

**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
	)	

**REPLY COMMENTS OF COMPTTEL**

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COMPTTEL, by its undersigned counsel, hereby submits these reply comments in response to the Federal Communications Commission’s (“Commission” or “FCC”) *Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order* (“FNPRM”) to modernize and restructure the Lifeline program.<sup>1</sup>

**I. INTRODUCTION**

The Comments in this proceeding make clear that providers of fixed and mobile Lifeline service offerings support the Commission’s initiative to transform and improve the Lifeline program by enabling low-income Americans to have access to broadband support, in addition to traditional voice services. Comments in favor of providing a broadband service are numerous

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<sup>1</sup> See *Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, *et al.*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71 (rel. June 22, 2015) (“FNPRM”).

and diverse, including competitive carriers, public interest groups, and industry associations. As COMPTEL addressed in its initial comments, the Commission must continue to allow competition, rather than regulation, to be the prime determinant of the specific amounts of broadband and/or voice service that can effectively be provided and to ensure that low-income consumers get the best benefits given the \$9.25 subsidy level set by the agency.

In the Reply Comments below, COMPTEL: (1) encourages the Commission to adopt its proposal that would fund Broadband Internet access service in the Lifeline program; (2) supports Windstream and Sprint’s call to recover operating costs for a National Lifeline Eligibility Verifier from the Universal Service Fund instead of Lifeline providers; and (3) joins with Joint Commenters in asking the Commission to refrain from seeking enhanced electronic signature requirements that would further burden Lifeline subscribers and their providers. Finally, COMPTEL encourages the Commission to reject a series of process recommendations in a recently released Universal Service Administrative Company (“USAC”) *Request for Information* that would frustrate the ability of providers and subscribers to conduct real-time eligibility verification in a single transaction for Lifeline service.

**II. THE RECORD REFLECTS BROAD SUPPORT FOR THE COMMISSION’S PROPOSAL TO MODERNIZE THE LIFELINE PROGRAM THROUGH THE COMPETITIVE PROVISION OF BROADBAND SERVICE.**

The record in this proceeding indicates near-universal support for the Commission’s proposal to allow low-income consumers to use the current Lifeline subsidy for broadband Internet access service. As illustrated by the FNPRM, participation in the economy “increasingly requires broadband for education, health care, and for persons with disabilities to communicate on par with their peers.”<sup>2</sup>

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<sup>2</sup> FNPRM at ¶ 17.

Commenters in this proceeding, including service providers and public interest groups, have long recognized the importance of adding a broadband subsidy to the Lifeline program, as broadband has become the “essential communications medium of the digital economy.”<sup>3</sup> Microsoft states that broadband connectivity “will provide increasingly important tools and benefits across a range of beneficiaries” and that access to affordable broadband can help low-income Americans address the quality of education and health services they receive.<sup>4</sup> Sprint attests that a Lifeline broadband service can, “if properly designed and implemented, be an important tool to help bridge the pernicious homework gap” that was identified by Commissioner Rosenworcel.<sup>5</sup> In addition, the American Cable Association (“ACA”) finds it reasonable to expand Lifeline to include broadband service because “critical communications connectivity now includes broadband,” and the ACA supports the aim of the Lifeline program to provide essential communications to low-income consumers.<sup>6</sup> Finally, Windstream encourages adoption of the Commission’s proposal to extend the current subsidy to broadband Internet access services based on success the company has had in offering a broadband service to low-income consumers in states across the country.<sup>7</sup>

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<sup>3</sup> Public Knowledge, Appalshop, and Center for Rural Strategies Comments at 4 (“Public Knowledge Comments”) (referencing RALPH B. EVERETT, GEORGETOWN UNIVERSITY CENTER FOR BUSINESS AND PUBLIC POLICY, THE DIGITAL ECONOMY AND CLOSING THE OPPORTUNITY GAP, at 4 (June 2015), *available at* [http://www.gcbpp.org/files/EPV/EPV\\_Everett\\_OpportunityGap62015.pdf](http://www.gcbpp.org/files/EPV/EPV_Everett_OpportunityGap62015.pdf)).

