Before the
Federal Communications Commission
Washington, D.C.

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11 – 42
	)	
Federal – State Joint Board on Universal Service	)	CC Docket No. 96 – 45
	)	
Lifeline and Link Up	)	WC Docket No 03 – 109

COMMENTS OF THE MISSISSIPPI PUBLIC SERVICE COMMISSION

The Mississippi Public Service Commission (MPSC) respectfully submits these comments to the Federal Communications Commission (FCC) in response to the Notice of Proposed Rulemaking (NOPR) released March 4, 2011, in the above-captioned proceedings.[1]

I. Introduction

These comments specifically address subject matter in the NOPR related to Section IV, IMMEDIATE REFORMS TO ELIMINATE WASTE, FRAUD, AND ABUSE; Section VI, CONSTRAINING THE SIZE OF THE LOW-INCOME FUND; and Section VII, IMPROVING PROGRAM ADMINISTRATION.

The MPSC will initially address concerns discussed in Section IV as they relate to duplicate claims, i.e., the claiming of multiple subscriptions from numerous service providers for Lifeline benefits by the same person in the same household. In this Section of the NOPR, the MPSC will also offer input on the appropriateness of Link Up charges,

[1] *Lifeline and Link Up Reform and Modernization,* WC Docket No. 11-42; *Federal – State Joint Board on Universal Service,* CC Docket No. 96-45; *Lifeline and Link Up,* WC Docket No. 03-109.

i.e., provider-initiated charges associated with activation of service. Finally, the MPSC will comment on customer usage of Lifeline-supported services as such usage relates to a customer's justification to retain supported services.

Next, the MPSC will discuss from a state regulatory perspective its rationale for a methodology to limit or cap the size of the low-income fund. Support for low income supported services increased dramatically from 2000 through 2010. Left unchallenged, this growth could jeopardize future funding for this USF program.

Finally, the MPSC will focus its attention on the means to improve program administration through a review of income eligibility requirements for Lifeline and Link Up and potential creation of a national data base to include a consistent listing of names, addresses and social security numbers.

II. Eliminating Waste, Fraud and Abuse

A. Duplicate Claims

The MPSC understands that the FCC and the Joint Board have consistently stated that Lifeline support is limited to a single line or cellular account per residence. The MPSC concurs in this application of low-income support. The Mississippi Public Utilities Staff (Staff) recently observed troubling violations of this policy by numerous Lifeline customers of Mississippi's three designated prepaid wireless Eligible Telecommunications Carriers (ETCs). Using a scientific sampling approach, the Staff compared customer name and address information provided by each of the prepaid wireless ETCs, effective December 31, 2010. Consequently, the Staff noted that hundreds of customers were claiming Lifeline subscriptions from as many as all three ETCs. Following the Staff's consultation with each ETC, this data was transmitted by each respective ETC to the Universal Service Administrative Company (USAC) for further review and analysis. It is the MPSC's belief that the perpetration of such customer fraud contributes to waste and inefficiency in the low-income program and must be eliminated.

The MPSC suggests that each ETC should be charged with the responsibility of contacting multiple subscription violators, communicating the nature of these violations and eliminating duplicate subscriptions. As such, the MPSC concurs in the policy outlined in Wireline Competition Bureau Chief, Sharon Gillette's January 21, 2011 policy letter[2] addressing those situations where a subscriber seeks Lifeline discounts from multiple ETCs.

The MPSC supports a number of initiatives proposed in the NOPR to reduce multiple subscriptions. These include an amendment to Part 54 of Universal Service Section 54.410 to require ETCs to submit to USAC unique household-identifying information for every supported household to help determine whether two or more ETCs are providing Lifeline-supported service to the same residential address. This unique household identifier may be helpful to ensure that a residential address does not receive more than one subscription that is subsidized by the program.

