

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 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
)	
)	
)	

To: The Commission

COMMENTS OF VERIZON

Kathleen M. Grillo, *Of Counsel*

Christopher M. Miller
David Haga
1320 North Courthouse Road
9th Floor
Arlington, VA 22201-2909
(703) 351-3071

Attorneys for Verizon

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I. INTRODUCTION AND SUMMARY

Lifeline program reform should focus on eliminating red tape to help beneficiaries better navigate the program and on making the program more forward-looking and efficient for everyone. The Commission should streamline Lifeline administration and reject proposals that are unworkable or would only add complexity and costs with little benefit.

Most importantly, the Commission should establish an optional, national third-party verifier to improve the application process for beneficiaries and improve the efficiency of the program for carriers. The Commission should allow providers to choose whether to rely on the verifier or continue making customer eligibility decisions themselves. If the Commission expands the Lifeline program to include broadband Internet access services, the Commission

¹ The Verizon companies participating in this filing are the regulated, wholly owned subsidiaries of Verizon Communications Inc. (“Verizon”).

should make changes to the rules proposed in the *FNPRM*² so that provider participation is voluntary and that the expansion of the program to broadband does not have unintended consequences.

II. THE COMMISSION SHOULD STREAMLINE PROGRAM ADMINISTRATION, NOT INCREASE ADMINISTRATIVE COMPLEXITIES

The current Lifeline administrative rules need adjustments, as Commissioner Clyburn's Lifeline reform proposal highlighted.³ Although the Commission's 2012 Lifeline reforms have reduced waste, fraud, and abuse in the Lifeline program, they have also made the program more complicated for customers to navigate.⁴ For example, Lifeline applicants are now required to complete a multi-page certification form that is likely confusing for most customers. The Government Accountability Office (GAO) found that many eligible customers struggle to complete the application.⁵

The new rules also create problems for providers. In most states, carriers are now responsible for reviewing every application, including eligibility documentation and certifications, and are responsible for annual recertifications of every customer. As the *FNPRM* acknowledges, "the administrative burden that Lifeline providers face in verifying subscriber eligibility is significant."⁶ The Commission itself estimated that Lifeline administrative costs

² *Lifeline and Link Up Reform and Modernization, et al.*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818 (2015) ("*FNPRM*")

³ See, e.g., Remarks of FCC Commissioner Mignon Clyburn, "Reforming Lifeline for the Broadband Era," American Enterprise Institute (Nov. 12, 2014), <https://www.fcc.gov/document/commissioner-clyburn-remarks-american-enterprise-institute>.

⁴ *Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (2012) ("*2012 Lifeline Reform Order*").

⁵ *FNPRM* at 7886, ¶ 205.

⁶ *Id.* at 7852, ¶ 88.

likely exceed \$600 million (probably understated) per year⁷ for a program that distributes about \$1.8 billion annually.

A. The Commission Should Establish an Optional “National Verifier”

To reduce the burden of the Lifeline requirements on customers and carriers alike, and to improve the efficiency of the program, it makes sense to establish an optional “national verifier” to process eligibility paperwork and to qualify beneficiaries.⁸ Carriers that wish to continue handling eligibility verification themselves should have that option.

The Commission should look to the California Lifeline Administrator as a good model for a new, optional national verifier.⁹ Like the California program, when a carrier elects to rely on the national verifier, applicants should submit eligibility documentation and certifications directly to the national verifier and not to the carrier. In that case, the national verifier should perform all eligibility verification functions, including reviewing proof of eligibility, reviewing certification forms, and checking for duplicates in the National Lifeline Accountability Database (NLAD). Upon election, the national verifier also would be responsible for annual recertification requirements.

For applicants in those states that have provided the Lifeline program with access to eligibility databases (such as databases of school lunch or SNAP participants), the national verifier should determine eligibility by querying the state’s databases. For applicants in states that do not provide access to eligibility databases, the national verifier would at first review

⁷ FCC Supporting Statement, OMB Control No. 3060-0819 (Sept. 2012), *available at* <http://www.reginfo.gov/public/do/DownloadDocument?documentID=346743&version=2> (showing an estimated annual burden of \$419,300,000 for the annual recertification requirement alone, with a total of approximately \$624 million for all of the Lifeline safeguards attributable to the 2012 Lifeline Reform Order).

⁸ *FNPRM* at 7845, ¶¶ 63-64.

⁹ *See id.* at 7846, ¶ 64.

eligibility documentation submitted by the applicant. Over time, the national verifier should work with state agencies to negotiate access to state eligibility databases.¹⁰

There are multiple benefits to an optional national verifier. Most importantly, the national verifier would assist customers in navigating the Lifeline program. For example, the optional national verifier should operate a call center to handle consumer questions, just as the third-party administrator does in California.¹¹ Service representatives in a call center run by the national verifier would help consumers with their applications and answer questions about the program rules in a consistent manner.

