. These local exchange service providers shall achieve compliance with this requirement under an implementation schedule to be set by the commission.

PSC 160.035 ADVANCED SERVICE CAPABILITIES. (1) "Advanced service capabilities" means all the following:

(a) Digital access lines and channels by January 1, 2000.

(b) High speed data transfer connectivity by January 1, 2002.

(c) Two-way interactive video conferencing and two-way interactive imaging capabilities by January 1, 2003.

(2) In the absence of alternative providers and in the presence of sufficient demand, or to promote economic development and infrastructure development, a local exchange service provider shall, by the date set by the commission, make available to any customer on request, in a timely manner, at affordable prices, any advanced service capabilities.

(3) Upon its own motion, upon petition by a local exchange service provider for relief from an obligation in par. (2) above or upon petition by a customer alleging that an advanced service is not available in a timely manner, is needed but not scheduled for deployment under this section, or is not priced at an affordable level, the commission may investigate the offering of a given advanced service capability. The investigation shall address, but is not limited to, the reasonableness of the required investment in equipment and facilities, the presence of alternative providers, level of demand, and other factors included in s. 196.03 (6), Stats. Following investigation, including notice and opportunity for

hearing, the commission may determine, based on the above criteria, a deployment schedule, a maximum reasonable rate, whether a contributory provider requires assistance from an appropriate intrastate universal service program to provide the service, and any other requirement necessary to meet customer demand for an advanced service capability.

PSC 160.04 TOLL BLOCKING. (1) **BLOCKING OBLIGATIONS.** Every local exchange service provider in the state shall offer the capability to block all long distance calls and, separately, the capability to block 900 and 976 number calls and, by January 1, 1997, the capability to block extended community calling unless a timely waiver has been granted to the local exchange service provider by the commission.

(2) **CHARGES.** Blocking shall be without monthly or nonrecurring charge to low-income customers and at no charge other than for second and subsequent service activation orders for other residential and standard business line customers.

(3) **EMERGENCY SERVICE.** Blocking shall not prevent the customer from reaching the emergency service numbers appropriate for the customer's location.

(4) **PUBLIC NOTIFICATION AND EDUCATION.** A local exchange service provider shall make all reasonable efforts to inform customers within its service areas of the availability of, and eligibility requirements for cost-free toll blocking services, 900 and 976 number blocking services and extended community calling blocking services. The local exchange service provider shall also make reasonable efforts to instruct eligible customers requesting the service in use of the equipment or service.

(5) **PETITION FOR WAIVER.** A local exchange service provider seeking a waiver of its blocking obligations under this section shall submit to the commission the following information:

- (a) The provider's name and address.
- (b) An explanation of why a waiver is being requested and of why the provider considers implementation of blocking to be an unreasonable expense for the provider and its customers.
- (c) Costs of hardware, software, programming, customer education, installation, maintenance and any other costs, on a per-customer basis, for blocking capability using customer premises equipment.
- (d) Costs of hardware, software, programming, customer education, installation, maintenance and any other costs, on a per customer basis, for blocking equipment installed in a central office, providing a separate calculation for each exchange for which an exemption is requested.

(e) An estimate of the number of customers, by exchange, expected to request the service.

(6) The commission staff shall review the waiver request and issue a letter to the provider granting or denying the application.

PSC 160.05 UNIVERSAL SERVICE FUND PROGRAMS. Universal service fund monies may be used for fund administration and for the following programs:

- (1) Link-Up America, as specified in s. PSC 160.061.
- (2) Lifeline assistance, as specified in s. PSC 160.062.
- (3) Voice mail service for the homeless, as specified in s. PSC 160.063.
- (4) Special needs equipment vouchers, as specified in s. PSC 160.071 (1).
- (5) Telecommunications customer assistance program, as specified in s. PSC 160.08.
- (6) High rate assistance credits, as specified in s. PSC 160.09.
- (7) Alternative universal service protection plans, as specified in s. PSC 160.092.
- (8) Rate shock mitigation, as specified in s. PSC 160.10.
- (9) Assistance for institutions, as specified in s. PSC 160.11.
- (10) Intralata toll service provider of last resort, as specified in s. PSC 160.14.

PSC 160.06 ELIGIBILITY FOR LOW-INCOME PROGRAMS. (1) LOW-INCOME ASSISTANCE ELIGIBILITY. Local exchange service providers shall verify an applicant's eligibility for low-income assistance programs by finding the applicant to be an active client in the records of the Wisconsin department of health and social services or to be a recipient of the Wisconsin homestead tax credit in the past year. Eligibility verifications shall be done through timely queries of the applicable databases of the Wisconsin department of health and social services or the Wisconsin department of revenue.

