

**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 WINDSTREAM SERVICES, LLC

Windstream Services, LLC (“Windstream”), on behalf of its affiliates and subsidiaries, herein responds to the Federal Communications Commission’s Second Further Notice of Proposed Rulemaking seeking comment on additional reforms to the Lifeline program.¹ Windstream is an Eligible Telecommunications Carrier (ETC) providing Lifeline services to nearly 38,000 low-income customers in 17 states, including approximately 2,500 Tribal Lifeline subscribers.² As one of the largest telecommunications providers focused on serving primarily rural areas—which are disproportionately low-income—Windstream is well situated to comment on important issues regarding the Lifeline program.

For nearly a decade, Windstream has supported the introduction of a broadband subsidy for low-income consumers. Windstream is dedicated to providing voice and broadband service in rural and high-cost areas, as evidenced by the company’s recent acceptance of \$175 million in annual Connect America Fund (CAF) Phase II support to provide service to more than 400,000

¹ *Lifeline and Link Up Reform and Modernization et al.*, WC Docket Nos. 11-42, 09-197, 10-90, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order (rel. June 22, 2015) (“*FNPRM*”).

² Numbers are as of June 2015.

high-cost locations; nevertheless, Windstream has long recognized that a critical component to achieving universal service is ensuring that low-income consumers can take advantage of the broadband to which they have access. Almost exactly eight years ago, testifying at a Senate Committee on Commerce, Science, and Transportation Field Hearing, Windstream's then-CEO Jeff Gardner stated that "[t]he gap between those consumers who are online and offline more and more is defined by their economic, rather than geographic, conditions" and that, consequently, in addition to dedicating funds to aid deployment and maintenance of broadband networks in unserved areas, policymakers should devote funding to provide support for low-income consumers' broadband access.³

Thus, Windstream supports the Commission's proposal to permit low-income consumers to use the current subsidy toward a standalone broadband service; Windstream currently offers such a service—called "Solo"—in all of its states in which it is permitted to do so.⁴ The Commission also should permit low-income customers, if they choose, to continue to use their subsidies toward voice offerings; the Lifeline program should aim to provide consumers the

³ See Written Testimony of Windstream President and CEO Jeff Gardner, U.S. Senate Committee on Commerce, Science, and Transportation Field Hearing: The State of Broadband in Arkansas, at 5 (August 28, 2007). See also Comments of Windstream Communications, Inc., A National Broadband Plan For Our Future, GN Docket No. 09-51 at 4 (filed June 8, 2009) ("To boost adoption rates in areas where broadband already is available, the National Broadband Plan should call for Recovery Act funds to be dedicated to a pilot program that provides federal discounts for broadband service to low-income consumers. Any meaningful National Broadband Plan must address the economic gap separating those consumers who are online from those who are not."); Comments of Windstream Communications, Inc., *High-Cost Universal Service Support et al.*, WC Docket No. 05-337 et al. at 54 (filed November 26, 2008) ("*Windstream 2008 Comments*") ("Windstream has consistently and repeatedly urged federal policymakers to give serious consideration to using Lifeline and Link Up dollars to increase broadband adoption. Any meaningful USF support for broadband must address the needs of low-income consumers who cannot afford to purchase broadband service.").

⁴ In Windstream's Solo offering, customers receive broadband service without a traditional phone line. An emergency line for 911 calls and alarm systems is included; and customers may otherwise dial out at a per-minute charge. Windstream does not offer Solo in Nebraska because it did not receive approval from the Nebraska Public Service Commission.

opportunity to purchase services that best suit their individual needs. For this same reason, setting minimum service standards would be justified only in limited circumstances, and the application of minimum service standards to fixed broadband offerings would contravene rather than advance the Commission’s broadband adoption goals. If the Commission decides nevertheless to impose minimum service standards on Lifeline-eligible broadband offerings, it must be sure to do so in a technology-neutral fashion.

