BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON D.C. 20554

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 OF THE
MICHIGAN PUBLIC SERVICE COMMISSION

On June 18, 2015, the Federal Communications Commission (FCC) issued a Second Further Notice of Proposed Rulemaking, Order on Reconsideration, a Second Report and Order and a Memorandum Opinion and Order in the above-captioned proceedings regarding the federal Lifeline Program. (*June 18 Order).* In this order, the FCC issued a Second Further Notice of Proposed Rulemaking (FNPRM) seeking comments on a number of issues regarding the federal Lifeline Program. (*June 18 Order,* paragraphs 14-223). The FCC also made a number of decisions regarding the federal Lifeline Program. (*June 18 Order,* paragraphs 224 - 285). The comment deadline was extended to August 31, 2015.

The Michigan Public Service Commission (MPSC) offers the following comments on specific questions and concepts discussed in the Second FNPRM. The MPSC's comments are organized to parallel the topic areas in the Second FNPRM. The MPSC reserves the right to discuss additional questions and topics raised in the Second FNPRM not addressed in these comments during the reply comment

period. Due to the complexity and length of the Second FNPRM, the MPSC has provided the section and/or paragraph number in the Second FNPRM that coincides with the MPSC's comments.

A. The Establishment of Minimum Service Standards

1. Minimum Service Standards for Voice

At a minimum, Lifeline voice service should provide voice grade service for both fixed and mobile telephone service.

2. Minimum Service Standards for Broadband

Participation in Lifeline by eligible households with school children (Second FNPRM, paragraph 23). In 2014, when the MPSC was designing its Lifeline Eligibility Database, the MPSC attempted to secure participation data from the National School Lunch Program's free lunch program (one of the Lifeline qualifying programs). At that time, the Michigan Department of Education advised the MPSC that it would only disclose a student's status in the free lunch program if we obtained a waiver from that child's guardian. Because this approach would be unduly time and cost prohibitive, we abandoned the idea of obtaining participation data for this program.

Recognizing that it may be difficult to specifically identify low-income households with school children, the MPSC recommends that the FCC and the states advertise the Lifeline broadband program to all schools (K-12). School districts with high E-rate discount levels could be targeted. Each state's Department of Education should be able to provide a contact and address for each

school, ideally by school district. A standard flyer could be developed, mailed to the schools and distributed to students by school authorities. The program could also be promoted through public service announcements and other federal and state programs for low-income families.

Focus groups with teachers, school counselors and school administrators may provide additional methods of identifying Lifeline eligible households with school children.

Current Offerings (Second FNPRM, paragraph 32). In addition to the examples provided by the FCC, Comcast offers broadband service to low-income customers at a reduced rate. Comcast's Internet Essentials Program includes broadband service to low-income households with children for $9.95+tax/month and a low-cost computer for $149.99+tax. To participate in the program, customers must: 1) be located where Comcast offers Internet service, 2) have at least one child eligible to participate in the National School Lunch Program, 3) have not subscribed to Comcast Internet service within the last 90 days, and 4) have no outstanding Comcast debt that is under one year old. Over the past 3.5 years, Comcast has connected more than 450,000 families to the internet. This program helps address the issue raised by Commissioner Rosenworcel that "while low-income families are adopting smartphones with Internet access at high rates, a phone is not how you

want to research and type a paper, apply for jobs, or further your education"[1] and may be a good model for a Lifeline broadband program.

3. Service Levels

b. Ensuring "Reasonably Comparable" Service for Voice and Broadband

Voice-Only Service (Second FNPRM, paragraph 38). The MPSC does not oppose requiring mobile providers to offer unlimited talk and text to Lifeline customers. It's possible that the limited number of minutes available on a phone may be one reason why customers sign up with multiple Lifeline providers.

c. Updating Standards and Compliance

The MPSC supports the FCC's proposal to delegate to the Wireline Competition Bureau the responsibility for establishing and regularly updating a mechanism setting the minimum service levels that are tied to objective, publicly available data. The MPSC recommends leaving the selection of specific standards to the FCC's discretion.

