Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Lifeline and Link Up Reform and Modernization

Telecommunications Carriers Eligible for Universal Service Support

Connect America Fund

WC Docket No. 11-42
WC Docket No. 09-197
WC Docket No. 10-90

COMMENTS OF COMPTEL

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SUMMARY

COMPTEL strongly supports the Commission’s initiative to create an enhanced, robust Lifeline program that will enable low-income Americans to access both broadband and voice services in order to navigate, in Commissioner Clyburn’s words, a “pathway out of poverty;” to close the “homework gap” that Commissioner Rosenworcel has identified as “the cruelest part of the digital divide;” and to provide a true lifeline to essential online services, including telehealth and telemedicine applications for senior citizens on fixed incomes, disabled veterans and many other low-income Americans. As the Commission has recognized, broadband is essential to participate in society, yet Lifeline is the only universal service program that has not been fully modernized to support access to broadband. It is time to do so in order to ensure that low-income Americans have the same opportunities to participate in the digital economy as other citizens.

COMPTEL supports a modernized Lifeline program that promotes competition among providers and that allows customers to choose, based on their own understanding of their individual needs, whether to use the Lifeline subsidy to purchase a voice-only service, a broadband-only service, or a bundled voice/broadband service. We believe that the current $9.25 monthly Lifeline support level remains appropriate for voice-only offerings at this time, and that a voice-only product should continue to be offered to Lifeline consumers. While a higher level of support may eventually be needed to provide meaningful support for broadband, at least initially the $9.25 amount is appropriate for a broadband offering as well.

COMPTEL submits that competition among providers should continue to be the prime determinant of the specific amounts of broadband and/or voice service that can effectively be provided, given the subsidy level set by the Commission. COMPTEL also believes that the
Lifeline program should provide support for both fixed and mobile broadband offerings—a technology and competitively neutral approach that allows low-income consumers to choose what best meets their needs based on the $9.25 monthly subsidy provided by the Universal Service Fund.

COMPTEL particularly supports the Commission’s objective of transferring responsibility for determining the eligibility of subscribers from providers to a neutral third party, provided that the low-income consumers who depend on the Lifeline program retain the ability to present their applications and proof of eligibility and to be verified for eligibility in real time, during a single transaction. We believe that the best national verification solution likely lies in leveraging existing state and federal program databases, notably including the SNAP program databases that are already the subject of joint FCC/USDA guidance to allow access to SNAP enrollment databases in order to verify eligibility for Lifeline benefits. The National Lifeline Eligibility Verifier can be a gateway that interconnects with such key databases to enable real-time verification. The Commission should also consider working with states to reduce the number of state and federal programs that are needed to demonstrate eligibility for the Lifeline program. Upon review of the programs new subscribers use the most to qualify, the Commission may find that only the SNAP program, Medicaid, SSI, and a Tribal program are necessary. COMPTEL also believes that it would be appropriate to eliminate income-based eligibility entirely. Such measures would substantially facilitate the creation of an efficient, highly accurate and cost-effective national eligibility verifier system, and if it chooses to streamline eligible programs, the Commission should provide a sufficient transition for consumers, states and providers alike to adjust. Alternatively, if a National Lifeline Eligibility Verifier still proves unfeasible, the Commission should consider the establishment of a list of
certified eligibility verification vendors to perform the verification function on behalf of Lifeline service providers.

The Commission can and should streamline and accelerate the Lifeline provider designation and compliance plan approval processes, and it should ease the artificial obstacles that have chilled potential acquisitions in the Lifeline sector. It should also simplify its requirements for Lifeline customer enrollment forms and the independent economic household (“IEH”) worksheet, which are difficult to read and understand by any measure. COMPTEL submits “plain English” proposed forms in Exhibits 2 and 3 that would accomplish these goals.

It is not necessary and may be counterproductive for the Commission to adopt a firm budget for the Lifeline program at this time—especially because the Commission’s prior reform has significantly aided in decreasing the costs of the program. Moreover, as stated in the FNPRM: a firm budget “could foreclose some eligible households from participating in the program” and create “a situation where the Commission would be forced to suddenly halt support for individuals that otherwise meet the eligibility requirements,” excluding many eligible and deserving low-income participants from the “lifeline” to economic and educational opportunity that the program provides. It is also unclear how the Commission would account for the possible broadband demand in the program at this time, and a firm budget could impede with the modernization of the Lifeline program to include broadband service.

The Commission should also not require an out-of-pocket payment by low-income participants, which could have a particularly disastrous impact on the Commission’s efforts to close the digital divide. Finally, the Commission should consult closely with relevant Tribal
entities before making further wholesale changes to the geographic scope of the enhanced Tribal Lifeline and Link Up programs.
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Exhibit 1 Letter from the United States Department of Agriculture and Julie Veach, Chief, Wireline Competition Bureau, to SNAP Regional Directors (June 13, 2014)

Exhibit 2 Proposed Lifeline Enrollment Form entitled “Initial Certification Form”

Exhibit 3 Proposed IEH Worksheet entitled “Lifeline Household Worksheet”
COMMENTS OF COMPTEL

COMPTEL, by its undersigned counsel, hereby submits these Comments in response to the Commission’s Second Further Notice of Proposed Rulemaking (“FNPRM”) in the above-captioned proceedings.¹

I. INTRODUCTION

As the preeminent national industry association for competitive communications networks and service providers, COMPTEL supports the Commission’s initiative to further modernize, strengthen and improve the Lifeline program to meet the evolving needs of low-income Americans in the 21st Century. COMPTEL’s membership includes Lifeline providers offering both wireless and wireline services, on both a prepaid and postpaid basis, to eligible families, seniors, veterans, the disabled, and other eligible consumers throughout the nation. COMPTEL’s members strongly support the Commission’s proposals to create an enhanced,

robust Lifeline program that enables low-income Americans to access both broadband and voice services in order to navigate, in Commissioner Clyburn’s words, a “pathway out of poverty;”\textsuperscript{2} to “allow all students to do their homework” by closing the homework gap that Commissioner Rosenworcel has identified as “the cruelest part of the digital divide;”\textsuperscript{3} and to provide a true lifeline to essential online services, including telehealth and telemedicine applications for senior citizens on fixed incomes, disabled veterans and many other low-income Americans.

In undertaking this welcome and much-needed transformation of the Lifeline program, the FNPRM declares that “all consumers, including low-income consumers, should have access to the same features, functions and consumer protections.”\textsuperscript{4} COMPTEL urges the Commission to consider recent history in determining how to reach this goal: while incumbent providers have contributed to ensuring the availability of Lifeline service, the fact is that the program began to reach increased numbers of eligible consumers when competitive providers began to focus on providing Lifeline services. This happened because when they entered the Lifeline market, the competitive providers did what they do best: compete. They were leaders in innovation, created targeted service packages for different Lifeline-eligible groups, and engaged in fierce competition along the dimensions of price, features, and quality. As the Federal-State Joint Board noted, “[i]n 2009, the nationwide Lifeline participation rate was 36 percent and, in some states, less than 10 percent of eligible consumers participated in the program.”\textsuperscript{5} This long-standing problem was addressed when providers who were focused on serving Lifeline-eligible

\textsuperscript{2} Id., Statement of Commissioner Clyburn at 2.
\textsuperscript{3} Id., Statement of Commissioner Rosenworcel at 2.
\textsuperscript{4} FNPRM, ¶ 29.
consumers began to participate. In fact, today’s participation rate stands at approximately 60% of eligible households. History thus shows that the most effective way to achieve the Commission’s goals for expanding and modernizing the program is to promote competition while ensuring that all providers have the same opportunities to serve low-income consumers. As a result, an advanced, 21st century Lifeline program, including the reforms contemplated in this rulemaking to forge an improved program for low-income Americans, must be competitively and technologically neutral, and must be driven by data and experience, not political rhetoric.

II. MAKING LIFELINE A 21ST CENTURY PROGRAM: BROADBAND SUPPORT

A. The Urgent Need for Broadband Lifeline Support for Low-income Americans

The FNPRM succinctly states the bedrock truth underlying this proceeding: “broadband is essential to participate in society.” In 2015 and beyond, low-income American families urgently need Lifeline-supported broadband to improve their lives and economic opportunities.

The Commission has already taken certain modest steps to modernize the Lifeline program. For example, in the 2012 Lifeline Reform Order the Commission extended Lifeline support to bundled service packages that combine voice and broadband and included a broadband-focused goal “to ensure the availability of broadband service for low-income Americans.” That order, however, focused primarily on reforming the program to make it more efficient and to limit waste, fraud and abuse, and those goals have largely been accomplished, primarily by establishing the National Lifeline Accountability Database (“NLAD”).

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6 FNPRM at ¶ 4.
8 See section VI.E infra.
Commission is considering the next essential steps to **modernize** and **transform** the program to meet the needs of eligible consumers in the digital age.