Windstream also supports changes to make the Lifeline program more efficient, less burdensome on providers, and less susceptible to waste, fraud, and abuse. Thus Windstream supports the Commission’s proposal to shift the responsibility of conducting eligibility determinations from Lifeline providers to a national verifier and offers comment on various details related to that proposal. In addition, Windstream opposes the Commission’s proposal to require Lifeline providers to make readily available a 24-hour customer service number allowing subscribers to de-enroll from Lifeline services. Such a requirement is unnecessary and would be overly burdensome and costly for providers.

I. SETTING MINIMUM SERVICE LEVELS FOR LIFELINE BROADBAND SERVICE WOULD IMPEDE RATHER THAN ADVANCE THE GOALS OF WIDER BROADBAND ADOPTION.

Windstream understands the Commission’s rationale for proposing minimum service standards for some voice offerings, particularly “free” prepaid wireless products specifically targeted to Lifeline customers.⁵ As the Commission notes, such products feature a measured service offering that has not improved over several years despite advances in wireless technology.⁶ The application of minimum service standards seems unnecessary in the context of

⁵ See *FNPRM* at para. 16.

⁶ See *id.* An alternative way of driving prepaid wireless providers to improve their Lifeline offerings would be to implement a requirement that Lifeline discounts should apply only when a subscriber is paying a minimum charge for the supported service. See Letter from Jennie B.

wireline voice service, where providers such as Windstream offer products with unlimited calling and do not target products specifically toward, or offer “free” service to, Lifeline customers. In the context of broadband service, however, Windstream opposes the application of minimum service standards as contrary to the Commission’s broadband adoption goals.⁷ Minimum service standards for Lifeline-eligible broadband products would limit options available to consumers and discourage them from using their subsidies toward broadband service, thus undermining broadband adoption by this segment of the population.

The monthly cost of broadband products in almost all cases far exceeds the \$9.25 general Lifeline subsidy. For example, according to data collected in the Commission’s 2015 Urban Rate Survey, the monthly rates for 3 Mbps download fixed broadband service with reasonable usage limits are in most cases between \$30 and \$50.⁸ The monthly rates for 10 Mbps download fixed broadband service with reasonable usage limits generally ranged from \$45 to \$100.⁹ If the Commission institutes minimum service standards for Lifeline-eligible fixed broadband products, for example at the levels adopted for qualifying service in the CAF proceeding,¹⁰ it would have the perverse effect of prohibiting low-income consumers from applying their subsidies toward lower-cost products that may suit their needs. Using the numbers from above

Chandra, Windstream, to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, at 4 (Dec. 11, 2011) (*Windstream Ex Parte*). Such a requirement would give customers “skin in the game” and lead them to subscribe only to services in which they find value; this in turn would motivate ETCs to improve their offerings to make them more attractive to customers.

⁷ See *FNPRM* at para. 34.

⁸ See 2015 Urban Rate Survey Broadband Data, available at https://apps.fcc.gov/edocs_public/attachmatch/DOC-333059A1.xlsx (last viewed on Aug. 28, 2015). The only rates below, or even close to, \$9.25 were offered by Time Warner Cable in some markets, and almost all such products included usage allowances of only 5 or 30 Gbps.

⁹ See *id.*

¹⁰ See *FNPRM* at para. 43.

as an example, the Lifeline consumer would essentially be required to spend \$35 or more of his or her own money to receive 10 Mbps service rather than being allowed, if he or she chooses, to spend \$20 per month to obtain 3 Mbps service. This additional \$15 per month may well make it impossible for many low-income consumers to subscribe to any broadband service.

Moreover, many high-cost and rural areas currently lack access to any higher-speed broadband offerings. CAF Phase II is intended to narrow this availability gap, but many CAF Phase II deployments will not be complete for several years.¹¹ Should low-income consumers in these areas not be allowed to use their Lifeline subsidies toward the lower-speed products that may be available currently? Or does the Commission intend to permit such customers to use their subsidies toward lower-speed products while denying the same option to low-income consumers in areas where higher-speed products are available?

Fixed broadband offerings are in almost all cases generally available to all customers in the service area. Customers are free to choose among various products, for example, to pay more for higher speed or unlimited data allowances if those features are important to them. Competition in the market for fixed services as well as intermodal competition between fixed and mobile technologies drive providers to offer the products that consumers want. Lifeline subsidies should operate to make these products more affordable for low-income consumers without reducing the options available to them. Minimum service standards for Lifeline-eligible products would only result in fewer affordable options for, and undermine broadband adoption by, low-income consumers.