The MPSC also supports the adoption of a rule that upon identification of duplicate payments to service providers, the ETCs must notify the customer that he or she has 30 days to select a single ETC to provide Lifeline service going forward. The MPSC also endorses a means to penalize Lifeline customers who commit duplicate claim

[2] FCC Wireline Competition Bureau Chief Sharon E. Gillette's, January 21, 2011 Policy Letter Directed to Richard A. Belden, Chief Operating Office for the Universal Service Administrative Company Regarding Resolution of Multiple Claims.

fraudulent activity. The MPSC recommends that these perpetrators be de-enrolled from the program upon the second incident of such violations.

B. Link Up Charges

The MPSC recommends the FCC amend its rules to prohibit ETCs from receiving reimbursement for Link Up charges unless the ETC imposes a customary Link Up charge on all of its customers for commencing telecommunications service. This action would serve to reduce waste of USF funds. The MPSC acknowledges that such an amendment could be fostered through an FCC proposal to define "customary charge for commencing telecommunications service" as the ordinary initiation charge that an ETC routinely imposes on all customers within a state. Further, the MPSC supports the FCC's proposal to clarify that activation charges that are waived, reduced, or eliminated when activation is accompanied by purchase of additional products, services, or minutes are not customary charges eligible for universal service support.

Further, the Link Up rules should be amended to include a requirement for carriers to certify that their activation charges are equally applicable to all customers. Such an effort would produce another means to address concerns with waste, fraud, and abuse. Additionally, rules should be adopted prohibiting the service provider, functioning as a reseller, from imposing connection charges on the Lifeline recipient when the underlying wholesale provider has not assessed such charges on the reseller. The MPSC also recommends that carriers should be required to submit Link Up data to USAC to ensure integrity of the low-income program. Furthermore, penalties should be assessed to carriers who abuse the Link Up process by billing multiple connection charges at the same residence in order to receive reimbursement from USF or, under those circumstances, when reimbursement is sought for waived fees.

C. Customer Usage

The MPSC would also like to express its input regarding documentation of prepaid wireless customer usage as a benchmark item for continuance of supported Lifeline service. In an effort to ensure integrity in the low-income program, the MPSC suggests the FCC require wireless ETCs to contact customers who generate zero usage for two consecutive months and apprise them of potential de-enrollment in prepaid wireless plans. Such customers would be given a one-month grace period to establish service continuity. If the customer generated no usage during this "probationary" month, then Lifeline service would be disconnected. This initiative provides another opportunity to return credibility to the Lifeline program.

III. Efforts to Manage the Size of the Low-Income Fund

A. Potential Constraints on Low-Income Fund Growth

The MPSC is aware of the unabated growth in the low-income USF fund. The fund expanded from an inflation-adjusted $667 million in 2000 to $1.3 billion[3] in 2010, a 6.8% compounded annual growth rate. Growth at this level, as mentioned in the NOPR, would jeopardize universal service by increasing the contribution burden on American consumers and businesses. The MPSC believes that should the FCC seriously consider implementation of a cap, then a state-by-state cap for the low-income fund may offer some promise. In fact, an indexed national cap that considers the unique circumstances of each state, especially from the perspective of poverty rates, per capita personal income

[3] See Paragraph 143, FCC NOPR, Released March 4, 2011.

levels and unemployment, is worthy of additional review. Mississippi meets each of those parameters. Note the following facts:

1. The United States Department of Agriculture's Economic Data Service reports that Mississippi had a poverty rate of 25.5% as of 2009 (latest model-based estimates)[4];
2. Mississippi's per capita personal income level in 2010 was $31,186 which ranked 50th in the country[5];
3. Mississippians currently experience a 10.1% unemployment rate that is among the country's highest rates[6].

Therefore, the MPSC proposes the potential utilization of an index-adjusted national cap to address unique state-to-state characteristics. This adjustment would give consideration to the combined contagious impacts of poverty, personal income, and unemployment. Consequently, deployment of an indexed-cap would provide a means to halt unbridled growth in the fund.