By centralizing the application review, recertification, and call center functions, the optional national verifier could provide those functions more efficiently than most individual carriers. The national verifier would also provide capabilities that most individual carriers could not provide. For example, the California Lifeline program's call center supports nine different languages.¹²

The Commission should not adopt its proposal to require Lifeline providers to reimburse the fund for part or all of the national verifier expense.¹³ Because, when elected, the national verifier will perform program administrative functions and benefit applicants to the Lifeline program, those costs should be borne by general universal service contributions. Funding the national verifier through general universal service contributions is consistent with the Commission's approach to the E-Rate program's application processing functions, performed by

¹⁰ *Id.* at 7849, ¶ 74.

¹¹ *Id.* at 7847, ¶ 67.

¹² See California Public Utilities Commission, "California LifeLine Contacts," <http://www.cpuc.ca.gov/PUC/Telco/Public+Programs/California+LifeLine+Contacts.htm>.

¹³ *FNPRM* at 7852, ¶ 88.

USAC. And because a national verifier could reduce waste, fraud and abuse in the Lifeline program, the Commission should not create a disincentive for Lifeline providers to use it.

B. The Commission Should Adopt Other Proposals that Would Reduce Program Complexity and Burdens

In addition to creating the optional national verifier, the Commission should adopt certain other proposals in the *FNPRM* that will make the Lifeline program more efficient.

First, the Commission should adopt its proposal to use customer counts in NLAD to reimburse carriers, rather than continuing to require carriers to report customer counts on the Form 497.¹⁴ Because carriers are already providing subscriber information to NLAD as part of the verification process, there is no need for separate subscriber reporting for reimbursement purposes. Similarly, USAC should use the subscriber information in NLAD in the recertification process.¹⁵

Second, the Commission should adopt its proposal to create standard certification and recertification forms and one-per-household worksheets.¹⁶ Standard forms will reduce consumer confusion and ensure consistent implementation of the certification rules across carriers and the optional national verifier.

Finally, the Commission should adopt its proposal to streamline the list of programs that qualify consumers for Lifeline.¹⁷ As the Commission points out in the *FNPRM*, streamlining the list of qualifying programs would better target support to the consumers who need it most.¹⁸ It

¹⁴ *Id.* at 7878-79, ¶¶ 178-79.

¹⁵ *Id.* at 7880, ¶ 184.

¹⁶ *See id.* at 7885-86, ¶ 203.

¹⁷ *Id.* at ¶¶ 112-13.

¹⁸ *Id.*

would also simplify application processing for both the national verifier and any Lifeline providers that elect to continue verifying customers' eligibility.

C. The Commission Should Not Adopt Proposals that Would Add Complexity and Cost to the Program with Little or No Benefit

A number of proposals in the *FNPRM* would only add complexity and cost to the program; the Commission should reject them. For example, the Commission should not adopt its proposal to require eligible telecommunications carriers (ETCs) to operate a 24-hour call center that customers can use to request de-enrollment from Lifeline service.¹⁹ Carriers that provide Lifeline service on a post-paid basis already provide a toll-free contact number on every bill, and also allow customers to contact the carrier through other means, such as online portals, text messages, and e-mails. Micro-managing carrier operations to mandate *24-hour* call center access would be both costly and unnecessary. And there is no evidence that existing options, including call center access during ordinary business hours, do not provide customers with sufficient opportunity to request de-enrollment from Lifeline.

The Commission also should not adopt its proposal to require *all* company employees and third-party agents interfacing with consumers on behalf of the company (through enrolling customers, recertifying, or responding to customer service inquiries) to sign some sort of verification that they have received sufficient training on Lifeline rules.²⁰ For Verizon, this requirement potentially covers several thousand employees. It is very difficult to track and monitor a process to collect signatures from such a huge number of employees, and even the most effective process would require significant resources. At most, the Commission should adopt its proposal to require an ETC officer to certify that employees and other individuals

¹⁹ *Id.* at 7871, ¶¶ 150-51.

²⁰ *Id.* at 7889, ¶¶ 213-14.

interfacing with Lifeline customers received sufficient training on Lifeline rules; under that approach, signatures from individual employees would be unnecessary.

III. THE COMMISSION SHOULD MOVE CAUTIOUSLY IF IT EXPANDS THE SCOPE OF THE LIFELINE PROGRAM

The *FNPRM* suggests the Commission is ready to provide Lifeline support for broadband Internet access service. The Commission should proceed cautiously, and, if it does move forward to expand the program to cover broadband, the Commission must make changes to the rules proposed in the *FNPRM* to avoid unintended consequences.

A. Under the Statute, the Commission Cannot Simply Modify Its Definition of a “Supported Service”

If the Commission decides to provide Lifeline support for broadband, the approach in the *FNPRM*'s proposed rules is overbroad and unworkable. In particular, the Commission cannot adopt its proposal to modify 47 C.F.R 54.101(a) to make “broadband Internet access service” a “supported service.”

