not deny USF assistance simply due to a Post Office billing address that geocodes off the reservation. Denying Tier 4 Lifeline benefits to otherwise eligible subscribers is contrary to public interest as it frustrates the Commission's goals of providing affordable telephone service to low income consumers.

FINDING 4 SHOULD BE REVERSED

In this Finding, USAC determined that certain customers are receiving Lifeline from two carriers at the same time. It made this determination by obtaining and examining subscriber listings from Alltel and four incumbent carriers. (Exhibit 3). USAC concluded that only one carrier should have claimed these subscribers. USAC apparently intends to require one of the carriers to refund the support it received and provided to the customer even though USAC acknowledges that the carriers could not have known the customer was receiving more than one Lifeline support. While Alltel agrees a solution is needed, it is a prospective solution only.

Thus far, USAC has only recommended that the carrier reinforce the limit orally to customers when they accept Lifeline service and further that the issue should be raised with the FCC "for guidance on how to identify which carrier is entitled to support". Id. Additionally, the auditor concluded that "Because we do not know which line (and consequently which carrier) should receive support, we cannot precisely calculate the overpayment of support." Id.

While USAC apparently contemplates that one carrier will be required to refund support received for these customers, the Auditor's statements verify that this issue is one for which a retroactive denial of Lifeline support for a discount already provided is inappropriate and unlawful. Instead, only a prospective remedy should or can be fashioned. When Alltel initiates Lifeline service for these customers, Alltel relies on the customer's representation that he qualifies by not receiving more than one Lifeline support. Alltel, unlike USAC, does not have access to other carriers' subscriber lists and therefore has no basis to dispute or verify the customers' statements.

For many reasons, both legal and practical, carriers can not share customer lists with one another and therefore carriers have no choice but to continue to provide Lifeline support based on the customer's representations to the carrier. Although it is not clear whether USAC will ask Alltel to refund Lifeline support it received and provided to these customers, it is clear that this would not be appropriate. If a customer improperly obtained more than one Lifeline discount, then any refund liability is the customer's, not the carrier's. For the reasons previously referenced and stated to USAC by Alltel, determining how to prevent customers from receiving more than one Lifeline discount at the same time is not a problem that the carriers are in a position to solve themselves, because of competitive and customer proprietary information protection concerns.

FINDING NO. 11 SHOULD BE REVERSED

Finding No. 11, would deny reimbursement of much of Alltel's Lifeline support already provided to numerous eligible residents of Tribal lands, who have a nationwidel local calling plan. The decision of USAC to deny the full Tier IV level of reimbursement for those Tribal members who purchased the $34.25 nationwide local calling plan was based on the fact that Alltel also offers a $14.99 local calling plan that includes a smaller area (which varies and may include most or all of a state and portions of one or more other state). USAC based its Finding on the ground that the FCC defines Lifeline as a "discount on basic, local telephone service" and that it "opted not to include intrastate toll or interstate toll as a service supported by" Lifeline. (See Exhibit 4.) The Administrator concluded that the Lifeline program "should not support any costs that [Alltel] incurs in providing toll free calling for its subscribers." Solely because the $34.25 national plan included interstate outbound calling, USAC found that the difference between the limited $14.99 plan and the $34.25 plan reflected toll calling and that Alltel should be denied reimbursement for the full Tier IV Lifeline discount that Alltel provided to those Tribe members.

USAC's determination is inconsistent with FCC Rules, with the FCC's endorsement of Lifeline for the expanded local calling plans provided by wireless carriers, with Universal Service policy, and with equity considerations. The reasoning of this USAC interpretation of the USF rules is flawed for several reasons, including the following:

First, the FCC clearly anticipated that wireless plans would benefit Tribal reservation residents by providing a much broader geographic calling area than pre-existing landline plans, and in fact saw the availability of such broader area calling plans for Tribal members as a solution to high toll charges that were blocking the penetration of telephone service into reservations. The FCC clearly anticipated that the broader area calling plans offered by cell phone companies would be supported by Lifeline and would help address this problem, allowing more Tribal members to afford phone service.

Second, as a policy matter, the Universal Service Fund was intended to provide Lifeline subscribers with the normal basic level of local phone service available to other subscribers Today, national calling plans, like the $34.25 plan, are the normal basic local calling plans, so national calling should be supported today under the Lifeline program. The term "local" was not intended to be a restriction or limitation that would deny low-income subscribers access to the larger local calling plans of competing carriers and the FCC has determined this in various orders.

