

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

**REPLY COMMENTS OF T-MOBILE USA, INC.**

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T-Mobile USA, Inc. (“T-Mobile”)<sup>1</sup> files these reply comments in the Commission’s inquiry into further reform of the Lifeline program.<sup>2</sup>

**I. INTRODUCTION AND SUMMARY**

T-Mobile shares the Commission’s commitment to ensuring that low-income consumers receive the communications services that they need. T-Mobile currently provides Lifeline service in seven states and Puerto Rico and portions of two other states, and previously provided Lifeline service in 20 additional states. Even beyond its participation in the Lifeline program, T-Mobile’s consumer-friendly “Un-carrier” approach offers an array of flexible options that benefit all consumers, including low-income consumers.

To better meet the needs of low-income consumers in the 21<sup>st</sup> century, the Lifeline program should be modified to include support for mobile broadband. This will bring numerous

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<sup>1</sup> T-Mobile USA, Inc. is a wholly-owned subsidiary of T-Mobile US, Inc., a publicly traded company.

<sup>2</sup> *Lifeline and Link Up Reform and Modernization, et al.*, WC Docket Nos. 11-42 *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”).

benefits to low-income consumers, such as helping to alleviate the “homework gap,” as Commissioner Rosenworcel has emphasized on numerous occasions. That gap, however, cannot be addressed solely through Lifeline subsidies. Rather, the best solution would combine Lifeline support with E-rate support for mobile broadband for educational use off of school property.

The record shows overwhelming support for removing providers from the eligibility verification process. The Commission should move forward with the implementation of third-party verification, but the verifier should not have any role in customers’ selection of their Lifeline provider, and should be implemented as efficiently as possible.

As Lifeline is modified to support broadband, the Commission should move cautiously at the present time with regard to a program budget, given implementation concerns and the currently low participation rate. The Commission also should recognize the transformation in consumer usage patterns and allow text messaging to count as “usage” under the non-usage rule—which should remain at 60 days.

Many of the reforms proposed in this proceeding, would improve the Lifeline program for consumers and providers alike. T-Mobile agrees with the Commission that Lifeline consumers will benefit from greater competition and innovation in the Lifeline marketplace.<sup>3</sup> In this regard, a number of the proposed reforms are likely to make it more appealing for providers such as T-Mobile to participate in the program, which should increase competition and innovation. To create the proper incentives for a more competitive Lifeline marketplace, the Commission should ease the regulatory burdens for entering and providing Lifeline service, while maintaining strong protections against waste, fraud, and abuse.

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<sup>3</sup> *Id.* at ¶ 121.

## II. LIFELINE SERVICE SHOULD BE EXPANDED TO INCLUDE MOBILE BROADBAND

As the Commission and most commenters observe, broadband service has become a necessity to modern life. It is an essential part of Americans' experience in education, employment, civic engagement, and virtually every other type of social interaction.<sup>4</sup> Moreover, consumers depend on *mobile* broadband heavily for most of their daily broadband needs. For example, 19 percent of Americans rely exclusively or primarily on their mobile device for their online access.<sup>5</sup> This is not surprising, since many functions that previously required a computer can now be performed on mobile devices.<sup>6</sup> Mobile broadband particularly benefits the needs of *low-income* users.<sup>7</sup> As CTIA points out, low-income consumers increasingly use wireless service as their primary means of access to the Internet.<sup>8</sup> For all these reasons, T-Mobile supports the Commission's proposal to expand the Lifeline program to cover broadband in addition to voice service.

Although adding mobile broadband to the Lifeline program will help low-income consumers in many ways, including with their educational needs, it is not a sufficient solution to the "homework gap." This is particularly true given that the Commission proposes to retain the current \$9.25 per month support level.<sup>9</sup> As EdLiNC points out, "21<sup>st</sup> Century digital homework

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<sup>4</sup> See, e.g., *id.* at ¶¶ 4-5; ALA comments at 6-9; AT&T comments at 2; Charter comments at 2-3; NY PSC comments at 1-2; Public Knowledge comments at 2-19.

<sup>5</sup> Aaron Smith, Pew Research Center, *U.S. Smartphone Use in 2015* (Apr. 1, 2015), available at <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015>.

<sup>6</sup> See, e.g., Cincinnati Bell comments at 5 ("smartphones ... can easily perform most tasks that previously would have only been possible with fixed broadband service.").

<sup>7</sup> See, e.g., CTIA comments at 3-4; Common Cause comments at 5-6.

