Before the
Federal Communications Commission

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
	)	
Telecommunications Carriers Eligible for Universal Service Support	)	WC Docket No. 09-197
	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	

Comments
Missouri Public Service Commission

The FCC is proposing further reforms to the Lifeline program.[1] These comments attempt to respond to various issues presented by the FCC's Notice of Proposed Rulemaking (NPRM). Specifically these comments present the Missouri Commission's perspective on the following topics:

- Limitations/Difficulties in Expanding State Lifeline Funding
- Proposal to establish a Lifeline budget
- Federal $9.25 support level
- Lifeline eligibility criteria
- Proposal for a National Lifeline Verifier
- Proposal to provide Lifeline benefits directly to the subscriber
- Proposals to revise usage requirement for Lifeline service with no monthly fee
- Notice requirements for ETC transactions
- ETC opt-out proposals
- Certifying compliance
- Proposal to standardized consumer forms
- Improving USAC's disbursement tool
- First year ETC audits
- The federal-state partnership for ETC designation

[1] Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order; WC Docket No. 11-42 In the Matter of Lifeline and Link Up Reform and Modernization; FCC 15-72; released June 22, 2015. (FCC's NPRM)

Overall, the FCC is proposing some significant changes to the Lifeline program. As will be revealed in these comments, the lack of details for certain proposals makes it difficult to provide feedback.

Limitations/Difficulties in Expanding State Lifeline Funding

The FCC is seeking ways to encourage states to provide an additional subsidy for Lifeline service.[2] State Lifeline funding can differ from federal Lifeline funding. For example, the Missouri USF currently provides Lifeline support solely to landline voice service providers but only for voice service. The Missouri USF does not provide support for broadband-only service. The Missouri USF does not provide support to wireless providers.

Expanding a state's Lifeline funding mechanism may be difficult. Many states, such as Missouri, will require changes to state legislation and/or Commission rules. In addition, the tiered federal Lifeline funding system used prior to 2012 contained a financial incentive for states to provide state Lifeline support. This financial incentive no longer exists under the current federal Lifeline framework. The Missouri Commission is not recommending the FCC revert back to a tiered funding system but rather the Missouri Commission simply provides these comments to ensure the FCC is aware of a state's perspective if the FCC is striving for some level of matching state Lifeline funding.

Proposal to establish a Lifeline budget

The Missouri Commission is concerned with the growing burden of the federal USF contribution level. This level is currently 17.1% and is applied to interstate telecommunications revenues.[3] Something needs to be done to minimize the contribution burden because this assessment is typically passed on to consumers. The FCC's proposal to establish a Lifeline budget may help minimize the contribution burden but the FCC is unclear how a Lifeline budget might work.[4] Lifeline consumers and providers need a dependable funding source for a reasonable time period. In addition, the creation of a Lifeline budget needs to avoid creating a situation whereby eligible households are prevented from participating in the program. If the FCC intends to establish a Lifeline budget then the FCC should strive to ensure providers and

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[2] The FCC states, "We also seek specific comment on ways that we can increase competition and the quality of service by encouraging states to provide an additional subsidy for Lifeline service…." FCC NPRM ¶128.

[3] FCC Public Notice; Proposed Third Quarter 2015 Universal Service Contribution Factor; CC Docket No. 96-45; DA 15-695; released June 12, 2015.

[4] The proposal to establish a budget is discussed on ¶55-58 of the FCC's NPRM.

consumers are provided with at least twelve months' notice of any decreases to the federal Lifeline support amount.

Federal $9.25 support level

The FCC seeks feedback on the FCC's tentative conclusion to permanently set Lifeline support at $9.25.[5] Many Missouri landline providers have significantly increased local voice service rates the past several years to maintain high-cost USF funding streams.[6] For example local voice service rates for some ILECs were less than $10 in 2012 and are now $21.22 or higher in 2015. The $9.25 federal Lifeline support level is based on the national average monthly Lifeline support amount for September 2011.[7] Consequently a $9.25 discount does not have the same economic benefit as a few years ago. In an attempt to ensure Lifeline service remains beneficial the Missouri USF increased monthly Lifeline support from $3.50 to $6.50 effective October 1, 2014.[8]

Despite the general rise in local voice service rates for many incumbent local telephone companies the Missouri Commission recommends the FCC simply maintain the $9.25 support level. As previously discussed, the federal USF contribution factor is already high and the FCC should try to ease this burden on consumers. The Missouri Commission acknowledges the FCC is considering lowering the support level for wireless voice-only Lifeline providers.[9] The Missouri Commission is inclined to discourage the FCC from establishing different support levels based on technology. Ideally support levels should be competitively neutral, if possible. Moreover, it is difficult to imagine how some of the other FCC proposals might work if different federal support levels are established.[10]

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[5] FCC's NPRM ¶52.