There is a clear need for prompt, urgent action. Today, Lifeline is the only universal service program that has not been fully modernized to support access to broadband. As the FNPRM convincingly shows, updating the Lifeline program is urgently needed to address the wide “broadband gap” in America: while 95% of U.S. households with incomes of $150,000 or more are connected to the Internet, the figure for households making less than $25,000 is only 48%, and, of the 29 million American households with school-age children and with incomes below $50,000, approximately 31% lack a high-speed connection at home. This is unacceptable and, indeed, flatly contradicts the statutory mandate that both basic and advanced communications services be available to “all Americans.” In the immediate term, this problem creates the dismaying “homework gap” cited by Commissioner Rosenworcel. In the longer term, if it is not addressed, it will translate into a massive “opportunity gap” for low-income citizens, including young people struggling to connect to the wider American economy, culture, and society.

Lifeline is exactly tailored to address this gap—but only if it is modernized to support broadband. Low-income Americans need broadband access not only to close the homework gap for the children in the household, but also to close the digital divide that impedes searching for and retaining jobs, access to job training and any number of avenues for upward social and

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9 In recent years, the Commission has transformed the High Cost, E-rate and Rural Healthcare programs to focus on funding broadband services. See In Re Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17676 (2011); In Re Modernizing the E-Rate Program for Schools and Libraries, WC Docket No. 13-184, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 8870 (2014); In Re Rural Health Care Support Mechanism, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678 (2012).

10 FNPRM at ¶ 19. See generally id. at ¶¶ 18-21.
economic mobility, and access to emergency services. Moreover, broadband access has become a critical tool to improve health outcomes for seniors and other low-income citizens,\(^\text{11}\) to provide VRS and other tools and services for the disabled,\(^\text{12}\) and to deliver NG911 and other public safety and emergency services to those in need.\(^\text{13}\) Accordingly, providing support for broadband in the Lifeline program is not only consistent with Congress’ and the Commission’s goals for the program; it is a critically important and immediate policy imperative for improving and uplifting needy Americans into the digital age—a “bridge to empowerment, independence and connectivity” that Commissioner Clyburn has dubbed “iBridge Now.”\(^\text{14}\)

**B. Lifeline Support for Broadband or Voice-Only Offerings**

The FNPRM correctly observes that “[w]hile consumers increasingly are migrating to data, voice communications remain essential to daily living and may literally provide a lifeline to 911 and health care providers.”\(^\text{15}\) As a result, the FNPRM rightly takes into account that “[s]ome consumers may prefer to use their Lifeline discount for a voice-only service,” and so “seek[s] comment on how to require providers to continue offering affordable stand-alone voice service to provide consumers’ access to critical employment, health care, public safety, or educational opportunities.”\(^\text{16}\) While access to broadband Internet service is crucial, for many subscribers—particularly the elderly—voice-only service will continue to be essential for the foreseeable future. COMPTEL supports a modernized Lifeline program that allows customers to choose, based on their own understanding of their individual and household’s needs, whether to use the

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\(^{11}\) *Id.* at ¶ 27.

\(^{12}\) *Id.* at ¶ 28.

\(^{13}\) *Id.* at ¶ 29.

\(^{14}\) *Id.*, Statement of Commissioner Clyburn at 3.

\(^{15}\) *Id.* at ¶ 16.

\(^{16}\) *Id.* at ¶ 38.
$9.25 subsidy to purchase a voice-only service, a broadband-only service, or a bundled voice/broadband service.

COMPTEL believes that, at this time, the $9.25 monthly Lifeline support level remains appropriate for voice-only offerings, and supports requiring ETCs to continue to make a Lifeline voice product available. While a higher level of support may eventually be needed for broadband, at least initially the $9.25 amount is appropriate for that offering as well. Several providers currently offer broadband to low-income individuals for around $10 per month, suggesting that $9.25 may be a sufficient subsidy to Lifeline providers offering broadband-only services in the program, subject to early Commission review.

In the short term, COMPTEL urges the Commission to permit competition, not regulation, both to gauge demand for services that include broadband and to exercise price pressure on these different offerings and plans. COMPTEL also believes that the Lifeline program should provide support for both fixed and mobile broadband offerings. While some households, especially those with school-age children, may utilize desktop and laptop computers using either wired broadband or Wi-Fi for their broadband needs, other consumers will primarily use their smartphones for broadband access. Consumers should be permitted to choose what best meets their household’s needs. In each case, the bandwidth that service providers will be able to offer for $9.25 may prove limited. Rather than require providers to offer broadband service in the program, the Commission should allow Lifeline providers to use the subsidy to provide broadband options to eligible consumers should they choose to do so. This will permit the Commission to monitor the adequacy of broadband service available at the $9.25 level, including

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17 Providers could, however, offer a broadband-only service among its offerings, in addition to voice offerings.
18 See discussion at section III infra.
its efficacy in addressing the broadband gap for low-income consumers, providing meaningful experience and data on which to base any further modernization of the program.

COMPTEL and its members are concerned about the potential impact of increased subsidies on the overall Universal Service Fund (“USF”) if program changes result in increased contributions. As the Commission previously has recognized, “our efforts to advance universal service must be balanced against the universal service contribution burden on all consumers, particularly those consumers who are just above the threshold of ‘low-income’ . . . ." As such, the Commission adopted a goal that the Lifeline program should minimize the contribution burden on consumers and businesses. It is important that the Commission continue to strike a fair balance between meeting the obligations of providing critical services for low-income consumers, with the impact that has on the overall goal of connecting all Americans, and the contributions consumers and businesses make into the Fund.

III. MINIMUM SERVICE LEVELS AND STANDARDS

COMPTEL understands the Commission’s desire to set service standards and levels that ensure that Lifeline subscribers can obtain adequate service to meet their ordinary needs, consistent with the statutory directives that such offerings be affordable and “reasonably comparable” to those enjoyed by other, non-Lifeline consumers. COMPTEL submits that competition among providers should continue to be the prime determinant of the specific amounts of broadband and/or voice service that can effectively be provided, given the subsidy level set by the Commission.

19 Lifeline Reform Order ¶ 37.
A. Voice-Only Service

The FNPRM claims that “[u]nlike competitive offerings for non-Lifeline customers, minutes and service plans for Lifeline customers have been largely stagnant” since the adoption of the *Lifeline Reform Order* in 2012, and suggests that mandatory minimum service level requirements might be needed.\(^{21}\) This assertion is not supported by the facts. The minutes and plans offered by Lifeline providers have not been stagnant. What *has* been stagnant is the subsidy level—even as the number of minutes provided, and regulatory compliance costs, have soared.

The current “interim” subsidy level of $9.25/month for non-tribal Lifeline service was adopted in the *Lifeline Reform Order* based on an average of varying monthly rates in place *in 2011* for service packages that typically provided *ninety (90) minutes* per month. At that time, ETCs also received a one-time Link Up subsidy of $30 for each new customer signed up. Since that time, most wireless Lifeline carriers have nearly tripled the number of minutes provided, to 250 minutes, so they are now providing nearly three times as many minutes—for the same $9.25 monthly subsidy, and with no $30 Link Up subsidy.\(^{22}\) Moreover, as the GAO has noted, as late as 2008, at least 82 percent of Lifeline disbursements were attributable to wireline Lifeline service, which was limited to local calling, while today most Lifeline consumers enjoy 250 monthly minutes of nationwide calling.\(^{23}\)

\(^{21}\) FNPRM at ¶¶ 16, 39.

\(^{22}\) None of the costs that ETCs incur in acquiring a customer and establishing service disappeared when the $30 Link Up subsidy was discontinued. Even so, as noted in the text, the service provided has *expanded*, not contracted.

At the same time, the *Lifeline Reform Order* drastically increased compliance costs by requiring annual re-certification of all customers, participation in the National Lifeline Accountability Database (“NLAD”), biennial and other audits, and other costly new obligations. These additional costs have significantly diminished the value of the $9.25 subsidy—which, again, has not changed while providers have tripled the number of the minutes subscribers receive.

Notably, the FNPRM offers no factual support—and there is none—for the claim that the cost of providing voice services has declined “drastically” since the current rate was set three years ago.\(^\text{24}\) While there was a drastic decline in the cost of providing wireless minutes in the early to mid-2000s, it appears that that decline has arrested since that time. The graph below shows that the effective price of voice minutes stabilized in 2008.\(^\text{25}\) Assuming that competition has been and remains robust in the wireless voice market, this indicates that costs have stabilized as well. The only dramatic decrease in pricing (and, it is therefore reasonable to conclude, underlying costs) during the relevant time frame was for data services prices, which have also stabilized.

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\(^{24}\)FNPRM at ¶ 39.

Given this, the Commission should allow market competition to determine the “standard” level of service offered to Lifeline subscribers. In this regard, by focusing on the erroneous view that minute allowances have stagnated, the FNPRM misses the fact that over the last several years, competitive forces have brought forth a wide variety of Lifeline service packages, features and innovations, including nationwide calling, rollover of unused minutes and upgraded phones—including the provision of refurbished smartphones at no cost to Lifeline beneficiaries.\textsuperscript{26} In this respect, the Lifeline program is working well and does not need to be “fixed.” As a result, the Commission should simply monitor Lifeline providers’ service plans and offerings, and revisit the issue in the future if there appears to be a demonstrable market failure in voice-only Lifeline service prices.