(2) ELIGIBILITY RECONFIRMATION. Eligibility shall be reconfirmed on at least an annual basis for all customers receiving lifeline assistance.

(3) ELIGIBILITY INQUIRY. Local exchange service providers shall inquire of the customer regarding eligibility of that customer for low-income programs on each order for initial or moved residential service.

(4) QUERY AUTHORIZATION. Local exchange service providers shall comply with client authorization requirements of the Wisconsin department of health and social services or the Wisconsin department of revenue for database queries necessary for eligibility verification. Customers shall complete and remit any reasonably required query authorization forms or forfeit eligibility.

(5) EXCEPTIONS. (a) Lifeline and Link-Up programs are not available to customers who are dependents for federal income tax purposes as defined in 26 USC 152 (1986), unless the customer is more than 60 years of age.

(b) Eligibility confirmation through receipt of the Wisconsin homestead tax credit shall not become effective until the date set by the commission upon its acknowledgement that an acceptable data base query process will be in place.

PSC 160.061 LINK-UP AMERICA PROGRAM. (1) Low-income residential customers shall receive a waiver of all applicable regulated service nonrecurring charges when initiating or moving network access line service. Where such charges are less than \$20.00, participation in the link-up program is optional on the part of the local exchange service provider. All federal, state, county and local taxes applicable to the waived charges shall also be waived.

(2) Waivers apply for new service installations, for moves from one residence to another, and for reconnection of an existing service.

(3) Charges to be waived include the following, or their equivalent: service ordering, record change, central office connection, outside plant or line connection and premises visit.

(4)(a) Customers whose claim of eligibility for link-up benefits cannot be verified at the time the service order is issued may be billed for installation charges. These customers shall receive a grace period for payment of installation charges until the due date of the second bill issued following installation of service.

(b) The local exchange service provider shall periodically perform an eligibility verification check during the 60-day period from the date service is connected. If the customer's eligibility cannot be confirmed within 45 days, the customer shall be notified in writing of the situation. A credit shall be issued for appropriate charges once eligibility has been confirmed.

(5) Customers who have paid installation charges may receive the link-up waiver as a credit on their bills, providing that claim is made with the local exchange service provider within 60 days following completion of the service order and that all other link-up eligibility requirements are met.

(6) Local exchange service providers may receive reimbursement from the universal service fund for 25 percent of the waived nonrecurring charges.

PSC 160.062 LIFELINE ASSISTANCE PROGRAM. (1) Local exchange service providers whose monthly residential rate exceeds \$15.00 for single-party residential service including touch-tone service; 9-1-1 charges billed on the telephone bill; the federal subscriber line charge and 120 local calls, excluding extended community calling, shall offer lifeline rates to all qualified low-income customers.

(2)(a) Lifeline monthly rates, including touch-tone service; 9-1-1 charges billed on the telephone bill; the federal subscriber line charge and 120 local calls, excluding extended community calling, may not exceed \$15.00.

(b) Lifeline rates established prior to the effective date of this chapter ...[revisor inserts date] may be retained but shall be amended to also include touch-tone service; 9-1-1 charges billed on the telephone bill and 120 local calls, excluding extended community calling.

(3) For a local exchange service provider that offers residential local calling priced only on usage units, an appropriate alternative lifeline plan may be established by order of the commission to reduce either the monthly portion of the bill, the local usage charges, or both. Lifeline rates established for such local exchange service providers prior to the effective date of this chapter ...[revisor inserts date] shall continue in effect until changed by order of the commission following notice and hearing.

(4) Lifeline rates may appear as a credit against the full tariffed rate on customers' bills or as a special rate designation. Credits shall begin to appear on an eligible customer's bill on the next bill date following the date of application for lifeline assistance. In cases where a customer's eligibility date as found in the records of the Wisconsin department of health and social services or the Wisconsin department of revenue precedes the last bill date prior to application, credit shall also be given for one month's prior bill.

(5)(a) Eligibility for lifeline assistance continues until the next bill date following a failure to meet eligibility requirements.

(b) When the low income household energy assistance program is one of the customer's qualifying income assistance programs, the eligibility for lifeline assistance shall continue until the bill date in the next December following the close of the heating season. At that time, lack of eligibility shall be re-verified by the local exchange service provider before removing the lifeline assistance from the customer's bill.