Voice and broadband minimum service levels should be part of the application to become a Lifeline provider and the annual certification for a Lifeline provider. An FCC-determined percentage of consumer complaints should trigger an audit of a Lifeline provider.

---

[1] *June 18 Order,* paragraph 7.

d. Support Level

The MPSC supports a permanent Lifeline support amount of $9.25 for fixed telephone and broadband service. The MPSC also supports a one-time Lifeline broadband connection charge subsidy to fixed telephone service customers.

The MPSC recommends several tiers of Lifeline mobile telephone and broadband service. Each tier would be provided at an affordable and reasonable price. For example:

Tier 1: voice only (with limited minutes)

Tier 2: unlimited voice and unlimited text

Tier 3: unlimited voice, unlimited text and unlimited broadband

The MPSC recommends leaving the establishment of the price points for Lifeline tiers to either the FCC or the providers.

e. Managing Program Finances

The MPSC does not oppose a cap on the Lifeline budget, as this may help to prevent and/or reduce fraud and abuse. However, the MPSC suggests several issues that need to be considered: 1) the Lifeline Program will most likely be expanded to include a broadband component which will raise the cost of the program and increase participation, 2) the FCC is currently investigating ways to *increase* participation in the Lifeline Program which will increase costs, and 3) the MPSC is concerned that those in need may be turned away from the program if the cap level is set too low. That said, the MPSC suggests a reasonable cap could be

estimated by looking at the maximum amount the program could cost and working from there. For example:

> CAP = (total number of eligible Lifeline households in the U.S. * $9.25) + (estimated fixed Lifeline broadband customers * broadband connection charge subsidy)

f. Transition

The MPSC recommends a transition period for all changes that occur as a result of the Second FNPRM. A fairly long transition period (possibly more than one year), however, will be necessary to move the Lifeline eligibility responsibilities from the providers to a third party. The MPSC acknowledges that this will be a time-consuming and difficult task.

g. Legal Authority to Support Lifeline Broadband Service

The MPSC supports the amendment of sections 54.101, 54.400, and 54.401 to include broadband as a supported service.

B. Third-Party Eligibility Determination

1. National Lifeline Eligibility Verifier

Whether the third party works towards establishing a national database or puts efforts into assisting individual states to develop their own databases, the MPSC acknowledges that this is going to be a costly and time-consuming undertaking. Some of the issues that make this task complex include: 1) identifying the correct contact people at the state level for permission to access the data, 2) difficulty obtaining approval to access the sensitive program data, 3) different state qualifying income levels (for example Alaska, Florida, Kansas,

New Mexico, and Michigan have qualifying income levels that are not 135% of the federal poverty level), and 4) states use different names for the Lifeline qualifying programs. In addition, there are concerns related to the customer: 1) will the verification produce real-time results or will the customer have to wait a couple of days for the verification, and 2) if a problem occurs regarding the verification, how will the customer be able to remedy that issue? If a national lifeline eligibility verifier is established, the third party verifier should, at the beginning of the transition, use the existing state eligibility databases where they currently exist and concentrate on creating a verification system for states without databases. Once a verification system is in place for the other states, the third party verifier can work on integrating or improving the existing state databases.

The MPSC established the Michigan Lifeline Eligibility Database (MLED) (see http://www.mdhs.state.mi.us/lifeline/index.aspx) in December 2014. The database is housed within the state Department of Technology, Management and Budget.

MLED verifies a consumer's eligibility for the Lifeline telephone assistance program by confirming the consumer's current participation in the following programs:

- Medicaid
- Supplemental Nutrition Assistance Program (SNAP) - Food Assistance

- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF) aka Family Independence Program
- The State Emergency Relief (SER) and Home Heating Credit (HHC) portions of the Low Income Home Energy Assistance Program (LIHEAP)

To check eligibility, the verifier enters the consumer's first name, last name, birthdate, and last 4 digits of his or her social security number. The first and last name entered must be an exact match to the first and last name in the database to receive a positive result.