Finally, Alltel's willingness to continue to offer a more limited local calling plan should not preclude the larger local calling plan from qualifying for Tier IV support. To do this is to punish Alltel for providing more calling plan options to its customers, including those not qualifying for Tier 4 Tribal support, and would inequitably deny Alltel Lifeline support for a local nationwide calling plan despite apparent Lifeline support for nationwide calling in the Lifeline plans of other cellular carriers.

A. While "local" calling areas vary depending on the type of carrier, the FCC has expressly approved and encouraged the broader local calling plans offered by Wireless ETCs.

Lifeline is defined by the Commission rules as a "retail local service offering" for which qualified low-income consumers pay a reduced rate. 47 C.F.R. 54.401(a) However, by defining the Lifeline service offering as a "local" service plan, the Commission clearly did not limit low-income subscribers to the same local calling areas offered by an incumbent local exchange carrier (ILEC). To the contrary, the Commission determined that the "local calling area" associated with a Lifeline local service offering will vary depending upon the type of carrier providing the service. In the case of an ILEC, the Commission recognized that the local calling area is controlled by state regulation. *Twelfth Report and Order*, 15 FCC Rcd. 12208, 12216 ¶ 57. ("[B]ecause the boundaries of local calling areas for wireline carriers are established by the states, we recognize that we do not have the authority to address the problem of limited local calling areas directly.")

In the case of competitive ETCs, the Commission recognized that the competitive carrier could provide a much larger local calling area. *Id.* ("[T]he enhanced Lifeline support may spur competitive entry by non-wireline carriers whose calling plans offer an expanded local calling area.") (emphasis added). The FCC specifically sought to remedy the problem of low telephone penetration rates among low-income residents of Tribal lands by designation of competitive wireless ETCs and through the elimination of toll charges. *Id.* ¶ 56 ("[A] wireless eligible telecommunications carrier service offering that features an expanded local calling area along with a predetermined number of calls or minutes of calling within a tribal member's community of interest, may represent a solution to the problem of limited local calling areas and excessive toll charges in tribal areas.") (emphasis added). The Commission cited with approval the service offering of one competitive wireless carrier which would eliminate toll charges on certain Tribal lands. *Id.* at ¶ 56 n.148 ("[Smith Bagley, Inc.] could offer local calling throughout its authorized service territory on the Navajo Reservation, 'which would eliminate toll charges for most Native American households.'") (emphasis added).

Likewise, the Commission repeatedly touted the ability of wireless carriers to provide consumers with an expanded "local calling area" as a public interest benefit and, therefore, as a basis to designate a wireless carrier as a competitive ETC. This specifically included the Commission's subsequent designation of Western Wireless (now Alltel) as a competitive ETC on the Pine Ridge Reservation. *In the Matter of Federal-State Joint Board on Universal Service, Western Wireless Corporation Petition for Designation as an Eligible Telecommunications Carrier for the Pine Ridge Reservation in South Dakota*, CC Docket 96-45, Memorandum Opinion and Order, FCC 01-283, 16 FCC Rcd. 18133, 18137-38 ¶¶ 13-14 (rel. Oct 5, 2001) ("*Pine Ridge Order*").

In the *Pine Ridge Order*, the Commission reiterated its concern that limited local calling areas and the resulting toll charges acted as an impediment to telephone subscribership on Tribal lands. *Id.* In contrast to the incumbent LEC, the Commission found that "Western Wireless will provide an expanded local calling area to enable tribal members on the reservation who may currently pay toll charges to reach local government offices, health care providers, and family outside of the incumbent carrier's local calling area." *Id.* The Commission lauded Western Wireless for being responsive to the particular needs of the Pine Ridge residents and for formulating service offerings to address those needs. *Id.* ¶ 11. Accordingly, the Commission concluded that Western Wireless' large local calling area service offerings would "substantially enhance the affordability of service to many tribal members living on the reservation" and thereby "increase subscribership by providing to tribal members on the Pine Ridge Reservation substantial benefits that are not available from the incumbent carriers." *Id.* ¶ 14;[17] *see also In the Matter of Federal-State Joint Board on Universal Service; Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier In the Commonwealth of Virginia*, CC Docket 96-45, Memorandum Opinion and Order, FCC 03-338, 19 FCC Rcd. 1563 ¶ 29 (2004) (noting that Virginia Cellular's larger local calling area will subject its subscribers to fewer toll charges as being a public interest benefit in rural areas); *In the Matter of Federal-State Joint Board on Universal Service Highland Cellular, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket 96-45, *Memorandum Opinion and Order*, FCC 04-37, 19 FCC Rcd. 6422 ¶ 23 (2004) (same); *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket 96-45, *Report and Order*, FCC 05-46, 20 FCC Rcd. 6371 ¶ 33 & n.86 (2005) (noting that the offering of a larger local calling area than the incumbent LEC should be considered favorably in evaluating a competitive ETC's "local" service offering).

