

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

In the Matter of)	
)	
Reply Comment on TracFone Request for)	WC Docket No. 03-109
Clarification of Universal Service Lifeline)	
Program "One-Per-Household" Rule as)	
Applied to Group Living Facilities)	

**COMMENTS OF THE
PUBLIC UTILITY COMMISSION OF OREGON**

The Public Utility Commission of Oregon ("OPUC") submits the following reply comments on TracFone Wireless, Inc. ("TracFone") July 17, 2009 request for clarification of Universal Service Lifeline Program "one-per-household" rule as applied to group living facilities.¹

The OPUC recommends that the FCC not act on TracFone's clarification request and, instead, address the policy issue raised in the clarification request in the comprehensive Federal Universal Service Fund ("FUSF") reform proceedings.

TracFone seeks guidance on how residents of homeless shelters can be enrolled in the program without violating the one-per-household rule. Granting the provision of Lifeline service to homeless shelters is not a small policy matter. Extending Lifeline support to just half of the estimated 2.1 million homeless adults would cost \$129 million a year.² That is on the top of the more than \$1.1 billion in estimated Lifeline support

¹ *Comments Sought on TracFone Request for Clarification of Universal Service Lifeline Program "One-Per-Household" Rule as Applied to Group Living Facilities, WC Docket No. 03-109, Public Notice DA 09-2257 (rel. October 21, 2009).*

² *National Coalition for the Homeless, How Many People Experience Homelessness? (July 2009) available at http://www.nationalhomeless.org/factsheets/How_Many.html.*

disbursement in 2010.³ Any increase to the already strained FUSF needs to be carefully examined. Further, there remain significant concerns about tracking, eligibility verification, and general waste and fraud in the program that must be addressed before extending its reach.

TracFone claimed it “is not aware of any comparable reports of waste, fraud and abuse which have permeated the low-income programs, especially Lifeline”.⁴ Contrary to TracFone’s claim, the OPUC found evidence of fraud and abuse in its state corollary of the federal Lifeline program, known as the Oregon Telephone Assistance Program. On December 5, 2006, the OPUC opened an investigation of VCI Company, a provider of wireline services, based on staff audits that cast suspicion on the accuracy of reimbursements from the Oregon Telephone Assistance Program.⁵ The investigation found that the OPUC had reimbursed VCI for approximately 58,000 customers who either had discontinued service, were served by other carriers, or had duplicate entries. As a result of the investigation, the OPUC issued an order on September 26, 2007 requiring VCI to remit to the OPUC \$203,391.97 in state sponsored Lifeline funds.⁶ This translated into an overpayment of \$581,000 in USAC federally disbursed Lifeline monies from the FUSF. In addition, the FCC issued a Notice of Apparent Liability for Forfeiture and ordered VCI Company to forfeit \$1,047,500 for USAC reimbursement for customers in Minnesota, Oregon and Washington on August 14, 2007.⁷ The OPUC was not

³ *Universal Service Administrative Company, Federal Universal Service Support Mechanisms Fund Size Projections for First Quarter 2010 (November 2, 2009), at 16.*

⁴ *In the Matter of Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight, WC Docket No. 05-195, Comments of TracFone Wireless, Inc. (November 13, 2008)*

⁵ *In the Matter of Vilaire Company Incorporated, dba VCI Investigation into Oregon Telephone Assistance Program billings as well as revenue and remittance reporting, UM 1288, Order No. 06-663 (December 8, 2006)*

⁶ *In the Matter of Public Utility Commission of Oregon, v. VCI Company f/k/a Stan Efferding and Stanley Johnson, dba Vilaire, and VCI Company, a Washington corporation, UM 1288, Order No. 07-424 (September 26, 2007)*

⁷ *In the Matter of VCI Company Apparent Liability for Forfeiture, File No. EB-07-IH-3985, NAL/Acct. No. 200732080033. FRN No. 0015783004 (August 14, 2007)*

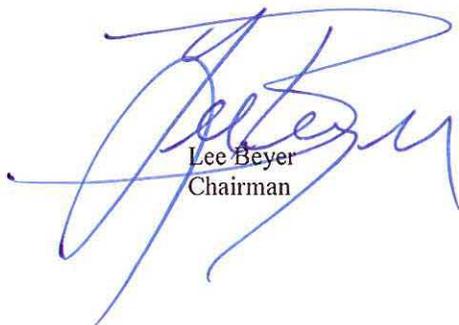
immune to these incidences of fraud, abuse and waste with wireline services despite a database tracking system that includes an automated monthly eligibility verification of all Lifeline customers in Oregon. The risks are greater for prepaid wireless services because the mobility of the homeless population makes tracking extremely challenging.

We recognize the importance of Lifeline-supported services and want to extend these benefits to as many eligible Oregonians as possible. However, the FCC must protect public funds by ensuring accuracy, accountability, and integrity in the FUSF programs. We urge the FCC to consider any changes to the FUSF program only in the comprehensive reform proceedings.

December 7, 2009

Respectfully submitted,

THE PUBLIC UTILITY COMMISSION OF OREGON



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner