

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Lifeline and Link-Up) WC Docket No. 03-109
)

To: The Commission

COMMENTS OF DOBSON COMMUNICATIONS CORPORATION

Dobson Communications Corporation (“Dobson”) hereby submits its comments in response to the Commission’s *Notice of Proposed Rulemaking*¹ seeking comment on the Federal-State Joint Board’s (“Joint Board”) Recommended Decision regarding modifications to the Lifeline and Link-Up federal support programs (“Lifeline/Link-Up”).² Dobson, through its various subsidiaries and affiliates, is licensed to provide wireless telecommunications service in portions of seventeen states stretching from Alaska to New York, in predominantly rural and suburban areas. Dobson is a substantial contributor to the universal service fund and an applicant for designation of an eligible telecommunications carrier (“ETC”) in Oklahoma and Alaska.

As discussed below, Dobson supports the Commission’s efforts to maximize the effectiveness of the Lifeline/Link-Up support mechanisms. Lifeline/Link-Up currently provides low cost telephone service to millions of low-income consumers as a result of the subsidies

¹ *Lifeline and Link-Up*, WC Docket 03-109, *Notice of Proposed Rulemaking*, 68 Fed. Reg. 42,333 (July 17, 2003) (“NPRM”).

² *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Recommended Decision*, 18 F.C.C.R. 6,589 (2003) (“*Recommended Decision*”).

provided through the program.³ Dobson firmly believes that to sustain a robust and viable program, Lifeline/Link-Up must be simple to administer.⁴ In this regard, Dobson urges the Commission to approach the Lifeline/Link-Up program with an eye towards simplifying the enrollment process, reducing administrative costs, and rejecting proposals that impede carriers' ability to facilitate the provision of telephone service to low-income consumers. Dobson does not believe that low-income consumers will benefit from intrusive and burdensome verification procedures.

I. Income-Based Criteria Could Appropriately Target Eligibility, But Carriers Should Not Be Required to Certify Subscribers' Incomes

In reaching its decision to broaden the federal default eligibility requirements for Lifeline/Link-Up, the Joint Board determined that the current eligibility criteria should be expanded to include an income-based standard of 135% of the Federal Poverty Guidelines (FPG).⁵ Highlighting the decrease in Lifeline/Link-Up enrollment over recent years resulting from the introduction of the "*Personal Responsibility and Work Opportunity Reconciliation Act*," (PROWRA),⁶ the Joint Board projected that broadening the program to include an income-based criterion would add approximately one million new Lifeline subscribers.⁷ Accordingly, the Joint Board found that the "selection of 135% of the FPG strikes an appropriate balance

³ *Id.* at ¶1.

⁴ See *Federal-State Joint Board on Universal Service Seeks Comment on Review of Lifeline and Link-Up Service For All Low-Income Consumers, Public Notice*, CC Docket No. 96-45 (rel. Oct. 25, 2001).

⁵ *Id.* at ¶15; Currently, Lifeline/Link-Up eligibility is based on participation in means-tested programs. See 47 C.F.R. §§ 54.409(b), 54.415(b).

⁶ "*Personal Responsibility and Work Opportunity Reconciliation Act*," Pub.L.No. 104-193, 110 Stat. 2105 (Aug. 22, 1996); see also *Recommended Decision* at ¶8.

⁷ *Recommended Decision* at ¶17.

between increasing subscribership and not significantly burdening the universal support mechanism.”⁸

Dobson agrees with the Joint Board that adding an income standard would likely boost subscribership and more accurately target those consumers who need the service. While the addition of the income eligibility criterion is estimated to increase overall costs to the universal service fund by a modest amount, these costs are negligible when compared with the overall size of the fund. As Dobson has explained previously, the explosion in the growth of the fund is due primarily to high cost support for rural LECs.⁹ As a substantial contributor to the fund, Dobson is interested in controlling the size of the fund, but believes that a modest increase in support for needy individuals is not the area where savings should be sought, particularly when no effort has yet been undertaken to reduce bloated high cost support for rural LECs.