B. Workings of a Cap

The MPSC notes that the administration of a low-income fund cap would be extremely bothersome. There are several approaches that could be considered. These include:

1. Allow no additional Lifeline recipients access to the fund once the indexed-cap has been reached. This approach has the obvious disadvantage of preventing many deserving poor people access to support; therefore, this option appears to be inappropriate.

[4] United States Department of Agriculture, http://www.ers.usda.gov/StateFacts/MS.htm
[5] Bureau of Economic Analysis, U. S. Department of Commerce.
[6] Bureau of Labor Statistics current population survey, January 2011.

2. Utilization of an indexed-cap that allows all Lifeline eligible recipients access to low-income fund support. This could be workable if either Tier 1 ($6.50) or Tier 2 ($1.75) support levels were reduced for all Lifeline customers. This would reduce the support levels provided by the fund to any one Lifeline customer without preventing low-income person's access to such support.

The MPSC asks that the FCC investigate the pros and cons of a cap but requests that no action be taken on deployment of a cap if low-income persons will be deprived of needed support. The MPSC reiterates that there are other approaches available to the FCC to reduce the cost of the fund. Foremost among these are elimination of fraud perpetrated by persons who seek multiple subscriptions as well as actions undertaken by ETCs to bill multiple Link Up charges at the same premise.

IV. Means to Improve Program Administration

A. Eligibility Criteria for Lifeline and Link Up

Currently, Federal default states require Lifeline consumers to maintain a household income at or below 135% of the Federal Poverty Guidelines (FPG). The MPSC agrees with the proposal included in the NOPR that would require all states to apply, at the minimum, the same criteria utilized by the federal default states. In addition, there are proposals being entertained in the NOPR to alter the existing criteria and elevate it to 150% of the FPG. For example, an increase in the income eligibility from 135% to 150% would mean that Mississippi families, whose one-person family income ranged from $14,703 to $16,335[7], would no longer be prohibited from Lifeline support for income purposes. The MPSC resoundingly concurs in this proposal. Previously, in these comments, the MPSC documented the serious economic plight

[7] 2011 Federal Poverty Guidelines

Mississippians are experiencing in the aftermath of the nation's recent recession (December 2008 through June 2010). It is tragic for any eligible Mississippi low income citizen to be deprived of needed Lifeline support. An increase in the income eligibility to 150% of FPG will open the door wider to such support. The MPSC implores the FCC to pursue this initiative.

B. National Database

The MPSC notes that one of the requirements for a database to function properly would be to devise input requirements that would allow defined parameters with the same fields and input formats. Earlier, the MPSC addressed data for the three prepaid wireless ETCs submitted effective December 31, 2010. The customer name and address lists were not depicted in identical formats. Fields were basically the same, but the data input format was skewed. For instance, some companies included apartment numbers in the first line of the address, while others submitted the same information for the address in two separate fields.

Another problem observed was that names were entered inconsistently in fields for "First Name" and "Last Name" – one company would enter John Doe in the two separate fields, but another company would list "John" in the First Name Field and "L. Doe" in the Last Name Field, thereby including the middle initial as part of the last name.

The database must be designed such that all data is submitted in a consistent manner. Whether a national database is used or, on the contrary, a state or regional database is employed, all databases should be constructed to have the same input requirements so that data can be shared readily among other states and/or government agencies. Additionally, scrubbing software that identifies duplicates should be developed and shared among the states and USAC to ensure that every effort is made to identify and eliminate waste, fraud and abuse.

V. Conclusion

In summary, the MPSC applauds the FCC's foresight and initiative in advancing a number of strategic proposals to ensure a more efficient and productive Lifeline and Link Up program. Many of Mississippi's low-income residents are currently receiving support from this program. Unfortunately, other deserving Mississippians are being excluded. Hopefully, the initiatives addressed in this NOPR will ensure the long-term viability of the program and will eradicate the fraud, abuse and manipulation that have impacted it.

Respectfully Submitted,

MISSISSIPPI PUBLIC SERVICE COMMISSION

Lynn Posey, Chairman

Leonard Bentz, Vice Chairman

Brandon Presley, Commissioner

April 21, 2011