\textsuperscript{26} It does not matter for these purposes that Lifeline subsidies do not literally apply to handsets. Money is fungible. What drives ETCs to offer free smartphones is the simple fact that consumers – including Lifeline customers – find them extremely valuable communications tools. As a result, the nature and quality of the handset a Lifeline customer receives inevitably and appropriately becomes a feature of the competitive scene.
B. Broadband Lifeline Service

In light of current concerns regarding the USF contribution burden, COMPTEL believes that the Commission could also apply the current $9.25 monthly subsidy level for broadband Lifeline service offerings, subject to review based on actual experience after two years. However, COMPTEL submits that expanding the Lifeline program to include broadband underscores the urgent need for the Commission to finally address and adopt USF contribution reform. The current USF contribution system is badly stressed and utterly antiquated.27 COMPTEL urges the Commission to commit to contribution reform quickly upon receipt of the recommendations from the Federal-State Joint Board on Universal Service. Moreover, upon adoption of sustainable contribution reform, the Commission should review the effectiveness of the Lifeline program and whether the low-income broadband gap has been decreased sufficiently with the current subsidy. If not, then a monthly subsidy of $9.25 for broadband or combined broadband/voice service may be insufficient to provide Lifeline recipients with broadband that is “reasonably comparable” to what most Americans use and should be revisited at that time. Clearly, however, contribution reform must come first.

C. Minimum Service Standards

For the same reasons, COMPTEL urges the Commission to refrain from setting mandatory minimum service standards for fixed and mobile broadband Lifeline offerings at this time. Instead, the Commission should permit the market and consumers to choose the mix and grade of services that best suit their needs and are affordable in light of a $9.25 monthly subsidy. Neither the Commission nor anyone else is in a position to say how consumers will want to distribute that relatively limited amount as among different service mixes. To the extent that the

27 See, e.g., Comments of COMPTEL, WC Docket No, 06-122 (July 9, 2012).
Commission has specific policy goals for what constitutes adequate Lifeline service, COMPTEL suggests that, at least initially, the Commission should issue non-binding, technology-neutral guidelines, and observe whether market forces meet them, exceed them, or, perhaps, fall short. That period of observation during the initial roll-out of subsidized broadband service would provide an evidentiary baseline for determining whether establishing minimum standards is required and, if so, what they should be.

For example, Lifeline subscribers may prefer to utilize the $9.25 subsidy on a mix of fixed, lower-bandwidth broadband combined with a greater number of voice minutes, or, for that matter, on a mix of mobile broadband service with a particular data cap, combined with a voice offering. At the outset of Lifeline support for broadband services, the Commission should allow the market and consumers to decide the optimal mixes at the subsidy level offered, subject to monitoring and review based on actual experience. To require high data speeds for subsidized broadband plans would not only limit consumer choice among affordable options, but would likely mean that many smaller providers that focus on the Lifeline market would be unable to provide broadband to their customers.

IV. DETERMINING LIFELINE ELIGIBILITY

COMPTEL strongly supports the Commission’s objective of transferring responsibility for determining subscriber eligibility from ETCs to a neutral third party. The current regime, where the Lifeline ETC confirms eligibility, presents a conflict of interest and is fraught with the potential for waste, fraud and abuse. It also puts significant demands on the ETC, which must perform tasks that are divorced from its primary role as a service provider. This imposes very substantial compliance costs, as well as the potential for massive forfeitures – possibly in the
millions of dollars – even for innocent mistakes.\textsuperscript{28} The program would be vastly improved by getting ETCs out of this role.

However, as the Commission’s thus far unsuccessful efforts to create a national Lifeline eligibility database (as proposed in the \textit{Lifeline Reform Order}) have shown,\textsuperscript{29} this is no easy task. Mindful of these challenges, COMPTEL supports the Commission’s proposal to establish a “National Lifeline Eligibility Verifier,” provided that the low-income consumers who depend on the Lifeline program are not harmed, disadvantaged or delayed in obtaining Lifeline-supported broadband and/or voice services.

A. \textbf{Real-Time Verification Must Continue to be Available Under a Verifier Database Solution}

Real-time eligibility verification in a single transaction is essential, and this arrangement must continue no matter what reforms the Commission adopts. This approach has been a tremendous boon to low-income consumers seeking to obtain Lifeline service. Often, Lifeline applicants are itinerant—moving frequently or living in group homes or homeless shelters. Moreover, Lifeline applicants often are entirely reliant on public transportation to reach the ETC’s location, which imposes substantial burdens in terms of time and, for them, cost, in

\begin{footnotesize}
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\item[29] See \textit{Lifeline Reform Order} at ¶¶ 399-415.
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making more than one trip. In addition, in cases of illiteracy problems or other disabilities, an eligible applicant’s ability to sign up for Lifeline service may be hampered and even defeated if the process imposes delays or multiple steps beyond what is required today.

The FNPRM acknowledges these problems, but then appears to discount them.30 COMPTEL urges the Commission to be sensitive to the challenges faced by low-income Americans in accomplishing tasks that seem simple and straightforward to those with cars, credit cards, checking accounts, jobs that permit the flexibility to accomplish some personal tasks during business hours, access to child care, and family members available to step into the breach in the case of unexpected schedule problems. Millions upon millions of Americans—and a large fraction of the target population of the Lifeline program—have few or none of these advantages. In the challenging environment in which low-income consumers actually live, being able to obtain Lifeline service immediately, in one transaction, upon presentation of legitimate proof of eligibility is a very significant benefit. It should not be degraded by imposing additional and unnecessary administrative obligations.31

Importantly, and contrary to the assumption made in the FNPRM,32 it is manifestly unnecessary to require several days of delay to verify eligibility. The overwhelming majority of Lifeline subscribers demonstrate eligibility by showing they participate in the Supplemental Nutrition Assistance Program (“SNAP,” also known as food stamps). The Department of

30 See FNPRM at ¶ 70.
31 The fact that a leading wireless Lifeline provider’s business model involves an interval between application and service activation does not weigh in favor of adopting such a delay as policy. Millions of other low-income consumers have chosen to obtain service from providers that are able to provide real time, single-transaction verification and service activation. See Comments of COMPTEL, In Re Petition for Rulemaking to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers Lifeline and Link Up Reform, et al., WC Dockets 11-42, 03-109 (filed June 17, 2013).
32 See FNPRM at ¶ 68.
Agriculture, which administers SNAP along with the states, has, jointly with the FCC, provided formal, written guidance to all SNAP regional directors advising that it is permissible for them to provide Lifeline providers with access to SNAP enrollment databases in order to qualify individuals for Lifeline benefits. This guidance, created in a joint effort with the Commission, recognized that consulting these databases would “result in improved access to, administration, and enforcement of Lifeline.” Service providers would only need a “yes/no” response from the consultation process, which means that the database “dip” could provide instantaneous results for a significant majority of present Lifeline enrollments. The provider could even pass along the confirmation of eligibility to the NLAD for any enrolled subscribers to demonstrate that the person’s eligibility was indeed confirmed. The Commission need not, and should not, further complicate the ability of low-income consumers to obtain Lifeline-supported broadband and/or voice service. Thus, a National Eligibility Verifier can and should be required to perform real-time verification.

B. There Are Significant Benefits To Be Achieved By The Commission Leveraging Existing Programs and Databases

As discussed above, the essential tools necessary to accomplish Lifeline eligibility verification in real time and with minimal provider involvement already exist, primarily in the form of the state SNAP databases. The FNPRM itself recognizes that “it may be administratively inefficient to create a national verifier that would duplicate the functionality of these databases and systems already in place at the state level.” Accordingly, COMPTEL submits that the best verification solution likely lies in leveraging these existing databases (and

33 See attached Letter from the United States Department of Agriculture and Julie Veach, Chief, Wireline Competition Bureau, to SNAP Regional Directors (June 13, 2014) at Exhibit 1.
34 Id. at 2-3.
35 FNPRM at ¶81.
possibly other existing state databases as well), perhaps enabling the National Lifeline Eligibility
Verifier to be simply a gateway that can connect into and query such database(s) to enable real-
time verification. The Commission should take advantage of the cost-savings that leveraging
databases that states already are paying for would accomplish. Moreover, where states also offer
additional Lifeline funding, consumers will benefit from the additional service options such
funding permits.

The FNPRM also notes that “the current tapestry of state eligibility systems is far from
uniform and has some shortcomings.”

But that largely results from the fact that there are so many, often redundant programs and corresponding database systems that currently serve low-
income and other needy citizens. COMPTEL submits that a reformed Lifeline program—as well
as the efficacy of a “verifier” system—would be well-served by significantly reducing the
number of programs that may be used to demonstrate “program-based” eligibility. The current
panoply of overlapping qualifying programs arose from a set of well-intentioned decisions to
maximize eligibility. This extensive list, however, has become unnecessary and increasingly
unwieldy. More fundamentally, in the context of the Commission’s current proposals, the
retention of such a large number of qualifying programs has for the past three years presented a
virtually insurmountable obstacle to the creation of an efficient and workable national eligibility
verifier system.