<sup>4</sup> Microsoft Comments at 2.

<sup>5</sup> Sprint Comments at 3.

<sup>6</sup> American Cable Association Comments at 2.

<sup>7</sup> *See* Windstream Comments at 2 (highlighting the company’s “Solo” offering from which customers receive broadband service without a traditional phone line).

Expanding the Lifeline subsidy to allow low-income consumers to access a broadband service is a necessary step to modernize and restructure this critical program. By providing this subsidy, the Commission will allow service providers to connect consumers to opportunities in the digital economy thus ensuring their participation in key facets of society.

In its initial comments, COMPTTEL argued “competition among providers should be the prime determinant of the specific amounts of broadband and/or voice service that can effectively be provided.”<sup>8</sup> Developing a program framework that encourages provider competition will ensure that consumers get the most benefit from the \$9.25 subsidy now allowed by the Commission. To that end, COMPTTEL agrees with the commenters who suggest that the range of service options that carriers make available to Lifeline customers should be determined by market forces.<sup>9</sup> Consumers value different communications products and features and should be allowed to choose the service that best meets their lifestyle and household needs, whether that be voice-only, a fixed or mobile broadband offering or a bundle that includes both. In a competitive market, providers will be able to exercise price pressure on different broadband offerings and plans and provide more benefits to low-income consumers.

In contrast to a competitive market, the Commission must take into consideration the negative impact minimum service standards could have on competitive carriers currently offering Lifeline services. COMPTTEL supports Windstream’s position that proposed minimum

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<sup>8</sup> COMPTTEL Comments at 7.

<sup>9</sup> *See e.g.*, Sprint Corporation Comments at 12 (“By relying upon competitive market forces, consumers can evaluate a range of prices and service offerings and select the one that best suits their individual needs. . . .”). *See also* National Cable & Telecommunications Association (“NCTA”) Comments at 2-3 (“Rather than adopting minimum service standards for Lifeline voice and broadband service, the Commission should allow eligible low-income consumers to use their Lifeline discounts on any voice or broadband service or bundle of voice or broadband services offered by any participating service provider, including any programs such as those discussed above that providers may offer to low-income consumers.”).

service standards on broadband service have the potential to contravene the Commission’s broadband adoption goals by making the service too expensive or limiting the service options available to consumers as providers leave the market.<sup>10</sup> To ensure the affordability and availability of broadband Lifeline service to low-income Americans, COMPTTEL urges the Commission to adopt proposals that focus on increasing the number of eligible telecommunications carriers that provide voice-only, broadband, or bundled Lifeline services.

**III. THE COMMISSION SHOULD RECOVER COSTS OF OPERATING A NATIONAL LIFELINE ELIGIBILITY VERIFIER FROM THE UNIVERSAL SERVICE FUND RATHER THAN SERVICE PROVIDERS.**

The record reflects broad support from competitive carriers for the Commission’s proposal to establish a national Lifeline eligibility verifier (“national verifier”) to make program eligibility determinations. COMPTTEL also urged the Commission in its initial comments to transfer the responsibility of making subscriber eligibility determinations from ETCs to a neutral third party.<sup>11</sup>

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<sup>10</sup> See Windstream Comments at 3-4 (contending that minimum service standards would limit options available to consumers and discourage them from using their subsidies for Lifeline-eligible broadband products).

<sup>11</sup> See COMPTTEL Comments at 12 (noting that the current regime, where the Lifeline ETC is responsible for eligibility determinations, presents a conflict of interest and is “fraught with the potential for waste, fraud and abuse”).