Notwithstanding Dobson’s support for adding an income criterion, it urges the Commission to carefully consider how this eligibility standard would be properly administered. In the *Recommended Decision*, the Joint Board contemplates placing on carriers the responsibility of determining eligibility based on an applicant’s income level.¹⁰ The Joint Board stated that, “[C]onsumers eligible for federal or state Lifeline/Link-Up support under an income-based criterion should be required to present documentation of income eligibility prior to being enrolled in the program... *and [that] carriers should be required to perform the certification.*”¹¹

Dobson strongly objects to the Joint Board’s recommendation that carriers, and not state agencies, make eligibility determinations based on income. Such a proposal raises a myriad of

⁸ *Id.* at ¶17.

⁹ See Dobson Comments, CC Docket 96-45, at 3 (filed Mar. 5, 2003).

¹⁰ *Id.* at ¶32.

¹¹ *Id.* at ¶¶ 32, 34 (emphasis added).

concerns, including privacy, confidentiality, and administrative burden. Carriers' employees are not currently trained to review and interpret complex government forms such as tax forms, W-2 wage statements, or pay stubs. Also, the presentation of such papers to carriers raises privacy and confidentiality concerns. A requirement to show such sensitive papers to carrier employees also is likely to discourage many potentially eligible individuals from applying. All these concerns are highlighted by the everyday retail settings in which wireless carriers – including wireless ETCs – sell their service.¹² Carriers do not have the expertise or adequate resources to determine customers' income levels and should not be held responsible for evaluating eligibility for government support. In this regard, Dobson firmly believes that government agencies should determine eligibility for government programs – not carriers.

Dobson also is concerned that such an arrangement will ultimately create barriers to enrollment. If the Commission adopts the Joint Board's proposal, carriers will be required to review and certify these documents at the point of sale, which will inevitably delay service. As a result, carriers will be unable to provide the immediate service that is expected by most wireless consumers when they purchase a wireless phone.

For these reasons, Dobson asks that the Commission reject the Joint Board's certification proposal. If a state elects to use an income eligibility standard, Dobson would urge the Commission to require that states pre-qualify candidates so that carriers are not forced to make determinations based on income.¹³ For states that do not have their own Lifeline programs, the Commission may consider self-certification as a means of determining income.¹⁴

¹² See SBC Communications Inc. Comments in Joint Board Rulemaking at 3 (filed Dec. 31, 2001).

¹³ *Id.* at 4.

¹⁴ See *e.g.*, Western Comments in Joint Board Rulemaking at 3 (filed Dec. 31, 2001). However, Dobson would caution that self-certification could be an invitation for unscrupulous applicants to take advantage of the programs.

II. The Commission Should Not Adopt an Appeals Process that Imposes Additional Costs and is Administratively Burdensome

Dobson strongly believes that Lifeline/Link-Up customers are entitled to procedural due process before Lifeline/Link-Up benefits are terminated. Therefore, Dobson agrees that the Commission should adopt an appeals process to ensure that Lifeline/Link-Up subscribers are afforded ample protection against decisions that may adversely impact their ability to participate in the programs. With that said, Dobson opposes the Joint Board's recommendation that the Commission adopt a federal rule that would "[r]equire carriers to notify consumers of their impending termination of Lifeline benefits, and to implement an appeals process."¹⁵

Although Dobson does not oppose the Joint Board recommendation that the Commission adopt an appeals process for termination of benefits, Dobson does not believe that the decision to terminate benefits based on eligibility and the arbitration of such claims should rest with the carrier. Lifeline/Link-Up is a federal and state benefits program that is rightfully administered by government agencies. It is costly and unrealistic to shift this significant burden of administering the program onto carriers. As discussed above, carriers do not have the expertise or resources to make independent eligibility determinations based on income. Under the Joint Board's plan, if a carrier determines that a participant is ineligible to receive benefits, it must then expend additional resources to implement a termination proceeding *and* defend this claim on appeal. The cost associated with administering an appeals process will be significant. Carriers would necessarily be required to keep additional records and to set up a tracking system to monitor the appeals proceedings. Much of the information being tracked and verified would be highly confidential income information. Moreover, carriers would presumably have to expend resources providing a venue to hear appeals. These additional costs would ultimately be

borne by the consumer. For these reasons, Dobson urges the Commission not to require carriers to hear customer appeals.

