

universal service goals.¹ Sprint Nextel is committed to the universal service goals which the Lifeline and Link Up programs are designed to promote, and accordingly shares the concern about low program participation rates among eligible consumers. However, there is no basis for assuming that low participation rates are attributable to inadequate outreach efforts by eligible telecommunications carriers (“ETCs”),² and it would be inappropriate and misguided to establish regulatory requirements based on unsubstantiated allegations. Instead, the Commission should focus on streamlining the administrative aspects of these programs, and on encouraging cooperative efforts between ETCs and social service organizations to make it easier for eligible consumers to participate.

There is nothing in the record to indicate -- much less demonstrate -- that low participation rates in the Lifeline and Link-Up programs are due to some failure on the part of ETCs generally or specifically. To the contrary, even among consumers who are aware of these programs, participation levels can be low.³ As the Commission recently noted, “a substantial percentage” of current Lifeline customers do not respond to their carrier’s request for verification information, and “[t]o some degree[,] it is inevitable that

¹ See, e.g., comments of the National Consumer Law Center (“NCLC”), p. 5; the National Association of State Utility Consumer Advocates (“NASUCA”), p. 2.

² See, e.g., comments of TracFone, p. 5 (“ETCs should be held accountable for their failures to effectively promote these programs”); NASUCA, p. 12 (“[i]t is not surprising to see how little ETCs do to publicize these services [Lifeline and Link Up], since the services are not considered profitable”).

³ For example, as part of its annual Lifeline verification process, Sprint Nextel contacted each of its current Lifeline subscribers to request the requisite eligibility information. Sprint Nextel placed at least one telephone call to every Lifeline customer who did not respond to the mailed request. Despite these direct outreach efforts, the response rate was minimal.

some customers will not respond to the Lifeline survey.”⁴ Because federal rules require termination of Lifeline benefits for program participants who do not respond with the requisite information within the specified timeframe, cumbersome verification processes will negatively impact participation rates.

Sprint Nextel believes that a consumer’s decision not to participate in the Lifeline and Link Up programs is affected by a number of factors unrelated to an ETC’s outreach efforts, including:

- **Complicated and confusing enrollment and verification requirements** - If the documentation required to verify a consumer’s eligibility (initial and on-going) to participate in Lifeline and Link Up is difficult to obtain, if the process is overly bureaucratic, or if participating consumers cannot readily provide proof of their continued eligibility, eligible consumers may conclude that it is simply not worth the effort to participate in these programs.
- **Extreme financial limitations** – Some low income households may lack the financial resources to subscribe to basic telephone service, even with Lifeline and Link Up assistance. If a household cannot pay the non-discounted portion of the monthly telephone bill, the Lifeline and Link Up programs will simply not be enough to ensure telephone subscribership in such households.
- **Personal reasons** - As NTCA correctly points out (p. 3), “subscribers may be aware of the availability of Lifeline/Link-Up, but choose not to use the programs for a variety of personal reasons.”

To address some of these factors, the Commission should, as recommended by several commenting parties, encourage greater cooperation between carriers and social service agencies and organizations, and streamline the enrollment/verification processes. These measures are likely to be far more effective, and less intrusive, than are the

⁴ *Comprehensive Review of the Universal Service Fund Management, Administration and Oversight*, WC Docket No. 05-195, *Report and Order*, released August 29, 2007 (FCC 07-150), paras. 52-53.

mandatory reporting and expenditure benchmarking proposals advocated by certain parties (see Section 2 below).