With regard to the financial burden of a national verifier, COMPTTEL agrees with the approach advocated separately by Windstream,<sup>12</sup> Sprint,<sup>13</sup> and the NCTA<sup>14</sup> who recommend that operational costs be recovered through the Universal Service Fund, rather than Lifeline providers. As noted by Sprint, funding for the federal USF programs is recovered from telecommunications carriers based on their revenues “without regard to carriers’ participation in individual USF programs.”<sup>15</sup> Up to this point, the Commission has given uniform treatment to each of the USF programs with respect to the recovery of administrative costs. Drawing operational funding for the national verifier from the USF would “bring the Lifeline program in line with other federal universal service programs” and ensure equal treatment of the providers participating in these programs.<sup>16</sup> The Commission should not use this proceeding to change its position and require Lifeline providers to pay for the operational budget of a mandated program component.

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<sup>12</sup> See Windstream Comments at 8-9 (asserting that the cost of the national verifier should come from the Universal Service Fund instead of Lifeline providers to bring the program in line with other federal universal service programs such as E-Rate and the high-cost programs that are administered through program funds).

<sup>13</sup> See Sprint Comments at 34 (“To charge Lifeline service providers additional fees is contrary to the cost recovery mechanism in place for every other federal universal service program, and there is no basis for singling out the Lifeline program for separate and unfair treatment.”).

<sup>14</sup> See NCTA Comments at 6 (“The national verifier is a cost of the universal service program and universal service funding should be used to pay this cost, just as they are used to pay all other administrative costs of the fund.”).

<sup>15</sup> Sprint Comments at 34 (noting that the \$8.7 billion in estimated costs for the 2015 portfolio of USF programs is based on international and interstate end user telecommunications revenues).

<sup>16</sup> Windstream Comments at 8-9.

#### **IV. ENHANCED ELECTRONIC SIGNATURE REQUIREMENTS WOULD BURDEN LIFELINE SUBSCRIBERS AND THEIR PROVIDERS AND SHOULD NOT BE ADOPTED.**

To better serve the Commission’s universal service mandate and ensure that the Lifeline program reaches as many eligible beneficiaries as possible, the Commission must refrain from implementing enhanced requirements for electronic signatures. In this proceeding, COMPTTEL has argued that any proposal to modernize or increase the efficient administration of the Lifeline program must “ensure that low-income Americans have the same opportunities to participate in the digital economy as other citizens.”<sup>17</sup> COMPTTEL shares Joint Commenters’ concern that the proposal to heighten the agency’s electronic signature authentication and document retention requirements belies the Commission’s aim to use this proceeding to transform the program into one that “reflects the realities of the 21<sup>st</sup> Century communications marketplace.”<sup>18</sup> As Joint Commenters point out, consumers are generally well aware of the implications and legal validity of electronic consent, and requiring additional safeguards would be “unnecessary, burdensome and ultimately harmful to Lifeline subscribers because such a change would fail to treat them like non-low-income consumers interacting with the digital economy.”<sup>19</sup>

COMPTTEL believes the Lifeline program does not need to be burdened by additional regulations at this time. Like Joint Commenters, COMPTTEL believes that the Electronic

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<sup>17</sup> COMPTTEL Comments at i.

<sup>18</sup> FNPRM at ¶ 1.

<sup>19</sup> Joint Commenters Comments at 76 (“In today’s digital economy, consumers understand that clicking a box, using a digital stylus or finger to [sign] an electronic signature pad or mobile device (regardless of whether the use replicates the consumer’s typical signature) or clicking an “I ACCEPT” button are legally valid and binding. Millions, if not billions, of legally binding transactions are completed in this way every day.”).

