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

In the Matter of

Federal-State Joint Board on Universal Service	))	CC Docket No. 96-45

Comments of the Indiana Utility Regulatory Commission

In these comments, the Indiana Utility Regulatory Commission ("IURC") addresses the Federal-State Joint Board on Universal Service Public Notice ("Joint Board") issued October 12, 2001, in CC Docket No. 96-45. The Public Notice seeks comment on its review of Lifeline/Link-Up, two federal support programs that are used to preserve and advance universal service and to ensure that quality telecommunications and information services are available to low-income consumers at just, reasonable, and affordable rates, as required by the Telecommunications Act of 1996.[1]

In its Recommended Decision, the Joint Board determined that Congress' intent would be best served if all low-income consumers had access to Lifeline/Link-Up assistance.[2] According to the Joint Board, this goal would be met if the Commission maintained the basic framework for administering Lifeline/Link-Up qualification in states that provide matching support from intrastate jurisdiction, with the corresponding criteria to be based on income or factors directly related to income.[3] Also, the Joint Board recommended that for states choosing not to provide intrastate matching support, the Commission should adopt specific default means-tested eligibility standards.[4] The Commission did maintain the basic framework for administering the Lifeline program

[1] Telecommunications Act of 1996, Pub. L. No. 104-104. 110 Stat. 56 (1996)(1996 Act). The 1996 Act amended the Communications Act of 1934. 47 U.S.C. §§ 151, *et seq.*
[2] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, 12 FCC Rcd 87, (1996) (*1996 Recommended Decision*).
[3] *Recommended Decision*, 12 FCC Rcd 87, 303 (1996).
[4] *Recommended Decision*, 12 FCC Rcd 87, 303 (1996).

that existed prior to the adoption of the Universal Service Order.[5] In addition, the Commission agreed with the Joint Board's recommendation to apply a specific, means-tested eligibility standard, by requiring participation in Medicaid, food stamps, Supplementary Security Income, federal public housing assistance (Section 8), or Low Income Home Energy Assistance Program (LIHEAP), in order for an individual to be eligible for Lifeline/Link-Up in states that choose not to provide matching support from the intrastate jurisdiction.[6] On December 21, 2000, the Commission referred the low-income support issues to the Joint Board and stated: "…we ask the Joint Board to undertake a review of Lifeline and Link-Up service for all low-income customers, including a review of the income eligibility criteria."[7]

It is because of this ongoing joint effort between the Federal Communications Commission ("FCC") and the Joint Board to increase participation in these programs that the IURC welcomes the opportunity to offer its comments on this topic.

A. The Effectiveness of the Current Lifeline/Link-Up Program.

Indiana does not provide state matching support to its eligible subscribers. Indiana utilizes the specific, means-tested eligibility standard approved by the Commission, by requiring subscribers to participate in Medicaid, food stamps, Supplementary Security Income, federal public housing assistance (Section 8), or LIHEAP. As of 1999, the number of households in Indiana that received Lifeline support was 19,058 subscribers receiving $1,231,268 in federal Lifeline support. An estimated 5,507 Indiana subscribers received a total of $127,536 in federal Link-Up support[8]. In February 2000, under Cause No. 41052-ETC-39, the IURC approved Ameritech

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[5] *Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776 (1997), as corrected by Errata, CC Docket No. 96-45 (rel. June 4, 1997) (*Universal Service Order*).
[6] *Universal Service Order*, 12 FCC Rcd 8776, 8973 (1997).
[7] *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Order, 15 FCC Rcd 25257 (rel. Dec. 21, 2000).
[8] All 1999 figures are estimates, based upon unpublished USAC data and/or informal discussions between IURC Staff and USAC Staff.

Indiana's enhanced Lifeline plan, USA Lifeline, which became effective in April 2000. The FCC found in its Merger Order that SBC/Ameritech Indiana must offer an enhanced Lifeline plan to state commissions for approval and Ameritech Indiana is required to offer the enhanced Lifeline plan for 36 months following the effective date of their tariff. The plan provides certain eligible residential subscribers with the following benefits:

- Recurring discount on monthly basic local exchange rate (excluding toll or local usage);
- Waiver of federal end user charge;
- Waiver of deposit to establish local service;
- Waiver of applicable service connection charges;
- Free toll restriction, call trace and automatic blocking for 900 and 976 calls, and
- Waiver of applicable service conversion charges for changing to or from USA Lifeline.

As a condition of approval, SBC/Ameritech Indiana must provide specific information about USA Lifeline to the IURC including how the $64,000 annual promotional budget required by the FCC is spent, and how many customers subscribe to the existing Lifeline plan and the enhanced Lifeline plan.