[6] The concept of limiting federal high-cost USF support if a company's local rates failed to meet or exceed a rate floor was established in Report and Order and Further Notice of Proposed Rulemaking; In the Matter of Connect America Fund, WC Docket No. 10-90 et al; FCC 11-161; released November 18, 2011; ¶235-239.

[7] FCC Report and Order and Further Notice of Proposed Rulemaking; In the Matter of Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42 et al; FCC 12-11; released February 6, 2012; ¶58, footnote 151. (FCC Lifeline Reform Order)

[8] Missouri PSC Order Decreasing Assessment Rate and Increasing Monthly Support Rate; In the Matter of the Amount Assessed on Companies to Fund the Missouri Universal Service Fund; Case No. TO-2014-0333; released July 30, 2014.

[9] FCC's NPRM ¶53.

[10] For example, the Missouri Commission suggests differing federal Lifeline support levels will be challenging if the FCC provides Lifeline benefits directly to the consumer as proposed in ¶104-110 of the FCC's NPRM.

Lifeline eligibility criteria

The FCC seeks feedback on ways to modify Lifeline eligibility criteria to reduce the administrative burden to verify a low-income consumer's eligibility.[11] The Missouri Commission recommends the FCC reconsider the income-based eligibility criteria. According to the FCC this criteria is used by less than four percent of Lifeline subscribers.[12] Moreover, proof of eligibility for the income-based criteria can contain extremely sensitive information and be complicated and burdensome for providers to review.[13] Missouri's Lifeline eligibility criteria currently match the existing federal Lifeline eligibility criteria; however, the income-based criterion was only implemented in Missouri after it was mandated by the FCC in 2012.[14] The FCC should either eliminate the income-based criterion or alternatively lift this mandate so states have the discretion to maintain or discontinue it.

Proposal for a National Lifeline Verifier

The FCC is proposing a requirement for a National Lifeline Verifier (NLV) to review all Lifeline applications and proof of eligibility.[15] In theory, the Missouri Commission agrees with the goal of transferring certain responsibilities from Lifeline providers to an independent third party. Shifting responsibility to an independent third party should help further reduce waste, fraud and abuse of the Lifeline program. Shifting responsibility also relieves Lifeline providers of Lifeline administration burdens and presumably makes it more palatable for a provider to participate in the Lifeline program. If the FCC ultimately establishes a National Lifeline Verifier for the purpose of reviewing Lifeline applications and verifying proof of eligibility then the Missouri Commission recommends transferring additional responsibilities to the NLV. Such additional responsibilities could be checking and populating the National Lifeline Accountability Database as well as conducting the annual verification of subscriber eligibility.

Unfortunately the proposal to establish a National Lifeline Verifier lacks details to provide serious consideration. This proposal, if implemented, will presumably work best if

[11] FCC NPRM ¶111-117.

[12] FCC NPRM ¶114.

[13] ¶101 of the FCC's Lifeline Reform Order provides numerous ways to provide proof of eligibility for the income-based criteria. The many different forms of acceptable proof are burdensome. Some of the ways are also complicated to review and contain very sensitive information (i.e., income tax form).

[14] ¶65 of the FCC's Lifeline Reform Order whereby the FCC states, "We amend our rules to require all states to utilize, at a minimum, the income and program criteria currently utilized by federal default states…." Prior to the mandate, the Missouri Commission declined to include income-based criterion specifically for the reasons identified in these comments – the sensitive nature of the documentation.