Modifying the definition of supported service would have far-reaching effects beyond the Lifeline program. Under Section 214(e)(1) of the Act, ETCs must offer supported services throughout their designated service areas, which for incumbent LECs is typically an entire (and often very large) study area. Making broadband Internet access service a new supported service in Section 54.101(a) thus would obligate all ETCs to offer broadband Internet access service throughout their designated ETC service areas, including rural and high-cost areas.

It cannot be the Commission's intent—and is reversible error if it is—to adopt large-scale, unfunded broadband *deployment* obligations in an otherwise narrow proceeding to reform the Lifeline program. The Commission has, for the past four years, been working to get the

Connect America Fund (CAF) program up and running.²¹ Not only is participation in the CAF program optional, but any broadband deployment obligations under the CAF program are limited to the specific areas in which support is provided. By design, the CAF program imposes no broadband deployment obligations in the highest-cost areas or in high-cost areas already served by an unsubsidized competitor. Modifying the supported service definition to require study area-wide broadband deployment, without corresponding funding, is illegal and inconsistent with the design of the CAF program. Among other statutory problems, this approach would violate section 254(b)(5) of the Act, which requires that USF mechanisms be “specific, predictable, and sufficient.” 47 U.S.C. § 254(b)(5).

B. If the Commission Moves Forward with Lifeline Funding for Broadband It Should Make Incremental Changes to the Program

Rather than modify the supported service definition, the Commission could make incremental changes to the Lifeline program that would provide consumers with additional options.

First, to limit the impact of any changes in the program on the fund size—which is important because consumers pay for USF programs through charges on their bills—the Commission should adopt its tentative conclusion to keep the federal benefit amount at \$9.25 per month.²² This approach would give Lifeline participants a choice about how to use their benefits. The Commission should not create a special, larger benefit for Lifeline customers who subscribe to broadband or subscribe to both voice and broadband.

²¹ See, e.g., *Connect America Fund*, Report and Order, 29 FCC Rcd 15644 (2014).

²² *FNPRM* at 7842, ¶ 52.

Second, the Commission should put in place a tool to monitor growth in the Lifeline program.²³ As the Commission is well aware, one of the key program performance goals set in 2012 for the Lifeline program was to minimize the contribution burden on consumers and businesses.²⁴ If the Commission modifies the scope of the program, it should track changes in the fund size and take action if the fund size increases significantly.

Third, if the Commission does move forward with a new broadband benefit it should modify the Lifeline rules to give carriers the *option* of providing a Lifeline discount on standalone broadband service.²⁵ By giving carriers the option of offering a Lifeline discount on broadband, the Commission can further test the impact of broadband Lifeline discounts on adoption while limiting the risk of a large increase in the contribution factor.

If the Commission nonetheless *requires* ETCs to offer a Lifeline discount on broadband, it should make clear that the ETC can meet its obligation by offering Lifeline on an existing broadband service.²⁶ The Lifeline subsidy is simply reimbursement to carriers for a service discount; it does not compensate carriers for the cost of additional build-out or the cost of creating a Lifeline-specific service offering. The Commission thus should make clear that any broadband Lifeline obligation applies only if the ETC has already deployed broadband facilities

²³ *Id.* at 7843, ¶ 56 (“The purpose of a budget is to ensure that all of our goals are met as the Lifeline program transitions to broadband, including minimizing the contribution burden on ratepayers, while allowing the Commission to take account of the unique nature and goals of the Lifeline program.”).

²⁴ *2012 Lifeline Reform Order* at 6675-77, ¶¶ 37-43.

²⁵ Under existing rules, Lifeline customers that buy both voice and broadband already have the benefit of the Lifeline discount. 47 C.F.R. 54.401(b). Only those customers who buy only broadband service cannot receive a Lifeline benefit.

²⁶ The Commission should make clear that an ETC need not offer Lifeline on *all* existing broadband offerings in order to meet any Lifeline obligation. The results of the Commission’s Lifeline Broadband Pilot Program did not support carriers providing a “menu” of service offerings to potential subscribers.

and offers broadband service to the Lifeline participants (today without a discount option). Similarly, if the Commission adopts its proposal to establish a “minimum level of service,”²⁷ the Commission should not require carriers to create a new Lifeline-specific service offering that meets the minimum level of service. Rather, the “minimum level of service” should be used only to determine whether an existing service offering is eligible for Lifeline support.

Finally, the Commission should make clear that only the Commission has the authority to put in place broadband-related Lifeline obligations. Because broadband is an interstate service, states do not have the authority to layer additional obligations on top of federal requirements. And state-to-state variations in Lifeline broadband discounts, eligibility, and other obligations would only further complicate any broadband-related mandates.

IV. CONCLUSION

Consistent with Verizon’s comments here, the Commission should streamline Lifeline administration and reject proposals that are unworkable or only add complexity and costs with little benefit.

²⁷ *FNPRM* at 7837, ¶ 35.

Respectfully submitted,

By: /s/ David Haga

Kathleen M. Grillo, *Of Counsel*

Christopher M. Miller
David Haga
1320 North Courthouse Road
9th Floor
Arlington, VA 22201-2909
(703) 351-3071

Attorneys for Verizon

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