[17] The Commission's findings were further documented by the submission of 188 letters from members of the Oglala Sioux Tribe expressing satisfaction with Western Wireless' affordable service offerings. *Id.* ¶ 14 n.34.

B. USAC's audit finding that Alltel's calling plan improperly encompassed "tolls" ignores the Commission's determination that a competitive ETC may offer a larger "local calling area" as part of its Lifeline "local service offering"

USAC misconstrued 47 C.F.R. 54.401(a) as precluding Tier 4 support for the $34.25 plan, contending that it was not a "basic, local telephone service" offering and was subsidizing intrastate or interstate toll. See Exhibit 4 (citing *In the Matters of Federal-State Joint Board on Universal Service*, CC Docket 96-45, *Report and Order*, FCC 97-157, 12 FCC Rcd. 8776, 8991 ¶ 404 (rel. May 8, 1997) and *Twelfth Report and Order*, 15 FCC Rcd. 12208, 12216 ¶ 58). USAC ruled that the "Lifeline program should not support any costs that [Alltel] incurs in providing toll free calling for its subscribers" and directed that Alltel "cease claiming federal Lifeline support for service related to the toll portion of its calling plan." *Id.* But USAC had no basis for finding that Alltel was seeking to cover toll charges, just because Alltel was offering Lifeline subscribers a retail "local service offering" that covers calls nationwide.[18] The Commission's *Twelfth Report and Order* and other decisions, are directly contrary to USAC's position that it is

[18] Notably, USAC does not take issue with Alltel's provision of a Lifeline service offering (the $14.99 plan) that permits subscribers to make calls over a broad region without incurring a separate charges. USAC's inconsistent determinations cannot be reconciled. A subscriber using the services of the incumbent LEC would be required to pay a toll charge for any call terminated outside the ILEC's "local calling area" – that is true whether the subscriber is calling across the state or across one or more state lines. Thus, whether a wireless calling plan defines its "local calling area" to include an entire state, two states, or all 50 states, the application of USAC's incorrect interpretation of 47 C.F.R. § 54.401(a) should be the same and preclude Lifeline because the call, according to USAC, would not be "local." But USAC illogically decided that an intrastate or bi-state "local calling area" should be treated differently than a multiple interstate "local calling area." This reasoning is not supported by either the Commission's universal service rules or orders.

improper for Alltel to offer residents of Tribal lands a large "local calling area" as part of a Lifeline service offering and receive Tier 4 support.

USAC is not only legally incorrect, but its determination violates the policy considerations underlying the Commission's decisions on this issue. First, USAC is legally incorrect in suggesting that Alltel is claiming support from the low-income USF fund for the "the toll portion of its calling plan." Exhibit 4. In the *Twelfth Report and Order*, the Commission declined the recommendation that it establish a "direct" USF support mechanism to offset the cost of intrastate toll service. *Id.* ¶ 58. However, in so doing the Commission observed that, among other things, the competitive entry by ETCs who could offer a larger "local calling area" would help alleviate the burden of excessive toll charges for low-income consumers. *See id.* The Commission clearly recognized and endorsed the avoidance of toll charges by selecting a Lifeline service offering with a large "local calling area" and thus Alltel's plan does not constitute an improper "direct" subsidy of toll service as USAC now claims.

