Before the
Federal Communications Commission
Washington, D.C. 20554

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

REPLY COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND THE PEOPLE OF THE STATE OF CALIFORNIA ON SECTIONS IV.A, IV.E, V.A, VII.B., AND VII.D. OF THE NOTICE OF PROPOSED RULEMAKING

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INTRODUCTION

The California Public Utilities Commission and the People of the State of California (CPUC or California) submit these Reply Comments in the Federal Communications Commission's (FCC) Notice of Proposed Rulemaking (NPRM) on Lifeline and Link Up reform and modernization.[1] The NPRM seeks comment on proposed reforms to the program that would eliminate waste, fraud, and abuse, streamline consumer eligibility rules, constrain the size of the low-income fund, improve administration, and modernize the program to align with market and technology changes. The CPUC replies to comments filed on proposals put forth in Sections IV.A and E, V.A, and VII.B and D of the NPRM.

DISCUSSION

Section IV. Immediate Reforms to Eliminate Waste, Fraud, and Abuse

A. Duplicate Claims

The FCC proposes changes to more rigorously ensure that the program subsidizes no more than one subscription per eligible residential address and to ensure that carriers are reimbursed only for services to current customers. In particular, the FCC proposes n to require Eligible Telecommunications Carriers (ETCs) to submit to the Universal Service Administrative Company (USAC) unique household-identifying information for every supported household to help determine whether two or more ETCs are providing

[1] In the Matter of Lifeline and Link Up Reform and Modernization, Federal-State Joint Board on Universal Service, Lifeline and Link Up, Notice of Proposed Rulemaking ,WC Docket No. 11-42, CC Docket No. 96-45, WC Docket No. 03-109, (FCC 11-32), rel. March 4, 2011. (NPRM)

Lifeline-supported service to the same residential address. This unique household identifier would help ensure that a residential address does not receive more than one subsidized subscription. The FCC also proposes a process of automatic de-enrollment to remedy duplicate claims when such claims are discovered.

California supports strong universal service adoption programs for consumers. While federal Universal Service Fund distributions have been devoted overwhelmingly to carrier subsidies,[2] California expects to devote almost 60% of state universal service funding, or approximately $375 million, to our state LifeLine program in the coming year.[3] We are launching a new advertising campaign, "Hello, Savings!" in May with one of the largest media buys we have done thus far to inform consumers about the program. We have also strongly endorsed broadband adoption measures, recommending that if there is a greater demand for low-income and anchor institution discounts, those needs should be favored over direct provider support where possible.[4]

The CPUC therefore endorse comments that support FCC efforts to strengthen the federal Lifeline program. First, the New Jersey Division of Rate Counsel (New Jersey DRC) argues that the FCC should adopt a "unique household identifier," as long as costs

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[2] In 2009, almost 60% of the fund went to carriers, while only approximately 14% went to user supports. USAC Annual Report 2009 (program distributions); Joint Board Monitoring Report (total USF distributions).

[3] http://www.ebudget.ca.gov/.

[4] In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up; WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109; CPUC Comments, April 18, 2011.

do not outweigh savings. California joins with the New Jersey DRC in supporting a process that will identify a household receiving federal Lifeline support through a unique household identifier. However, California's support is conditioned on a process that takes into account state lifeline programs that recognize that multiple households can exist at the same address. The CPUC permits qualified independent adults living in the same residence to enroll separately in California's LifeLine program.

The New Jersey DRC also states support for the proposal that automatic de-enrollment for duplicate claims with a 30-day notice so customers can choose a single carrier is "reasonable and not unduly burdensome for consumers or providers," cautioning that duplicate enrollment may not be intentional.[5] California also supports the proposal that if a customer is notified that he or she is enrolled in duplicate programs, but fails to make a timely selection, the carrier that has provided continuous Lifeline service to the customer for the longest period of time would continue to receive Lifeline support and the other carrier would no longer receive support for that customer. Thus should the customer not elect a single service, the last enrolled service should be terminated following the 30-day notice.

We also agree with the New Jersey DRC's support for a federal process to de-enroll duplicate claims for customers who violate the rule more than once, but only if it includes due process whereby the customer may appeal the determination.

