

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

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

COMMENTS OF CHARTER COMMUNICATIONS, INC.

August 31, 2015

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COMMENTS OF CHARTER COMMUNICATIONS, INC.

Charter Communications, Inc., (“Charter”) hereby submits these comments in response to the Commission’s Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order regarding the reform of the Lifeline program.¹ Although Charter is not currently a Lifeline provider in the vast majority of states,² Charter is committed to the provision of essential telecommunication services to those who need them most, and is supportive of reforming the Lifeline program to encourage broader participation, efficiency, and stability.

As explained below, including broadband in the Lifeline program would further the program’s objectives. Charter supports the Commission’s proposal, which would facilitate the ability of companies like Charter to participate, and encourages the Commission to implement

¹ *In re Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, and Connect America Fund*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818 (2015) (*hereinafter* “*Second Further Notice*”).

² Charter is a Lifeline provider for some grandfathered customers in various states under state Lifeline programs.

the proposed changes in a fiscally sound and efficient manner. Among other things, consumers should be allowed to choose from a range of broadband services, including bundled and unbundled services, depending on their needs. Additionally, Charter supports the Commission's proposal to transition responsibility for verifying Lifeline eligibility from providers to a national, third-party verifier. That approach would limit incentives for waste, fraud, and abuse, create scale benefits by reducing the cost of eligibility determinations, and increase participation of potential new providers. Finally, the Commission should seek to broaden provider participation in Lifeline by allowing *all* providers, not merely traditional Eligible Telecommunications Carriers ("ETCs"), to participate.

I. INCLUSION OF BROADBAND IN THE LIFELINE PROGRAM IS CONSISTENT WITH THE PROGRAM'S OBJECTIVES.

Charter supports the Commission's proposal to include broadband in the Lifeline program, as it is consistent with the evolution of Lifeline as a dynamic program and with the central purposes of Lifeline—to provide increased opportunities and to improve economic stability.³ Broadband has become an important part of everyday life for most Americans. Broadband networks are deployed extensively throughout the country, and, as of 2013, over 70 percent of Americans subscribed to broadband at speeds of 4 Mbps downstream or greater.⁴

Broadband access is particularly important for low-income customers. Studies have shown that access to broadband can reduce the duration of an employment search by as much as 25 percent,⁵ and can help a typical consumer save \$8,800 per year by providing access to

³ See *Second Further Notice*, 30 FCC Rcd at 7819-20 ¶ 1.

⁴ Kathryn Zichur & Aaron Smith, Pew Research Ctr., *Home Broadband 2013* (Aug. 26, 2013), http://www.pewinternet.org/files/old-media/Files/Reports/2013/PIP_Broadband%202013_082613.pdf.

⁵ See Peter Kuhn & Hani Mansour, *Is Internet Job Search Still Ineffective?*, 124 *Econ. J.* 1213 (2011).

cheaper goods and services.⁶ For all of these reasons, Charter supports including broadband in the Lifeline program as a means of promoting “[a]ccess to advanced telecommunications and information services . . . in all regions of the Nation.”⁷

Charter cautions, however, that these goals could be undermined if the proposal fails to be implemented in a fiscally sound manner. There have been well-documented public concerns regarding waste, fraud, and abuse in the Lifeline program. The Commission should thus exercise great care to ensure that any inclusion of broadband is done sensibly and efficiently.⁸

II. CONSUMERS SHOULD BE ALLOWED TO ALLOCATE LIFELINE DISCOUNTS TO ANY SERVICE OFFERING, INCLUDING BUNDLED SERVICES.

In the *Second Further Notice*, the Commission solicits comment on how best to establish minimum service standards for Lifeline-supported broadband.⁹ In response, Charter encourages the Commission, in designing such standards, to view consumer choice as a vehicle that will drive broadband adoption, and that will increase the diversity of services and competition in the Lifeline program. As the Chair of the Commission’s Consumer Advisory Committee has stated, a modern Lifeline program should “allow Lifeline customers to be treated just the same as any other customer in the marketplace, with their benefits delivered directly to them, and allowing the customer to choose the broadband services that best serve their needs.”¹⁰ Accordingly, the Commission should enable consumers to use Lifeline support for unbundled or bundled services,

⁶ Tom Wheeler, *A Lifeline for Low-Income Americans*, FCC Blog (May 28, 2015, 1:25 PM), <https://www.fcc.gov/blog/lifeline-low-income-americans> (citing Press Release, Internet Innovation Alliance, *Report: Americans Save \$8,800 Annually Thanks to Internet* (Nov. 14, 2012), <http://www.internetinnovation.org/press-room/broadband-news-press-releases/report-americans-save-8800-annually-thanks-to-internet/>).

⁷ 47 U.S.C. § 254(b)(2).

⁸ U.S. Gov’t Accountability Off., GAO-15-335, *Telecommunications: FCC Should Evaluate the Efficiency and Effectiveness of the Lifeline Program* 34-35 (Mar. 2015).