USAC is also legally incorrect because there is no "toll portion" of Alltel's calling plans being subsidized. As the Commission implicitly recognized in the *Twelfth Report and Order*, there is no separate "toll" charge associated with a call to a location within the "local calling area" of an ETC's service offering. Toll is a defined term under the Commission's rules and means "telephone service between stations in different exchange areas for which there is made a <u>separate charge</u> <u>not included in contracts with subscribers</u> for exchange service." 47 C.F.R. § 51.5 (emphasis added). To constitute a toll, there must therefore be a separate charge associated with terminating a call outside an exchange area. When a telecommunications carrier like Alltel provides a "local calling area" that is larger for a monthly flat charge, there is no separate toll charge.. In either of its Lifeline plans, Alltel does not misapply low-income USF support to "the toll portion of its calling plan," because there are no toll charges for calls within the "local calling area" (state, multi-state or national).

The second reason USAC's interpretation of 47 C.F.R. § 54.401(a) is faulty is that it ignores the Commission's explicit findings that a competitive ETC's ability to offer a large "local calling area" should be supported because it will help Lifeline subscribers – in particular, those that are residents of Tribal lands - avoid toll charges. *Twelfth Report and Order* ¶ 56 ("[A] wireless eligible telecommunications carrier service offering that features an expanded local calling area . . . may represent a solution to the problem of limited local calling areas and excessive toll charges in tribal areas"); *Pine Ridge Order* ¶ 14 ("Western Wireless will provide an expanded local calling area to enable tribal members on the reservation who may currently pay toll charges to reach local government offices, health care providers, and family outside of the incumbent carrier's local calling area. This will substantially enhance the affordability of service to many tribal members living on the reservation.") (footnote omitted).

Thus, as the Commission has already determined, it is not only legally proper for an ETC to define its "local calling area" in such a manner that Lifeline subscribers will be able to place "toll free" calls to locations that would otherwise incur a toll charge, but it was the <u>intended</u> result of the Commission's actions and of its endorsement of competitive entry by wireless ETCs.

For this reason USAC Audit Finding No. 11 must be reversed. Alltel properly offered eligible residents of Tribal lands a Lifeline service offering which included a large "local calling area" as anticipated by the Commission in the *Twelfth Report and Order*. Calls terminated within the "local calling area" - - *i.e.*, within the nation - - are not assessed a separate toll charge. USAC therefore misconstrued and misapplied 47 C.F.R. § 54.401(a) in concluding that Alltel applied federal Lifeline support for service related to the "toll portion" of its calling plan.

C. The USAC Finding is Contrary to Universal Service Program Goal to Provide Recipients with the Same Normal Basic Level of Service Available to Other Subscribers

The intent and requirements of the Universal Service law are clear. The statute's "principles" provide that underserved consumers "should have access to telecommunications and information services, . . . that are reasonably comparable to those services provided in urban areas…" 47 USC 254 (b)(3). Therefore, the service level provided under Universal Service is "an evolving level" of services that is intended at any particular point in time to reflect the level of service that has been "subscribed to by a substantial majority of residential customers." 47 USC 254 (c)(1) and (c)(1)(B). Thus, the goal and requirement of the law is <u>not</u> to support only a diminished or sub-standard level of service to those seeking USF support. To the contrary, it is to provide them with support for the normal basic level of service available to subscribers who do not need such support. In this particular case, nationwide calling, as provided by Alltel's $34.25 Lifeline calling plan, is comparable to the geographic coverage of basic level of service selected and used by regular cellular customers, including Alltel's regular customers [19] Thus, the statute and its purpose provide another strong reason for the FCC to overrule the USAC denial of Tier IV support for this calling plan.

A review of the cellular plans available on the market makes clear that nationwide calling plans are the basic types of calling plans by today's major cellular carriers,[20] no matter how basic their other features. A nationwide calling plan is at a level of service that "has been subscribed to by a substantial majority of residential customers," and thus is a level of service that the Lifeline program was intended to support for low income and Tribal customers pursuant to 47 USC 254 (c)(1) and (c)(1)(B). In keeping with the intent of Section 254 (b) and (c) of the Universal Service statute, the basic level of service that the Lifeline program was intended to support is whatever level of telecommunications capabilities currently are considered basic normal service by telecom users. Whereas the basic calling plan once was a landline plan covering a small geographic area, today a basic calling plan , particularly for wireless users, means multi-state or nationwide calling. Therefore, the intent of the statute is that Alltel's $34.25 calling plan be eligible for Lifeline support.