[15] FCC NPRM ¶63-103.

applications can be submitted electronically and eligibility verified through a database. If this type of electronic process cannot be accommodated then it is difficult to envision how the process might work in a timely and efficient manner. Funneling all Lifeline applications to an independent third party will likely increase the length of time to process a Lifeline application. The Missouri Commission fails to understand the logistics of how the FCC's consideration of a "pre-approval" process might work to mitigate such delays. Privacy remains a concern. If consumers are required to submit a copy of proof of eligibility then more details need to be presented on how such material will remain confidential.[16]

Missouri does not currently provide access to outside parties, or even other state agencies, to any databases that might be used to verify Lifeline program eligibility. The issue has been unsuccessfully raised with officials who have control over Missouri's social service-related databases. The FCC should be aware states have databases containing lists of program participants of some, but not all, programs used for Lifeline eligibility purposes. The FCC needs to show greater leadership and guidance on how best to enable access to qualifying databases. The Missouri Commission notes the deadline has not been met for establishing automated access to the three most common Lifeline eligibility programs (Medicaid, SNAP and SSI).[17] Moreover, it remains unclear what action, if any, has been taken by the FCC or the Universal Service Administrative Company (USAC) to meet the objective of providing electronic access to databases of the three most common Lifeline eligibility programs.

Proposal to provide Lifeline benefits directly to the subscriber

Lifeline support is currently provided to the Lifeline provider; however, the FCC is considering whether Lifeline benefits should be transferred directly to the Lifeline subscriber through a debit-like card, voucher, or similar arrangement.[18] How such a process might work remains unclear. Nevertheless, if the FCC intends to pursue this proposal then the following basic concepts should be addressed:

- Benefits should be in a format Lifeline subscribers can easily use and also be readily accepted by Lifeline providers.
- The format should limit a consumer's ability to only use benefits with Lifeline providers.

[16] The FCC states, "Consumer privacy is of the utmost concern to us in establishing a national verifier…" Unfortunately the FCC's NPRM fails to provide any specific details on how a national verifier will actually protect consumer privacy. FCC NPRM ¶85.

[17] The FCC states, "We therefore direct the Bureau and USAC to take all necessary actions so that, as soon as possible and no later than the end of 2013, there will be an automated means to determine Lifeline eligibility for, at a minimum, the three most common programs through which consumers qualify for Lifeline…." FCC Lifeline Reform Order ¶97.

[18] FCC NPRM ¶104-110.

Some additional considerations might be to allow benefit usage to be traced and tracked to a specific Lifeline subscriber to further combat fraud. The format might also be flexible enough to enable states to have the option of somehow combining state and federal Lifeline benefits. Combining state and federal Lifeline benefits to the subscriber could eliminate the need to reflect any Lifeline discounts on a Lifeline subscriber's bill.

Proposals to revise usage requirement for Lifeline service with no monthly fee

The FCC is proposing two revisions to the usage requirement for Lifeline service without a monthly fee. Currently a subscriber must be de-enrolled if the subscriber fails to use the service within a 60-day time period. One revision seeks feedback on whether text messages can demonstrate usage.[19] The second revision is whether the 60-day time period should be reduced to 30 days.[20] Each of these proposals will be separately discussed.

The Missouri Commission recommends the list of activities that qualify as usage for purposes of section 54.407(c)(2) include sending a text message or email. Texting and emails have become very prevalent and it simply makes logical sense to include such activities because the subscriber is taking specific action to use the service for this purpose. The Missouri Commission agrees with the FCC that receiving such messages should not be included in the list of activities for the subscriber is not taking any specific action.

The Missouri Commission recommends the FCC maintain the 60-day time period on the basis reducing the interval may be burdensome to both providers as well as consumers. The current 60-day threshold seems to be already de-enrolling significant numbers of Lifeline subscribers.[21] The Missouri Commission Staff's analysis of Form 555 results over the past several years suggest many subscribers de-enrolled for non-usage may be re-enrolling in the Lifeline program.[22]

Notice requirements for ETC transactions

The FCC seeks feedback on state rules regarding various company transactions such as company sales, acquisitions, ownership changes, transfer of subscribers and discontinuing

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[19] FCC NPRM ¶143.

[20] FCC NPRM ¶198-199.

[21] According to Form 555 reports the number of Missouri de-enrollments for non-usage totaled 151,640 in 2012; 91,847 in 2013 and 83,020 in 2014.