III. The Commission Should Not Adopt Federal Eligibility Verification Requirements

In the *Recommended Decision*, the Joint Board sought comment on the “efficacy of application, certification, and verification procedures, including automatic enrollment or other verification procedures.”¹⁶ Currently, there is no federal verification requirement to check on a Lifeline subscriber’s continued eligibility, although participants are required to notify the carrier when they no longer meet the eligibility requirements.¹⁷ Dobson believes that the process of verifying Lifeline/Link-Up eligibility should be as straightforward as possible. If the Commission adopts an income-based criterion, Dobson recognizes that there may be a greater potential for applicants to “game” the programs. However, this possibility does not warrant the imposition of an onerous verification process. As mentioned by several commenters in the Joint Board Rulemaking and as previously acknowledged by the Commission, the need for eligibility audits may not be justifiable as the costs of such verification is often much greater than the fraud itself.¹⁸ Although the Joint Board agreed with commenters that the current verification

(footnote continued)

¹⁵ See *Recommended Decision* at ¶29.

¹⁶ *Id.* at ¶31.

¹⁷ See 47 C.F.R. §54.409(b).

¹⁸ See Smith Bagley, Inc. Reply Comments in Joint Board Rulemaking at 6 (filed Feb. 28, 2002); Western Comments in Joint Board Rulemaking at 3; National Association of State Utility Consumer Advocates Reply Comments in Joint Board Rulemaking at 8 (filed Feb. 28, 2002); People of the State of California and the California Public Utilities Commission Comments in Joint Board Rulemaking at 7-8 (filed Dec. 31, 2001) (“[S]tudies indicate that the cost of verifying eligibility would exceed the losses resulting from fraud and abuse.”); see also *Federal-State Joint Board on Universal Service*, C.C. Docket 96-45, *Report and Order*, 12 F.C.C.R. 8776, 8975 (1997).

procedures were adequate for those who qualified under a means-tested program, it nevertheless urged the FCC to adopt stronger verification measures for eligibility based on income.¹⁹

Dobson would support a proposal that requires service providers to periodically verify eligibility by mailing self-certification letters to its subscribers. Dobson believes that this would be the most efficient method to verify eligibility. The Commission should be wary of adopting a more cumbersome verification process that would require subscribers to submit supportive documentation to its service provider to prove eligibility. Dobson is concerned that such audits will only have the effect of discouraging consumers from participating in the programs.

IV. Outreach Guidelines

Dobson supports the Joint Board's recommendation that the Commission adopt outreach guidelines.²⁰ One commenter suggested in the Joint Board rulemaking that the best approach to maximize the effectiveness of outreach was to combine federal and state education initiatives with advertisement of Lifeline/Link-Up by ETCs.²¹ Dobson agrees that the Commission should adopt guidelines that encourage federal and state authorities to take steps aimed at increasing consumer awareness of the Lifeline/Link-Up program. Because federal and state authorities administer the programs that currently form the basis for eligibility, they are well-positioned to provide information to participating individuals. Such outreach efforts could include providing consumers with information regarding Lifeline/Link-Up services, as well providing consumers with contact information to obtain additional information on service.²² Dobson believes that

¹⁹ *Recommended Decision* at ¶¶ 33, 34.

²⁰ *Id.* at ¶47.

²¹ *See* Western Comments in Joint Board Rulemaking at 4.

²² *Id.* at 5.

federal and state education initiatives combined with strong advertising initiatives by ETCs is the best method toward increasing public awareness of the Lifeline/Link-Up program.

VI. Conclusion

The vitality of the Lifeline/Link-Up programs is founded on the Commission's ability to maintain workable procedures for its administration. For the reasons set forth above, Dobson respectfully urges the Commission to retain, with few modifications, the current rules that govern Lifeline/Link-Up. In considering any modifications to the Lifeline and Link-Up programs, Dobson urges the Commission carefully to consider the administrative burdens and privacy concerns raised by the proposals under consideration.

Respectfully submitted,

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