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 AMERICAN PUBLIC COMMUNICATIONS COUNCIL, INC.

The American Public Communications Council, Inc. ("APCC") hereby files its reply comments in response to the March 4, 2011, Notice of Proposed Rulemaking ("NPRM") in the above-captioned proceedings. APCC is the national trade association representing the interests of independent (i.e. non-LEC) payphone providers. APCC has some 750 members who operate the majority of existing payphones, all of whom are all sole proprietorships or small businesses.

As APCC explained in its initial Comments, APCC is participating in this proceeding in light of APCC's pending petitions seeking Lifeline support for payphone lines served by ETCs.[1]

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[1] *See* American Public Communications Council Petition for Rulemaking to Provide Lifeline Support to Payphone Line Service, CC Docket 96-45 (filed Dec. 6, 2010) ("Petition"); American Public Communications Council Emergency Petition for Interim Relief to Prevent the Disappearance of Payphones, CC Docket 96-45 (filed Dec. 6, 2010) ("Emergency Petition"). In the Petition, APCC asked the Commission to initiate a rulemaking to make ETC payphone lines eligible for Lifeline support. In the Emergency Petition, APCC asked the Commission to grant that relief on an emergency interim basis pending the resolution of the rulemaking proceeding sought in the Petition. Copies of both petitions were attached to APCC's Comments, and are hereby incorporated herein. In its Comments, APCC requested that the Commission grant the relief sought in the Emergency Petition as part of any action the Commission takes in the instant proceeding unless the Commission has granted the Petition at the time of action in the instant

As the Commission considers how to "balance[e] competing demands" on the Lifeline fund in order to not only promote universal service but to do so efficiently, maximizing the return of every dollar into the fund, NPRM ¶ 37, it must not fail to consider the opportunity presented by the existing base of payphones across the country and the need to preserve that national asset as a core component of providing universal service. Among all of the different vehicles for ensuring universal service to low-income users, payphones are unique in that they are publicly-available terminals, available on-demand to all users, with no advance subscription or payment required.

Whereas a single wireline phone can provide access to communications to a single household, and a single wireless phone can provide access to a single user, a single payphone can provide access to a nearly unlimited number of users. Thus, support for payphone lines can have very real efficiencies as compared to the other forms of providing Lifeline support.

Moreover, providing support for other forms of service, e.g., mobile service, without providing support for payphone service, can have the perverse effect of accelerating the removal of payphones, as well as violating the Commission's universal service policy prescription in favor of competitive neutrality. The Commission recognized that as it moves ahead in implementing reforms in the USF, it must be vigilant to ensure competitive neutrality. APCC Comments at 4.

As demonstrated in APCC's Comments, Lifeline support for payphones offers another critical advantage over wireless support: payphones cost less to use than mobile phones, which in turn means that a universal service dollar spent on payphones goes further than a universal service dollar spent on wireless phones. For all but the shortest calls, the unlimited $.50 charge for a local call at a payphone is less expensive than calls made at what are relatively high per-

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proceeding. The Emergency Petition explains the authority of the Commission to act on an interim basis.

minute rates typical of prepaid wireless plans. Long distance calling from payphones is similarly cost effective for low income subscribers as compared to typical prepaid mobile rates.[2] Perhaps most critically, toll free calls are always free from payphones, ensuring access to government agencies and non-profit community service organizations by low income consumers.[3] By contrast, wireless providers charge their regular per-minute rates for "toll free" calls. Payphones thus are ideally suited to meeting the third stated goal of the Lifeline program—ensuring that "low-income consumers can access supported services at just, reasonable, and affordable rates." NPRM ¶ 36.

The comments filed in this proceeding underscore both the need to implement Lifeline support for payphones and that doing so fits within the goals for Lifeline reform articulated in the NPRM.

I. Universal Service Support for Payphone Lines Should Be a Component of the Lifeline Program

Many commenters, including several public interest groups and community organizations working to advance universal service, pointed out that, despite the Commission's best intentions, Lifeline support is not reaching the majority of Americans who need it. For example, the Media Action Grassroots Network ("MAG-Net") pointed out the statistic cited in the NPRM that, of the

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2 Many public payphones offer call-anywhere in the U.S. price plans for 10 cents/minute or less.

3 Payphones have long been an important vehicle for the low income consumers who would qualify for Lifeline service. A 1999-2000 study conducted in the Chicago area showed that over 48,000 800 calls to social service agencies were made from payphones owned by a single independent payphone service provider. *See* Comments of the American Public Communications Council, CC Dkt. No. 96-45, at 9, Exhibit E (filed April 22, 2002). As explained in the text, because toll free calls from payphones continue to be free while 800 calls from mobile phones count as minutes, the use of payphones by low income consumers for contact with vital public service agencies means payphones continue to be a favored vehicle for toll-free calling to public service agencies, particularly given that there may be long hold times associated with these calls.

nearly 26 million eligible low income households, only 8.6 million—just one-third—participated in the Lifeline program.[4] MAG-Net went on to note that the low level of participation is due at least in part to differences in enrollment and outreach programs in the states. MAG-Net made those points in the context of explaining why, rather than focusing on whether and at what level to cap the Lifeline fund, the Commission should focus on expanding its reach. While APCC does not disagree that steps must be taken to expand the reach of the program, doing so can and should involve more than efforts to increase enrollment in existing Lifeline programs. As public communications terminals, available to all, payphones offer a "universal service safety net." Providing Lifeline support for payphones—and thereby ensuring their continued widespread availability—represents an opportunity to ensure that *all* low-income Americans have access to communications services including the millions of household that existing programs have failed to reach.