According to the IURCs Order in Cause No. 40785-S2, Verizon is also required to report its Lifeline/Link Up data. In 2000, Verizon reported a total of 5,666 Lifeline subscribers and 916 Link Up subscribers.[9]

A number of participation rates have been measured in various industry projects including one by the Telecommunications Industries Analysis Project and one by the Universal Service Administration Company ("USAC"). The Telecommunications Industries Analysis Project, *Closing the Gap: Universal Service for Low-Income*

[9] 2000 data taken from Verizon compliance report as Ordered under IURC Cause No. 40785-S2 dated January 26, 2000.

Households[10] measured the effects of low income on Lifeline participation in the United States. This paper was presented at the summer 2000 NARUC meeting in Los Angeles, California. The paper calculates the take rate as the percentage of eligible customers that subscribe to Lifeline service. In a separate analysis conducted by USAC regarding Lifeline participation[11], USAC calculated the percentages by state of participation in Lifeline by determining the number of Lifeline participants in each state compared to the number of persons in that state assumed to be eligible to receive Lifeline. Furthermore, USAC used 1998 data from Medicaid assistance as a proxy for Lifeline eligibility citing that participation in Medicaid is one of the most commonly used eligibility requirements for the Lifeline program. In its analysis, USAC cites Indiana as having a Lifeline participation rate of 8.11% among Medicaid recipients which is one of the lowest rates in the nation according to USAC's analysis.

B. Subscribership and Federal Assistance Reforms.

Subscribership in Indiana regarding the Lifeline and Link-Up programs has increased over the last several years. In 1998, subscribership in the Lifeline and Link-Up programs totaled 12,439. In 1999, that number jumped to 19,058 and then to 19,468 in 2000. Indiana does encourage the Joint Board to examine the effects of federal assistance on these low-income programs in greater detail in order to determine what, if any further modifications are necessary to maintain these programs. More importantly, the Joint Board should also be mindful that the number of eligible customers could drastically

[10] *Closing the Gap: Universal Service for Low-Income Households* presented at the July 2000 NARUC Meeting in Los Angeles, California. Published by the Public Utility Research Center, Warrington College of Business Administration, University of Florida, Carol Weinhaus, Director.
[11] *See* www.hcfa.gov/medicaid/MCD98T02.pdf (1998 data).

change as a result of the nation's economic slowdown and that under-representation may become more of a factor in subscribership levels.

Indiana also shares the Joint Board's concerns regarding under-representation. Specifically, Indiana is interested in examining how effective the programs are in light of the increase in immigrant populations in addition to the most recent economic events that have led to massive layoffs in the manufacturing, industrial and airline industries.

Under-representation may be an important factor with regard to subscribership for several reasons. First, these individuals may not be aware of what programs exist due to lack of education from social service agencies as well as the carriers themselves. The carriers should make every effort to work in conjunction with social service agencies in order to reach as many individuals as possible. Second, it is important that carriers recognize the ever-changing demographics of their customers and respond with multi-lingual resources to meet their customer's needs.

C. Modifying the Existing Lifeline/Link-Up Rules.

1. Eligibility Criteria.

The eligibility standards currently in place have captured an increasing number of participants in both the Lifeline and Link-Up programs. For Indiana, these eligibility criteria have enabled thousands of individuals to have the opportunity to have access to telecommunications and information services.

Because certain states have their own Lifeline/Link-Up program, there are different eligibility criteria nationwide. It would be prudent in the long run to establish a common ground for the programs by instituting a minimum standard such as the current federal eligibility criteria. Having a minimum national standard would enable states to be able to monitor and track information on subscribership.

Indiana believes that customers should qualify for the Lifeline/Link-Up programs without having to participate in one of the aforementioned federal assistance programs. The Indiana Commission encourages the Joint Board to examine what options are possible in order to reach consumers who are not currently represented in one of the federal assistance programs, but who would otherwise be eligible. In the interim, Indiana would like to offer an option that could increase subscribership. Representatives of federal assistance programs could provide each state commission with a comprehensive list of individuals who are enrolled in one or more programs. Then, those lists can be distributed to the carriers in an effort to assist them in identifying eligible customers.