Signatures in Global and National Commerce Act (“E-SIGN Act”) already provides the necessary safeguards to demonstrate that current and proposed low-income subscribers are providing valid electronic signatures and that ETCs’ document retention policies meet the Commission’s goal of preventing waste, fraud and abuse.<sup>20</sup> Should the Commission choose to implement additional safeguards, it must ensure that these regulations are consistent with and do not add to the requirements of the E-SIGN Act as provided for in 15 U.S.C. § 7004(b)(2)(B).<sup>21</sup>

**V. THE COMMISSION SHOULD REJECT ANY REQUIREMENTS THAT WILL FRUSTRATE THE ABILITY OF PROVIDERS AND SUBSCRIBERS TO CONDUCT REAL-TIME ELIGIBILITY VERIFICATION IN A SINGLE TRANSACTION FOR LIFELINE SERVICE**

In anticipation of proposed rule changes to the Lifeline program, USAC has released a *Request for Information* (“USAC RFI”) to evaluate technical designs and projected costs for a national verifier.<sup>22</sup> In this proceeding, COMPTTEL has argued that the Commission should not adopt any proposals that would frustrate the ability of low-income consumers to receive real-time eligibility verification for Lifeline benefits.<sup>23</sup> While noting that the Commission’s FNPRM

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<sup>20</sup> Joint Commenters Comments at 77 (suggesting that the imposition of regulations beyond the requirements of the E-SIGN Act “would impose burdens on and ETCs with no resulting benefits, forcing low-income consumers to jump through additional regulatory hoops that do not apply for non-low-income Americans”).

<sup>21</sup> 47 U.S.C. § 7004(b)(2)(B).

<sup>22</sup> See *Lifeline Eligibility Verification Services*, USAC-LI-2015-09-002, USAC Request for Information (rel. Sep. 10, 2015), available at <http://www.usac.org/about/tools/procurement/rfp/RFI-Lifeline-Eligibility-Verification-Services.aspx> (“USAC RFI”).

<sup>23</sup> See COMPTTEL Comments at 13-15. See also Comments of COMPTTEL, *In Re Petition for Rulemaking to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers*, et al., WC Docket No. 11-42, et al. (filed June 17, 2013) (advocating for a “one transaction” policy that would allow low-income consumers to obtain Lifeline service immediately upon presentation of legitimate proof of eligibility).

includes “various alternatives to a [national verifier] model,” the USAC RFI seeks information on methods that would threaten a real-time eligibility verification approach.<sup>24</sup> Specifically, USAC presents a series of process requirements that would make it difficult for Lifeline providers to complete the eligibility verification process in a single transaction, including: (1) permitting the national verifier to accept eligibility requests via paper mail or fax, in addition to electronic methods;<sup>25</sup> (2) allowing the verifying firm 24 hours to turnaround eligibility requests;<sup>26</sup> and (3) limiting the verification process to an “annual limited eligibility request window.”<sup>27</sup>

As noted in COMPTTEL’s initial comments, “real-time eligibility verification in a single transaction is essential” and the Commission should reject any recommendations that abandon this arrangement.<sup>28</sup> Lifeline applicants often rely on real-time eligibility verification, and providers have come to view real-time eligibility verification as an important tool for enrolling low-income and itinerant consumers that may not have the resources or time during business hours to make multiple trips to obtain Lifeline service. USAC’s requirements for an independent verifier would delay eligibility verifications to the detriment of these consumers and may have a significant impact on providers’ ability to enroll them in the program. These recommendations contradict USAC’s goal of establishing a national verifier with a process that is “*quick* and easy

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<sup>24</sup> USAC RFI § 2

<sup>25</sup> *See id.* § 3(a)(2).

<sup>26</sup> *See id.* § 3(b)(1).

<sup>27</sup> *See id.* § 4(c)(2).

<sup>28</sup> COMPTTEL Comments at 13 (noting that real-time eligibility verification in a single transaction has been a critical step in obtaining Lifeline service for low-income and itinerant consumers).

for providers and consumers” and should be rejected in favor of methods that will allow providers to complete the enrollment process in a single transaction.<sup>29</sup>

## **VI. CONCLUSION**

For the foregoing reasons, COMPTEL urges the Commission to adopt the recommendations in its Comments and Reply Comment in this proceeding, as it considers the issues raised in the *Second FNPRM*.

Respectfully submitted,

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<sup>29</sup> USAC RFI § 2 (emphasis added).