¹¹ See 47 C.F.R. sec. 54.310(c) (setting forth deployment schedule, including obligation to serve 100 percent of required locations by Dec. 31, 2020).

II. IF THE COMMISSION ADOPTS MINIMUM SERVICE STANDARDS, IT SHOULD DO SO IN A TECHNOLOGY-NEUTRAL MANNER.

If nevertheless the Commission adopts minimum service standards for Lifeline-eligible broadband products, it should do so in a manner that does not disproportionately benefit providers of one technology—fixed or mobile—over providers of the other. In the current broadband marketplace, customers generally have options for fixed or mobile broadband with varying levels of speed, usage allowances, et cetera. Different customers value different features—mobility, unlimited usage, high data speed—differently and may choose between fixed and mobile products accordingly, or may choose to subscribe to both fixed and mobile broadband. The Lifeline program should not exert outside influence on the market by imposing different minimum service standards for fixed versus mobile broadband that make low-income consumers more likely to subscribe to one or the other because of cost.

For example, if the Commission were to prohibit customers from using Lifeline subsidies toward a 4 Mbps fixed broadband product but permit them to use their subsidy toward a 3G mobile product that at most can provide 4 Mbps speed,¹² the Lifeline program essentially would be pushing the customer toward choosing mobile over fixed broadband, assuming the prices are fairly comparable.¹³ In addition to limiting customer choice, the Lifeline program would be favoring one technology over the other. Thus, if the Commission decides to impose a 10 Mbps

¹² See, e.g., PCWorld, “3G vs. 4G: What’s the Difference” (Feb. 20, 2015), *available at* <http://www.pcmag.com/article2/0,2817,2399984,00.asp> (last visited Aug. 28, 2015) (noting that “a ‘3G’ connection can get you Internet speeds anywhere from 400Kbps to more than ten times that.”).

¹³ The Commission does not currently do a formal rate survey for mobile broadband, but research indicates that mobile broadband plans are generally priced similarly to fixed broadband offerings of the same speeds, up to about 10 Mbps, but with much more restrictive usage allowances. See, e.g., BestBuy Mobile Broadband Plans & Features, Carrier Overview, *available at* <http://www.bestbuy.com/site/mobile-phones/mobile-broadband-comparison-chart/pcmcat214500050010.c?id=pcmcat214500050010> (last visited Aug. 28, 2015).

minimum speed standard for Lifeline-eligible fixed broadband service, it should impose a minimum standard of 4G—which at times can provide speeds around 10 Mbps—for Lifeline-eligible mobile broadband service.

III. THE COMMISSION SHOULD INSTITUTE CHANGES THAT WILL ENHANCE THE EFFICIENCY OF THE PROGRAM AND REDUCE BURDENS ON PROVIDERS.

Windstream supports changes to make the Lifeline program more efficient, less burdensome on providers, and less susceptible to waste, fraud, and abuse, and opposes changes that would undermine these goals. Thus Windstream supports the Commission’s proposal to shift the responsibility of conducting eligibility determinations from Lifeline providers to a national verifier¹⁴ and offers comment on various details related to that proposal. In contrast, Windstream opposes the proposal to require Lifeline providers to make readily available a 24-hour customer service number allowing subscribers to de-enroll from Lifeline services.¹⁵ Such a requirement is unnecessary and would be overly burdensome and costly for providers.

A. The Commission Should Shift Eligibility Determinations to a National Lifeline Eligibility Verifier.

Windstream strongly supports the Commission’s proposal to shift eligibility determinations to a trusted third-party¹⁶ and recommends that the Commission institute a National Lifeline Eligibility Verifier that will handle verifications for all states.¹⁷ As the Commission correctly notes, such a move would likely reduce waste, fraud, and abuse in the program while also making the program more efficient and reducing administrative burdens on

¹⁴ See *FNPRM* at para. 63.

