

Colorado

Public Utilities Commission



For Your Information

T-6

UNDERSTANDING YOUR CHARGE FOR THE{PRIVATE } LOW-INCOME TELEPHONE ASSISTANCE FUND

Have you noticed a charge on your monthly local telephone bill for the “Low-Income Telephone Assistance Program (LiTAP)? Are you wondering why the charge currently is 0 cents? This publication will provide general information about the low-income telephone program and explain why no money is being collected for the program from customers for the time being.

WHAT IS THE LOW-INCOME TELEPHONE ASSISTANCE FUND?

The Colorado Low-Income Telephone Assistance Fund, also known as the "Lifeline" fund, was established by the Colorado Legislature in 1990. The fund is used to offset the costs of providing local service at a discounted rate for some low-income customers.

In creating the fund, the legislature recognized the need of customers to have access to a telephone for safety reasons. For example, if a low-income elderly person was unable to afford a telephone, that person might not be able to call for assistance in a medical emergency.

The legislature created the "Lifeline" program to make it possible for those eligible to receive a monthly discount equal to the greater of the federal subscriber line charge (currently at \$6.50 per month) or 25 percent of the basic local service rate.

WHY IS THE MONTHLY SURCHARGE AT 0 CENTS?

The legislature directs the Colorado Public Utilities Commission (PUC) to determine the amount each business and residential line should be charged per month to reimburse each telephone company providing Lifeline service and to reimburse the Colorado Department of Human Services and the PUC for administration of the Lifeline program. On April 1, 2006, the monthly surcharge was reduced from 7 cents to 0 cents per month.

Although the program remains in place, the customer surcharge does not need to be collected because of a \$5.5 million fund established by Qwest for the low-income program as part of a settlement in another case, which the PUC approved in 2005. The surcharge is expected to remain at zero until the fourth quarter of 2008.

To reach PUC Consumer Affairs:

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WHO IS ELIGIBLE TO RECEIVE THE DISCOUNT?

To be eligible for the discount, a person must receive Old Age Pension, Aid to the Blind, Aid to the Needy Disabled or Supplemental Security Income. The Colorado Department of Human Services determines eligibility. More than 29,000 customers in Colorado received the LiTAP discount in 2005.

WILL THE SURCHARGE AMOUNT CHANGE IN THE FUTURE?

Yes. When the money from the Qwest settlement runs out, likely in the fourth quarter of 2008, the PUC will re-establish the monthly surcharge based on the number of telephone lines paying the surcharge and the number of customers obtaining service at the discounted rate. After that, the PUC will adjust the rate accordingly on an annual basis to pay for changing costs.

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