(c) When the homestead tax credit is one of the customer's qualifying income assistance programs, the eligibility for lifeline assistance continues until the bill date in the next June following the end of the tax year. At that time, lack of eligibility shall be re-verified by the local exchange service provider before removing the lifeline assistance from the customer's bill.

(6) Local exchange service providers may receive reimbursement from the universal service fund for 25 percent of the difference between the lifeline rate and the standard authorized rate for service.

PSC 160.063 VOICE-MAIL SERVICE FOR THE HOMELESS. (1) When a local exchange service provider or its affiliate offers voice-mail service within an exchange and has available capacity on its voice-mail system, a social services agency, a job service agency or other homeless shelter authority shall receive, on request, voice-mail service without charge to be used by that agency or authority for the benefit of its homeless clients or residents.

(2) The local exchange service provider or its affiliate providing voice-mail boxes at no charge to the homeless agencies may request and receive reimbursement only for its incremental usage and administrative costs of providing this service. As an alternative, reimbursement may be requested and received from the fund at a standard rate set by the commission to cover expected incremental costs of providing this service using available capacity.

(3) To evaluate the effectiveness of this program, the commission may monitor and obtain information on the offering of this service from the participating voice mail providers, social services agencies, job service agencies and homeless shelter authorities.

(4) A list of all individuals receiving voice mail under this section shall be maintained by the social services agencies, job service agencies or homeless shelter authorities participating in this program.

PSC 160.07 SPECIAL NEEDS CERTIFICATION. (1) A person with a disability may determine whether that disability presents a barrier to use of telecommunications services. That person shall determine what accommodations are needed to ensure effective telecommunications access.

(2) When a local exchange service provider or the fund administrator has sound reason to question the self-certification of a customer under sub. (1), additional verification of disability, such as an appropriate doctor's written medical diagnosis and description of physical limitations and special needs resulting from that diagnosis, may be required for certification of special telecommunications needs.

PSC 160.071 SERVICE AND EQUIPMENT PRICING FOR INDIVIDUALS WITH SPECIAL NEEDS. (1)(a) Vouchers shall be available to assist disabled customers in the purchase of equipment needed in their homes to access and use the telecommunications network.

(b) Vouchers shall be limited to the following amounts by category of disability:

1. \$200 for hard of hearing.
2. \$500 for deaf.
3. \$1,500 for speech impaired.
4. \$1,500 for mobility impaired.
5. \$2,500 for deaf-low vision.
6. \$6,700 for deaf-blind.

(c) The voucher recipient is required to make a co-payment of \$100 at the time the equipment is purchased.

(d) The commission shall annually establish a budget for the total voucher program.

(e) Customers with disabilities may obtain voucher application forms from the fund administrator, their local exchange service provider, or other sources. Completed voucher application forms shall be submitted to the universal service fund administrator.

(f) Applicants for vouchers under this section shall be Wisconsin residents. Neither the applicant nor a member of the applicant's household may have received a voucher for equipment for the same disability within the last three years. Low-income deaf and hard of hearing applicants shall be referred to the Wisconsin department of health and social services for application for telecommunications assistance program funding. If found ineligible, a voucher application shall be processed in priority according to its original date of receipt by the fund administrator.

(g) Applications shall be granted on a first-come, first-served basis; except, no single disability classification described in par. (b) may be issued vouchers totalling more than 75 percent of the total annual budget within the first three quarters of the budget year.

(h) A waiting list shall be established for applications held pending available funding or pursuant to par. (g) above.

(i) The commission may establish new disability categories and voucher maximums if a need is identified.

(j) Vendors may redeem vouchers, submitted with an invoice, from the universal service fund administrator. Reimbursement may not exceed the total purchase price of the equipment with tax less a customer co-payment of \$100.

(2) Customer premises equipment required to meet special telecommunications needs of those with disabilities shall be tariffed by the telecommunications utility for monthly lease at rates that recover, over a reasonable period of time, only the utility's direct costs for the customer premises equipment, plus directly attributable overheads. No further contribution to the utility's earnings or general overhead costs shall be included in calculating the rate.

(3) Certified hearing impaired customers and certified speech impaired customers who need to use a teletypewriter for telephonic conversations shall receive discounted long distance service. For these customers, all telecommunications providers offering long distance services shall apply their evening discounts or rate schedules in the daytime rate period and their night or weekend discounts or rate schedules in all other rate periods.

(4) Customers with certified disabilities that prevent them from using the telephone directory shall not be charged for a reasonable number of directory assistance calls in a month.

(5) Customers with certified disabilities that prevent them from directly dialing or keying calls shall not be charged for operator assistance to place calls.

