

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

INDIANA UTILITY REGULATORY) CAUSE NO. 43082
COMMISSION PROCEEDING TO ESTABLISH)
FUNDING FOR THE COSTS OF THE INDIANA) ORDER REOPENING
LIFELINE ASSISTANCE PROGRAM,) PROCEEDING
PURSUANT TO THE PROVISIONS SET FORTH)
IN HEA 1279, CODIFIED AS IC 8-1-36-8.) APPROVED: OCT 21 2009

BY THE COMMISSION:

David E. Ziegner, Commissioner
David E. Veleta, Administrative Law Judge

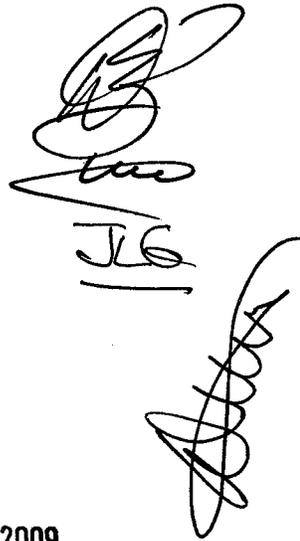
On March 14, 2006, House Enrolled Act 1279 (the "Act") was signed into law by the Governor of the State of Indiana. Section 59 of the Act required the Indiana Utility Regulatory Commission ("Commission") to undertake efforts to establish an *Indiana Lifeline Assistance Program*. The relevant chapter of the Act, codified as Indiana Code 8-1-36, applies to eligible telecommunications carriers as designated by the commission under 47 CFR 54.201.

In addition to specific rulemaking requirements set-forth in the statute, Indiana Code 8-1-36-8(b) established the procedures and processes to be followed by the Commission to establish funding for the Indiana Lifeline Assistance Program ("ILAP"). Indiana Code 8-1-36-8(b) states as follows:

Funding for the following costs of the program shall be determined by the commission, after notice and hearing, in a manner based on and consistent with comparable federal funding mechanisms for the federal Lifeline program:

- (1) The costs of reimbursing eligible telecommunications carriers for lost revenues associated with providing reduced charges for basic telecommunications service to participants.
- (2) Reasonable expenses incurred by the commission and eligible telecommunications carriers to:
 - (A) administer the program; and
 - (B) publicize the availability of the program in a manner reasonably designed to reach eligible customers.

The Commission initiated this proceeding to establish funding requirements for the ILAP as required by Indiana Code 8-1-36, which directed us to not only determine and establish a funding mechanism for the costs of the ILAP, after notice and hearing, but also to



adopt rules, no later than July 1, 2008 (to become effective no later than July 1, 2009), for the administration of this program.

For purposes of consideration of funding in this proceeding, as set forth in Indiana Code 8-1-2-36-8(b), the Commission conducted a proceeding in this Cause to determine funding for certain costs of the program in a manner based on and consistent with comparable federal funding mechanisms for the federal Lifeline program. Consideration of the issues in this matter included the costs of reimbursing eligible telecommunications carriers for lost revenues associated with providing reduced charges for basic telecommunications service to participants; and, the reasonable expenses incurred by the Commission and eligible telecommunications carriers to administer the program and publicize the availability of the program in a manner reasonably designed to reach eligible customers.

Following notice and hearing in this matter, the Commission issued a Final Order in this Cause on November 7, 2007, that approved an agreed funding proposal presented by certain parties to the proceeding that established the following funding levels:

(a) Foregone revenue from the \$1.00 Lifeline Discount	\$715,000
(b) Administrator expenses	\$100,000
(c) ETC administration expenses	\$362,000
(d) Outreach	<u>\$300,000</u>
Total Initial Funding Requirement	\$1,477,000

In furtherance of the specific requirements set forth in the statute with respect to rulemaking a Notice of Intent to Adopt a Proposed Rule was published in the Indiana Register on February 6, 2008. On March 13, 2008 the Commission approved the Proposed Rule and forwarded it to the State Budget Agency. A Public Hearing on the rulemaking took place on April 17, 2008, and the final rule was adopted by the Commission on May 14, 2008.

A budget approval letter from the State Budget Agency is required before a Proposed Rule can be approved. The State Budget Agency did not approve the Proposed Rule citing concerns with the funding requirement. Additionally, the State Budget Agency further expressed concern regarding the surcharge to be imposed on all telecommunications customers, relative to the amount of actual assistance provided to eligible customers. Absent approval from the State Budget Agency, the Commission cannot proceed with the rulemaking as required by law. Accordingly, the Commission recognizes that the program costs of implementing the ILAP, initially approved in this proceeding, must be revised in order for the Proposed Rule to be approved by the State Budget Agency. Therefore, the Commission finds that this matter shall be reopened to allow for the reexamination of the issues in this Cause.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

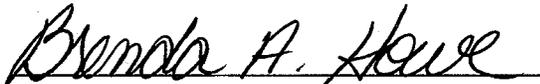
1. This Cause is hereby reopened by the Commission. A Prehearing Conference in this matter is hereby scheduled for November 16, 2009, at 1:30 p.m. in Room 224 of the National City Center, 101 West Washington Street, Indianapolis, Indiana.

2. This Order shall be effective on and after the date of its approval.

HARDY, GOLC, LANDIS, AND ZIEGNER CONCUR; ATTERHOLT ABSENT:

APPROVED: OCT 21 2009

I hereby certify that the above is a true and correct copy of the Order as approved.



**Brenda A. Howe
Secretary to the Commission**