While the appealed USAC decision here cites paragraph 404 of the Commission's 1997 Universal Service Order[21] (which states that interexchange toll charges are not covered), in justifying its refusal to allow Lifeline support for a wireless calling plan with

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[19] The vast majority of Alltel's regular calling plan customers have a nationwide calling plan.

[20] For example, Sprint's web page lists as its basic plan the $29.99 "Basic" plan, which is so basic it only includes nights and weekends, but it nevertheless includes "nationwide long distance." (See Exhibit 7). AT&T shows as its lowest price individual plan the $39.99 "Nation 450" which shows "no long distance charges" (See Exhibit 8). If you click on "Basic" on the Verizon Wireless web site, the most basic plan is shown as the $39.99 Nationwide Basic 450 which, of course, has " Domestic Long Distance Included." (See Exhibit 9)

[21] *Universal Service Order* ¶ 404

the normal basic calling area offered in wireless plans today, that paragraph says nothing to indicate that a calling plan with a broad geographic calling area should be denied Lifeline support. That paragraph only discusses whether tolls for separately provided and billed interexchange and advanced services need to be covered by Lifeline reimbursement. The limitation was adopted to prevent the Universal Service fund from subsidizing expensive long distance toll charges for individual long distance calls and was directed at and based specifically on the "present structure of residential interexchange rates"[22] - - a rate structure that does not apply to Alltel or other cellular carriers today. As noted in the previous section, there is no separate interexchange service charges ("tolls") incurred in Alltel's $34.25 basic rate plan, and so the statement relied upon by USAC is not a valid basis on which to deny Lifeline support for this plan. Moreover, the Commission in paragraph 404 clearly signaled its intent to have the services provided to Lifeline customers match the normal level of service available to others: "If only low-income consumers lack access to such services in the future, impeding the achievement of universal service goals, we will revisit the issue." [23]

The Commission found that "Congress did not intend to codify the existing Lifeline program to immunize it from any future changes or improvements" [24] The Lifeline program was initially focused on traditional wireline carriers, and the terms were developed with residential wireline service in mind, for a structure where there was a clear functional and practical dividing line between local wireline exchange calls and long distance calls.

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[22] *Id.*
[23] *Id.*
[24] *Universal Service Order* ¶ 336

That language, written when the world was very different, should not be applied inflexibly or in a strained manner that would thwart the clear underlying purpose of the Universal Service program, particularly for wireless communications.[25] While the term "local" was shorthand in the traditional wireline world for the calling area covered in the basic monthly charge when the Lifeline implementation rules were first written, the normal basic calling plan today in the wireless world includes nationwide calling. Any arbitrary restriction on wireless Lifeline support based on what local-calling areas used to mean for landlines is not applicable. Because the nationwide aspect of the Alltel Lifeline plan matches the normal basic wireless plans that regular customers have today, the principles of the Universal Service law strongly favor covering such plan under Lifeline.

D. It Is Unfair to Deny Alltel Lifeline Support for a Calling Plan that is Comparable to Lifeline Calling Plans for which Other Wireless Carriers Appear to Receive Lifeline Support

As noted above, the USAC decision seemingly turns solely on the fact that Alltel is still willing to offer a special very limited calling plan - - the $14.99 plan - - even though this plan may help make service affordable to some low-income users such as those that do not otherwise qualify for Tier 4 Tribal support. In addition to the legal and policy reasons discussed above that demonstrate why USAC's logic is wrong, on a more

[25] For example, the FCC held in the Universal Service Order that: "Carriers other than ILECs do not participate in formal separations process that our rules mandate for ILECs and hence do not share SLCs nor distinguish between the interstate and intrastate portion of their charges and costs . With respect to these carriers, we conclude that Lifeline support must be passed through directly to the consumer." *Universal Service Order*, ¶. 366.

practical and principled level, the USAC approach should be rejected because it basically punishes Alltel for offering a plan that could assist other customers.

As shown above in footnote 20, nationwide calling plans are the norm for non-Lifeline customers; and in fact, such plans are the "basic" calling plans offered by major wireless carriers to their customers. Such plans should therefore be eligible for Lifeline coverage, for all the reasons set forth above. And that appears to be what has occurred in the case of most wireless carriers in the Lifeline program. A review of the carriers' websites describing Lifeline calling plans offered by major cellular carriers in the United States suggests that their supported Lifeline plans do include nationwide calling (see Exhibits 10, 11, and 12),[26] saving low-income users from charges for calls terminated out of their local area. The FCC must ensure that USAC does not inadvertently favor one cellular carrier over another by allowing others to recover Lifeline support for basic nationwide calling plan and preventing Alltel from doing the same thing.