(6) Customers with certified disabilities who deem one or more custom calling services essential in order to receive service that is useful and comparable to the essential service provided to other customers shall receive those services without charge.

PSC 160.075 RESPONSIBILITY FOR PAY TELEPHONE USABILITY. (1) In this section, "pay telephone usability" means the ability to use pay telephone equipment once it has been accessed by an individual.

(2) Pay telephone usability standards include signage, volume control, monitoring height, cord length, and text telephones.

(3) Pay telephone service providers and local exchange service providers are responsible for compliance with all federal and state standards regarding usability of their pay telephones for individuals with disabilities.

(4) This section does not create any new obligations for pay telephone usability beyond those imposed under federal, state laws or negate any obligation for pay telephone usability of other parties under the law.

PSC 160.08 TELECOMMUNICATIONS CUSTOMER ASSISTANCE PROGRAM.

The commission may authorize individual telecommunications providers to establish trial telecommunications customer assistance programs that meet authorized goals and objectives for increasing or stabilizing subscription levels for non-optional, essential telephone service within its service territory or to address avoidance of disconnection of service to low-income households with payment problems. The commission shall determine on a case-by-case basis whether or not a telecommunications customer assistance program may receive universal service fund monies.

PSC 160.09 HIGH RATE ASSISTANCE CREDITS. (1) High rate assistance credits for a portion of the local service rate shall be issued to residential customers when the rate charged for service exceeds levels set in this section. Local exchange service providers issuing credits in accordance with this section shall be eligible for reimbursement from the universal service fund for the cost of those credits.

(2)(a) Credits shall be applied to the local access line portion of the total charge for service.

(b) If a local exchange service provider charges a flat rate which covers both the local access line and local usage portions of the monthly telephone bill, the rate credit formula shall be applied to the local access line portion of the rate that shall be computed as follows:

1. For a flat rate that is less than or equal to \$21.00, the portion of the rate on which the high rate assistance credits will be determined is two-thirds of the flat rate.
2. For a flat rate that is greater than \$21.00 but less than or equal to \$28.00, the portion of the rate on which the high rate assistance credits will be determined is three-fourths of the flat rate.
3. For a flat rate that is greater than \$28.00 but less than or equal to \$35.00, the portion of the rate on which the high rate assistance credits will be determined is four-fifths of the flat rate.
4. For a flat rate that is greater than \$35.00 but less than or equal to \$42.00, the portion of the rate on which the high rate assistance credits will be determined is five-sixths of the flat rate.
5. For a flat rate that is greater than \$42.00 but less than or equal to \$49.00, the portion of the rate on which the high rate assistance credits will be determined is six-sevenths of the flat rate.
6. For a flat rate that is greater than \$49.00 but less than or equal to \$56.00, the portion of the rate on which the high rate assistance credits will be determined is seven-eighths of the flat rate.

7. For a flat rate that is greater than \$56.00 but less than or equal to \$63.00, the portion of the rate on which the high rate assistance credits will be determined is eight-ninths of the flat rate.

8. For a flat rate that is greater than \$63.00 but less than or equal to \$70.00, the portion of the rate on which the high rate assistance credits will be determined is nine-tenths of the flat rate.

9. For a flat rate that is greater than \$70.00 but less than or equal to \$77.00, the portion of the rate on which the high rate assistance credits will be determined is ten-elevenths of the flat rate.

10. For a flat rate that is greater than \$77.00 but less than or equal to \$84.00, the portion of the rate on which the high rate assistance credits will be determined is eleventh-twelfths of the flat rate.

11. For a flat rate that is greater than \$84.00 but less than or equal to \$91.00, the portion of the rate on which the high rate assistance credits will be determined is twelve-thirteenths of the flat rate.

12. For a flat rate that is greater than \$91.00, the portion of the rate on which the high rate assistance credits will be determined is thirteen-fourteenths of the flat rate.

(c) If a local exchange service provider charges a single rate covering the local access line and other telecommunications or related services, the commission may determine, by order, after opportunity for hearing, the portion of such bundled rates to which rate assistance credits apply.

(3) Local exchange service providers shall issue high rate assistance credits according to the following criteria:

(a) For the portion of the local access line charge below 0.75 percent of median household income, per month, for the area in which the rate applies, no rate credits apply.

(b) For the portion of the local access line charge equal to or above 0.75 percent but below 1.0 percent of median household income, per month, for the area in which the rate applies, the local exchange service provider shall issue a credit equal to 75 percent of that amount.

(c) For the portion of the local access line charge equal to or above 1.0 percent but below 1.25 percent of median household income, per month, for the area in which the rate applies, the local exchange service provider shall issue a credit equal to 80 percent of that amount.