<sup>8</sup> CTIA comments at 3. See also Consumers Union comments at 3 ("For many vulnerable populations, including rural consumers, low-income consumers, and consumers living in communities of color, a mobile device is the first – and sometimes the only – means to access the Internet.").

<sup>9</sup> FNPRM at ¶ 52.

requires adequate broadband and not just any level of connectivity.”<sup>10</sup> Although there is no question that today’s mobile broadband networks are capable of providing that level of connectivity, and can be connected to laptop computers or high-performance tablets that facilitate this type of work, the Lifeline program is unlikely to provide sufficient support or sufficiently targeted support to provide a comprehensive solution for all (or even most) low-income families with school-age children.

Like Sprint, T-Mobile “continue[s] to believe that the E-rate program could and should be a key tool to address the homework gap.”<sup>11</sup> In fact, expanding the Lifeline program as the Commission has proposed combined with changing the E-Rate rules to allow support for students’ educational use of mobile broadband off of school property would be the most comprehensive and immediately available solution to the homework gap problem. T-Mobile urges the Commission to revisit this issue in the E-rate docket,<sup>12</sup> and remain realistic about the education-related results that can be achieved through Lifeline reform alone.

Although the Lifeline program is not equipped to provide a complete solution to the homework gap, mobile broadband is a superior form of broadband access for connected learning, contrary to some commenters’ suggestions.<sup>13</sup> A fixed broadband connection at home can only be used at home, but students often need to do homework at other locations as well. This may include the homes of other family members, after-school care locations, or even the car or bus while en route to and from school or other activities. Mobile broadband enables this degree of

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<sup>10</sup> EdLiNC comments at 7.

<sup>11</sup> Sprint comments at 4.

<sup>12</sup> Granting T-Mobile’s pending petition for reconsideration would be helpful in this regard, Petition for Reconsideration of T-Mobile USA, Inc., WC Docket No. 13-184 (filed Mar. 6, 2015), but to truly address the issue the Commission should specifically authorize E-rate support for off-campus use of mobile broadband for educational purposes.

<sup>13</sup> See, e.g., AARP comments at 8; Univision comments at 2.

connectivity in a way that fixed broadband simply cannot. Mobile broadband is therefore the superior form of broadband access for connected learning.

The record also reflects misperceptions about the devices that can be used with mobile broadband connections and mobile broadband's ability to connect multiple users in a household.<sup>14</sup> Mobile broadband services can be used with many devices – not just traditional mobile handsets. For example, in the E-rate program, wireless carriers generally provide mobile broadband service to educational institutions to connect students and teachers via phablets, tablets, and laptops, all of which can provide a robust user experience that replicates a desktop computer, allowing web-based research, writing papers, and collaborating with peers on projects. Additionally, mobile broadband providers offer portable hotspots to connect multiple devices, allowing multiple users to benefit from a single mobile connection. While reforming Lifeline and deploying fixed broadband services across the country could take years, expanding the E-Rate program to provide immediate benefits to thousands of school children would require only a simple tweak of the FCC's rules.

For all these reasons, T-Mobile agrees that the Commission should reform the Lifeline program to support broadband services. At the same time, the Commission should pursue concurrent reform of the E-rate program to facilitate greater use of mobile broadband for connected learning.

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<sup>14</sup> See, e.g., AARP comments at 8 (“there are broadband-related functions that are incompatible with smartphones, and low-income consumers aspire to take advantage of these functions”); Univision comments at 2.

### **III. THE RECORD SHOWS OVERWHELMING SUPPORT FOR THIRD-PARTY ELIGIBILITY VERIFICATION**

Commenters were virtually unanimous in their support for transferring responsibility for customer eligibility away from Lifeline providers and to a third party.<sup>15</sup> This will remove providers from functions that they are not well-equipped to perform. As some commenters point out, however, the verifier should not be in any way involved with consumers' selection of their Lifeline provider.<sup>16</sup> This will ensure that the implementation of a third-party verifier does not favor any particular carrier or carrier type over another. In addition, the Commission must ensure that the selection and implementation of a third-party verifier is as efficient as possible to minimize the costs borne by universal service contributors.

### **IV. THE COMMISSION SHOULD PROCEED CAUTIOUSLY ON ANY LIFELINE BUDGET**

The Commission should proceed with caution in considering any proposals to impose a budget on the Lifeline program at this time. As a number of commenters point out, it is unclear how to develop a budget for the Lifeline program or what its impact would be.<sup>17</sup> If the budget were reached, would new Lifeline subscribers be turned away, or would benefits for existing customers be reduced? Either approach presents its own set of problems. Consideration of a budget at this time seems particularly complicated given that, as TracFone points out,

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<sup>15</sup> See, e.g., ACS comments at 7; ACA comments at 8; Benton Foundation comments at 38; Charter comments at 4-5; Comptel comments at 12; Cox comments at 4; ITTA comments at 3; NCTA comments at 5-6; Public Knowledge comments at 33; Sprint comments at 23-25; Windstream comments at 7-8.