CONCLUSION

Two facts are clear: The cost of providing telephone service in Tribal areas is substantial, and many Tribal members who live on the reservation do not have mailing addresses on the reservation. Alltel, which is obligated to provide Lifeline discounts to eligible Lifeline customers has, in keeping with the Commission's eligibility rules, relied

[26] Web pages for Sprint, AT&T and Verizon Lifeline programs are attached as Exhibits 10, 11, and 12. On the Sprint web page, clicking on a particular state takes the user to a Lifeline application form, which, on page 3, sets forth the terms of the Lifeline offering, which is also included in Exhibit 10. For AT&T, the process is similar, and the Lifeline plans for two states, Virginia and Alaska are provided in Exhibit 11 as examples.

upon representations from the customers themselves to determine that the Lifeline discount is only given to eligible residents of Tribal lands. Alltel cannot afford to continue giving substantial Tier 4 Lifeline discounts to these customers if Alltel cannot obtain USF reimbursement for these discounts. So, if the Administrator's Finding that support is not available for such apparently eligible residents of Tribal lands is sustained, then those customers will lose their Lifelines and their link to the outside world. Denying phone service to eligible subscribers is not the right result, here. The Administrator's Findings 2 and 3 must be overruled and corrected by the Commission.

Finding 4 raises a problem that neither Alltel nor any other carrier is able to solve. The carriers should not be punished for relying in good faith on such subscribers' statements, as they work to serve the most underserved populations.

Similarly, there is no sound legal basis for the Administrator to disallow full Tier IV Lifeline support for eligible residents of Tribal lands who have Alltel's $34.25 Lifeline plan. It does not include or encompass long distance tolls, as the Administrator alleges in Finding 11, but rather meets the goals and intent of the Commission in providing an expanded local calling area for such underserved customers, making telephone service more affordable. This plan provides roughly the same geographic calling area that is enjoyed by regular wireless users, the goal of the Universal Service program. Therefore the Commission should overrule the Administrator's interpretation in Finding 11

The relief requested is in the public interest as it would help to make full Tier 4 Lifeline benefits available to all eligible subscribers in the expansive and underserved

Tribal lands in North and South Dakota, and will likely increase the numbers of subscribers who can afford basic telephone service, as intended by the Commission.

REQUEST FOR RELIEF

For the reasons stated above, Alltel urges the Commission to reverse the Administrator's interpretation and application of the Lifeline rules and Commission orders in Findings 2, 3, 4 and 11 of USAC's August 6, 2009 Audit Report and to direct the Administrator to grant reimbursement to Alltel for the Lifeline support that Alltel has already provided to the eligible residents of Tribal lands covered by those Findings.

Respectfully submitted,

Verizon/Alltel Management Trust

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CERTIFICATE OF SERVICE

I, Timothy A. Harr hereby state that a true copy of the foregoing was sent by first class mail, postage prepaid, this 5th day of October 2009, to the following:

Universal Service Administrative Company
Attn: General Counsel
2000 L Street, N.W.
Suite 200
Washington, DC 20036

Signed

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

In the Matter of: Request for Review by Verizon/Alltel Management Trust of Decision of the Universal Service Administrator	))) CC Docket 96-45))

DECLARATION OF ROHAN RANARAJA

I, Rohan Ranaraja, do hereby, under penalty of perjury, declare and state as follows:

1. I am Associate Director - Compliance for Verizon Wireless responsible for Verizon/Alltel Management Trust's ("Alltel") Universal Service Program compliance operations, including Lifeline operations, and before the merger with Verizon Wireless had similar responsibilities at Alltel Communications, LLC. In that capacity, I am familiar with Alltel's Lifeline programs, rate plans and operations and with the processes used by Alltel to determine eligibility for Alltel's Lifeline programs including those pertaining to persons living on Tribal lands and with the challenges and circumstances pertaining to extending Lifeline opportunities to such persons.

2. In accordance with Commission rules, 47 C.F.R. Section 54.721 (b)(2), I have reviewed the factual assertions set forth in the foregoing Request for Review by the Verizon/Alltel Management Trust of Decision of the Universal Service Administrator and hereby certify that they are true and correct to the best of my knowledge.