The FNPRM alludes to reducing the number of programs used to determine eligibility.
Specifically, it “seek[s] comment on which federal assistance programs we should continue to

36 Id. at ¶ 82.
37 As the FNPRM notes, the rules currently list seven qualifying federal assistance programs and an additional four
programs for residents of Tribal lands. Id. at n.202.
use to qualify low-income consumers for support under the Lifeline program . . . [and] specifically seek[s] comment on any potential drawbacks in limiting the qualification criteria for Lifeline support exclusively to households receiving benefits under a specific federal assistance program(s).”38 In this regard, as discussed above, the SNAP program is a particularly promising candidate to be the primary source of proof of Lifeline eligibility, as well as a way to verify eligibility using an interconnected database system.

Today, the vast majority of Lifeline applicants use SNAP cards to prove their eligibility. Most low-income consumers carry their SNAP cards with them; thus, it is the go-to document to demonstrate eligibility for Lifeline applicants. Moreover, as described above, the Wireline Competition Bureau and the Department of Agriculture have already forged an agreement that, with appropriate safeguards, can allow a service provider to perform a real-time query to obtain a “yes/no” eligibility check for Lifeline, based on the applicant’s participation in SNAP. Building upon that constructive precedent, the Commission could work with the states to substantially reduce the number of programs used to show program-based eligibility for Lifeline. The Commission may find that only the SNAP program and a few others, including a Tribal program, are necessary for this purpose.39 Such a reduction would immediately and substantially facilitate the creation of an efficient, highly accurate and cost-effective national eligibility verifier system. If it chooses to streamline eligible programs, the Commission should provide a sufficient transition for consumers, states and providers alike to adjust.

38 Id. at ¶ 113.

39 In COMPTEL members’ experience, virtually 100% of program-based eligibility is based on one or more of the following programs: SNAP, SSI, and Medicaid. The administrative benefits of consolidating program-based eligibility to those three programs, plus a Tribal-focused program, would be significant. See FNPRM at ¶ 113 (noting that many residents of tribal lands participate in the FDPIR program instead of SNAP).
COMPTEL agrees with the suggestion in the FNPRM that it would be appropriate to eliminate income-based eligibility entirely. Only a very small fraction of applicants (probably far less than 4%) use direct proof of low income to qualify.\(^{40}\) COMPTEL’s Lifeline service provider members confirm that, as a practical matter, virtually no Lifeline applicants present their tax returns to demonstrate eligibility, nor do they need to in light of the ease of showing program-based eligibility instead. The Commission can and should remove income-based eligibility from the Lifeline rules.

Finally, if the Commission finds that obstacles to a National Lifeline Eligibility Verifier remain insurmountable, it should consider in the alternative, a process under which Commission and/or USAC certify a finite number of third party vendors that meet Commission-determined standards and are able to access many or most pertinent federal and state program databases to perform the functions of a national verifier on behalf of Lifeline service providers. Lifeline providers could then contract with a vendor on this “approved list” to perform the verification function. This would motivate third party vendors to develop innovative ways to access and utilize state databases, and motivate states to make their databases more available for these functions under agreed-upon standards.

V. STREAMLINING THE ETC DESIGNATION PROCESS

The FNPRM suggests that there are several ways to streamline the ETC designation process.\(^{41}\) COMPTEL agrees. Specifically, the Commission should work with those states that currently exercise primary control over the designation process to develop straightforward, nationally-applicable standards and requirements for obtaining ETC designation. The

\(^{40}\) Id. at ¶ 114.

\(^{41}\) See id. at ¶¶122-131.
Commission should also reform, streamline and accelerate its ETC compliance plan approval process. Finally, contrary to some suggestions in the FNPRM, the Commission should not adopt additional rules that would constitute the very antithesis of “streamlining.”

A. The Commission Should Streamline the ETC Designation Process in Consultation with States

As the FNPRM notes, Section 214(e) of the Communications Act, 47 U.S.C. § 214(e), assigns primary responsibility for designating ETCs to the states, but authorizes the Commission to designate ETCs where a state has not asserted jurisdiction.12 Twelve states have affirmatively ceded ETC designation responsibility to the Commission.13

In light of this shared jurisdiction, the Lifeline program could benefit greatly from a more uniform and streamlined ETC designation process. Fortunately, there are many opportunities for improvement. Most notably, the Commission should seek greater coordination with the states on a uniform set of streamlined criteria for designation that is focused on the qualifications of the entity to provide the supported services—requirements that are rooted in the statute—and not on extraneous requirements not grounded in the Communications Act or the Commission’s rules. For example, some state commissions have asserted that an ETC that initially offered supported wireline services must receive a separate designation to offer supported wireless services. Nothing in either the Communications Act or the Commission’s rules requires that—or even supports the concept that—ETC designations should be technology-specific. The requirements are simply: (1) that the entity be a telecommunications carrier; (2) that it provide voice telephony


13 Id. For example, in 2013, the State of Maine affirmatively ceded jurisdiction over Lifeline designations and all other Lifeline-related matters to the FCC. See State of Maine Public Utils. Comm., Order in Docket No. 2013-00221 (June 13, 2013).
services; (3) that it provide those services over its own facilities (at least in part) or that it obtain forbearance from the facilities requirement; and (4) that it advertise the availability of those services. Nothing about any of those requirements obliges or even permits a state commission to separately approve any new or different future technologies that an already-designated ETC may choose to use to provide supported services.

Technology-specific ETC designations are just one of many examples of the extraneous “requirements” that have become encrusted onto the ETC designation process over the years, making that process unnecessarily complex and burdensome. Other examples include: rules specifying how many texts will be provided to consumers or at what rate; approval of the per-minute rates for additional “top up” minutes; and requirements that an ETC offer a service package with unlimited minutes. Unless state Lifeline funds are being committed to subsidize minimum requirements, ETC commitments regarding the scope of and prices for such services should not be part of the ETC designation process. Nor is there any statutory basis for requiring an unlimited usage package. Yet certain state commissions will not approve an ETC designation without a commitment that such an offering will be made. To truly streamline the ETC designation process, the Commission should take steps to focus that process on requirements based on the statute—all of which relate to the status of the prospective ETC as a carrier and whether it will provide and advertise supported services.44

44 In addition, the Commission could encourage states that do not desire to continue to assume the burden of designating ETCs to cede that authority to the Commission—but only if the Commission commits itself to speeding the processing of Lifeline ETC applications and compliance plans, which have languished in recent years. See infra footnote 47.
B. The Compliance Plan System is Broken and Should be Repaired and Significantly Streamlined

The FNPRM proclaims the Commission’s commitment to “increase competition and innovation in the Lifeline marketplace,” and asserts that “the best way to do this is to increase the number of service providers offering Lifeline services.”45 COMPTEL enthusiastically supports these goals, and submits that the first thing the Commission should do to accomplish them is to streamline the ETC designation process by breaking the logjam in the Commission’s utterly broken ETC “compliance plan” approval process.

Prior to the 2012 Lifeline Reform Order, the Commission used compliance plans in connection with grants of forbearance from the “own facilities” requirement in Section 214 of the Act. At that time, the Commission approved plans promptly—in a matter of months.46 Initially this trend continued: shortly after the issuance of the Lifeline Reform Order, a number of plans were approved relatively promptly. But progress then slowed down significantly, and ultimately halted altogether.47 The Wireline Competition Bureau has approved no compliance plans for almost three years—since December 2012—and more than fifty compliance plans have been languishing at the Bureau for more than two years.48 In the meantime, it has issued several Public Notices that have further confused pending applicants and probably dissuaded other would-be Lifeline providers from seeking to enter the marketplace.49 For example, the Bureau’s

45 FNPRM at ¶ 121.
46 See Lifeline Reform Order at n. 998.
47 Six compliance plans were approved on May 25, 2012, five compliance plans were approved on August 8, 2012, and nine compliance plans were approved on December 26, 2012. See Public Notice DA-12-828 (rel. May 25, 2012), DA-12-1286 (rel. Aug. 8, 2012), DA-12-2063 (rel. Dec. 26, 2012).
48 See https://www.fcc.gov/encyclopedia/lifeline-compliance-plans-etc-petitions
49 Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order, WC Docket Nos. 09-197, 11-42, Public Notice, 27 FCC Rcd 2186 (WCB rel. Feb. 29, 2012); Wireline Competition Bureau Reminds Carriers of Eligible Telecommunications Carrier Designation and
pronouncements have given the impression that the transfer of control of a Lifeline ETC will require the submission of a new compliance plan, even if the transaction merely involves the provider gaining a new investor, and the provider will continue to exist after closing.\footnote{Wireline Competition Bureau Reminds Carriers of Eligible Telecommunications Carrier Designation and Compliance Plan Approval Requirements for Receipt of Federal Lifeline Universal Service Support, WC Docket Nos. 09-197, 11-42, Public Notice, 29 FCC Rcd 9144, 9144-45 (Wireline Comp. Bur. 2014).} Given that the Commission has not approved a compliance plan in almost three years, this requirement has likely chilled transactions that would have otherwise led to possibly beneficial transactions.\footnote{See discussion in Section VI.D, infra.}

Accordingly, the Commission should take immediate steps to reform, streamline and reboot its Lifeline ETC compliance plan process; and equally important, it should act to increase competition in the Lifeline marketplace by \textit{resuming} approvals of compliance plans and erasing the backlog of pending plans immediately, without awaiting the issuance of a final order in this docket. Approval of a plan that recites how an entity will comply with the rules it is already required to comply with in its daily operations should not take years.

