

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

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

REPLY COMMENTS OF COMPTTEL

COMPTTEL, through counsel, hereby submits its replies to certain comments filed in the above captioned proceedings. It was gratifying to see the strong support expressed for the development and implementation of a national database to verify consumer eligibility for Lifeline/Link Up assistance, track verification and check for duplicate claims. As the comments demonstrate, such a database may be the only effective means for reducing and/or eliminating duplicate claims and would be a critical tool in combating waste, fraud and abuse in the administration of the Lifeline/Link Up program. COMPTTEL urges the Commission to make the development and implementation of such a database a top priority in its universal service reform efforts.

I. The Lifeline Fund Should Continue To Cover Toll Limitation Service

As COMPTTEL demonstrated in its Comments, the NPRM fails to provide adequate justification for the Commission’s proposal to eliminate both the obligation of eligible telecommunications (“ETCs”) service providers to offer Lifeline customers toll limitation service (TLS) at no charge and the Lifeline support for the incremental cost of providing the service.

Although the Commission contends that TLS may have outlived its usefulness with the reduction in long distance rates, the fact that Lifeline consumers continue to elect to take the service illustrates that TLS continues to have value to low income consumers as an effective mechanism to control their telecommunications expenditures.

Significantly, several state Commissions and consumer representatives that weighed in on this issue insist that ETCs not be relieved of the obligation to provide TLS.¹ These commenters clearly recognize the benefit that TLS provides to Lifeline customers and that the service has not “outlived its usefulness.”² Under the current rules, if a Lifeline customer elects not to take TLS, the ETC may charge a security deposit.³ Under the Commission’s proposed rules, ETCs will not be prohibited from charging Lifeline customers security deposits. Thus, an unintended consequence of the Commission’s proposal to eliminate reimbursement for TLS may be to put telephone service out of the reach of some low income consumers who cannot afford the required security deposit.

NASUCA argues not only that the Commission should eliminate Lifeline reimbursement for TLS, but also that ETCs should be prohibited from charging Lifeline consumers a security deposit. It provides no legal support for its contention, but instead offers its “assumption” that

¹ See e.g., Comments of the New Jersey Rate Counsel at 14 (low income consumers should have the opportunity to ensure that they don’t run up large toll bills); Comments of the Indiana Utility Regulatory Commission (“IURC”) at 4 (the Indiana Lifeline Assistance Program requires ETCs to provide toll limitation services); Comments of the Michigan Public Service Commission at 4 (ETCs should be required to provide TLS at no charge); Comments of the National Association of State Utility Consumer Advocates (“NASUCA”) at 11-12 (NASUCA agrees with the Commission’s proposal to eliminate Lifeline recovery for TLS, but ETCs should be required to offer TLS as an alternative to charging Lifeline customers a deposit); Comments of the Missouri Public Service Commission at 6 (supports the Commission’s proposal to eliminate reimbursement for TLS).

² NPRM at ¶70.

³ 47 C.F.R. §54.401(c).

“the purpose of toll limitation for the ETC that is providing a Lifeline service is for the benefit of the ETC. The purpose of toll limitation service as an option for non-Lifeline customers is for the benefit of the customers.”⁴ NASUCA’s “assumption” has no basis in reality. In fact, the benefit that TLS provides is the same for all consumers, both Lifeline and non-Lifeline. It allows consumers, both Lifeline and non-Lifeline, to establish a ceiling for monthly long distance charges and ensure that once that ceiling is reached, additional outgoing long distance calls will not be completed. NASUCA does not explain how or why this cost control measure does not provide a benefit to Lifeline consumers, nor could it.

The Commission’s real concern with TLS appears to be not with the service itself, but with the amounts some ETCs claim in reimbursement.⁵ As many commenters argued, the far better alternative for the Commission to address concerns about the amount of support being claimed for TLS is to set a cap on the amount of reimbursement carriers may claim rather than eliminate the obligation to provide the service or the reimbursement altogether.⁶ Adopting such a cap would ensure that Lifeline consumers who were interested in having TLS would be able to receive it at no cost and thereby avoid the necessity of putting up a security deposit that could impair their ability to afford telephone service while also guarding against the possibility of ETCs inflating their costs for reimbursement purposes.

