

JUDSON H. HILL, ESQ.

December 22, 2017

By ECFS

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **Telrite Corporation; WC Docket Nos. 17-287, 11-42, 09-197**

Dear Ms. Dortch:

On December 20, 2017, I, a former Georgia State Senator and current advisor to Telrite Corporation (Telrite), met with Chairman Ajit Pai to discuss Telrite's Lifeline service and the Lifeline Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking and Notice of Inquiry released by the Commission on December 1, 2017.¹

I began our discussions by highlighting Telrite's long 30-year history of investment and innovation in the telecommunications space, including its origins as a long-distance service provider and its expansion into wireless, including as an eligible telecommunications carrier (ETC) offering Lifeline services since 2010. Since adding Lifeline services to its portfolio of service offerings, Telrite has been an industry leader in self-regulation, an advocate for program reforms and a staunch defender of the integrity of the Lifeline program through outreach and advocacy. Telrite also has been an innovator in bringing Lifeline service offerings to eligible households from California to Puerto Rico and in offering innovative smartphone enabled wireless broadband service bundles. I also explained that Telrite is a founding member of the Lifeline Connects Coalition and a board member of the National Lifeline Association (NaLA) where it has promoted good stewardship of the Lifeline program through self-regulatory efforts designed to ensure program integrity. As one of the largest Lifeline service providers, the company has more than 200 employees in Georgia and supports hundreds more jobs across the country, including in Puerto Rico where it is the largest Lifeline service provider.

As our conversation continued, I explained that Telrite shares the Chairman's and Commission's goals of bridging the digital divide and discussed that there may be no more important program than Lifeline to support that effort, as millions of Americans simply cannot afford to stay connected and risk falling further behind in our digital economy. I emphasized that over its tenure as a Lifeline service provider, Telrite has helped millions of low-income Americans to stay connected. Without this service, many low-income Americans would incur even greater challenges finding employment, accessing healthcare and helping their children completing homework away from school. I added that the historic

¹ See *Bridging the Digital Divide for Low-Income Consumers et al.*, WC Docket No. 17-287 et al., Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 17-155 (Nov. 16, 2017) (Lifeline Item).

hurricanes and wildfires this year remind us how important it is for all Americans to have communications services to reach emergency services and family.

I also emphasized that Telrite supports the Commission's goal of rooting out any remaining waste, fraud and abuse in the Lifeline program. Telrite supports the Commission's decision to implement a National Verifier and asks that the Commission allow time for it to take effect before making any changes to the status of resellers in the Lifeline program. I noted that the National Verifier program has broad bipartisan support as the key tool to confirm that only those that are eligible receive Lifeline discounted service. In addition, I explained that over the last seven years, Telrite, like most if not all ETCs, has been subject to scores of audits, often responding to more than a dozen audits at a time.

The results of these audits demonstrate the company's stellar record of and commitment to compliance. With an enhanced audit plan already underway, I offered Telrite's support for a "conduct-based requirements" approach to safeguarding against waste, fraud and abuse like that raised in the Lifeline Item.² Such an approach could be used to suspend or even revoke ETC designations for material and unaddressed audit failures, subject to reasonable due process and consumer protections. I explained that this would be a far more targeted and fair approach to combating waste, fraud and abuse than the proposal to simply eliminate all resellers regardless of their compliance safeguards or history.

Continuing, I explained that the proposal to eliminate resellers from the Lifeline program goes too far and may drop over 7 million subscribers, including 1.3 million veterans,³ and then require them to try to find a new communications service provider with comparable service offerings, which in many cases will be very difficult. I emphasized that access to the nationwide wireless networks Telrite resells is not offered on a retail basis to Lifeline subscribers other than through wireless resellers like Telrite. I also explained that this was because these network operators have made the rational business decision that it is more economically effective to gain the revenues as wholesale providers while avoiding many of the higher costs of serving Lifeline subscribers.

Underscoring this point, I noted that Sprint, which owns Virgin Mobile/Assurance Wireless, as well as CTIA, have opposed the proposal to eliminate resellers from the Lifeline program.⁴ I shared that, likewise, smaller facilities-based wireless providers have shown a lack of interest in expanding their Lifeline offerings for similar reasons as the larger facilities providers. The margins and revenue opportunities appear better in the other lines of business.

I also spoke to the Chairman about port freezes. Subscribers would benefit if they were required to stay with providers longer. Frequent switching, or churning, increases costs for verification and certification of subscribers, encourages fraud and can be wasteful. Limiting churning and frequent

² See *id.*, ¶ 73.

³ See Rob Coons, Veterans and Military Families Need Internet to Connect to Our Economy, The Hill (Nov. 28, 2017), available at <http://thehill.com/opinion/technology/361888-veterans-and-military-families-need-internet-to-connect-to-our-economy> (last visited Dec. 21, 2017).

⁴ See Letter from Meredith Atwell Baker, President & CEO of CTIA to Chairman Ajit Pai, Commissioner Mignon Clyburn, Commissioner Michael O'Rielly, Commissioner Brendan Carr, Commissioner Jessica Rosenworcel, WC Docket No. 17-287 et al. (filed Nov. 8, 2017); Letter from Norina Moy, Director, Government Affairs of Sprint to Marlene H. Dortch, Secretary, FCC, WC Docket no. 17-287 et al. (filed Nov. 9, 2017).

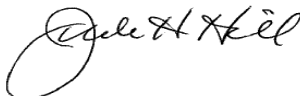
switching would bring more economic certainty which will ultimately benefit subscribers because some Lifeline providers will expand their service offerings.

Finally, I emphasized that if the Commission's concern is stability and investment in the service providers that provide Lifeline services, it must establish standards that are reasonably obtainable. For example, Telrite has 60,000 non-Lifeline subscribers and has invested in its own network operations center (NOC) and in-house customer service and enrollment platform. Obtaining spectrum, however, for a near nationwide CMRS service is not reasonably attainable. Spectrum is sold in Commission auctions for millions or billions of dollars, and no current reseller with a subscriber base across dozens of states could possibly obtain access to last-mile spectrum (with auction and build-out requirements) in fewer than 5-10 years even if it had the massive capital resources that would be necessary.

I concluded our conversation with assurances that Telrite would participate actively and constructively in the Lifeline rulemaking and with the goal of ensuring that the Lifeline program meets its full potential of bridging the digital divide across America and helping improve Americans' lives. I shared that resellers are an important partner in that work.

Pursuant to section 1.1206(b) of the Commission's rules, this letter is being filed electronically.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Judson H. Hill".

Judson H. Hill, Esq.

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Advisor to Telrite Corporation

cc: Chairman Pai
Nicholas Degani
Jay Schwarz
Ryan Palmer
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