⁹ See, e.g., *Second Further Notice*, 30 FCC Rcd at 7837, 7839-40 ¶¶ 34, 43.

¹⁰ Debra Berlyn, *Modernizing the Lifeline Program Will Benefit Consumers Across the Country*, Morning Consult (July 24, 2015), <http://morningconsult.com/opinions/modernizing-the-lifeline-program-will-benefit-consumers-across-the-country/>.

and for a range of broadband service tiers, depending on their needs.¹¹ Access to bundled services, in particular, may provide cost-effective connectivity to low-income households.

III. A NATIONAL VERIFIER TO MAKE ELIGIBILITY DETERMINATIONS WOULD MAKE THE LIFELINE PROGRAM MORE EFFICIENT AND STABLE.

Charter supports the Commission’s proposal of establishing a national verifier to perform eligibility determinations.¹² Currently, the Lifeline program requires individual providers to vet and verify that consumers seeking service are eligible for USF support. As Commissioner Clyburn has repeatedly stated, however, it is rare, if not singular, for the providers of a service supported by a federal benefit program to be in charge of determining participants’ eligibility for that benefit.¹³ Indeed, moving the responsibility to determine eligibility from providers to a neutral third party would decrease the program’s administrative costs, enabling more of the program’s resources to be spent on actually providing service and encouraging broader participation by potential recipients as well as providers.

Separating the delivery of Lifeline services from the determination of eligibility would also limit incentives of Lifeline providers for waste, fraud, and abuse—by removing any encouragement to be overly permissive in eligibility determinations. Further, having a national verifier determine eligibility would create scale benefits, both for recipients and for providers. For Lifeline recipients, a centralized verification system would reduce the cost of an eligibility determination and make it easier to enroll.¹⁴ For providers, the establishment of a national

¹¹ Lifeline support, of course, could only be used for voice or broadband services; but nothing should stop consumers from receiving video service as a part of their bundle.

¹² *Second Further Notice*, 30 FCC Rcd at 7845 ¶ 63.

¹³ See, e.g., Commissioner Mignon Clyburn, *Throw a Lifeline Across the Digital Divide*, MULTICHANNEL NEWS (May 5, 2015, 11:00 AM), <http://www.multichannel.com/blog/mcn-guest-blog/throw-lifeline-across-digital-divide/390398>.

¹⁴ Mark Burton & John G. Mayo, *Understanding Participation in Social Programs: Why Don’t Households Pick Up the Lifeline?*, 7 B.E. J. of Econ. Analysis & Pol’y 1, 2, 17 (2007) (noting that administrative costs and other “bureaucratic costs associated with the enrollment process”—such as the completion of written applications and necessary travel to social service agencies—have thus far served as barriers to Lifeline enrollment).

verifier would lower the costs of participating in the program,¹⁵ including reducing potential liabilities. For example, participants are currently required to inspect prospective subscribers' sources of proof regarding their income levels, and must manage that information according to carefully tailored regulations.¹⁶ An error in this process can lead to forfeiture penalties for the provider, among other consequences.¹⁷ Having a third-party verifier take on the responsibilities associated with these and similar tasks would make participation in the program more attractive, increasing participation by providers—particularly if combined with changes to the ETC designation process, as discussed *infra* in Part IV.

IV. EXPANDING THE SCOPE OF PROVIDERS WOULD HELP ACHIEVE THE COMMISSION'S GOAL OF INCREASING PARTICIPATION IN THE LIFELINE PROGRAM.

Charter supports the Commission's goal of increasing the number of Lifeline providers able to enter and compete in the marketplace, and suggests the Lifeline program allow *all* providers, not merely ETCs, to participate. From a policy perspective, this approach would have a potentially broader reach than efforts to streamline the ETC designation process. It would serve the goals articulated by the *Second Further Notice*, as well as the recommendations in the *National Broadband Plan*, which explicitly urge the Commission to expand the scope of Lifeline providers.¹⁸ Moreover, this approach would be consistent with other USF programs that seek to encourage adoption among providers—such as the E-Rate and Rural Health Care Support programs—that do not require ETC status for participation.¹⁹

¹⁵ This assumes that the costs associated with funding the national verifier come from the USF itself and not from individual providers on a fee basis. Charter encourages the Commission to adopt such an approach to funding any national verifier.

¹⁶ See 47 C.F.R. § 54.410(b).

¹⁷ See, e.g., 47 C.F.R. § 503(b)(1).

¹⁸ See FCC, *Connecting America: The National Broadband Plan* at 172 (2010).

¹⁹ See 47 U.S.C. § 254(h)(1)(A) & (B); 47 C.F.R. § 54.500 *et seq.*

CONCLUSION

For the reasons stated above, Charter supports the Commission amending the Lifeline program to promote greater participation and competition in the Lifeline marketplace by allowing consumers to apply Lifeline discounts to a range of services, establish a national verifier for eligibility purposes, and reform the ETC process to allow all providers of broadband services to participate in the Lifeline program.

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