\textbf{C. The Commission Should Not Adopt New Documentation Rules or Other Burdensome Requirements That Will Discourage Lifeline Applicants’ Participation}

Even as the FNPRM professes to seek new ways to simplify and streamline the ETC designation process and the Lifeline eligibility verification process, it asks for comments on possible \textit{additional} requirements for eligibility verification, documentation and other matters that would only add to the burdens on low-income applicants and providers alike. For example, it suggests that applicants be “required to provide underlying eligibility documentation that includes subscriber identification information or a photograph,” on the “belie[f] that requiring
prospective subscribers to produce a government-issued photo ID would improve the identification verification process and more easily tie the identity of the prospective subscriber to the proffered eligibility documentation.\textsuperscript{52} This proposal does not appreciate that most state-issued SNAP cards—which are both the predominant proof document of choice for low-income consumers\textsuperscript{53} and the most promising vehicle around which to build an effective national verifier system\textsuperscript{54}—typically do not contain a photograph of the beneficiary. Moreover, many low-income consumers do not have government-issued photo IDs. Many do not have automobiles; therefore, they have no need for driver’s licenses. A requirement that low-income consumers obtain a government-issued ID prior to obtaining Lifeline service would only erect a barrier to consumers obtaining the critical communications services they need. Accordingly, the Commission should reject such proposals, which would further complicate an application and certification process that many low-income consumers already view as intimidating and incomprehensible, without materially adding to the ability to ensure that benefits are provided only to eligible subscribers.\textsuperscript{55}

Similarly, COMPTEL opposes requiring service providers to maintain a 24-hour customer service line for Lifeline subscribers to cancel their service. It would be burdensome not only from the perspective of needing to provide 24-hour service when many service

\textsuperscript{52} See FNPRM at ¶ 120.
\textsuperscript{53} See id. at ¶ 95; see also discussion supra at section IV.A.
\textsuperscript{54} See discussion supra at section IV.B.

\textsuperscript{55} In cost-benefit terms, the Commission must consider at least the following factors: (1) How many ineligible consumers who today mistakenly are granted benefits—based on, e.g., presenting a SNAP card—would be excluded by adding a photo ID requirement? And (2) How many eligible consumers would be denied benefits by virtue of such a requirement? As discussed above, many low-income Americans do not have a government-issued driver’s license—the most common form of photo ID. Given the non-trivial time and expense commitments (from the perspective of the low-income consumer) of obtaining such ID, it seems clear that the net effect of such a requirement would be to exclude substantially more eligible consumers than ineligible ones.
providers now only provide such service during business hours, or on a 12-hour-per-day basis, but providers would then be required to publicize the number in addition to myriad other disclosures that they must publicize on all materials and media that describe their Lifeline offerings.\textsuperscript{56}

This and similar proposals in the FNPRM are unnecessary and unduly burdensome regulatory overkill. While some COMPTEL members offer 24-hour hour customer service lines, others maintain a business-hours or 12-hour customer service line, which, based on customer surveys, have proven sufficient. A new requirement for 24-hour customer service would be particularly burdensome on wireline providers, many of which have a relatively small number of Lifeline subscribers. But most importantly, it would not reduce the amount of Lifeline funding disbursed to the subscriber or the ETC. Whether a subscriber can call to de-enroll in the middle of the night or has to wait until the next morning to place the call, the ETC files its FCC Form 497 to claim Lifeline subsidies once per month, after taking a snapshot of the subscriber base at the end of the month, so a “delay” of 12 hours or even a day will not make any meaningful difference to the Universal Service Fund.

\textbf{D. The Commission Should Streamline Lifeline Certification and the Independent Economic Household Forms}

The certification form and independent economic household ("IEH") worksheet are among the more intimidating and incomprehensible aspects of the process of enrolling, and staying enrolled, in the Lifeline program.

\textsuperscript{56} FNPRM at ¶ 150-151.
For example, the Commission’s rules require applicants to “certify under penalty of perjury” to a series of nine statements, including:\footnote{47 C.F.R. § 54.410(d)(3) (emphasis added).

58 The USAC standard IEH form is available on its website at \url{http://www.usac.org/li/tools/reference-area.aspx}.

- “The subscriber will notify the carrier within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline support, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit,” and

- “The subscriber \textit{acknowledges that the subscriber may be required to re-certify} his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility \textit{will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).}”

The standard USAC IEH form contains the following explanation of what constitutes a household:\footnote{The USAC standard IEH form is available on its website at \url{http://www.usac.org/li/tools/reference-area.aspx}}

Your household is everyone who lives together at your address as one economic unit (including children and people who are not related to you).

The adults you live with are part of your economic unit if they contribute to and share in the income and expenses of the household. An adult is any person 18 years of age or older, or an emancipated minor. Household expenses include food, health care expenses, and the cost of renting or paying a mortgage on your place of residence and utilities. Income includes salary, public assistance benefits, social security payments, pensions, unemployment compensation, veteran’s benefits, inheritances, alimony, child support payments, worker’s compensation benefits, gifts, and lottery winnings.

Spouses and domestic partners are considered to be part of the same household. Children under the age of 18 living with their parents or guardians are considered to be part of the same household as their parents or guardians. If an adult has no income, or minimal income, and lives with someone who provides financial support to that adult, both people are considered part of the same household.

There is no reason for these enrollment forms to be so full of complex and legalistic language. The average consumer would have great difficulty understanding the language on these forms, and Lifeline consumers are often less educated and literate than the median. If the
goal is to ensure that Lifeline applicants actually understand the Lifeline rules presented on the form—and presumably it is—then the language should be significantly revised and simplified.

While there is no Commission-approved form, there are certain elements that the Commission’s rules require be included in certification forms. Moreover, primarily through the compliance plan process, carriers have been made to understand that these forms must nearly regurgitate the language from the Lifeline portion of the Code of Federal Regulations. This is unnecessary, and very likely detracts from the goal of these forms, i.e., to ensure that the consumer actually understands the obligations of the program. For this reason, COMPTEL proposes a significantly streamlined enrollment form found at Exhibit 2. A nearly identical form could be used for the annual re-certification process, given that the Commission’s rules require a re-confirmation of the information required upon initial enrollment.59

The IEH worksheet, which is used to determine whether there is more than one household at a given street address receiving Lifeline, could likewise be significantly simplified. Simplifying the language would also increase consumer comprehension by using plain language explanations of the applicable rules and the information sought from the consumer. While the Lifeline Reform Order permits providers the flexibility to draft their own IEH worksheet as long as it contains the required elements, that order did direct USAC to create a worksheet so it could be used by the industry with confidence that it meets all relevant legal requirements.60 In light of the stringent enforcement of the Commission’s Lifeline rules, many service providers are understandably hesitant to use a worksheet that has not been approved by USAC or Commission staff. The sample worksheet at Exhibit 3 is based on an industry proposal, and is similar to a

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60 Lifeline Reform Order at 79.
worksheet that was informally approved by Commission staff for resolving a particular type of issue involving duplicate subscribers.\textsuperscript{61} COMPTEL proposes that the Commission approve the attached one-page, plain-language worksheet as an appropriate IEH worksheet that may be used by service providers any time it may need to confirm the number of Lifeline households at a particular address, such as at initial enrollment.

VI. OTHER ISSUES

A. Texts Should Count as Usage for Purposes of Determining That Service is Active

As requested in TracFone’s petition for rulemaking, the Commission should promptly amend its rules to treat a customer’s sending of text messages as sufficient “usage” to avoid de-enrollment from Lifeline service. As the FNPRM recognizes and every consumer knows, texting is widely used by wireless consumers for their basic communications needs, often on par with or to an even greater extent than voice calling.\textsuperscript{62} Indeed, as the FNPRM indicates,\textsuperscript{63} the current regulatory distinctions between outbound text messaging, voice, and email have become outdated and irrelevant for the purposes of the usage rules, given that all such transmissions may occur over the same connection. The fact that texting is not now a supported service is irrelevant; the purpose of the usage requirement is to ensure that the consumer still has the handset and still makes use of its communications capabilities, and outbound texting confirms that that is the case. A low-income consumer who typically communicates with others by text

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{61} The worksheet that was informally approved by Commission staff for migration intercompany duplications is available on USAC’s website at http://www.usac.org/li/tools/nlad/migration-inter-company.aspx. While this worksheet is a vast improvement over the standard USAC IEH worksheet (which may be found here: http://www.usac.org/li/tools/reference-area.aspx), it is still multiple pages and continues to contain language that most consumers would find quite confusing.
\item \textsuperscript{62} FNPRM at ¶ 145.
\item \textsuperscript{63} Id. at ¶ 146.
\end{itemize}
\end{footnotesize}
rather than by voice still benefits from being able to call “911” in an emergency (even if emergencies rarely arise) and from being able to, for example, receive a call from school that their child is sick (even if their children actually remain healthy). The fact that a consumer makes outbound texts confirms that the consumer is receiving those and other benefits that arise from having the capacity to make and receive voice calls, even if none are actually made.