As noted, several parties advocate greater cooperation between ETCs and social service entities to encourage greater Lifeline and Link Up participation;⁵ such coordinated efforts should be flexible to allow carriers and social service entities to tailor their outreach to reflect the demographic characteristics of their individual communities. As the US Telecom Association correctly stated (p. 1), "...it is important for carriers and states to have the flexibility to target their outreach consistent with local needs."⁶

Sprint Nextel supports these coordinated efforts, and is ready to partner with social service organizations, for example, by providing links to our website to provide easy access to enrollment forms and other information; providing appropriate contact information, including a toll-free number that has both an English and Spanish option; providing mailings of brochures and posters to social service agencies in our designated areas; and advertising in publications in our designated areas. Sprint Nextel also is willing to continue to provide social service organizations serving areas in which Sprint Nextel's subsidiaries have ETC designations with the paper or electronic information – brochures, posters, application forms, etc. -- needed to encourage and facilitate participation in these programs. We would note, however, that some state, local, and tribal agencies have been hesitant to work directly with individual carriers to avoid even the appearance of acting as a sales agent for that carrier. Therefore, Sprint Nextel

⁵ See, e.g., comments of Qwest, p. 4; Embarq, p. 4; NCLC, p. 5; US Telecom Association, p. 5.

⁶ See also NTCA, p. 2 ("[w]hat is appropriate in one community may not be appropriate in another").

recommends that the Commission and USAC engage in outreach efforts to encourage social service organizations to work cooperatively with all ETCs serving their community.

Commenting parties also noted that cumbersome or confusing enrollment and verification processes have the effect of discouraging eligible consumers from participating in the Lifeline and Link-Up programs.⁷ Thus, Sprint Nextel supports efforts to simplify and automate the enrollment and certification processes.⁸ Besides allowing automated enrollment, the Commission could, for example, “broaden the types of documentation permissible under the Lifeline program.”⁹ It could also require Lifeline verifications once every two years, rather than annually. While this does marginally increase the opportunity for waste, fraud and abuse, Sprint Nextel is aware of few if any cases in which an enrolled Lifeline subscriber has continued to participate in the program even after he or she was no longer eligible to do so. More importantly, biennial verification would mitigate the negative impact of low survey response rates, allowing eligible participants to continue to receive, for a somewhat longer period of time, Lifeline benefits which would otherwise have been terminated because of the subscriber’s failure (inadvertent or otherwise) to provide the requisite eligibility information.

Sprint Nextel also recommends that the Commission strongly encourage all states to utilize the federal default eligibility criteria set forth at 47 C.F.R. § 54.409(b). Many

⁷ *See, e.g.*, comments of New Jersey Division of Rate Counsel, p. 5 (verification of eligibility requirements are “overly burdensome and would discourage a customer from establishing service”); NASUCA, p. 16. *See also* n. 3 *supra*.

⁸ *See, e.g.*, comments of Qwest, p. 4; US Telecom Association, p. 5; NASUCA, p. 13; TracFone, p. 6 (citing Florida); New Jersey Division of Rate Counsel, p. 6.

⁹ NASUCA, p. 19.

states limit the eligibility of Lifeline/Link Up assistance to consumers who receive public assistance from a more restrictive list of eligibility criteria than the federal default criteria.¹⁰ Use of the federal default criteria in all states has the potential to significantly increase Lifeline/Link Up participation rates, and thus telephone subscribership levels, among low-income consumers.

2. Mandatory Reporting and Benchmarking of Outreach Expenditures Are Inefficient Means of Increasing Program Participation

Rather than relying upon the outreach guidelines codified in Sections 54.405(b) and 54.411(d) of the Commission's Rules, a few parties have proposed mandatory reporting requirements and outreach expenditure benchmarks as a means of increasing participation in the Lifeline and Link Up programs.¹¹ The Commission should decline to adopt such proposals, as they are unlikely to increase significantly program participation by eligible consumers, are costly to implement, and are intrusive to carrier operations.

The Commission should be particularly wary of adopting any kind of outreach expenditure benchmarks. Insofar as Sprint Nextel is aware, there is no record evidence as to the efficacy of such benchmarks in increasing program participation rates, nor is there any data that could reasonably be used to establish a benchmark.¹² In the complete

¹⁰ For example, in Virginia, Lifeline/Link Up assistance is limited to those consumers who receive Medicaid assistance or food stamps; in Montana, only consumers who receive Medicaid assistance are deemed eligible for Lifeline/Link Up assistance.