The universal service safety net that payphones afford is perhaps most critical to the subset of low-income population that are not in a position to easily comply with eligibility requirements. As TracFone and other commenters pointed out, a significant number of low-income Americans are transient or otherwise lack the access to documentation and other perquisites necessary for enrollment in Lifeline programs.[5] The reality is that even if outreach efforts are greatly expanded, and enrollment requirements relaxed or even eliminated, there will always be a segment of the low-income population that is unreachable through existing Lifeline support measures.[6] Universal service support for payphone lines will ensure that payphones

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4 *See* Comments of Media Action Grassroots Network (filed April 21, 2011) at 12 (citing NPRM ¶ 25).

5 *See* Comments of Tracfone Wireless, Inc. (filed April 21, 2011) at 29.

6 *Cf., e.g., id.* at 41. Moreover, as observed by Consumer Cellular, Inc., the Lifeline support eligible population is not static, as people move in and out of poverty and qualification

remain available to provide access to the public communications network for those individuals and families who would otherwise be unreachable by universal service support programs. As the variety of comments filed attest,, the Commission should recognize that there is a need for a mix of programs and approaches to realize the universal service objectives of the Commission. [7] Payphones – and the universal service safety net they provide – should be included in that mix to ensure that no user falls through the cracks.

II. Support for Payphone Lines Is Consistent with the Commission's Goals for Lifeline Reform

Many commenters echoed the Commission's goal of conserving funding for the Lifeline program by eliminating fraud and waste. Lifeline support for payphone lines raises none of the concerns in this regard cited by the Commission in the NPRM. Since payphones—unlike all other existing forms of Lifeline support—require no sign-up, universal support for payphone lines poses no issues with respect to eligibility criteria or verification. Support for payphone lines also raises none of the concerns cited by the Commission and raised by many commenters regarding whether and how to limit Lifeline eligibility to one-per-household or one-per-user.

Since payphones offer pay-as-you-go access to all users without the need for eligibility criteria, support for payphone lines avoids the issues inherent in defining thresholds for who should receive universal service support. As Community Cellular points out, setting and evaluating eligibility criteria is complicated by the fact that "the identity of the poor is constantly changing; about half of those in poverty escape within a year, and 75% stay in poverty less than

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for Lifeline support, so outreach efforts can't capture all those who are eligible. Comments of Consumer Cellular, Inc., at 4 (filed April 21, 2011).

[7] *Compare, e.g.,* Comments of Community Cellular and Comments of Leap Wireless International, Inc. and Cricket Communications, Inc,, emphasizing the importance of regular post-pay monthly plans *with e.g.,* Comments of Tracfone, emphasizing the importance of prepaid plans.

4 years."[8] With payphones, there is no need to identify the specific user being aided—the payphone is available to provide communications services to whoever might need it at the time, poor or not.

The pay-as-you-go nature of payphone usage also addresses another of the concerns raised by the Commission and several commenters[9]—that the "free" prepaid services offered by many wireless providers result in the provider having no incentive to disconnect the customer, even if the service is not being used. Furthermore, unlike wireless prepaid programs with a limited number of minutes, for which support funds stop providing any benefit once those minutes have been consumed, the number of minutes available at a payphone is limited only by the number of minutes in a day. Every dollar of monthly universal support funding provided for a payphone line directly furthers the goal of universal access throughout the month and with no cap on usage.

Support for payphone lines raise virtually none of the other concerns expressed by various parties about implementation of an expanded reach for Lifeline support. For example, concern about duplicate enrollment was raised by many commenters.[10] Since payphones are served by dedicated payphone lines, universal service support for payphone lines can be easily accounted for and verified. Implementation of the national database proposed by the Commission and supported by many commenters would be very straightforward with respect to payphone lines. ETCs would simply need to report each of the their lines serving a payphone.

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8 *See* Comments of Community Cellular, Inc. (filed April 21, 2011) at 4.

9 *See, e.g.* Comments of Leap Wireless International, Inc. and Cricket Communications, Inc. (filed April 21, 2011) at 5.

10 *See, e.g.* Comments of the National Association of State Utility Consumer Advocates (filed April 21, 2011) at 9.

For the foregoing reasons, the Commission should grant the Emergency Petition as a part of its action in the instant proceeding.

Respectfully Submitted,

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May 10, 2011