

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

In the Matter of

Lifeline and Link-Up

WC Docket No. 03-109

REPLY COMMENTS OF BELLSOUTH CORPORATION

BellSouth Corporation, on behalf of itself and its wholly owned subsidiaries (“BellSouth”), hereby submits its replies to comments filed in response to the *Notice of Proposed Rulemaking*¹ in the above-captioned proceeding.

As discussed more fully herein, BellSouth urges the Commission to take the following actions: (1) refuse to impose minimum federal requirements on states as a condition of receiving federal universal service support for Lifeline and Link-Up programs; (2) adopt an income-based standard for determining an individual’s eligibility to obtain Lifeline/Link-Up benefits and encourage states to do the same; (3) establish federal outreach guidelines, facilitate information sharing among states about the various programs in existence, and direct the Universal Service Administrative Company to assume a more active role in promoting public awareness of Lifeline/Link-Up; and (4) reject AT&T’s proposal to allow carriers that have not received designation as an eligible telecommunications carrier (“ETC”) to receive low-income support.

¹ *Lifeline and Link-Up*, WC Docket No. 03-109, *Notice of Proposed Rulemaking*, FCC 03-120 (rel. June 9, 2003) (“*NPRM*”).

I. THE COMMISSION SHOULD NOT ADOPT MANDATORY MINIMUM FEDERAL REQUIREMENTS FOR STATES.

BellSouth objects to requiring states to satisfy a minimum set of federal requirements as a condition for receiving federal support for Lifeline/Link-Up programs as advocated by parties such as the National Association of State Utility Consumer Advocates (“NASUCA”) and The Texas Office of Public Utility Counsel.² The Joint Board previously refused to mandate federal criteria for states, and the Commission should do the same here. As the Joint Board concluded, “states should maintain the flexibility to respond to the needs of their constituents.”³ A number of parties such as BellSouth and the Florida Public Service Commission agree that a state should retain the flexibility and autonomy to tailor its Lifeline/Link-Up programs to best fit its particular circumstances.⁴ There is no justification for imposing a one-size-fits-all approach on 51 different jurisdictions.

In addition, states are gaining more experience with adopting, refining, and expanding their Lifeline/Link-Up programs. The Commission should not interfere with these efforts by imposing mandatory federal standards. A more appropriate and less intrusive approach is to provide guidance and facilitate information sharing among states. One way to accomplish this objective is by “enlist[ing] USAC [Universal Service Administrative Company] as a resource.”⁵ As the Joint Board pointed out in the *Recommended Decision*, USAC has engaged in outreach

² See, e.g., National Association of State Utility Consumer Advocates (“NASUCA”) Comments at 4-6; Texas Office of Public Utility Counsel Comments at 3.

³ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Recommended Decision*, 18 FCC Rcd 6589, 6603, ¶ 25 (2003) (“*Recommended Decision*”).

⁴ See Florida Public Service Commission (“FPSC”) Comments at 3.

⁵ Verizon Comments at 5.

efforts with regard to both the Rural Health Care Program and the Schools and Libraries Program.⁶ BellSouth urges similar involvement by USAC to promote Lifeline/Link-Up. A more expansive role by USAC to assist state commissions, state agencies, and community organizations to increase awareness about these assistance programs would be extremely beneficial. Education about the different types of programs adopted by various states as well as successful outreach efforts will enable states to learn from each other. Armed with information, each state can determine what works best for its consumers.

Accordingly, the Commission should not establish a set of minimum federal requirements to govern a state's Lifeline/Link-Up programs. Establishing outreach guidelines, gathering and sharing data, and charging USAC with a greater role in assisting states to promote Lifeline and Link-Up are preferable strategies designed to empower states to design programs suitable for their individual needs.

II. THERE IS BROAD SUPPORT FOR THE ADOPTION OF AN INCOME-BASED STANDARD.

There is overwhelming support for the adoption of an income-based standard.⁷ Nearly all parties agree that adding an income-based criterion will expand the pool of low-income subscribers eligible to receive Lifeline/Link-Up support. In keeping with allowing states flexibility, BellSouth opposes the adoption of a federally mandated income standard as

⁶ *Recommended Decision*, 18 FCC Rcd at 6615, ¶ 55.

⁷ *See, e.g.*, ACORN Comments at 2-4; Dobson Communications Corporation ("Dobson") Comments at 3-4; FPSC Comments at 3; NASUCA Comments at 4-5; National Consumer Law Center Comments at 2, 5; National Fuel Funds Network Comments at 7; Pennsylvania Utility Law Project Comments at 1; Texas Office of the Public Utility Counsel Comments at 3, 5; United States Conference of Catholic Bishops, *et al.* Comments at 3-4, 6; United Utilities Comments at 3-5.

advocated by parties such as NASUCA.⁸ In BellSouth's region, both Florida and Tennessee currently use an income-based eligibility standard of 125% of the Federal Poverty Guidelines ("FPG"). As has been stated repeatedly by the Joint Board and other commenters, an individual state is in the best position to determine the appropriate income standard given its familiarity with the specific conditions within its state.⁹ The Oklahoma Corporation Commission correctly notes that, "rather than impose the federal poverty level nationwide, each state should have the opportunity to adopt a state specific income-based program that more accurately reflects the 'poverty level' of their state."¹⁰ BellSouth therefore urges the Commission not to impose a mandatory income threshold on states that choose to implement an income-based criterion for determining Lifeline/Link-Up eligibility.