<sup>16</sup> See, e.g., CTIA comments at 14; Sprint comments at 24.

<sup>17</sup> See, e.g., Benton Foundation comments at 33; Common Cause comments at 16-17; CWA comments at 6; COMPTTEL comments at 30; CTIA comments at 17-19; Smith Bagley comments at 17; TracFone comments 18-20.

participation in Lifeline is still only around 50 percent.<sup>18</sup> This makes it difficult to determine an appropriate level at which any budget should be set.

T-Mobile therefore urges the Commission to proceed with caution regarding any consideration of a budget as it moves forward with Lifeline reform. The Commission should ensure that it satisfactorily address the considerations discussed above before setting any Lifeline program budget.

**V. THE COMMISSION SHOULD INCLUDE TEXT MESSAGES AS USAGE AND RETAIN THE 60-DAY NON-USAGE PERIOD**

T-Mobile supports the Commission’s efforts to reduce waste, fraud, and abuse by requiring Lifeline providers to de-enroll customers who fail to use the service for a reasonable period of time.<sup>19</sup> At the same time, this rule should evolve to recognize changing patterns in how people use Lifeline service. The record reflects that consumers increasingly communicate by text rather than voice.<sup>20</sup> As TracFone observes, “for many consumers, including many Lifeline consumers, text messaging is the preferred means of communicating with others using their wireless devices. Moreover, for the deaf and hard-of-hearing community as well as for those persons who have speech difficulties, texting is the only means of communication using mobile phones without use of special equipment.”<sup>21</sup> Therefore, the Commission should include texting as “usage” under the non-usage rule, as long as only texts that are neither to nor from the Lifeline provider are counted.<sup>22</sup> That texting is not defined as a supported service under the Lifeline program is irrelevant. The non-usage rule is designed to guard against waste, fraud, and abuse; it

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<sup>18</sup> TracFone comments at 19.

<sup>19</sup> 47 C.F.R. § 54.405(e)(3).

<sup>20</sup> CETF comments at 46; COMPTTEL comments at 27-28; Michigan PSC comments at 14; Smith Bagley comments at 25; Sprint comments at 30; TracFone comments at 47-48.

<sup>21</sup> TracFone comments at 48.

<sup>22</sup> *Id.* at 49.

does not define the supported services. Moreover, as COMPTTEL observes, low-income consumers who generally communicate via text rather than by voice still need to be able to call 911.<sup>23</sup>

The Commission should not, however, shorten the non-usage period below the current 60 days. As commenters point out, a shorter non-usage period increases the risk that subscribers may be de-enrolled even though they wish to continue using the service, and places burdens on customers to re-enroll or go without the benefit.<sup>24</sup> The 60-day non-usage period is an effective tool to ensure that consumers do not receive the Lifeline benefit unless they intend to use it. It should be retained.

## **VI. THERE IS STRONG SUPPORT FOR STREAMLINING THE ETC DESIGNATION PROCESS**

The record demonstrates that, to increase competition in the Lifeline marketplace, the Commission should reduce the initial and ongoing regulatory barriers on Lifeline providers. For example, many commenters argue that a more streamlined process than the current full ETC designation process could maintain strong controls against waste, fraud, and abuse by providers while imposing fewer burdens on potential new Lifeline providers.<sup>25</sup>

This is consistent with T-Mobile's experience, having been designated as an ETC by the FCC and a number of state commissions. T-Mobile strongly supports the need to guard against waste, fraud, and abuse in the Lifeline program, and therefore understands the rigor with which regulators undertake the review of ETC applicants. At the same time, T-Mobile found the ETC

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<sup>23</sup> TracFone comments at 27-28.

<sup>24</sup> *See, e.g.*, AARP comments at 40-41; Missouri PSC comments at 6; Navajo Nation TRC comments at 16; Smith Bagley comments at 37-38; Sprint comments at 30-31; TracFone comments at 49-50.

<sup>25</sup> *See, e.g.*, ACA comments at 11; ALA comments at 15; AT&T comments at 27-29; Comcast comments at 11; Cox comments at 9-10; NCTA comments at 4-5; TracFone comments at 44-47.

designation process to be time-consuming and burdensome, and other providers likely have concluded the same.

