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NEW APPLICATION



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Arizona Corporation Commission

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November 9, 2015

Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY	
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Re: Changes to the Medically Needy Telephone Assistance Program  
Docket No. T-01051B-15-XXXX

T-01051B-15-0383

Dear Sir or Madam:

The attached Qwest Corporation dba CenturyLink QC ("CenturyLink") tariff page is being filed to request a change to the funding mechanism for the CenturyLink Medically Needy Telephone Assistance Program ("Medically Needy Program" or "MTAP").

The MTAP was established by the Commission for CenturyLink's predecessor U S WEST in 1991, as a specially focused assistance program, enabling low income customers who demonstrate a special medical need to have home telephone service from the company at little or no charge. At that time, U S WEST was the only telephone company providing local calling capability to the public in its service areas. There were no practical alternatives. Against that backdrop of monopoly and monopoly era regulation, the Arizona Corporation Commission Staff recommended, and the company agreed to the implementation of the MTAP. Funding for the MTAP was provided exclusively by U S WEST and was used to provide credits to eligible customers as well as to pay DES for the costs to administer the program. In 1991 funding for the program was originally set at 1.0 million per year. In 2006 that amount was increased to \$2.0 million and included a requirement to carry over any unused funds from one year to the next.

Participation in the MTAP increased for the first 10 years or so of the program. At the peak of the MTAP in 2002, there were over 10,000 customers enrolled in the program. Since then, the number has declined precipitously. At the end of 2014, there were less than 3,000 participating customers.

The decline in customer participation in MTAP is directly related to the ubiquitous and ready availability of alternative means of communicating. CenturyLink's landline voice-to-voice calling capability now constitutes less than 13% of the voice connections in Arizona. Customers are "cutting the cord" in favor of wireless. According to the last report on the state of local competition filed by the Company in Docket N. T-01051B-11-0378 on February 24, 2015, nearly 71% of the voice connections in Arizona are served by wireless providers and over 41% of Arizona individuals 18 and older lived in households that are wireless only. This trend is no less prevalent in the market for low income customers, where subsidized wireless phones are offered

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by several providers to this market segment. The Arizona Corporation Commission recognized and dealt with those massive changes in the telecommunications markets by reclassifying CenturyLink's services as competitive services under the Commission's rules.

Because the numbers of customers participating in MTAP are decreasing every year, the unused balance carried over by CenturyLink, which represents a liability on the Company's books, was \$7.6 million at the end of 2014 and is currently over \$8.0 million and increasing at the rate of \$1.0 million per year. It is important to note that the carry over balance exists as an accounting entry only and that there are no actual funds set aside in connection with this program. However, the existence of the \$8.0 million liability on our accounting books is a great concern to the company which we would like to address through the changes requested in this tariff filing.

In addition to eliminating the \$2.0 million annual funding requirement and allowing the company to reverse the balance of unused MTAP funds reflected on our books, the tariff filing would permit the Company to fund the program, including both credits for eligible MTAP customers as well as the costs for DES to administer the program (for as long as DES continues as the administrator), as an in-year current operating expense, with no duty to set aside or maintain an accrual or dedicated fund.

The changes requested at this time will have no impact on the availability of funding for this program. Everyone currently on the program or who is determined by DES to be eligible, will continue to receive MTAP credits. Therefore, we do not anticipate objection from any parties to providing CenturyLink with the relief requested. However, because the funding for this program was last addressed in Decision 68604, we are providing notice of this filing to the parties who are still listed on the service list for Docket No. T-01051B-03-0454.

These pages have been prepared with an effective date of January 1, 2016. We respectfully request the Commission's approval of this filing.

Sincerely,



Attachment

cc: Blessing Chukwu  
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## 5. EXCHANGE SERVICES

### 5.2 LOCAL EXCHANGE SERVICE

#### 5.2.6 TELEPHONE ASSISTANCE PROGRAMS

##### B. Telephone Assistance Program for the Medically Needy (Cont'd)

#### 2. Application

- a. The Telephone Assistance Program for the Medically Needy is available to low-income households that meet specific financial eligibility criteria and demonstrate a special medical need requiring a telephone in the home. Customers are financially eligible if their annual income is at or below 150% of current federal poverty guidelines. Certification of medical need should be obtained by use of a simple, standardized form to be completed by a physician and attached to the application. The expected duration of the medical condition must be stated on the form. The Arizona Department of Economic Security (DES) will determine customer eligibility for this program.
- b. The program provides a credit to cover the monthly charge for basic local residential phone service including any applicable monthly exchange zone increments. The program also covers the Universal Service Fund surcharge. In addition, the program covers 100%<sup>[1]</sup> of the nonrecurring charge to install the primary residential line as well as the nonrecurring charge for the exchange zone increment if applicable. The FCC Lifeline program described in 5.2.6.C., following, provides a credit toward the monthly charge for basic local residential service. In addition, normal deposit requirements will be waived for program participants.
- c. The funding for this program was established by the Arizona Corporation Commission in Decision No. 57462, dated July 15, 1991. Qwest was ordered to set aside \$1,000,000 annually for this program. In Decision No. 68604, dated March 23, 2006, the Arizona Corporation Commission increased the funding for this program to \$2,000,000. **Effective January 1, 2016, the Company will no longer be required to set aside the \$2,000,000 annual funding amount required by Decision No. 68604 or to carry over any previously mandated funding amounts. The Company will provide the credits to customers and all funding required for the continued administration of the program as an in-year current operating expense, with no duty to set aside or maintain an accrual or dedicated fund.** Additionally, funding of \$9.25 per qualifying customer is also available for this program through the federal Lifeline program. Program benefits are available to new program participants as long as there is sufficient money in the fund (which includes the \$2,000,000 annual set-aside, federal Lifeline funds and all existing surplus funds) to cover them.

(N)

(N)

(D)

[1] This \$27.50 credit (LNKMX) took effect April 1, 2012, with the elimination of Non-Tribal Link-Up support.