III. VERIFICATION PROCESSES ARE NECESSARY.

Adequate verification procedures are necessary to ensure that only qualified individuals are receiving Lifeline/Link-Up assistance. BellSouth continues to believe that on-line verification is the most efficient and cost-effective method. However, BellSouth recognizes that it may not be financially possible for states to create on-line databases in the short-term. Nonetheless, BellSouth encourages states to consider the adoption of on-line verification systems as permanent verification solutions.

In the absence of automated verification, states should implement specific verification procedures. BellSouth agrees with Dobson and Verizon that agencies are in the best position to

⁸ See NASUCA Comments at 6-11.

⁹ See, e.g. *Recommended Decision*, 18 FCC Rcd at 6603-04, ¶ 26; BellSouth Comments at 3-4; FPSC Comments at 2-3; Oklahoma Corporation Commission ("OCC") Comments at 2-3.

¹⁰ OCC Comments at 2-3.

verify a consumer's eligibility.¹¹ As Dobson points out, carriers lack the expertise and training to review and analyze tax forms and other income statements.¹² Perhaps more importantly, state agencies administering state and federal assistance programs are already equipped to consider income as part of the enrollment process for the various assistance programs. Therefore, it is both logical and efficient to have these same agencies perform the necessary verifications.

IV. THE COMMISSION SHOULD REJECT AT&T'S REQUEST TO EXPAND LIFELINE SUPPORT TO NON-ELIGIBLE TELECOMMUNICATIONS CARRIERS.

The Commission should reject AT&T's request to enable carriers that have not been designated as ETCs to obtain Lifeline support.¹³ The arguments raised by AT&T are no less persuasive and are as equally flawed as they were when the Joint Board previously rejected them.¹⁴ First, AT&T's proposal is inconsistent with the statute. Section 254(e) specifically states that "only an eligible telecommunications carrier designated under section 214(e) of this title shall be eligible to receive specific Federal universal service support."¹⁵ Lifeline is one of several universal service support mechanisms.¹⁶ Thus, it would be unlawful to allow non-ETCs to receive universal service support in the absence of satisfying the necessary statutory requirements.

¹¹ Dobson Comments at 3-4.

¹² *See id.* at 4; Verizon Comments at 7.

¹³ AT&T Comments at 1-6.

¹⁴ *See Recommended Decision*, 18 FCC Rcd at 6617-18, ¶ 61.

¹⁵ 47 U.S.C. § 254(e).

¹⁶ *See* 47 U.S.C. § 254(j); *Recommended Decision*, 18 FCC Rcd at 6592, ¶ 3.

Second, adoption of AT&T's suggestion would be poor public policy. AT&T states that "there is no reason why an entrant that seeks to serve only low-cost urbanized areas of a state . . . should be denied Low Income Support simply because it chooses not to enter the state more broadly and seek High Cost Support."¹⁷ To the contrary, there is a strong justification for prohibiting carriers that choose to cherry-pick customers and exclude service from others from receiving universal service support. As the Joint Board points out, "eligible telecommunications carriers are carriers that agree to certain obligations in order to receive universal service support."¹⁸ Specifically, carriers seeking ETC status must meet the statutory requirements of (1) offering services that are supported by the federal universal service support mechanisms and (2) advertising the availability of such services.¹⁹ As is evidenced by the growing number of carriers seeking and obtaining ETC designation, these requirements are not difficult to meet. Carriers that elect not to fulfill these very minimal obligations are rightfully prohibited from obtaining universal service support. In light of the foregoing, the Commission should affirm the Joint Board's decision to deny AT&T's request.

¹⁷ AT&T Comments at 3.

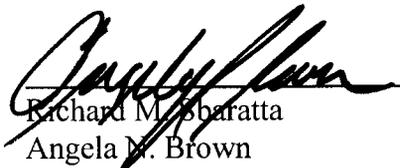
¹⁸ *Recommended Decision*, 18 FCC Rcd at 6618, ¶ 61.

¹⁹ 47 U.S.C. § 214(e)(1).

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CERTIFICATE OF SERVICE

I do hereby certify that I have this 2nd day of September 2003 served the following parties to this action with a copy of the foregoing **BELLSOUTH REPLY COMMENTS** by electronic filing and/or by placing a copy of the same in the United State Mail, addressed to the parties listed on the attached service list.



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