¹¹ See, e.g., comments of NCLC, pp. 5-6; NASUCA, pp. 12-16.

¹² NCLC suggests (p. 6) that the Commission could adopt a benchmark of 10 cents per line. Under this standard, a small, newly designated ETC with 1000 subscribers would be required to spend \$100, while a large ETC with a million subscribers in its designated area would be required to spend \$100,000. It is unclear how the Commission or any other party can evaluate what amount within this very wide range is appropriate or effective.

absence of any data, establishing a spending benchmark would be arbitrary and capricious.

The Commission should also refrain from mandating advertising or other types of outreach (*e.g.*, requiring that Lifeline information be provided as part of a carrier's late payment/involuntary service disconnection process; requiring targeted mailings or newsletters; requiring publication or customer service in a language other than English, etc.) in any specific form or format. Such requirements would be extraordinarily intrusive on a carrier's operations, are costly with no clear benefits, and could potentially be confusing to the vast majority of current and potential subscribers who are not eligible or who are not otherwise interested in Lifeline and Link Up. The Commission's resources are better devoted to ensuring a flexible framework than to attempting to devise advertising or outreach campaigns for individual ETCs in their individual markets.

NCLC cautions against "over-reliance on using websites to disseminate information about Lifeline" (p. 5, citing the relatively low percentage of low-income households that have Internet access).¹³ However, consumers that lack Internet access in their homes can readily obtain such service at schools, libraries, community centers, and other venues both public and private; low-income consumers also can readily obtain information from social service organization workers who rely on the Internet to assist their clients in obtaining public assistance program benefits. Furthermore, dissemination of information about the Lifeline program through websites is highly efficient: it is

¹³ Compare NASUCA, p. 14 ("As more consumers use the internet to obtain information on telephone rates and service offerings, ETC web pages provide an excellent and cost-effective way for ETCs to help increase public awareness of these programs").

available at any time of the day or night, from any location where there is a computer and Internet access, and by any individual; it is easy to update and maintain; and, through web searches or hyperlinks, it is easy for consumers to compare or verify information by querying multiple sources. Far from limiting the Internet as a vehicle for Lifeline outreach efforts, the Commission should encourage its use and consider gathering a list of “best practices” to assist ETCs and other parties in developing clear and easy-to-use Lifeline web pages.¹⁴

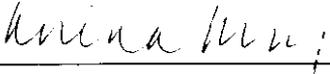
Finally, the Commission should not adopt proposals to impose mandatory reporting (of outreach expenditures, types of outreach, etc.) requirements. ETCs already provide information about their outreach efforts to regulators,¹⁵ and if there is any question that an ETC may not be complying with its Lifeline obligations under Section 54.405 of the FCC’s rules, federal or state regulators have the authority to request additional information. The proposed additional reporting requirements will impose unnecessary burdens on ETCs and require an allocation of resources which would be better spent in the actual provision of service.

¹⁴ Sprint Nextel’s Lifeline web page can be found at http://www.nextel.com/en/services/calling/universal_lifeline_program.shtml

¹⁵ For example, Sprint Nextel has provided copies of its Lifeline/Link Up print advertisements to various state regulatory bodies.

Respectfully submitted,

SPRINT NEXTEL CORPORATION

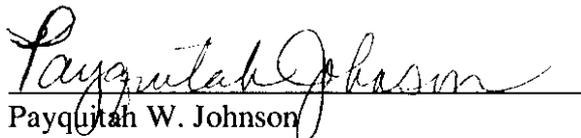


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments of Sprint Nextel Corporation was delivered by electronic mail, or First Class, postage prepaid, U.S. Mail on this 10th day of September 2007 to the below-listed parties.


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