(d) For the portion of the local access line charge equal to or above 1.25 percent but below 1.50 percent of median household income, per month, for the area in which the rate applies, the local exchange service provider shall issue a credit equal to 85 percent of that amount.

(e) For the portion of the local access line charge equal to or above 1.50 percent but below 2.00 percent of median household income, per month, for the area in which the rate applies, the local exchange service provider shall issue a credit equal to 90 percent of that amount.

(f) For the portion of the local access line charge equal to or above 2.00 percent of median household income, per month, for the area in which the rate applies, the local exchange service provider shall issue a credit equal to 95 percent of that amount.

(g) When a rate applies in only one county, the median household income, as published by the Wisconsin department of industry, labor and human relations, used to calculate the credit shall be that of that county in which the rate applies. When a rate applies in more than one county, the median household income used to compute the credit shall be the average of the median household incomes in each county in which the rate applies, weighted by the number of customers paying that rate in each county.

(h) The commission may determine, by order, after notice and an opportunity for hearing, whether any technologies other than wire or cable based connections, such as wireless services, are eligible for credits under this section, and the portion of the charges to which credits shall be applied.

(i) If the amount of money required to reimburse local exchange service providers for credits under this section exceeds the amount budgeted for this program under s. PSC 160.17, the commission may modify the formula for high rate assistance credits. Such modification may be done by commission order, after notice and an opportunity for hearing.

(4) Each local exchange service provider shall be reimbursed by the universal service fund for the value of the credits it issues.

(5) When a local exchange service provider charges a pro-rated portion of the normal monthly charge for service because the customer has had service for only a portion of the month, the rate assistance credit for that customer shall be pro-rated by the same percentage.

(6) If the customer is eligible for the lifeline program, per s. PSC 160.062, the rates and reimbursement for that program shall apply, unless the customer chooses not to participate in the lifeline program.

(7) High rate assistance credits shall be shown and identified on bills issued to customers.

(8) Telecommunications utilities with rate ceiling programs in place on the effective date of this chapter ...[revisor inserts date] may continue those programs until rates subject to those programs are changed, unless the Commission authorizes an extension of the rate ceiling program. The universal service fund shall reimburse telecommunications utilities for these programs for services provided beginning on January 1, 1996.

(9) Customers receiving high rate assistance credits may not be provided essential telecommunications service under contract if the contract has a duration of greater than one year. The commission may grant waivers of this subsection by order. This subsection does not apply to rural line extension contracts entered into before January 1, 1996.

PSC 160.091 QUALIFICATIONS FOR PROVIDERS RECEIVING UNIVERSAL SERVICE FUNDING FOR HIGH RATE ASSISTANCE CREDITS. All local exchange service providers receiving reimbursement for high rate assistance credits under s. PSC 160.09 shall provide service that meets the minimum requirements of s. PSC 160.03 and other quality of service rules established by the commission and must be a contributory provider unless exempted from payment under s. PSC 160.18 (1) (a).

PSC 160.092 ALTERNATIVE UNIVERSAL SERVICE PROTECTION PLANS.

(1) As an alternative to the high rate assistance credit mechanism in s. PSC 160.09, the commission may, by order, after notice and an opportunity for hearing, implement other plans under this section.

(2) Alternative plans under sub. (1) shall be implemented on an experimental basis. These experiments shall be reviewed within 3 years of inception and shall terminate within 5 years of inception, unless made permanent by commission order after notice and an opportunity for hearing.

(3) Alternative high cost support plans under this section may make use of cost studies, bidding, defined service territories or other mechanisms to protect universal service. The commission may, by order, authorize payment of universal service fund monies as part of an alternative plan.

(4) Alternative high cost support plans may include rate ceiling programs, as referenced in s. PSC 160.09 (8), including programs authorized for other utilities.

PSC 160.10 RATE SHOCK MITIGATION. (1) The commission may authorize assistance, through temporary rate credits, for customers of rate of return regulated telecommunications utilities to mitigate the impact of large increases in authorized rates.

(2) Rate shock mitigation credits shall be funded by the telecommunications utility, where possible. Where that is not the case, the telecommunications utility shall be reimbursed for the amount of the credits from the universal service fund. Funding for the rate shock mitigation shall be specified by the commission in individual cases.

(3) When a telecommunications utility charges a pro-rated portion of the normal monthly charge for service because the customer has had service for only a portion of the month, the rate shock mitigation credit for that customer shall be pro-rated by the same percentage. The universal service fund shall reimburse the telecommunications utility for the portion of the credit actually issued to the customer when not funded by that utility.