In addition, Indiana would like to offer its encouragement and support for the proposal that Lifeline/Link-Up enrollment should be guaranteed for a specified minimum period of time. It is not clear what interests would be served if an individual is immediately removed from Lifeline enrollment when they no longer meet the eligibility standards. A grace period between 3 and 6 months would be useful for individuals who are attempting to make life-changing decisions to alter their socio-economic status. This grace period would provide consumers with the necessary financial assistance needed during this time of transition. Indiana further recommends that if such a grace period would be adopted, the customer should receive at least a 30-day reminder that their grace period will be expiring so they can make any necessary adjustments. This reminder can be either in the form of a bill insert or through person-to-person notification.

2. Application/Verification.

Several companies in Indiana utilize a third-party vendor to verify a customer's eligibility, while others are attempting to verify a customer's eligibility by self-certification. Accordingly, Indiana supports the use of automatic enrollment and self-verification to assist the states in more readily identifying low-income households that qualify for Lifeline/Link-Up by reducing delay and increasing efficiency and effectiveness.

It is unclear at this point whether or not steps are taken in Indiana to re-certify a customer on an interim basis to account for changes in their eligibility. Indiana strongly encourages and recommends the need to establish an interim verification process that would enable carriers to maintain accurate records of consumer's whose status may change after the initial enrollment period. An interim verification process would be beneficial for carriers and consumers to maintain accurate records regarding eligibility and subscribership.

3. Additional Modifications.

The Joint Board has requested comments regarding how the federal Lifeline/Link-Up program could be improved in addition to what impediments may exist to prevent low-income households from obtaining affordable access to the network. Indiana believes that there are instances when a low-income customer may have existing or past credit problems and may subsequently face a costly deposit prior to installation of service. Indiana supports the need for redesigned deposit and disconnection procedures regarding low-income consumers with existing credit problems. Currently, in the Indiana

Administrative Code there are restrictions in place to deal with this type of situation. If an applicant fails to establish that he or she is creditworthy, the applicant may be required to make a reasonable initial cash deposit… such initial deposit shall not exceed one-sixth (1/6) of the estimated annual billings for service to the applicant and shall be paid in full before installation of service.[12] This provision provides a safeguard for consumers and the Indiana Utility Regulatory Commission strongly supports a standard such as this example on a national level.

4. Outreach.

Indiana would like to emphasize the need to increase outreach efforts among carriers and social service agencies. The Commission recognizes that in spite of Indiana's marked participation rate increase in the last few years, according to the USAC analyses, the Lifeline take rate is still one of the lowest in the nation. The Commission believes that this may be attributable to a lack of education among eligible customers.

In furtherance of that end, the Joint Board sought comment on the effectiveness and manner in which carriers publicize the availability of Lifeline/Link-Up services to low-income consumers. Indiana recognizes that many carriers utilize different means to advertise the availability of the Lifeline/Link-Up program. Some carriers have been successful by using brochures and other mailings directly to eligible customers in addition to bill inserts and advertisements. For instance, the Telecommunication Industries Analysis Project cited that several states and the District of Columbia have targeted community centers, public schools and community newspapers as a means to reach eligible customers. Other states work directly with social service agencies in addition to making direct contact with eligible customers via brochures or other types of

[12] *See Indiana Administrative Code* §170 IAC 7-1.1-15(c).

mailings. The Indiana Commission also reiterates the need for carriers to work in concert with social service agencies in this regard. These agencies can directly assist carriers with the disbursal of key information and additional educational outreach programs. Education is always the first and best tool toward increasing public awareness and understanding.

5. Conclusion.

In summary, the IURC does recognize the necessity for this comprehensive review of the Lifeline/Link-Up program for low-income consumers and offers these comments and suggestions in support thereof. To that end, the IURC respectfully requests that before the Joint Board offers any new modifications to these programs that the Joint Board carefully weighs and examines any and all potential effects on low-income consumers. These consumers depend on the consistency of this program to preserve and advance their ability to receive quality telecommunications service at just, reasonable and affordable rates.

INDIANA UTILITY REGULATORY COMMISSION

Submission of Comments to the Federal Communications Commission
January 10, 2002

In re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45;

The Indiana Utility Regulatory Commission submits the foregoing comments to the Federal Communications Commission (FCC) in response to the Federal-State Joint Board's Public Notice Seeking Comment on Review of Lifeline/Link-Up Service for All Low-Income Consumers, released October 12, 2001, under the previously cited docket.

The Executive Secretary of the Indiana Utility Regulatory Commission is hereby directed to submit these comments to the FCC, in accordance with that Agency's procedural requirements.

S/

Chairman William D. McCarty

S/

David E. Ziegner, Commissioner

S/

Camie Swanson-Hull, Commissioner

S/

Judith G. Ripley, Commissioner

S/

David Hadley, Commissioner

ATTEST

S/
Joseph Sutherland