Rohan Ranaraja

Dated: October 5, 2009

EXHIBIT 1

(USAC Finding 2)

Audit Finding # 2

Criteria:
"Lifeline provides low-income consumers with discounts of up to $10.00 off the monthly cost of telephone service for a single telephone line in their principal residence."[2]

Condition:
We obtained and examined the Beneficiary's subscriber listings to support the total number of Lifeline and Link Up subscribers noted on the 2nd Quarter 2007 Form 497. We utilized computer assisted auditing techniques to analyze the data files. We noted Lifeline duplicate addresses in Pine Ridge, duplicates in North Dakota duplicates in South Dakota and 96 duplicates in Texas.

Cause:
The Beneficiary's procedures for excluding duplicate claims are ineffective.

Effect:
The monetary effect from this finding is a overpayment of Lifeline support.

Recommendation:
We recommend the Beneficiary modify their procedures to ensure that only one Lifeline claim per residence is submitted for reimbursement.

Beneficiary Response:
"Alltel believes that the company does currently have an appropriate and effective process in place to identify and eliminate duplicates from its subsidy filings. Alltel operates its Lifeline service so as to ensure that it only collects subsidies for eligible subscribers while attempting not to deny subsidized service to those who truly qualify. This requires the application of a different approach for handling address duplication on tribal lands from the solution applied in other locations. Alltel allows only one residential Lifeline account to be opened per address everywhere except on Indian reservations. This is because many reservations have not yet fully implemented street or house addresses and therefore many reservation residents are forced to use mailing addresses which are shared by several households. Alltel has verified this information with several Tribes. Indeed, Alltel understands that some of the reservations it serves have no individual residence or house addresses at all. Therefore, on reservations Alltel now requires all Lifeline applicants to certify that more than one Lifeline discount is not received at their residence. This meets the program goal of ensuring only one subsidized line per residence without denying Lifeline to qualified Lifeline customers merely because the Reservations do not have street or household addresses. This explains why

[2] *In the Matter of Lifeline and Link Up*, FCC 04-87, 19 FCC Rcd 8302, 8306, ¶ 4 (2004) (*Lifeline and Linkup Order*) *See also*, 47 C.F.R. §§ 54.401 and .403.

there are a significant number of "duplicate" addresses in North Dakota, South Dakota and Pine Ridge.

The "duplicate addresses" identified in TX, however, are not on tribal lands and therefore do not meet the criterial described above. It is important to note that these duplicates represent less than 1% of the total number of Lifeline subscribers that were reported for subsidy purposes in Texas, evidencing that our duplication processes do in fact eliminate the vast majority of potential issues. We agree that these duplicates should no longer receive Lifeline discounts. They were not identified by Alltel during the process used by Alltel to identify and remove duplicate addresses because of the manner the billing addresses were entered into the billing system. For instance, if the same address was entered into the billing system as 123 Main Street and 123 Main St the process currently used by Alltel would not identify them as duplicate addresses. Alltel will undertake to remove these duplicates from future subsidy filings."

USAC Management Response:
USAC agrees with the cause, effect and recommendation. Paragraph 4 of the *Lifeline and Link Up Order* states "Lifeline provides low-income consumers with discounts of up to $10.00 off of the monthly cost of telephone service for a single telephone line in their principal residence."

The Beneficiary states that, contrary to the FCC's definition of Lifeline, it "allows only one residential Lifeline account to be opened per address everywhere except on Indian reservations" due to many residents sharing one mailing address. However, a review of the Beneficiary's subscriber listings indicate that many of the duplicates identified by USAC's auditors reflect two Lifeline discounts provided to individuals at one address who share surnames—some with the same activation date. While the Beneficiary does require tribal Lifeline customers to certify that they only receive one Lifeline connection per household, the Beneficiary does not have sufficient controls in place to ensure that duplicate Lifeline discounts are provided to one address. USAC will recover any overpayments that have occurred as a result of this finding. Further, the Beneficiary must cease providing duplicate Lifeline connections to one address.

EXHIBIT 2

(USAC Finding 3)

Audit Finding # 3

Criteria:
"An 'eligible resident of Tribal lands is a qualifying low-income consumer,' as defined in paragraph (a) of this section, living on or near a reservation. A 'reservation' is defined as any federally recognized Indian tribe's reservation, pueblo, or colony, including former reservations in Oklahoma…." 47 C.F.R. § 54.400(e).