(4) Rate shock mitigation credits shall be shown and identified on bills issued to customers.

(5) Telecommunications utilities with rate mitigation credits in place on the effective date of this chapter ...[revisor inserts date] may continue those programs until rates subject to those programs are changed, unless the Commission authorizes an extension of the rate mitigation credits. The universal service fund shall reimburse telecommunications utilities for these rate mitigation credits for services provided beginning on January 1, 1996.

PSC 160.11 ASSISTANCE TO INSTITUTIONS. (1) Partial support funding through rate discounts is available for institutions ordering telecommunications services to be used to provide any of the following services:

- (a) Two-way interactive video services.
- (b) High-speed data transfer.
- (c) Toll call access to the internet.
- (d) Direct internet access.

(2) Support funding is available only for new services which either were not previously available, or which provide significant improvements over existing services at that institution. Support shall only be available for services obtained from a contributory provider, unless exempted from payment under s. PSC 160.18 (1) (a).

(3) Support funding is available only as partial payment for new services. The amount of funding shall decrease year by year, as follows:

(a) For the first year, the monthly discount shall be 30 percent of the monthly charge or \$300 per month, whichever is less.

(b) For the second year, the monthly discount shall be 20 percent of the monthly charge or \$200 per month, whichever is less.

(c) For the third year, the monthly discount shall be 10 percent of the monthly charge or \$100 per month, whichever is less.

(d) For the fourth year, and thereafter, no discount shall be issued.

(4) An institution is eligible to receive support for only one service at a time, at a single location. If that service links 2 locations at an institution, the discount may be applied to the entire channel. The University of Wisconsin system may receive a separate discount at each of its regional 2-year and 4-year campuses.

(5) After the discount for a service under sub. (3) has ended, the institution may receive support for a new service. An institution may not receive a discount for a service that has been canceled and reinstated.

PSC 160.13 LOCAL EXCHANGE SERVICE PROVIDER OF LAST RESORT. (1)

The commission may designate providers of last resort for local exchange service within a geographic area.

(2) At exchanges in which the commission has not authorized local service competition, the provider of last resort for local exchange services, including extended community calling, shall be the telecommunications utility serving the exchange.

(3) At exchanges in which the commission has authorized local service competition, the commission may designate, after notice and opportunity for hearing, a local exchange service provider of last resort.

PSC 160.14 INTRALATA TOLL SERVICE PROVIDER OF LAST RESORT. (1)

The intralata toll provider of last resort for an exchange shall be the designated telecommunications utility toll provider for that exchange until intralata 1+ presubscription service is available in that exchange or until the commission orders otherwise under sub. (7).

(2)(a) When intralata 1+ presubscription service is available in an exchange, the designated telecommunications utility toll provider may petition the commission for withdrawal of its toll provider of last resort requirements for that exchange.

(b) The petition shall be filed in writing with the commission, and the petitioner retains intralata toll service provider of last resort responsibilities until a new provider of last resort is designated, or for a period of 12 months, whichever is shorter.

(c) The petitioner shall notify all of its affected customers of its request to have its provider of last resort requirements lifted. The notice to customers shall be approved in advance by the commission and clearly state the following:

1. The petitioner is seeking authority to deny service to some or all customers within the exchange.
2. Toll services in the future may be available only from other telecommunications providers, or from only one telecommunications provider.

3. If a new intralata toll service provider of last resort is designated, all customers may be switched to that provider's service, although they may choose to obtain service from any other intralata toll service provider in the area after reassignment of the toll service provider of last resort requirement.

(3) If a petition under sub. (2) is filed, the commission shall issue a notice requesting applications from all telecommunications providers interested in becoming the intralata toll service provider of last resort for that exchange. The provider seeking to abandon provider of last resort requirements for that exchange may not file an application to become the new provider of last resort once again.

(4) If only one telecommunications provider responds to the request for applications, that provider becomes the provider of last resort, effective in 90 days. All customers shall be notified of the proposed change at least 60 days prior to the effective date. The notice shall include a telephone number which they may use to designate their intralata toll service provider. On the effective date, all customers who do not designate an intralata toll service provider shall be presubscribed to the new intralata toll service provider of last resort.

(5)(a) If more than one telecommunications provider applies to become the intralata toll service provider of last resort, the local exchange service provider at that exchange shall ballot customers on their choice of intralata toll service provider.

(b) Only those telecommunications providers that file applications to be the intralata toll service provider of last resort for the exchange may appear on the ballot, although customers may "write-in" another telecommunications provider if desired.