In this regard, there are other ways to confirm that a consumer still wants Lifeline service, such as responding in writing to a letter from the ETC to provide confirmation.64 Written correspondence is obviously not supported by the Lifeline program, but the Commission rightly recognized that the goal of this requirement was to ensure that the consumer still valued the Lifeline-supported service and that goal could be fulfilled by means other than using the narrow class of supported services. Accordingly, the Commission should remove all such distinctions for purposes of measuring usage.

B. It Is Not Necessary and It May Be Counterproductive To Subject the Program to a Budget at This Time

The FNPRM asks for comment on a possible budget for the Lifeline program.65 To the extent that a budget is intended to control costs, COMPTEL believes that the Commission already has taken significant strides in bringing the cost of the program under control through its earlier reform actions. As the graph below shows, the reforms and efficiencies adopted in the Lifeline Reform Order have had the effect of reducing Lifeline disbursements from $2.2 billion in 2012 to only $1.6 billion in just two years.66

64 47 C.F.R. § 54.407(c).
65 Id. at ¶¶ 55-58.
66 Id. at ¶ 55.
Indeed, the Lifeline program has achieved a high level of compliance. Under the Improper Payments Elimination and Recovery Act (“IPERA”), federal agencies must conduct risk assessments of programs they administer, and identify programs susceptible to “significant improper payments.”\textsuperscript{67} The Office of Management and Budget (“OMB”) has defined “significant improper payments” as those that exceed either 1.5% of program outlays and $10 million of all program payments, or payments of $100 million. Under IPERA, additional compliance requirements are imposed on programs with “significant” problems.\textsuperscript{68} By definition, then, error rates lower than 1.5% are not considered significant under the federal government’s own standards. Notably, Congress and the OMB correctly recognize that no federal disbursement program will ever be 100% error-free. As the graph below demonstrates, Lifeline is well below the IPERA standard for significant improper payments. While COMPTEL

\textsuperscript{68} IPERA § 2(c).
supports the correction of any errors found during the course of audits or investigations, it does not support taking drastic, program-wide measures, such as a formal budget, in a misguided effort to make systemic “corrections” to a program that is largely in compliance with Commission rules.

More importantly, a budget would predictably have the unfair and, for some, even disastrous practical effect of excluding many eligible and deserving low-income participants from the “lifeline” to economic and educational opportunity and emergency and health services that the program currently provides. As the graphic below shows, the program remains substantially undersubscribed.69 As a result, trying to impose a formal budget at this time would likely make that problem worse, not better. In addition, imposing a budget prior to the Commission’s assessment of the number of applicants that may want to sign up for Lifeline in order to obtain a broadband service is premature and unpredictable.

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69 Estimations of participation in the Lifeline program vary, depending on the particular data source(s) and the time period examined. The participation rate would be even lower if one were to use the much higher estimate of qualified households cited by the Commission in the FNPRM. See FNPRM at ¶ 111.
As the FNPRM observes, “if we were to adopt the current size of the Lifeline program as a budget, it could foreclose some eligible households from participating in the program. . . . We want to avoid a situation where the Commission would be forced to suddenly halt support for individuals that otherwise meet the eligibility requirements.”70

There is also the question of how a firm, formal budget would work in practical terms. Unlike other USF programs, such as E-rate, where funding is disbursed on an annual basis, Lifeline subsidies are disbursed monthly. This is how it should be, given that a beneficiary’s eligibility status can change in a relatively short time. In this context, it is hard to see how a formal budget would work. Would a qualifying person who signed up in January suddenly no longer receive the benefit in August because the program had reached its formal budget limit?

70 Id. at ¶¶ 57, 58.
Would previously enrolled subscribers be “grandfathered” in for the remainder of that budget cycle? What would happen to those subscribers upon the start of a new cycle? Moreover, no firm budget can take into account the possibility of a recession, a natural disaster or a national emergency which might suddenly increase the pool of eligible subscribers or the demand for Lifeline service among eligible consumers. The FNPRM recognizes that “there is no data to suggest that the particular size of Lifeline in a given year is the right approach.” In sum, there is neither a compelling need for a fixed budget for the Lifeline program at this time, nor a rationale for imposing one (in light of the cost savings and efficiencies wrought by the Lifeline Reform Order), nor a practical means to do so.

C. No Minimum Out-of-Pocket Rate Should Be Imposed on Low-Income Consumers

While COMPTEL understands the facile appeal of the concept of requiring some “skin in the game” on the part of Lifeline subscribers or of trying to save money for the program by requiring low-income subscribers to bear some minimum out-of-pocket cost, the apparent benefits are illusory and the Commission should not take this course. With due respect, this proposal ignores the lived experience of low-income consumers who—when compared to middle-class and more affluent Americans—lack the money, time, and social capital to undertake what seems like a simple task—paying a few dollars a month for a phone.

Under the prepaid, “no-bill” business model that has been adopted by many wireless Lifeline ETCs—which has become enormously popular among low-income subscribers—the carrier does not send bills to its Lifeline subscribers. This popularity reflects the harsh economic

71 Id. at ¶ 57.

72 See Statement of Commissioner Pai at pp. 2-3; Statement of Commissioner O’Rielly at p.3.
reality that a no-cost basic Lifeline service with a limited but substantial number of voice
minutes has, for perhaps millions of needy individuals, meant the difference between benefiting
from such a valuable service and doing without it—and the economic, educational and life
opportunities it enables.

How can it be difficult for a low-income consumer to have to pay $1.00 or $3.00 for such
a useful and indeed essential service? First, of course, is simply finding the money. The budgets
of many low-income consumers have no margin for error and no stash of “rainy day” funds to
cover emergencies. The last available dollar literally can disappear into bus fare to get to an
unexpected medical appointment for a child (or a co-pay for that medical appointment), or the
need to buy a shirt to wear to a new job, or simply into food, rent, or utility bills that come in, in
the aggregate, just a few dollars more than anticipated. In addition, recent academic research
shows that this situation of constantly having to trade off one need (medicine, clothes, bus fare)
against others (food, rent, utilities, and phone service) results in minor errors in judgment that
can cascade into large (and sometimes catastrophic) financial problems.73 As numerous
commentators have reported, it is expensive to be poor.74

But even a low-income consumer who is a budgeting wizard, able to allocate extremely
limited funds to a set of extremely urgent needs, month after month, down to the last dollar, will
still face challenges that more affluent Americans do not. Another harsh reality of low-income

73 See, e.g., S. Mullainathan & E. Shafir, SCARCITY: WHY HAVING TOO LITTLE MEANS SO MUCH (Holt, Henry &
Co. 2013).

74 See, e.g., Barbara Ehrenreich, “It Is Expensive to Be Poor,” The Atlantic Monthly, Jan. 13, 2014 (available at
Expensive It Is to Be Poor,” New York Times, Jan. 18, 2015 (available at
http://www.nytimes.com/2015/01/19/opinion/charles-blow-how-expensive-it-is-to-be-poor.html); DeNeen L.
Brown, “The High Cost of Poverty: Why the Poor Pay More,” May 18, 2009 (available at
America is that many consumers are “unbanked”—that is, they do not have a checking account or a credit or debit card. This creates the intensely practical problem of how to actually pay a service provider for Lifeline service. In order to make an actual payment, these customers would have to use expensive money transfer services or purchase money orders to make the payment. Putting aside the additional demand on the consumer’s time that this obligation imposes—and low-income consumers are often just as time-constrained as they are resource-constrained, balancing one or more jobs, childcare responsibilities, etc.—an indigent subscriber would have to pay more—proportionally, much more—over and above whatever minimum rate the Commission might set, in order to actually deliver payment to the service provider. Many unbanked consumers pay their bills via check cashing stores, which often add charges of $3.00-$5.00 per payment. In a Lifeline minimum payment scenario, that would mean that a $1 payment will cost the low-income consumer as much as $6.00.75

Requiring an out-of-pocket payment could have a particularly disastrous impact on the Commission’s efforts to close the digital divide. Even more than for traditional voice services, broadband service must be made as low cost as possible to permit low-income Americans to participate in meaningful numbers. Unlike basic voice service, whose characteristics are familiar to virtually every American, the benefits of broadband often only become fully apparent after the consumer has experience with using the service. The results of the Commission’s Lifeline broadband pilot program, which asked low-income citizens to set aside $10, or even $5 a month for a service of unknown value, potential risks, and a high upfront cost for a device, are

consistent with the points made above: this appears to be asking too much of too many low-income Americans. The projects tested adoption strategies such as varying subsidy levels, varying levels of out-of-pocket costs to the consumer for monthly recurring charges and equipment, and offerings of digital literacy training. The results of the pilot confirm that cost continues to be a significant factor in adoption rates among low-income consumers. In all but one of the projects, there was some out-of-pocket cost to the consumer, with the perhaps unsurprising result that overall participation rates were far lower than hoped. Only Virgin Mobile’s project appeared to have included offerings in which the monthly recurring charge was entirely covered by the subsidy. The report notes that these offerings attracted the most consumers—which is not a surprise to service providers that participated in the pilot program or, indeed, those with experience with the low-income market.