If the consumer participates in one of these programs, the database result will be "Eligible". If the consumer does not participate in one of these programs, the database result will be "Not Eligible".

MLED does NOT permit searches for participation in the following programs:

- Federal Public Housing Assistance/Section 8
- National School Lunch Program's free lunch program
- Weatherization Assistance Program (WAP) portion of the Low Income Home Energy Assistance Program (LIHEAP)
- Any Tribal programs

Core Functions of a National Verifier (Second FNPRM, paragraph 65). The MPSC expects that the national verifier would need to have a secure internet connection to protect applicants' personal information from inappropriate use, breach and unlawful disclosure. The national verifier would also need to be required to notify consumers if their information is ever compromised.

Interfacing with Subscribers and Providers (Second FNPRM, paragraph 66). The MPSC suggests that interaction with a national verifier should not be limited to providers. A consumer should be able to interact with the verifier directly. The National Lifeline Accountability Database (NLAD) administrators should also deal directly with customers. Limited interaction with a national verifier is inefficient for the consumer, the state commissions and the provider.

Processing Applications (Second FNPRM, paragraph 68). A multi-day application approval process is longer than what it currently takes most mobile telephone providers to process applications. The MPSC suggests that this would be a step backward.

The MPSC is concerned that a pre-approval process could be confusing, especially to a customer that is originally accepted and ultimately rejected. California's input on the benefits of a pre-approval process should help inform discussion on this topic.

Existing State Systems for Verifying Eligibility (Second FNPRM, paragraph 75). The MPSC expects that it would be unreasonably burdensome to require state databases to verify eligibility for each Lifeline qualifying program. The MPSC's

discovery that it would be cost and time prohibitive to obtain even incomplete data for the National School Lunch Program's free lunch program is a perfect example of the undue burden this requirement could place on states.

The MPSC endorses regularly updated data. In Michigan, the data is updated nightly so providers work with data that is no more than one day old. We recommend that the frequency of updating data be determined by the FCC.

Alternative State Interaction (Second FNPRM, paragraph 81). The MPSC maintains that it would be administratively inefficient to create a national verifier that would duplicate the functionality of the existing state databases. The emphasis should be on developing a system for the states that do not have databases.

The MPSC is convinced the establishment of state and/or federal databases advantage providers. Each provider should be willing to pay a fee to support the establishment and implementation of state and/or federal verification databases based on the percentage of its Lifeline customers compared to the total Lifeline customers in the state or country.

Dispute Resolution (Second FNPRM, paragraph 84). The MPSC recommends that consumers should be able to bring their disputes directly to the entity that has the power to reject their applications. If that entity is the national verifier, consumers should be able to speak directly with the national verifier to resolve their disputes.

Privacy (Second FNPRM, paragraph 85). The MPSC supports having the FCC require a national verifier to adopt the minimum practices the FCC requires of Lifeline providers in the Order on Reconsideration issued on June 18, 2015. A national verifier should be required to provide consumers with a privacy policy, and should be required to notify consumers in the case of a data breach or other unauthorized access to information submitted to determine eligibility for Lifeline service.

Additional Functions of a National Verifier (Second FNPRM, paragraph 86). The MPSC supports requiring the national verifier to conduct the annual re-certifications, and to access the NLAD to check for duplicates on behalf of, or in addition to, the Lifeline providers. The providers should remain responsible for loading subscriber information into the NLAD.

2. Coordinated Enrollment with Other Federal and State Programs

Discussion (Second FNPRM, paragraph 96). The MPSC agrees that it would be beneficial for states to try to coordinate with the qualifying Lifeline programs to promote the Lifeline Program. At a minimum, states could meet with the state program administrators to determine what role they could play (hand out flyers about the program, advise consumers that the program they qualify for makes them eligible for Lifeline, etc.). Given the burdens already facing many social program agencies, they may resist assuming the responsibility of signing up consumers for the Lifeline Program without a state or federal mandate.

