

**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

**COMMENTS OF LEAP WIRELESS INTERNATIONAL, INC.
AND CRICKET COMMUNICATIONS, INC.**

Leap Wireless International, Inc. and its subsidiary Cricket Communications, Inc. (collectively, “Cricket”) respectfully submit these comments in response to the Public Notice released in the above-captioned proceedings on August 5, 2011. The Public Notice seeks more specific input on aspects of the Commission’s earlier *Notice of Proposed Rulemaking* (“NPRM”), and the proposed reforms to the existing Low-Income universal service support mechanism set forth therein. In particular, the Public Notice requests comment with respect to the implementation of: (i) a potential broadband pilot program; (ii) the “one-per-residence” limitation; (iii) changes to the Link Up program; and (iv) a modified approach to verifying Lifeline eligibility. Cricket appreciates the opportunity to comment on the important issues raised in the Public Notice, and offers the following additional input.

I. Broadband Pilot Program

The Public Notice asks how the Commission might implement a pilot program that would use universal service funds to support broadband access for low-income consumers.¹ Cricket continues to support the eventual expansion of the Lifeline program to cover broadband

services as a critical means of boosting adoption rates among a vulnerable segment of our society. Moreover, Cricket continues to believe that the use of a pilot program would offer a measured approach that could be used to identify the most efficient means of ensuring that low-income consumers have access to broadband.

At the same time, the record in this proceeding makes clear that the *existing* Lifeline mechanism faces substantial difficulties—including waste, fraud, and abuse. In Cricket’s view, the Commission should address these difficulties *before* expanding the scope of the Lifeline program and potentially compounding the issues that it already faces. Among other things, this approach would recognize the limitations on available funds, while allowing the Commission to phase in support for broadband as it generates savings by eliminating funding for services that do not satisfy core program objectives.

Reforming the existing Lifeline mechanism before proceeding with a new pilot program also would ensure consistency between the existing Lifeline program and any new broadband mechanisms. For example, once the Commission establishes uniform and workable eligibility rules for the existing Lifeline program, these rules could be extended to any broadband pilot program. By contrast, establishing divergent broadband-only rules would make little sense and would deter participation by introducing needless complexity.

II. One-Per-Residence Rule

The Public Notice seeks further comment on the Commission’s proposal to codify a rule that would allow eligible low-income consumers to receive only one Lifeline and Link Up discount per residential address.² Although many low-income households undoubtedly would

¹ See Public Notice at 2-3.

² *Id.* at 3-4.

benefit from access to multiple subsidized connections to the PSTN, Cricket recognizes that providing support for multiple connections in a single household simply is not feasible in light of funding limitations and the importance of ensuring fiscal discipline. Limiting support to one connection per household is a reasonable means of balancing competing policy interests while achieving the objectives of the Low-Income program.

For this reason, Cricket continues to endorse a “one-per-household” rule calibrated to prevent duplicative support while realizing the objectives of universal service. More specifically, Cricket endorses the definition of “household” utilized by the U.S. Census for surveying purposes.³ At the same time, Cricket believes that any “one-to-a-household” rule must allow for appropriate exceptions reflecting the simple fact that multiple “households” or “residences” could be located at a single postal address. A strictly construed “one-per-postal-address” rule would unintentionally deny service to low-income consumers living in non-conventional living situations (*e.g.*, shelters, hospitals, treatment centers, and nursing homes).

Cricket encourages the Commission to adopt formal procedures through which such consumers could be separated into distinct “households” on the basis of room/bed number or other unique identifiers. Such separation could be accomplished with the assistance and certification of facility management or responsible state officials. The Commission also should create a waiver process to accommodate exceptional circumstances. Cricket looks forward to working with the Commission and other stakeholders to develop and implement such procedures.

³ See U.S. Census Bureau, *State & County QuickFacts, Households, Persons Per Household, and Households with Individuals Under 18 Years*, available at http://quicckfacts.census.gov/qfd/meta/long_HSD410209.htm (last visited Aug. 26, 2011)

III. Link Up

The Public Notice seeks comment on several proposals to reform the Link Up program, including Sprint's proposal to eliminate Link Up support in light of the decreasing costs of initiating service to low-income consumers.⁴ Cricket agrees that the telecommunications landscape has evolved significantly since the Link Up program was first implemented. In particular, over the years many carriers have reduced and then eliminated their activation fees, such that Link Up support generally is not necessary to enable consumers to access the PSTN.

Tellingly, this trend has not always been reflected in the rate structures applied to low-income consumers—a fact that brings into stark relief the significant waste, fraud, and abuse in the Link Up program. As the Commission observes in the *NPRM*, certain carriers are seeking Link Up support for “activation charges” that those carriers typically do not impose on non-Link Up subscribers.⁵ Because these charges are subsidized, and Link Up customers typically also receive subsidized service through the Lifeline program, there are insufficient market constraints on such fees.⁶

In short, there is no reason to perpetuate a Link Up program that appears to serve the interests of carriers more than the interests of low-income consumers. Indeed, the Low-Income program as a whole would be made more efficient and effective if the Link Up mechanism were eliminated. Such action would allow the Commission to direct limited

⁴ See Public Notice at 6; Comments of Sprint at 9.

⁵ *NPRM* ¶ 72. See also *TracFone Wireless Inc. Petition for Declaratory Ruling*, WC Docket No. 09-197, CC Docket No. 96-45 (filed Dec. 1, 2010).

⁶ For this reason, if the Commission does not eliminate Link Up support, it should be limited to one-half of the “customary charge for commencing telecommunications service,” as defined in the *NPRM*. See *NPRM* ¶¶ 73-74.

resources to the Lifeline program, where they can more effectively deliver tangible benefits to low-income consumers.

IV. Verification

Finally, the Public Notice seeks comment on how the Commission might refine its existing methodology for conducting verification sampling.⁷ Cricket continues to support the Commission's proposal to establish a uniform sampling methodology that would apply to all ETCs in all states and provide additional protections against waste, fraud and abuse.⁸ The use of a uniform, statistically valid approach to sampling would help to ensure that verification achieves its objectives in curbing waste, fraud, and abuse.

The Public Notice observes that some parties have expressed concern that sampling could impose undue burdens on smaller carriers. On this point, Cricket notes that statistically valid sampling methodologies—including the one currently used in federal-default states—already allow for sample size to vary based on the size of the total sampled population. In other words, under a uniform sampling methodology, carriers with smaller Lifeline customer bases already would be required to sample fewer customers than carriers with larger Lifeline customer bases. Any further reduction in sample size could threaten to invalidate results and undermine the objectives of verification. Although major changes to the sampling requirements are unnecessary, one minor modification would benefit all carriers: The Commission should eliminate the need for redundant verification by providing that a carrier need not verify a subscriber's eligibility if he or she was signed up with the previous three months.

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⁷ See Public Notice at 7-8.

⁸ *NPRM* ¶ 177.

Cricket urges the Commission to reform the Lifeline and Link Up mechanisms in a manner consistent with these comments and Cricket's previous submissions in this proceeding.

Respectfully submitted,

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