[22] Missouri PSC Staff report *"Verifying the Continued Eligibility of Existing Lifeline Subscribers 2014"*; page 5. Case No. TW-2014-0012; filed April 6, 2015.

service.[23] The Missouri Commission supports the FCC's requirement for a non-ETC to apply for ETC designation if a non-ETC wants to acquire an ETC; however, if an existing ETC acquires another ETC then a more streamlined approach is reasonable. If any transaction results in a change in the name of the company providing Lifeline service to existing customers then those customers should receive advance notice of at least thirty days. Cancellation of ETC designation by a competitive ETC should provide similar notice but affected customers should also be provided a minimum of 30 day advance notice. Affected customers need a reasonable amount of time to make decisions regarding their Lifeline service. The FCC should apply the same notice requirements to all competitive ETCs including wireless ETCs.

ETC opt-out proposals

The FCC seeks comment on proposals to permit ETCs to opt-out of the Lifeline program.[24] Two conditions should be established for opting out. One condition is opting out is only available to an ETC if the ETC does not receive any form of high-cost support. Stated differently an ETC receiving high-cost support should be required to participate in the Lifeline program. A high-cost recipient is provided funding to enable service to be available in high-cost areas. Therefore a reasonable expectation is the company will participate in the Lifeline program as a condition of receiving high-cost support. A second condition is opting out should only be allowed if it can be determined Lifeline service will continue to be available throughout the company's entire service territory. A state should not have pockets of areas where Lifeline service is unavailable from any company. Lifeline service should be universally available.

Certifying compliance

The FCC seeks feedback on whether Lifeline support should be based on information contained in the National Lifeline Accountability Database (NLAD).[25] This proposal, if implemented, will replace the need for a Lifeline provider's officer to submit Form 497 on a monthly basis in order to receive federal Lifeline support. The Missouri Commission finds it logical to use the NLAD for determining federal Lifeline support. The FCC specifically asks how officers can continue to make the monthly certifications now required on Form 497.[26] In addition, the FCC asks if companies should be required to certify on Form 497 that a company's

[23] FCC NPRM ¶188-197.

[24] FCC NPRM ¶125.

[25] FCC NPRM ¶178-182. NLAD is essentially a national database of current Lifeline subscribers. NLAD was originally designed to help identify and resolve duplicate claims of Lifeline support funding.

[26] FCC NPRM ¶179. Form 497 currently requires a company's officer to make three certifications: (1) the company passes through the full amount of Lifeline support, (2) the company is in compliance with all Lifeline program rules, and (3) the data contained on this form is true and accurate.

agents have received sufficient training about Lifeline rules.[27] The Missouri Commission suggests any certifications be made on an annual basis using Form 481.[28] The Missouri Commission agrees with the FCC's proposal to require a company to certify company agents have received adequate training about Lifeline rules.

Proposal to standardized consumer forms

The FCC is considering a requirement to use standardized forms for applying for service, the annual certification of continued eligibility and the one-per-household worksheet.[29] Standardized forms can be a good idea; however, the Missouri Commission struggled with this issue for several years. Prior to April 2014 the Missouri Commission required companies to use a standardized Lifeline application form but found many companies wanted to make company-specific changes to it for a variety of reasons. This issue was much debated and the Missouri Commission ultimately discarded the requirement for all ETCs to use a standardized application form.[30] Nevertheless a requirement for all ETCs to use a standardized Lifeline application form should be required if all applications are directed to and reviewed by a National Lifeline Verifier. A reasonable expectation is a National Lifeline Verifier will find it much easier to review a consistent, standardized Lifeline application form.

Improving USAC's disbursement tool

The FCC seeks feedback on modifications to USAC's disbursement tool to promote transparency and accountability in the program.[31] The Missouri Commission recommends greater transparency and accountability can be achieved by improving the identification of companies. Federal requirements create a confusing environment regarding the company names of Lifeline providers. For example, the FCC allows companies to receive status as an ETC under one name but actually market their Lifeline service under a completely different trade or

[27] FCC NPRM ¶213.

[28] Form 497 is the existing form used by Lifeline providers to seek monthly Lifeline support from USAC. Form 481 is the form used by ETCs for their annual filing with the FCC, USAC and state commissions.

[29] FCC NPRM ¶203-206.

[30] Existing Commission rule 4 CSR 240-31.120(5) pertains to requirements for consumer Lifeline application forms. The rule evolved from the rulemaking in Case No. TX-2013-0324. During the rulemaking process a significant amount of negative feedback was provided by Lifeline providers regarding maintaining a requirement for a standardized form.