Moreover, adding a payment requirement would also impose additional and unnecessary burdens on some current providers. Many prepaid wireless ETCs do not currently have systems with the capability to bill, invoice and collect from every subscriber, for the simple reason that under the prepaid business model, none of these functions is necessary. Even when such providers permit subscribers to pay for additional airtime, that is handled without a formal bill as well. Such providers would have to develop new billing and accounting systems, as well as change their terms of service, and would in all likelihood have to increase the rates for their service plans in order to recoup these new billing costs, which may amount to as much as $2.00 per bill issued, causing immediate harm to thousands of Lifeline subscribers who would face the potential loss of their essential Lifeline service.

In short, the proposal to require low-income consumers to make a monthly payment is something that sounds appealing from one perspective, but that, in practice, would impose costs—both on consumers and on some providers—that vastly outweigh whatever benefits could reasonably be ascribed to it. COMPTEL strongly urges the Commission to reject this proposal.

D. The Commission’s Process for Transfers of Control and Assignments of Lifeline ETCs’ Assets and/or Customers Should be Streamlined

The FNPRM seeks comment on “streamlining” its rules governing assumptions of ETC designations, assignments of Lifeline subscriber bases and exiting the market, in the interest of “minimiz[ing] the disruption to Lifeline subscribers” and “facilitat[ing] assumption of ETC designations.” The purpose of these potential reforms is to “minimize the disruption to Lifeline subscribers” and “facilitate assumption of ETC designations.” COMPTEL strongly supports the Commission’s proposal to follow a streamlined notice procedure for transactions where one FCC-designated ETC is acquiring another (or acquiring another’s assets or customer base). For such transactions, the Commission has already determined that the acquiring entity is qualified as an ETC under the Act and the Commission’s rules. As a result, requiring such transactions to go through a full Section 214 application process, with full Commission approval, is simply a waste of the Commission’s time and resources. In fact, in such circumstances the Commission can safely presume that such a full analysis is unnecessary.

77 FNPRM at ¶¶ 185-197.
78 Id. at ¶ 185.
79 Id. at ¶ 188.
80 Id. at ¶ 185.
81 Id. at ¶ 188.
82 Id. at ¶ 190.
Disturbingly, however, the FNPRM then proposes a panoply of new, additional rules governing such matters. For example, it seeks to impose new rules on wireless carriers that are not currently subject to certain Section 214 requirements. Moreover, it notes with apparent approval that “any material changes in ownership or control” of a Lifeline ETC that has received Commission approval of its compliance plan “require[s] modification of the compliance plan that must be approved by the Bureau in advance of the changes”—regardless of whether the transaction involves two ETCs which both have received prior Commission approval of their compliance plans, and without providing any guidance as to what changes may be “material.” Does a transaction in which the ETC with the approved compliance plan continues to exist post-closing and retains its same management post-closing constitute a “material change” requiring pre-approval? It would seem that a simple affirmation that the ETC will continue to abide by the terms of its plan would be sufficient. These concerns and problems are compounded by the fact that, as discussed earlier, the Bureau has not approved any compliance plans in over two and a half years. As a practical matter, this means that no Lifeline ETC may either change its ownership or acquire another carrier, because it would have to re-apply for a compliance plan that may never be acted upon.

As discussed above, the Commission should streamline and re-energize the broken ETC compliance plan process. Moreover, with respect to transactions involving Lifeline ETCs, the Commission should heed its overall inclination to streamline and reduce burdensome rules that inhibit the ability of providers and low-income beneficiaries alike to optimize the social benefits

83 See id. at ¶¶ 193-196.
84 Id. at ¶ 186.
85 See discussion supra at section V.B.
of the Lifeline program, and resist the temptation to impose additional rules that could undermine these goals.

E. Enhancing Consumer Protections

The Commission has made great strides in improving the efficiency and the integrity of the Lifeline program in the three years since its adoption of the Lifeline Reform Order in 2012. In particular, the implementation of the NLAD has essentially solved the problem of duplicate Lifeline subscriptions, and the requirement to annually re-certify all Lifeline subscribers has proven to be a straightforward way to eliminate waste arising from consumers who initially obtain service but then for whatever reason cease to use it. As Chairman Wheeler observed, and as the FNPRM attests, these and other reforms have “helped annual Lifeline spending drop from almost $2.2 billion to $1.7 billion, a 23 percent decrease.”

The FNPRM seeks to continue and build upon these reforms, most notably by taking Lifeline eligibility verification out of the hands of service providers and puts it into the hands of one or more neutral third parties. As discussed above, COMPTEL strongly supports this further initiative, and believes that, combined with the enhancement of Lifeline to include support for broadband as well as voice service, it will improve tremendously the efficacy of the program and eliminate opportunities for errors and abuse arising from the current system in which Lifeline providers themselves determine the eligibility of prospective customers. At the same time, however, the program does not need to be burdened by additional new regulations at this time.

86 FNPRM, Statement of Chairman Wheeler at 1. See also FNPRM at ¶ 55 (noting that funding levels fell to $1.6 billion in 2014).
For this reason, the Commission should not, at this time, adopt additional proposed requirements and regulations discussed in the FNPRM.  

F. Tribal Lands Issues

In the Second Report and Order in this proceeding that was adopted at the same time and in the same document as the FNPRM, the Commission significantly modified its longstanding delineation of what areas in Oklahoma constitute Tribal Lands. Commission rules had, for over a decade, clearly stated that qualified applicants residing in “any federally recognized Indian tribe's reservation, pueblo, or colony, including former reservations in Oklahoma…” are entitled to receive the additional Tribal Lifeline subsidy. The definition had been consistently applied by the Commission and the Oklahoma Corporation Commission (“OCC”) to include the entire state of Oklahoma, except for six counties and a portion of one additional county, as reflected in the map found on the OCC website. For over a decade, industry, the Commission and the OCC applied the existing rule to include the areas shown in the OCC map as constituting Tribal lands for purposes of distributing Lifeline subsidies supporting basic telephone service for thousands of low-income Americans.

The Second Report and Order, which adopted a new map with the practical effect of drastically reducing the size of eligible “Tribal lands” in Oklahoma, indicates that the Commission evidently took this action without any consultation with Tribal governments, groups

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87 See, e.g., id. at ¶¶ 207-23.
89 47 C.F.R. § 54.400(c).
90 The map can be found on the OCC website at: http://www.occeweb.com/pu/OUSF/2011OKTribalLandsMap.pdf
or ETCs. On August 13, 2015, the Inter-Tribal Council of the Five Civilized Tribes, which represents over 500,000 Native Americans throughout the U.S., filed a Resolution strongly protesting this decision and urging the Commission to “preserve its definition of ‘former reservations in Oklahoma’ as specified by the Oklahoma Corporation Commission,” and “reject[ing] and request[ing] the withdrawal of” the Commission’s new definition.

Now, in the FNPRM, the Commission is considering additional changes to its rules and geographic boundaries applicable to enhanced Tribal support. In light of the recognized and unique importance and benefits of enhanced Tribal support to communities on Tribal lands that the FNPRM recognizes “historically have had less access to telecommunications services than any other segment of the U.S. population”—the Commission must consult closely with the relevant Tribal entities before making further wholesale changes to the geographic scope of the enhanced Tribal Lifeline and Link Up programs.

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91 Second Report and Order at ¶¶ 257-267.
93 FNPRM at ¶ 162.
94 Id. at ¶ 159.
VII. CONCLUSION

COMPTEL urges the Commission to resolve the issues raised in the FNPRM in these proceedings in a manner consistent with the foregoing recommendations.

Respectfully submitted,

COMPTEL

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August 31, 2015
COMPTEL Exhibit 1
SUBJECT: SNAP – Disclosure and Use of SNAP Recipient Information in the FCC’s Lifeline

TO: Regional Directors
Supplemental Nutrition Assistance Program (SNAP)
All Regions

This letter provides guidance to state SNAP administrators regarding the use and disclosure of information obtained from SNAP recipients ("SNAP recipient information") for the purpose of qualifying such recipients for the Federal Communications Commission’s (FCC’s) Lifeline program, a government benefit program that allows qualifying low-income consumers to receive discounted phone service. As explained below, the U.S. Department of Agriculture (USDA) has concluded that, under Section 11(e)(8)(A) of the Food and Nutrition Act ("the Act") (7 U.S.C. 2020(e)(8)(A)), SNAP State agencies may disclose certain SNAP recipient information to persons directly connected with the administration or enforcement of Lifeline for the purpose of verifying whether an applicant consumer qualifies for Lifeline.

