KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

WASHINGTON HARBOUR, SUITE 400

3050 K STREET, NW

WASHINGTON, DC 20007

(202) 342-8400

NEW YORK, NY
LOS ANGELES, CA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM

AFFILIATE OFFICE
MUMBAI, INDIA

FACSIMILE
(202) 342-8451
www.kelleydrye.com

JOHN J. HEITMANN
EMAIL: jheitmann@kelleydrye.com

December 9, 2014

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

Re: <u>Notice of Lifeline Connects Coalition Oral *Ex Parte* Presentation; WC Docket Nos. 11-42, 09-197, 13-184</u>

Dear Ms. Dortch:

On December 5, 2014, Brian Lisle of Telrite Corporation, Jeni Kues of i-wireless, LLC, David Wareikis, Jaime Palmer, Melissa Slawson and Lauren Moxley of Blue Jay Wireless, LLC, Chuck Campbell of CGM, LLC and John Heitmann and Joshua Guyan of Kelley Drye & Warren LLP met with Ryan Palmer, Chief of the Telecommunications Access Policy Division ("TAPD") of the Wireline Competition Bureau ("Bureau"). The companies represented are members of the Lifeline Connects Coalition ("Coalition") that have joined together to protect and preserve the integrity of the Lifeline program by educating and separating myths from facts about the program, sharing best practices on compliance and industry self-regulation, and by proposing additional reforms dubbed "Lifeline Reform 2.0" to the FCC in a petition for rulemaking filed last year and updated in April 2014.[1]

In the meeting, we discussed the following:

- The Coalition's recent meetings on Capitol Hill with both Republicans and Democrats and the status of the Lifeline program in the context of the ongoing update to the Communications Act.

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[1] *See* Lifeline Reform 2.0 *Ex Parte*, WC Docket No. 11-42 at 5-9 (Apr. 14, 2014). Global Connection Inc. of America is the final member of the Lifeline Connects Coalition. The membership of the Lifeline Reform 2.0 Coalition and the Lifeline Connects Coalition are the same.

- The additional investment that the Commission is set to make in the E-rate[2] program and the impact that could have on the Universal Service Fund ("USF") as a whole and the contribution factor.

- The Bureau's minor action taken to approve the federal eligible telecommunications carrier ("ETC") petition of two small ETCs and when other qualified companies that have had federal ETC petitions pending for several years can expect Bureau action.

- The Coalition's support for the TracFone Petition for Rulemaking and for Interim Relief proposing to count Lifeline subscriber text messaging as "use" of the Lifeline service for purposes of the 60-day non-usage rule,[3] as well as counting data usage as "use" pursuant to the rules.[4] Lifeline serves many individuals with disabilities who may prefer to communicate by text or through in-"app" communications and may not be able to make phone calls. Those individuals should not have their Lifeline service cut off because of their disability, as the Commission's current rules require.

- The recent Universal Service Administrative Company ("USAC") National Lifeline Accountability Database ("NLAD") Bulletin regarding a new production duplicate subscriber resolution process and the timing of the process in states after Michigan. The Coalition understands that duplicate detection is difficult and must be an iterative process, which is why the Commission should not propose fines against ETCs for allegedly failing to catch intra-company duplicate enrollments that amount to a small percentage of each ETC's enrollments analyzed. The NLAD is not perfect and neither are ETCs so the Commission and ETCs should work together in a transparent way to identify and address potential duplicate enrollments in a manner that provides due process and regulatory certainty.

- The Coalition's willingness to work with the Bureau and TAPD on issues raised by media reports, including addressing certain documentation of eligibility for Lifeline that may not have a consumer name. The Coalition is analyzing the ability of Coalition members, and other ETCs, to develop on a going-forward basis a state-

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2 *See* "Fact Sheet: FCC Chairman Wheeler's Plan to Reboot the E-Rate Program to Meet the Needs of 21st Century Digital Learning (Nov. 17, 2014), *available at* http://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db1117/DOC-330508A1.pdf.

3 *See* TracFone Petition for Rulemaking and For Interim Relief, WC Docket No. 11-42 (filed Oct. 1, 2014).

4 *See* Comments of the Lifeline Reform 2.0 Coalition on TracFone Petition for Rulemaking and for Interim Relief to Amend the Lifeline Usage Rules, WC Docket No. 11-42 (Dec. 1, 2014).

specific database of eligibility documentation numbers against which ETCs could check Lifeline applications to see if the same proof of eligibility is being used more than once. However, the Bureau should not govern based on sensational news reports, but rather a rational analysis of where the Lifeline program needs improvement and how the FCC and the industry can work together to address actual or perceived problems with Lifeline administration and enrollment.

Finally, we discussed the proposals raised by Commissioner Clyburn's speech[5] delivered at an event entitled "Reforming Lifeline for the broadband era" at the American Enterprise Institute on November 12, 2014.[6] The Coalition continues to question whether wireless Lifeline ETCs can include broadband in their popular "free" or no cost to consumer offerings, based on the current $9.25 subsidy. In addition, we question whether the Commission or USAC should take on an active role in determining subscriber eligibility for Lifeline, beyond establishing a national eligibility database, which remains unrealized nearly a year after it was set to be completed.

According to the 2013 USAC Annual Report, the percentage of USAC administrative expenses divided by total USF program disbursements was 1.29 percent.[7] By comparison, the Supplemental Nutrition Assistance Program ("SNAP") utilizes government entities to determine applicant eligibility and annual administrative costs are approximately 9 percent (about $7 billion) of benefits paid.[8] While the administrative costs for the entire USF were $107 million in 2013, administrative costs for Lifeline would be $162 million at 9 percent of total disbursements ($1.8 billion in 2013).

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5 *See* http://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db1112/DOC-330453A1.pdf (last visited Nov. 16, 2014).

6 *See* http://www.aei.org/events/reforming-lifeline-broadband-era/ (last visited Nov. 16, 2014). The Coalition discussed these proposals in more detail in a previous meeting. *See* Notice of Lifeline Connects Coalition Oral Ex Parte Presentation, WC Docket No. 11-42 (Nov. 17, 2014).

7 *See* USAC 2013 Annual Report at 5, *available at* http://www.usac.org/about/tools/publications/annual-reports/default.aspx (last visited Nov. 17, 2014).

8 *See* Food and Nutrition Service, Supplemental Nutrition Assistance Program, Program Accountability and Administration Division, *State Activity Report*, *Fiscal Year 2013* at 2 (July 2014), available at http://www.fns.usda.gov/sites/default/files/snap/2013-state-activity.pdf (last visited Nov. 17, 2014) (showing total issuance of just over $76 billion and just under $7 billion in total costs).

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

Respectfully submitted,

John J. Heitmann
Joshua Guyan
Kelley Drye & Warren LLP
3050 K Street, NW
Suite 400
Washington, DC 20007
(202) 342-8400

Counsel for Lifeline Connects Coalition

cc: Ryan Palmer