(c) Customers who do not return ballots shall be randomly allocated to the telecommunications providers appearing on the ballot, according to the percentage of customers who chose each listed provider.

(d) All telecommunications providers appearing on the ballot shall be the intralata toll service providers of last resort for at least one year. After that date, these providers may notify the commission that they wish to be relieved of last resort responsibility. When the last toll service provider of last resort files to exit the market, the process described in this section recommences.

(e) Half of the costs of balloting shall be paid by the local exchange carrier serving the exchange and half will be paid by the providers appearing on the ballot.

(6) If no toll providers apply to be intralata toll service provider of last resort for an exchange, the commission shall hold an auction of the provider of last resort responsibility. The commission may authorize compensation from the universal service fund for the provider of last resort selected by the auction.

(7) If the intralata toll provider of last resort for an exchange files a petition for withdrawal of its intralata toll provider of last resort requirements at an exchange where intralata 1+ presubscription is not available, the commission may investigate that petition and order that the last resort obligation be withdrawn for that provider subject to conditions, notice requirements and balloting procedures the commission deems necessary and reasonable for the service change at that exchange. Those conditions, requirements and procedures shall be as designated in this section to the extent the commission determines they are applicable.

PSC 160.15 IDENTIFICATION OF CHARGES CAUSED BY UNIVERSAL SERVICE FUNDING LIABILITY. Telecommunications providers may not establish a surcharge or separately identify on customer bills, any amounts for recovering, or contributing to, payment of universal service fund obligations.

PSC 160.16 FUND ADMINISTRATOR. (1) The commission shall designate the fund administrator and provide for an annual audit of the fund. The commission shall establish guidelines for administration and assignment of liabilities.

(2) The fund administrator may propose changes or modification to the mechanisms of administration of the fund. The commission may approve such requests without hearing.

(3) The fund administrator may assess a reasonable late payment penalty or interest charge to providers that do not pay in a timely manner per s. PSC 160.18 (9).

(4) The fund administrator shall maintain a reasonable cash working capital balance sufficient to cover contingencies. If cash working capital surpluses accrue above a reasonable level, the surplus amount shall be used to reduce the total liability for the next quarter.

(5) The fund administrator, with commission approval, may borrow monies to cover short-term liabilities, where time constraints or administrative efficiencies make borrowing preferable to an immediate increase in assessment levels.

(6) The universal service fund shall compensate the administrator for the administrator's costs of administering the fund as approved by the commission.

PSC 160.17 FUND BUDGET. (1) At least annually, the commission shall set the budget for the entire universal service fund and its individual programs.

(2) The commission may make adjustments to the budget as needed to address unforeseen circumstances. Adjustments may include:

(a) Reallocating the budget among programs.

(b) Modifying the support formulas or benefits within a program.

(c) Deferring support payments to a later period.

(d) Raising or reducing assessment levels.

(3) The commission shall provide notice of the proposed annual fund budget and any proposed changes to the budget to the universal service fund council and other interested parties with an opportunity for comment prior to commission action.

PSC 160.18 COLLECTION OF UNIVERSAL SERVICE FUND MONIES. (1)

Each assessed provider shall pay the amount of its assessment to the universal service fund. Providers are liable for assessments beginning January 1, 1996. Assessed providers include all telecommunications providers operating within Wisconsin, with the following exceptions:

(a) Wisconsin telecommunications providers with intrastate gross telecommunications revenues of less than \$200,000 dollars during the preceding calendar year are exempt from assessment.

(b) Cellular mobile radio telecommunications utilities shall be assessed only if the commission determines after hearing that market information regarding the cellular service area indicates that cellular services are a substitute for land-line telephone exchange service for a substantial portion of the communications in this state pursuant to 47 USC 332 (c) (3).

Note: Section 196.218(3), Stats., states that "the commission shall require all telecommunications providers to contribute to the universal service fund beginning on January 1, 1996." Because these rules may not be officially published by January 1, 1996, the fund administrator will need to back bill assessed providers to January 1, 1996.

(2) The commission may require a person other than a telecommunications provider to contribute to the universal service fund, if after notice and opportunity for hearing the commission determines that the person is offering nontraditional broadcast services in competition with a telecommunications service for which a contribution is required under this chapter.

(3) Telecommunications providers shall be assessed on the basis of their gross intrastate operating revenues from telecommunications services.

(4) Each telecommunications provider shall submit information, on a schedule and in a format to be set by the commission, on the telecommunications provider's gross intrastate telecommunications revenues during the preceding calendar year.