¹⁵ See *id.* at para. 150

¹⁶ See *id.* at para. 63

¹⁷ See *id.* at para. 64.

providers.¹⁸ For those same reasons, Windstream also recommends that states be required to use a national verifier.¹⁹ If the Commission does permit states to maintain their own processes, it should at least establish that carriers not be required to connect with state databases unless they have more than 5,000 Lifeline subscribers in the state. This will ensure that carriers are not incurring substantial conversion costs for a limited number of customers.²⁰

Moreover, a National Lifeline Eligibility Verifier would be better situated to coordinate enrollment with other government benefit programs that qualify low-income consumers.²¹ As the Commission notes, coordinated enrollment will generate efficiencies in the Lifeline program by increasing awareness, making enrollment more convenient for eligible subscribers, and protecting against waste, fraud, and abuse.

In the event the Commission establishes a National Lifeline Eligibility Verifier and shifts verification responsibilities away from providers, such providers should no longer be required to retain consumer eligibility documentation.²² Eliminating the document retention requirement will encourage provider participation in the Lifeline program and also will eliminate privacy concerns that arise from providers' maintenance of records containing CPNI. Finally, the cost of the National Lifeline Eligibility Verifier should come from the Universal Service Fund, not from Lifeline providers.²³ This would bring the Lifeline program in line with other federal universal

¹⁸ See *id.* at para. 63.

¹⁹ See *id.* at para. 75

²⁰ For example, the estimated costs for connecting a carrier in Florida were \$39,790. See Transcript of Florida Public Service Commission Lifeline Working Group Meeting at 16, lines 9-11 (Jan. 21, 2015), available at <http://www.psc.state.fl.us/library/FILINGS/15/00634-15/00634-15.pdf> (last visited Aug. 28, 2015). This would amount to a cost of \$8.00 per person for a carrier with 5,000 Lifeline customers in the state.

²¹ See *id.* at para. 93.

²² See *id.* at para. 91.

²³ See *id.* at para. 88.

service programs, such as the Schools and Libraries and high-cost programs, that are administered through program funds.

B. A 24-Hour Customer Service Number For De-Enrollment Is Unnecessary and Overly Burdensome.

The Commission should not adopt its proposal to require Lifeline providers to make readily available a 24-hour customer service number allowing subscribers to de-enroll from Lifeline services.²⁴ Windstream currently provides a 24-hour line for customers with technical issues and maintains a 12-hour customer service line—from 7 a.m. to 7 p.m. Eastern time—for all customers wishing to discuss account issues. This 12-hour window gives customers sufficient flexibility to contact representatives that are trained to address account issues, such as de-enrollment from Lifeline service offerings. It would be extremely burdensome for Windstream to have to maintain a 24-hour line with trained representatives just to service a population that represents less than five percent of its total customers.

CONCLUSION

The Lifeline program should aim to provide consumers the opportunity to purchase services that best suit their individual needs. Therefore, Windstream supports the Commission's proposal to permit low-income consumers to use the current subsidy toward a standalone broadband service; such consumers should also be permitted, if they choose, to continue to use their subsidies toward voice offerings. Moreover, minimum service standards should not be applied to Lifeline-eligible fixed broadband offerings because this would limit consumer choice and undermine the Commission's broadband adoption goals. If the Commission nevertheless imposes minimum service standards, it should do so in a technology-neutral fashion.

²⁴ See *id.* at para. 150.

Windstream also supports changes to make the Lifeline program more efficient, less burdensome on providers, and less susceptible to waste, fraud, and abuse. Thus Windstream supports the Commission's proposal to shift the responsibility of conducting eligibility determinations from Lifeline providers to a national verifier and offers comment on various details related to that proposal. In addition, Windstream opposes the Commission's proposal to require Lifeline providers to make readily available a 24-hour customer service number allowing subscribers to de-enroll from Lifeline services. Such a requirement is unnecessary and would be overly burdensome and costly for providers.

Respectfully submitted,

Malena F. Barzilai
Eric N. Einhorn
WINDSTREAM CORPORATION
1101 17th St., N.W., Suite 802
Washington, D.C. 20036
(202) 223-7664 (phone)
(330) 487-2740 (fax)

August 31, 2015