II. Link Up Support Should Not Be Limited to Greenfield Situations

While the overwhelming majority of commenters recognize the importance of Link Up support for low income consumers, the IURC asserts that the Commission should eliminate the Link Up subsidy for both wireless and wireline providers except in greenfield situations (i.e.,

⁴ NASUCA Comments at 12.

⁵ NPRM at ¶70.

⁶ *See e.g.*, Comments of AT&T at 31; Comments of New Jersey Rate Counsel at 14.

where the installation of new equipment and/or facilities is required). The IURC contends that the cost of initiating service is nominal unless a new installation or service visit is required.

Even if the IURC's contention were correct (which it is not), the premise of its argument is faulty for at least two reasons. First, the purpose of Link Up support is to reimburse ETCs for forgone *revenues* (not costs) associated with the discounts provided to eligible low income consumers.⁷ Second, service initiation charges cover functions other than truck rolls and the installation of new equipment. As Nexus outlines in its comments, the very minimum that a carrier must do in order to initiate service is to have a customer service representative obtain subscriber and service package information, establish a billing account and activate a new account in the carrier's operational support systems so that the customer's telephone equipment may properly communicate and interact with the network.⁸

Today, carriers customarily charge service initiation fees even though "truck rolls" are rare.⁹ According to the Commission's own data, the incumbent local exchange wireline carriers routinely charge their customers a fee to have a phone connected to their networks.¹⁰ Moreover, as Nexus points out, charging a service initiation fee is "a wireless industry standard."¹¹ ETCs are required to offer Lifeline customers discounts off the service initiation fee of 50 percent or

⁷ 47 C.F.R. §54.413; NPRM at ¶¶ 14 and 71.

⁸ Comments of Nexus Communications, Inc. at 15.

⁹ Nexus Comments at 15, n. 23. *See also id* at 16 ["[C]harging an S[ervice] A[ctivation] F[ee] is a wireless industry standard, rather than an exception."]

¹⁰ See FCC Industry Analysis and Technology Division, Wireline Competition Bureau, Reference Book of Rates, Prices, Indices, and Household Expenditures for Telephone Service (2008) at Table 1.3.

¹¹ Nexus Comments at 16-17.

\$30.00, whichever is less, and are entitled to seek recovery of those forgone revenues from the Link Up program.¹² Accordingly, the Commission should reject the IURC argument that Link Up reimbursements be limited to greenfield situations.

III. The Commission Should Not Freeze ETC Designations

In its comments, US Telecom urges the Commission not to “grant any more prepaid wireless providers’ requests for forbearance from the facilities requirement of the Act” until it puts into place protections against Lifeline account duplications.¹³ As US Telecom is aware, the Commission must deny a forbearance petition within 12 months (or 15 months if the time is extended) or the petition is deemed granted. 47 U.S.C. §160. The Commission must evaluate each forbearance petition against the statutory criteria and decide each one on its merits. There is no basis for US Telecom’s unsupported allegation that because all prepaid wireless carriers “exacerbate the Lifeline account duplication” problem, granting such carriers forbearance from the facilities requirement would not serve the public interest.¹⁴

US Telecom also recommends that the Commission and the states defer any decisions on requests for Lifeline-only designations pending the development and implementation of a national database.¹⁵ According to US Telecom, such additional designations will “just make the account duplication problem worse.”¹⁶ But US Telecom offers no evidence to support its position that additional Lifeline-only designations will result in more duplicate claims. Lifeline

¹² 47 C.F.R. §§54.411, 54.413.

¹³ US Telecom at 11.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

consumers are just as entitled to a choice in service providers and a choice in services as are any other consumers. In the absence of evidence that limiting the pool of new competitors will, in and of itself, reduce duplicate claims, there is no basis for adopting US Telecom's recommendation to defer decisions on requests for Lifeline-only designation until a national database is available. That being said, COMPTTEL concurs with US Telecom's assessment that a national database to verify consumer eligibility and check for duplicate claims should be established as soon as possible.

CONCLUSION

For the foregoing reasons and those set forth in its initial Comments, COMPTTEL respectfully requests that the Commission implement Lifeline/Link Up reform in a manner consistent with its recommendations.

Respectfully submitted,

/s/

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