3. Transferring Lifeline Benefits Directly to the Customer

Discussion (Second FNPRM, paragraph 106). The MPSC supports the concept of a portable Lifeline credit. However portability is accomplished (debit card with a PIN, etc.), the credit must be restricted to purchasing Lifeline products.

4. Streamline Eligibility for Lifeline Support

Discussion (Second FNPRM, paragraph 112). The FCC should continue to allow low-income consumers to qualify for Lifeline support based on household income and/or eligibility criteria established by a state. There may be valid reasons a person doesn't participate in any of the qualifying low-income programs. Non-participation in these programs should not automatically disqualify a person from Lifeline support.

C. Increasing Competition for Lifeline Customers

1. Streamlining the ETC Designation Process

The MPSC acknowledges that the current ETC process works well. States are interested in legitimate ETC applicants and the states want to ensure that they have adequate data and information to properly assess the applicant's qualifications for providing a quality Lifeline service. While the MPSC is generally supportive of efforts to simplify and streamline processes, the MPSC has concerns about streamlining the ETC designation process at the state level. As noted earlier in these comments, each state is different and those differences may cause issues when attempting to consolidate the various state processes into one, uniform, streamlined process. In addition, while some the states have adopted the federal

process, states continue to have the authority to request additional information pursuant to their state commission's orders to ensure that the requesting carrier meets all of the appropriate criteria to be designated as an ETC and prevent fraud and abuse. Creating a streamlined process could limit a state's authority to request additional information. Since the state is responsible for certifying the ETC designation, it is imperative that the state's concerns are addressed before a designation is granted. It is important for those states that certify ETC designations, to not have their designation authority removed or limited.

The FCC also asked for comment regarding relieving ETCs of their obligation to provide Lifeline supported services, pursuant to their ETC designation, in areas where there is a sufficient number of Lifeline providers. The MPSC has concerns about ETCs reducing their obligations to provide Lifeline service, regardless of the number of Lifeline providers in that area. From the perspective of the customer, it could dramatically reduce choice and competition. In addition, it is unclear how the FCC would relieve ETCs of their obligation if those providers obtained their ETC designations from the states. Also, how would it be determined which providers must maintain their Lifeline obligations while other providers are relieved of their Lifeline obligations? These are issues that will need to be addressed if the FCC decides to remove this obligation.

Other Measures to Increase Competition (Second FNPRM, paragraph 127). The MPSC suggests that compliance plans should still be required for non-facilities-based wireless providers. Perhaps the FCC could make this process more efficient

by setting a time-frame for completing compliance plans (e.g., 60 days from submission, etc.).

D. Modernizing and Enhancing the Program

1. TracFone Petition for Rulemaking Regarding Texting

The MPSC supports the FCC's proposal to amend section 54.407(c)(2) of the Commission's rules to allow the sending of a text message by a subscriber to constitute usage.

E. Efficient Administration of the Program

1. Program Evaluation

The MPSC agrees that the Lifeline Program should be evaluated to determine how well Lifeline is serving its intended objectives. The FCC should send out a Request for Proposal (RFP) to evaluate the program and hire an outside evaluator. The RFP should ask the potential evaluators how they propose to measure: 1) the Lifeline Program's effect on voice penetration rate for low-income customers, 2) program costs and program benefits, 3) program affordability, and 4) effectiveness of expanding the program to include broadband. Proposals should include the respondent's budget/predicted costs for the evaluation.

5. Assumption of ETC Designations, Assignment of Lifeline Subscriber Base and Exiting the Market

Assumption of ETC Designations (Second FNPRM, paragraph 188). When an entity seeks to acquire an FCC Designated ETC, the MPSC supports the FCC's proposal to require the acquiring entity that has not been designated as an ETC by the FCC to file a petition with the FCC seeking ETC designation for the

jurisdictions subject to the proposed transaction involving the FCC Designated ETC, and await FCC action in determining whether such petition satisfies all the requirements of the Act. The MPSC agrees that these requirements should apply when the acquiring entity is using a different corporate name or operating entity and should also apply when the acquiring entity maintains the acquired ETC's corporate name or operating entity.