Lifeline support is provided to Eligible Telecommunications Carriers (ETCs), who pass on the support amount to eligible low-income consumers in the form of discounted phone service. Lifeline support is provided to ETCs from the Universal Service Fund (USF), which operates and is funded pursuant to the Communications Act of 1934, as amended, and rules established by the FCC. To participate in the Lifeline program, consumers must either have an income that is at or below 135 percent of the federal poverty line or receive benefits from one of several benefit programs designated by the FCC, including SNAP. Demonstrating their receipt of benefits under SNAP is one of the most common means by which low-income consumers establish eligibility for Lifeline.

There are two ways in which prospective Lifeline consumers can demonstrate their eligibility for the program. The first is to present documentary proof of participation in a qualifying assistance program (e.g., a SNAP card) to an ETC or state Lifeline administrator.1 The second occurs in States where the ETC or state Lifeline administrator verifies eligibility through a State agency.2 In reforming the Lifeline program, the FCC recognized the importance of electronically verifying the eligibility of subscribers and committed to work with other agencies who administer the Lifeline qualifying programs, including SNAP. Such electronic systems ensure that only eligible consumers are able to receive Lifeline benefits while limiting the burden on consumers and

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1 In a minority of states, a state entity (either a state public utility commission or its agent) administers the Lifeline program on behalf of ETCs in the state. Among other things, the state Lifeline administrator examines the proof of eligibility submitted by the consumer or receives a confirmation of eligibility from an automated system of records.

2 The list of states that currently utilize a database to verify Lifeline eligibility is in flux as more states seek to implement databases to verify Lifeline eligibility of potential subscribers. However, there are several states that have been utilizing databases to verify Lifeline eligibility for an extended period of time (e.g., Florida, Illinois, Michigan, New York, Oregon, Texas, Washington, and Wisconsin).
Regional Directors
Page 2

carriers. The FCC and USDA believe that greater access to such automated systems by ETCs and state Lifeline administrators will result in improved access to, administration, and enforcement of Lifeline. In addition, SNAP recipients will have access to reduced rates for telephone service through Lifeline, providing necessary connectivity for this population that may otherwise have limited access to telephone service.

USDA has determined that for the purposes of section 11(e)(8)(A)(i) of the Act and 7 C.F.R. 272.1(c)(1)(i), the Lifeline program is a “Federal assistance program” and that state Lifeline administrators and ETCs are “persons directly connected with the administration or enforcement” of the Lifeline program. Because of the safeguards provided in the provisions cited above, SNAP State agencies may respond to inquiries from State Lifeline administrators and ETCs seeking to verify the eligibility of prospective Lifeline consumers. However, section 11(e)(8)(A)(ii) of the Act and 7 CFR 272.1(c)(2) limit the use of SNAP beneficiary information to the administration or enforcement of Lifeline - a federally assisted State program, and provide for protection from unauthorized disclosure of this information. Thus, upon a request from an ETC or State Lifeline Administrator seeking to verify the eligibility of a Lifeline applicant consumer, SNAP State agencies need not release any personally identifiable information regarding the applicant consumer beyond a yes/no response to the ETC stating whether the applicant consumer is in fact receiving SNAP benefits. Each SNAP state agency should complete this verification by whatever means it finds to be most efficient and cost-effective. We note, however, that there may ultimately be many cost and efficiency advantages to be derived from automating this process.

SNAP State agencies should ensure that they have agreements in place with ETCs and their contractors that outline what SNAP recipient information the SNAP State agency will disclose to ETCs, how such information will be used, and how ETCs shall safeguard such information. Agreements must include provisions describing the steps both parties will take to prevent unauthorized disclosure of this information per section 11(e)(e). Agreements shall stipulate that ETCs and their contractors may not maintain a database or records of SNAP participants for any other purpose than to verify eligibility and enforce Lifeline program requirements. Information regarding SNAP participants may not be used for marketing or commercial purposes.

The FCC and USDA believe that by providing State Lifeline Administrators and ETCs more direct access to data confirming whether consumers qualify as SNAP recipients, the process described above will benefit both the Lifeline and SNAP programs. It will help to ensure that only qualified consumers receive the Lifeline service and that SNAP beneficiaries receive greater access to telephone service.

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4 See 7 C.F.R. § 272.1(c)(1)(i) (“Use or disclosure of information obtained from food stamp applicant or recipient households shall be restricted to: (i) Persons directly connected with the administration or enforcement of the provisions of the Food Stamp Act or regulations, other Federal assistance programs, federally-assisted State programs providing assistance on a means-tested basis to low income individuals, or general assistance programs which are subject to the joint processing requirements in § 273.2(j)(2).”).
If you have any questions, please contact Jane Duffield, Chief, State Administration Branch, Supplemental Nutrition Assistance Program, U.S. Department of Agriculture, at 703-605-4385.

Sincerely,

Julie A. Veach
Chief, Wireline Competition Bureau
Federal Communications Commission

Audrey Rowe
Administrator
Food and Nutrition Service
COMPTEL Exhibit 2
I certify that I, my dependent, or my household receives assistance from at least one of the programs listed below, or that my total household income is at or below 135% of the Federal Poverty Guidelines, and that I have provided proof of eligibility.

Select Only One

☐ Supplemental Nutrition Assistance Program (SNAP)
☐ Medicaid
☐ Supplemental Security Income (SSI)
☐ Low Income Home Energy Assistance Program (LIHEAP)
☐ National School Lunch free lunch program
☐ Federal Public Housing Assistance or Section 8
☐ Temporary Assistance For Needy Families (TANF)

☐ Total Household Income at or below 135% of the Federal Poverty Guidelines

135% of the Federal Poverty Guidelines for 2015

1 person up to $15,890
2 people up to $21,506
3 people up to $27,122
4 people up to $32,738
5 or more people - add $5,616 for each extra person

I certify that the information provided above is true and correct to the best of my knowledge. I understand that Lifeline is a government program, and that I may be punished if I knowingly provide false or untrue information to receive Lifeline. Punishment may include being fined, imprisoned, or barred from the Lifeline program.

I understand that I must notify the telephone company within 30 days if: (1) I, or the eligible person in my household, no longer meets the program or income eligibility criteria, or any other qualifying criteria, (2) I move to a new address, or (3) my household receives more than one Lifeline discounted telephone. I understand that I may be penalized for failing to notify the phone company of these issues.

Your household may receive Lifeline on one wireless OR one home telephone, but not both. Your household may not receive the Lifeline benefit from more than one telephone company. A household is an individual or group of individuals who live together at the same address and share income and expenses.

I give the telephone company permission to release to the Universal Service Administrative Company (USAC) or its agent any records required to confirm that my household only receives one Lifeline benefit. If USAC finds that my household receives more than one Lifeline benefit, USAC will notify the telephone companies, and I will have to select one service and I will be de-enrolled from the other.

I understand that I must recertify my Lifeline eligibility every year and that I will lose my Lifeline benefit if I do not recertify each year.

Signature

Date

Send the completed form and proof of eligibility to:

MAIL: [ETC ADDRESS]  FAX: [ETC FAX NO.]  EMAIL: [ETC EMAIL ADDRESS]

Note: You may not transfer your Lifeline discount to another person, even if he or she is eligible.
Federal law allows only one Lifeline service per household. Your household is everyone who lives at your address who shares income and expenses. Failure to return this form may result in loss of your Lifeline benefits.

Name ____________________________ Telephone Number ____________________________

Address

Street ___________________ Apt. ___________________ City ___________________ State ___________________ Zip ___________________

1. Does your husband, wife, or domestic partner living at your address have Lifeline phone service? (check no if you do not have a husband, wife or domestic partner)

______ No. Please answer question 2 below.

______ Yes. Choose who will keep the Lifeline service. If YOU will keep the Lifeline service, check OPTION B and SIGN BELOW.

If you are not keeping the Lifeline service, DO NOT sign.

2. Does another adult (age 18 or older, or emancipated minor) live with you AND have Lifeline service? For example, parent, son, daughter, another relative (such as a sibling, aunt, cousin, grandparent, grandchild, etc.), a roommate, or another person.

______ No. You are ELIGIBLE for the Lifeline Program because no one in your household has a Lifeline benefit. Please check OPTION A and SIGN BELOW.

______ YES. Please answer question 3 below.

3. Do you share expenses for bills, food, or other living expenses AND share income (salary, public assistance benefits, social security payments or other income) with the Lifeline customer in question #2?

______ No. You are ELIGIBLE for the Lifeline Program because no one in your household has a Lifeline benefit. Please check OPTION C and SIGN BELOW.

______ Yes. Choose who will keep the Lifeline service. If YOU will keep the Lifeline service, check OPTION B and SIGN BELOW.

If you are not keeping the Lifeline service, DO NOT sign.

I may keep my Lifeline benefit because (Please check the box below that applies to you):

OPTION A [ ] I am the only person in my household currently receiving a Lifeline service.

OPTION B [ ] Currently, there are other Lifeline customers in my household but we have decided that I will be the only person in the household to receive a Lifeline service going forward.

OPTION C [ ] I do not share a household with the other Lifeline customers at my address.

I certify that the information provided above is true. I understand that violating the one-per-household requirement is against the Federal Communications Commission’s rules and I may lose my Lifeline Program benefits, and may be prosecuted by the United States government for violating the rules.

Signature ____________________________________________ Date ____________________________