In addition, the *Tribal Lands Order* states, "With respect to our rules enhancing Lifeline and Link-Up assistance on tribal lands, carriers will be required to ascertain applicant eligibility for these forms of low-income universal service support. Ascertainment of applicant eligibility will entail determining whether a particular applicant is (1) a low-income applicant, under the criteria for income eligibility set forth above; and (2) living on or near a reservation."[3]

Condition:
We obtained and examined a listing of the Beneficiary's subscribers. The Beneficiary claimed tribal lands (Lifeline Tier 4) support for subscribers in North Dakota whose service addresses could not be found on a Census Bureau map of the Spirit Lake or Turtle Mountain reservations. In addition, it appears that subscribers in North Dakota reside on tribal lands but did not receive Lifeline Tier 4 support.

In addition, the Beneficiary claimed tribal lands (Lifeline Tier 4) support for subscribers in South Dakota whose service addresses could not be found on a Census Bureau map of the Pine Ridge reservation.

Finally, the Beneficiary claimed tribal lands (Lifeline Tier 4) support for subscribers in South Dakota whose service addresses could not be found on a Census Bureau map of the Lake Traverse, Pine Ridge, Rosebud, Crow Creek, Yankton or Cheyenne River reservations. In addition, it appears that five subscribers in South Dakota reside on tribal lands but did not receive Lifeline Tier 4 support.

Cause:
We were unable to determine the cause of this condition.

Effect:
The monetary effect of this finding is a overpayment of Lifeline support for subscribers who were not residing on eligible tribal lands. In addition, of Lifeline

[3] *Federal-State Joint Board on Universal Service, Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas,* CC Docket No. 96-45, Twelfth Report and Order, Memorandum Opinion and Order, and Further Notice of Proposed Rulemaking, FCC 00-208, 15 FCC Rcd 12208, 12216, ¶ 180 (2000) (*Tribal Lands Order*).

Tier 4 support for eligible tribal lands subscribers could have been claimed and provided to the subscribers.

Recommendation:
We recommend the Beneficiary establish controls to ensure that residents of non-tribal and tribal lands receive the proper amount of support.

Beneficiary Response:
"This finding highlights two primary issues that carriers face (1) the differences in the boundaries of the various maps (Reservation boundaries vary from one source to another); and (2) the absence of adequate addresses on reservations as noted in response to [Audit Finding # 2] above. To Alltel's knowledge the FCC has not specifically identified the particular maps that should be used for Lifeline/Link-Up purposes. Alltel has relied on the boundaries identified by the Bureau of Indian Affairs. The source used by the Auditor for this audit appears to be Census Bureau maps. Further, as previously stated [Audit Finding # 2], due to the lack of street addresses on the Reservations, tribal members generally receive mail at a common location or a Post Office Box. In some instances, tribal members receive mail at a Post Office Box that is outside the Reservation while the tribal member indicates that he/she resides on the tribal lands. This situation is due to the shortage or absence of sufficient Post Office Boxes on the Reservation. Therefore, some tribal members receive their mail at a location outside the Reservation even though they reside on the Reservation. Further, because tribal lands do not have street addresses, these tribal members are unable to provide a residential address that is different from the mailing address. Given these complexities, Alltel requires potential tribal Lifeline customers to certify under the penalty of perjury that he/she resides on the reservation. Alltel believes it is reasonable to rely on the customer's attestation under penalty of perjury that he/she resides on the reservation for purposes of receiving the tribal Lifeline/Link-Up discounts even though the customer's mailing address may be outside the boundaries of the Reservation."

USAC IAD Response to Beneficiary Response:
In reference to the Beneficiary's response regarding the differences in the boundaries of the various maps, we used a conservative approach and took exception only to those addresses where the subscriber's ZIP code neither included any tribal lands nor was close enough to the boundary of a tribal land to be in question. While there may be some differences between BIA and Census Bureau maps, it is highly unlikely that this is the primary cause of these exceptions.

USAC Management Response:
USAC will recover the overpayment as a result of this finding. USAC will consider referral to the FCC for possible enforcement action of our finding that the carrier did not provide enhanced Lifeline and Link Up support to eligible households.