The MPSC agrees with a more streamlined approach when the acquiring entity is also an FCC Designated ETC. The MPSC recommends that the acquiring entity that is an FCC Designated ETC should notify the FCC of its intent to assume control of the FCC Designated ETC held by the acquired entity and request an expansion of its territory to include the acquired ETC's study area codes (SACs).

Requirements for the Assignment of Subscriber Base (Second FNPRM, paragraph 192). The MPSC suggests that the FCC, USAC, state designating authorities and the affected Lifeline subscribers should have notice of transactions regarding forthcoming transfers of control or assignment of assets such as subscriber lists. As the FNPRM mentioned, this will ensure that subscribers have the option of choosing alternative providers and that the relevant authorities are on notice of such transfers.

Exiting the Lifeline Market (Second FNPRM, paragraph 194). The MPSC supports requiring all ETCs, including CMRS-provider ETCs, to give affirmative notice to the FCC, USAC, affected states and affected Lifeline subscribers when they decide to stop providing Lifeline service.

6. Shortening the Non-Usage Period

The MPSC supports reducing the non-usage period to 30 days. The MPSC expects that this effort will help reduce waste, fraud and abuse.

7. Increasing Public Access to Lifeline Program Disbursements and Subscriber Counts

The MPSC supports the FCC's proposal to modify its online disbursement tool to display the total number of subscribers for which the ETC seeks support for each SAC.

8. Universal Consumer Certification, Recertification and Household Worksheet Forms

The MPSC believes the FCC could adopt a standard form for the "one-per-household worksheet". It may be more difficult to standardize the initial and annual certification forms for two reasons: 1) states use different qualifying income levels (for example Alaska, Florida, Kansas, New Mexico, and Michigan do not use 135% of the federal poverty level), and 2) states identify the Lifeline qualifying programs by different names.

10. Officer Training Certification

The MPSC supports the FCC's proposal to require an officer of an ETC to certify on each FCC Form 497 that all individuals taking part in that ETC's enrollment and recertification processes have received sufficient training on the Lifeline rules. The MPSC supports requiring ETCs to obtain signatures from all covered individuals certifying that they have received such training. The MPSC agrees that this would allow auditors, the FCC and states to ensure that the ETC is

acting in accordance with its Form 497. The MPSC agrees that covered individuals should receive such training before taking part in the enrollment process and every 12 months thereafter.

11. First Year ETC Audits

The MPSC acknowledges that it is not prudent to have every Lifeline provider audited within the first year of its operations. The MPSC supports allowing the Office of Managing Director (OMD) to determine if a Lifeline provider should be audited within the first year of receiving Lifeline benefits.

Conclusion

The FCC is seeking comment on numerous and complex issues involving the federal Lifeline Program. While there are some portions that the MPSC supports, there are other issues that raise concern for the MPSC which are explained in the body of these comments. The MPSC appreciates the opportunity the FCC is providing to submit comments on such complex and important issues involving the federal Lifeline Program. As was pointed out in the order, "over the past few years, the Lifeline program has become more efficient and effective through the combined efforts of the Commission and the states. The Lifeline program is heavily dependent on effective oversight at both the federal and the state level and the Commission has partnered successfully with the states through the Federal-State Joint Board on Universal Service (Joint Board) to ensure that low-income Americans have affordable access to voice telephony service in every state and

territory."[2] The MPSC has been an active part of this effort and will continue to be involved in issues that are important to Michigan.

Respectfully submitted,

MICHIGAN PUBLIC SERVICE COMMISSION

Steven D. Hughey (P32203)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy.
3rd Floor
Lansing, MI 48917
(517) 284-8140

DATED: August 31, 2015
FCC/11-42, 09-197, 10-90/Comments

[2] *June 18 Order,* paragraph 2.