[31] FCC NPRM ¶202. USAC's disbursement tool refers to a public portion of USAC's website showing federal universal service funding disbursements to specific companies and areas.

brand name.[32] Moreover, it is unclear what notice, if any, is required for a company to change its brand name.[33] The Missouri Commission does not know how USAC determines company names for its disbursement tool but apparently USAC's disbursement tool does not use the name of the company marketing Lifeline service. For instance USAC's disbursement tool for Missouri will show USAC is distributing Lifeline funding to a company called "Yakima MSA Limited Partnership." It is doubtful many people will recognize this company as "US Cellular". Other examples exist, such as USAC's disbursement tool will identify "Southwestern Bell Telephone Company" rather than "AT&T Missouri"; "Nexus Communications, Inc. rather than "Reachout Wireless"; "Telrite Corporation" rather than "Life Wireless"; "Global Connection Inc. of America" rather than "Stand Up Wireless"; and so forth. If the FCC wants to promote transparency and accountability, and further reduce the potential for fraud and abuse, then more needs to be done to ensure company names for disbursement reflect the specific name of the company offering Lifeline service.

The Missouri Commission requires companies to offer Lifeline service solely under the name of the company granted ETC designation and prohibits the use of additional service or brand names.[34] A company can conduct business under a d/b/a name but the d/b/a name must be identified in the name granted ETC designation.[35] Companies are able to easily change names by providing notice to the Missouri Commission who in turn will issue another order officially recognizing the new name of the ETC.[36] Overall, the Missouri Commission recommends the FCC and USAC do more to ensure the ETC names of companies reflect the names actually used by companies to offer Lifeline service. In turn, anyone should be able to easily and readily identify company names within USAC's disbursement tool.

First year ETC audits

The FCC currently requires all first-year Lifeline providers to undergo an audit within the first year of receiving Lifeline benefits; however, the FCC is seeking feedback on whether FCC

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[32] For example, the FCC states, "Some ETCs market their Lifeline-supported service offerings under trade names. For example, TracFone offers Lifeline-supported service under the name SafeLink Wireless, while Virgin Mobile's competing offering is called Assurance Wireless…." FCC Lifeline Reform Order ¶273.

[33] The FCC appears to require only an annual notice of names used by the company. See §54.422.

[34] See Missouri PSC rule 4 CSR 240-31.130(2)(G).

[35] To clarify the issue of d/b/a names a company using a d/b/a name must either use the full name of the company (i.e., TracFone Wireless Inc. d/b/a SafeLink Wireless) or simply the d/b/a name (i.e., SafeLink Wireless). A company cannot solely use the parent company name (i.e. TracFone Wireless Inc.).

[36] Notice requirements for ETC's desiring to change names are contained in Missouri PSC rule 4 CSR 240-130(2)(N). Such requirements can be filed on ten days' notice.

staff should have the flexibility of determining whether an audit should be performed.[37] The Missouri Commission supports the FCC's proposal to provide this discretion to the FCC's Office of Managing Director (OMD). Logical criteria for this discretion are if a provider meets or exceeds a minimum number of Lifeline subscribers so valid conclusions can be reached using a random sampling method. Lifeline providers should be under the expectation they could be audited at any time and with minimal advance notice. If discretion is provided to OMD then the Missouri Commission would like to know of instances where OMD exercises such discretion and the provider operates in Missouri.[38]

The federal-state partnership for ETC designation

The FCC is considering streamlining the ETC designation process or perhaps creating an entirely new process as a way to increase competition and innovation in the Lifeline market. The Missouri Commission recommends the FCC continue the federal-state partnership for designating ETCs. The Missouri Commission recently approved new rules regarding the ETC-designation process.[39] Fraud has been a problem with the Lifeline program and the Missouri Commission's rules were designed to help address fraud and complement the FCC's reforms to the Lifeline program. Given the recent history of fraud it is difficult to envision streamlining the ETC designation process unless many Lifeline administrative responsibilities are shifted from ETCs to an independent third party.

Respectfully submitted,

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[37] FCC NPRM ¶216-223.

[38] Missouri PSC rule 4 CSR 240-31.130(2)(K) requires a company to forward any audit results concerning compliance with universal service program requirements. Knowing whether OMD has exercised discretion on a first year provider will be useful to know.

[39] Missouri PSC rule 4 CSR 240-31.130(1) contains ETC application requirements. This rule became effective April 30, 2014.

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