

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

In the Matter of)	
)	WC Docket No. 11-42
TRACFONE WIRELESS, INC.)	
Petition for Declaratory Ruling)	

COMMENTS OF THE UNITED STATES TELECOM ASSOCIATION

The United States Telecom Association (“USTelecom”)¹ submits these comments in response to the Public Notice (“Notice”)² of the Wireline Competition Bureau (“Bureau”) seeking comment on the Emergency Petition for Declaratory Ruling (“Petition”)³ filed by TracFone Wireless, Inc. (“TracFone”) concerning the application of 911 fees to “no charge” Lifeline service.

USTelecom recognizes that 911 service makes an extraordinarily important contribution to public safety and that it must be sufficiently funded. Likewise, the application of fees to Lifeline service is a legitimate issue for discussion – and not just in the context of 911 fees applied to Lifeline services provided on a “no charge basis.” Given the importance of these issues, the Commission should determine how various fees should apply to Lifeline service as part of a comprehensive rulemaking more broadly examining the current Low-Income program.

¹ USTelecom is the premier trade association representing service providers and suppliers for the telecom industry. Its diverse member base ranges from large publicly traded communications corporations to small companies and cooperatives – all providing advanced communications service to both urban and rural markets.

² See Public Notice, Wireline Competition Bureau Seeks Comment on TracFone Wireless, Inc. Emergency Petition for Declaratory Ruling, WC Docket No. 11-42, DA 14-16-24, (rel. Nov. 7, 2014).

³ See TracFone Emergency Petition for Declaratory Ruling, WC Docket No. 11-42, (filed Oct. 23, 2014).

If the Bureau acts on the Petition, it should address the issue for all Lifeline providers, not just TracFone and not just for providers of “no charge” Lifeline service.

I. The Commission Should Modernize Its Lifeline Universal Service Program for the Broadband Era.

FCC Commissioner Clyburn recently delivered a landmark speech setting out five basic principles that should be followed in modernizing the FCC’s Lifeline universal service program for the broadband era.⁴ USTelecom endorses the principles she articulated, which include: (1) getting the most bang for the universal service buck, (2) no longer having providers be responsible for determining customer eligibility, (3) encouraging broader provider participation in Lifeline through a streamlined approval process, (4) leveraging efficiencies from existing programs and instituting coordinated enrollment, and (5) incorporating into the program public-private partnerships and coordinated outreach efforts. USTelecom previously advocated for the Commission to act in areas that support several of these principles – including, in particular, no longer having providers be responsible for determining customer eligibility.⁵

While the Commission has taken important steps to improve accountability in the Low-Income program, it has not comprehensively examined the program’s structure, operation and efficacy. The Commission already has undertaken such efforts for the other three elements of the universal service program – rural healthcare, high-cost and E-rate – and the time has come for a similar review of the Lifeline program.

⁴ See “Reforming Lifeline for the Broadband Era,” Commissioner Mignon Clyburn, American Enterprise Institute, Nov. 12, 2014.

⁵ See Opposition of the United States Telecom Association in the matter of Lifeline and Link Up Reform and Modernization at 2 (WC Docket No. 11-42), Lifeline and Link Up (WC Docket No. 03-109), and Federal-State Joint Board on Universal Service (CC Docket No. 96-45), filed Aug. 14, 2013.

Indeed, many aspects of the provision of Lifeline service have significantly changed over the past few years, most notably the move by most Lifeline customers from fixed to mobile service and the accompanying shift of primary Lifeline providers to those that offer the desired mobile service. Also, of course, the needs and desires of potential Lifeline subscribers have evolved as more communications services, including broadband, have become available and ingrained into everyday life. Given the dramatic shifts in technology, the marketplace and consumer preferences, the Commission should initiate a rulemaking to explore and pursue the principles that Commissioner Clyburn laid out in her November 12th address.

II. The Application of Various Fees on Lifeline Service Accounts Should Be Examined as Part of a Comprehensive Review of the Low-Income Fund

As part of its comprehensive review of the Low Income Fund, the Commission should examine whether and how various fees should be applied to Lifeline service. The application of any fee to Lifeline service necessarily increases the cost of that service or leads to decreases in the value of that service to the customer and, thus, may discourage adoption of that service. The Commission itself recognized this phenomenon when it exempted Lifeline customers from the federal universal service contribution. And, as TracFone points out, fees on Lifeline service are regressive,⁶ affecting the most economically disadvantaged customers.

These are important policy concerns, and the Commission therefore should carefully examine them – taking into account the fact that services supported by such fees, such as 911 service, also are very important and must be sufficiently funded. However, the examination of this issue should not be limited solely to 911 fees and should not only cover fees charged to customers of “no charge” Lifeline service. It would be inappropriate to subject certain classes of Lifeline customers to fees that other Lifeline customers do not pay. The impact of such fees

⁶ See Petition at 12.

crosses technologies, business and pricing models and service offerings. Ultimately, it affects whether the Commission, per Commissioner Clyburn's exhortation, is getting "the most bang for the buck" from the Low-Income program. Accordingly, it should be examined as part of a more comprehensive look at the Lifeline program.

III. If the Bureau Acts on the Petition, It Should Address the Issue for All Lifeline Providers

If the Bureau acts on the Petition, it should address the issue for all Lifeline providers, not just TracFone and not just for providers of "no charge" Lifeline service. All Lifeline providers and their Lifeline customers in the subject states are subject to 911 fees. Choosing to exempt only one provider, or even one type of provider, as opposed to addressing the issue for all Lifeline providers, would be inappropriate and inequitable.

IV. Conclusion

The Commission should examine the application of various fees on federally supported Lifeline service in the context of a comprehensive rulemaking examining the current Low-Income program. Such examination should not be limited to 911 fees and should cover providers offering Lifeline service using any technology meeting the Commission's requirements. It should not be restricted to those providers that have adopted certain business

models, or offer Lifeline service under particular pricing structures. If the Bureau acts on the Petition, it should address the issue for all Lifeline providers, not just TracFone and not just for providers of “no charge” Lifeline service.

Respectfully submitted,

UNITED STATES TELECOM ASSOCIATION



By: _____

David Cohen
Jonathan Banks

Its Attorneys

607 14th Street, NW, Suite 400
Washington, D.C. 20005
202-326-7300

December 8, 2014