(5) The percentage liability for a given telecommunications provider is the ratio of that provider's intrastate gross telecommunications revenues to the sum of the intrastate gross telecommunications revenues for all contributory providers.

(6) The amount to be assessed to a given telecommunications provider is the percentage liability of that provider under sub. (5) multiplied by the total amount to be collected.

(7) Telecommunications providers who provided telecommunications service in Wisconsin for only part of the preceding calendar year shall be assessed based on actual revenues for the year, without adjustments to annualize that revenue.

(8) Failure to receive a bill is not grounds for relief from a telecommunications provider's liability for assessment.

(9) A telecommunications provider that has not paid within 45 days of receiving a bill shall be deemed to have not paid under s. 196.218 (8), Stats.

PSC 160.19 UNIVERSAL SERVICE FUND COUNCIL. (1) The commission shall appoint a universal service fund council to advise the commission concerning the administration of s. 196.218, Stats., the content of administrative rules adopted pursuant to s. 196.218, Stats., and any other matters assigned to the universal service fund council by the commission.

(2) The universal service fund council shall consist of telecommunications providers and of consumers of telecommunications services. The commission shall appoint a diverse membership to the universal service council including representatives of the local exchange telecommunications industry; the interexchange telecommunications industry, including facilities-based carriers and resellers; the cable television industry; other telecommunications providers and consumers of telecommunications services including residential, business, governmental, institutional, and public special interest group users of telecommunications services.

(3) A majority of the members of the universal service fund council shall be representatives of consumers of telecommunications services.

(4)(a) Terms of universal service fund council members initially appointed by the commission are effective through December 31, 1995. After December 31, 1995, universal service fund council members shall be appointed to staggered three-year terms.

Note: For terms beginning on January 1, 1996, the commission will appoint some universal service fund council members to a one-year term, others to a 2-year term and the remaining members to a 3-year term.

(b) The commission may appoint a replacement member when necessary to serve the remaining term of a member withdrawing from the universal service fund council.

(5) The commission shall appoint a chairperson for the universal service fund council who shall serve in that capacity through December 31, 1995. Thereafter, the universal service fund council shall elect a chairperson and a vice-chairperson from its membership, not including the commission staff liaison. The term of office for these positions shall be one year. Elections may be held at the first meeting of each calendar year commencing after December 31, 1995, or may be conducted by mail prior to the first meeting of each calendar year.

(6) The universal service fund council shall meet at least twice annually. Other meetings may be called, upon adequate notice to all members, to address matters of the fund as they arise. Meetings of the universal service fund council shall be open to the public.

(7) Members of the universal service fund council shall serve without compensation. Members, other than those members representing the telecommunications industry and any members representing state agencies, may be reimbursed for their actual and necessary expenses incurred in the performance of their duties as part of the universal service fund council, subject to budget guidelines adopted by the commission.

(8)(a) The universal service fund council may adopt bylaws appropriate for its operation.

(b) The universal service fund council may form subcommittees of its membership as necessary to review issues and make recommendations for consideration of the full council.

(9) The commission shall assign staff members as needed to facilitate the work of the universal service fund council. The commission shall appoint a member of the commission staff to serve as staff liaison for the universal service fund council. The liaison shall be a non-voting member and shall do all of the following:

(a) Assist the universal service fund council in obtaining subject matter expertise in the area of universal telecommunications service.

(b) Maintain the official record of the universal service fund council, including membership, minutes of meetings, agendas and reports.

(c) Assist the chairperson of the universal service fund council in planning the agendas, times and places of meetings.

(d) Provide other administrative assistance as required.

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Public Service Commission of Wisconsin

Cheryl L. Parrino, Chairman
Scott A. Neitzel, Commissioner
Daniel J. Eastman, Commissioner

Jacqueline K. Reynolds, Executive Assistant
Lynda L. Dorr, Secretary to the Commission
Steven M. Schur, Chief Counsel

March 8, 1996

Mr. Gary Poulson, Deputy Revisor
Revisor of Statutes Bureau
131 West Wilson Street, Suite 800
Madison, WI 53703-3233

Re: Rules for Universal Service Policies,
Programs, and Funding

1-AC-155

Dear Mr. Poulson:

Enclosed please find two copies (one certified) of the Final Order of the Public Service Commission Adopting Rules in the above-entitled matter. Also enclosed is a disk with a WP 5.1 version of this order.

The rules have been seen by legislative committees.

Sincerely,

Scot Cullen, P.E.
Administrator
Telecommunications Division

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Enclosures