In order to increase competition in the Lifeline marketplace, T-Mobile urges the Commission to carefully consider proposals to reduce barriers to entry, while maintaining strong controls and oversight against waste, fraud, and abuse. At minimum, the Commission should streamline the ETC designation process, for example by imposing a time limit on the consideration of ETC designation petitions, as TracFone proposes.<sup>26</sup>

## **VII. SIMPLIFY THE ONGOING ADMINISTRATIVE REQUIREMENTS FOR LIFELINE PROVIDERS**

As noted above, T-Mobile supports the Commission's intention to increase competition in the Lifeline marketplace by reducing unnecessary burdens on Lifeline providers. To this end, T-Mobile urges the Commission to reject imposing unnecessarily burdensome ongoing administrative responsibilities on Lifeline providers. Although the FNPRM includes a number of positive proposed rule changes, it also includes other proposals that would increase burdens on Lifeline providers without bringing any real benefit in program administration. As a result, the Commission should reject these proposals:

***Do Not Require a Dedicated De-Enrollment Hotline.*** Although T-Mobile supports ensuring that Lifeline consumers can de-enroll promptly whenever they choose to do so, the record shows that the proposal to require Lifeline providers to make available a dedicated all-hours de-enrollment line would impose considerable costs, beyond any possible benefit, and could even result in customer confusion.<sup>27</sup> As the Joint Commenters point out, this proposal

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<sup>26</sup> TracFone comments at 45-46.

<sup>27</sup> See, e.g., AT&T comments at 37; Cox comments at 4; GCI comments at 27; ITTA comments at 4; Joint Commenters comments at 69-71; TracFone comments at 51; USTelecom comments at 13-14; Verizon comments at 6; Windstream comments at 9; WTA comments at 21-22.

would “impose significant costs on service providers,” and is particularly unnecessary in the wireless context given that wireless customers generally know they can reach their provider’s customer service department by dialing 611 from their handsets.<sup>28</sup> Consumers also may be confused about which number to use to contact their provider.<sup>29</sup> In short, this proposal would create costs and problems than outweigh any marginal potential benefits, and should be rejected.

***Do Not Require ETCs to Pay for NLAD or Other Lifeline Administration Costs.***

Commenters across the board correctly called for rejection of proposals to require Lifeline providers to pay for the costs of NLAD or other Lifeline-specific administration costs.<sup>30</sup> As the record reflects, the proposal would conflict with the statute’s call for universal service costs to be borne by all providers of telecommunications on an equitable and non-discriminatory basis.<sup>31</sup> Moreover, program-specific costs of other universal service programs, such as the recent upgrades to E-rate application processing, or the Connect America Fund Phase II cost model, have been borne by all USF contributors, rather than by the participants in those programs.<sup>32</sup> The same approach should be used in Lifeline.

***Enhance USAC’s Disbursement Tool to Give Providers Better Access to Disbursement Information.*** TracFone urges the Commission to enhance USAC’s disbursement tool to provide better access to disbursement information.<sup>33</sup> T-Mobile supports this request. Specifically,

TracFone argues that providers should have secure online access to the detailed information that

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<sup>28</sup> Joint Commenters comments at 70.

<sup>29</sup> See, e.g., AT&T comments at 37.

<sup>30</sup> See, e.g., AT&T comments at 34-35; Castleberry Tel. Co. comments at 3; Connected Nation comments at 17; Cox comments at 7; ITTA comments at 17; Joint Commenters comments at 81; NCTA comments at ; NTCA comments at 8; Sprint comments 34-35;

<sup>31</sup> See, e.g., AT&T comments at 35.

<sup>32</sup> Cf. Sprint comments at 35 (carriers currently contribute significantly to other USF programs in which they do not, or may not, participate).

<sup>33</sup> TracFone comments at 55-57.

currently is available only by requesting a “Latest View” report from USAC staff.<sup>34</sup> This information would allow Lifeline providers to maintain an ongoing reconciliation of their USAC Lifeline accounts with their own records.<sup>35</sup>

As an ETC, T-Mobile is familiar with the frustration of trying to decipher USAC’s disbursement statements. Greater visibility into the computation of Lifeline disbursements would benefit T-Mobile and other Lifeline providers. The reduced frustration and transaction costs of dealing with USAC could increase incentives for more providers to enter the Lifeline market, which would further the goal of increasing competition for Lifeline customers.

The proposals discussed above would impose new burdens on Lifeline providers without adding significant new protections against waste, fraud, and abuse. The Commission therefore should reject them.

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<sup>34</sup> TracFone comments at 57.

<sup>35</sup> *Id.*