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[5] Comments of the New Jersey Division of Rate Counsel (filed April 21, 2011), at pp. 9-10.

E. Customer Usage of Lifeline-Supported Service

The Indiana Utility Regulatory Commission (Indiana URC) advocates for a rule requiring all eligible carriers to collect a minimum monthly amount from participating households, explaining that it has concerns that free prepaid phone service is more vulnerable to abuse. "Balancing the goal of increasing the reach of Lifeline must be the recognition that the resources, while considerable, are finite and limited."[6] We agree with the Indiana URC that the FCC should require all Lifeline customers to pay at least a minimum monthly amount for Lifeline service, so as to better insure against abuse. This is in line with California's state Lifeline program, which provides discounts on the monthly recurring rate for basic service, as well as a discount for connection and conversion, but still requires the Lifeline customer to pay a monthly sum for service.

Section V. Clarifying Consumer Eligibility

A. One–Per-Residence

The FCC seeks to codify a "one-per-residence" rule which it states would be consistent with its existing single-line per residence requirement.[7] The National Association of State Utility Consumer Advocates (NASUCA) comments that there are non-traditional living arrangements that may run afoul of the one-per-residence rule and

[6] Comments of the Indiana Utility Regulatory Commission Regarding the Lifeline and Link Up NPRM (filed April 21, 2011), at pp 5-6.

[7] NPRM., at paras. 103-125.

deny eligible Lifeline customers access to telecommunications services.[8] NASUCA recommends that the FCC encourage states to adopt their own procedures to extend Lifeline coverage to the homeless and others in non-traditional living arrangements. As stated above, the California LifeLine program recognizes that more than one "household" can exist at one dwelling unit. However, at this time, we do not support expanding the program beyond connectivity to each household.

Section VII. Improving Program Administration

B. Certification and Verification of Consumer Eligibility for Lifeline

The FCC proposes federal eligibility, certification, and verification requirements that would apply in all states, with use of a national electronic information system to prevent duplicate claims and provide real-time eligibility verification. It also seeks comment on allowing states to adopt additional measures that would complement the federal standards. More than 40 states, including California, have their own low-income universal service support programs. Currently, states with their own low-income programs may establish criteria for their own state programs, as long as the criteria are consistent with federal requirements.

The Massachusetts Department of Telecommunications and Cable (MDTC) notes that state commissions that assert jurisdiction over eligible carriers operating within their states are in the best position to establish eligibility criteria that are likely to meet the

[8] Comments of the National Association of State Utility Consumer Advocates on Notice of Proposed Rulemaking (filed April 21, 2011), at p. 18.

unique needs of their constituents and to best ensure that their respective states will be able to support them without incurring significant administrative burdens.[9] We endorse this view. While we support FCC suggestions to set certain uniform criteria that all states must meet, the FCC should also permit states with their own programs to establish additional standards as long as they are consistent with the federal requirements. For example, California approves eligibility at approximately 150% of the federal poverty level, which differs from the federal eligibility criteria.

D. National Database

The Missouri Public Service Commission (Missouri PSC) supports the concept of a national database; however, the Missouri PSC raises concerns over the cost of developing and maintaining such a system, as well as concerns over privacy, since such databases typically contain sensitive consumer information.[10] California also conditionally supports the use of a national electronic information system for Lifeline. We share the Missouri PSC's concerns regarding a national database. Any such system must be established and maintained with federal dollars, and it must ensure privacy protection and online security of consumer information.

CONCLUSION

California supports strong universal service adoption programs for consumers and endorses the comments to the degree stated above of the New Jersey Division of Rate

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[9] Comments of the Massachusetts Department of Telecommunications and Cable (filed April 21, 2011), at pp. 8-9.

[10] Comments of the Public Service Commission of the State of Missouri (filed April 21, 2011), at p. 18.

Counsel, the Indiana Utility Regulatory Commission, the National Association of State Utility Consumer Advocates, the Massachusetts Department of Telecommunications and Cable, and the Missouri Public Service Commission, that support the FCC's efforts to strengthen the federal Lifeline program, as described above.

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Respectfully submitted,

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