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)	
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 GENERAL COMMUNICATION, INC. IN RESPONSE TO THE
PUBLIC NOTICE OF AUGUST 5, 2011 FURTHER INQUIRING INTO FOUR ISSUES**

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I. INTRODUCTION AND SUMMARY

General Communication, Inc. ("GCI") hereby responds to the request by the Federal Communication Commission for further comment on certain aspects of the Universal Service Low Income Program.¹ The Commission's proposal for pilot programs to extend Lifeline/Link Up support to broadband is laudable, but it should employ broad, flexible, and simple regulations in order to allow the emergence of market-based and consumer-driven solutions. GCI agrees that any pilot should not require, nor should it inadvertently penalize or deter bundling. However, any provider that will be receiving compensation from the universal service fund must be an eligible telecommunications carrier. At this pilot phase, GCI urges the Commission not to expand support to broadband equipment in addition to services, because doing so introduces undue administrative complexity in the pilot program and risks straining the USF further. GCI also responds to the Commission's request for comment on structural and evaluative considerations, such as the quantitative metrics by which the broadband pilots should be measured and testing structures.

GCI also addresses the Commission's request for focused comment on the introduction and potential structure of a one-per-household limitation. As GCI explained in its earlier comments, the proposed regulation is contrary to law, unfeasible (particularly on Tribal lands), and potentially dangerous public policy that seeks to reverse, for low income consumers only, consumers' shift to personal communications. GCI urges the Commission to adopt a one-per-qualifying-adult limitation instead and provides the Commission with recently released US census data which quantifies the potential impact of the threatened address-based limitation

¹ *Further Inquiry Into Four Issues in the Universal Service Lifeline/Link Up Reform and Modernization Proceeding*, Public Notice, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45 (rel. Aug. 5, 2011) ("Public Notice").

which could effectively deny Lifeline support to a majority of substantively eligible people regardless of their need. GCI also offers specific alternative comment on a one-per-nuclear-family rule and comments on special considerations that affect Tribal lands.

Finally, GCI responds to the Commission's request for comments on a possible annual census requirement for Lifeline, pointing out that it would deprive eligible consumers of support because of the proven ineffectiveness of such surveys.

II. THE COMMISSION SHOULD LAUNCH LIFELINE-SUPPORTED BROADBAND PILOT PROGRAMS DESIGNED TO ENCOURAGE ACCESS FOR ELIGIBLE CONSUMERS IN ALL COMMUNITIES

A. Regulatory Criteria Should be Broad and Flexible, Encouraging Market Solutions to Develop During the Pilot Phase.

Broadband pilot projects will spur industry to develop effective supported service models only if they are guided by flexible criteria and open to market-generated solutions. The Commission should avoid overly complex procedural requirements which risk failure for administrative reasons unrelated to substantive universal service performance goals. If the experience of broadband pilot projects suggests that more regulation is needed, the FCC can develop those rules after industry has developed market-generated solutions that can be evaluated for their substantive merit.

Three principles of flexibility should guide the Commission's regulatory approach: 1) speed standards cannot be one-size-fits-all but must reflect existing technologies, end-user affordability, consumer choice, and geographic/local market differences; 2) to avoid deterring carriers' participation, the regulations should recognize and account for the increased credit risks caused by providing low-income consumers more expensive service than the voice services currently supported; and 3) a simple economic structure, such as a flat-fee subsidy (GCI recommends \$10-15 per month) which the consumer can apply to the service of his choice,

maximizes consumer choice and market flexibility. Each of these is addressed in more detail below.

1. Speed standards

The Commission will necessarily need to define the service eligible for support in a Lifeline broadband pilot program, but the concept of “broadband” is a continually evolving one, and its meaning varies not only across time but across geographic areas, too. The Commission’s International Bureau has observed that;

broadband is a heterogeneous product. It can be offered over telephone networks, cable networks, fiber networks, mobile or fixed wireless networks, and via satellite. These platforms offer broadband services that differ in important characteristics, such as maximum speed, contention, latency, and mobility. In addition, a single broadband provider may offer broadband service packages that may vary in terms of maximum speed, data limits, or bundled services. These differing service characteristics affect how much consumers are willing to pay for a particular broadband service as well as how many consumers will choose to purchase the service.²

Given the variety of broadband service offerings and their continual evolution, the pilot program will be fundamentally self-defeating if it adopts an inflexible or overly narrow definition of “broadband” services that excludes support from markets (particularly in remote regions) where geographic and technological limitations dictate which offerings are available.

There is a direct tradeoff between broadband speeds and the price of service, particularly in areas that do not have access to fiber middle mile facilities, as is the case in much of Alaska outside of the limited highway system. Because of the high cost, and frequently limited capacity, of middle mile facilities, the price of high bandwidth speeds (such as 4 Mbps down/1 Mbps up) in non-fiber served areas would be high – out of reach of most consumers, let alone low-income

² *Int’l Comparison Requirements Pursuant to the Broadband Data Improvement Act*, Second Report, IB Docket No. 10-171, 26 FCC Rcd. 7378, 7393-94 (2011) (footnotes omitted).

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consumers -- and thus not affordable.³ To make the service more affordable for low-income consumers, providers must offer lower speeds. The Commission must ensure that the pilot program can effectively assist consumers in accessing whatever higher-speed offerings the market provides to their localities today, taking into account the capabilities of the existing network infrastructure. Because many remote areas simply do not have the same broadband capabilities, and thus offer lower speeds than more developed areas, the Commission should not set a minimum speed requirement that cannot be delivered by the locally available middle-mile technology.

Even in fiber-served areas, it will serve affordability goals to offer low-income consumers a broad range of speeds and associated prices, so that the consumer can choose the service package that best fits his or her needs and budget. It is not necessary to structure Lifeline to incent deployment of higher speeds: the much larger market for non-Lifeline customers will do that. Competition in the non-Lifeline market will create pressure to roll out faster technology where it is economically and technically feasible to do so, and flexible speed standards will allow that to take place by raising affordability generally and neutrally. As occurs in the unsupported market, consumers will then maximize their own welfare by choosing the fastest technology they can afford. Requiring that all Lifeline broadband pilots provide service at a minimum 4 Mbps/1 Mbps would deny consumers the choice of a lower speed, but affordable, service while still receiving a Lifeline discount.

Any regulatory definition of "broadband" for purposes of Lifeline support should therefore reflect existing technological and end-user affordability standards as reflected in the

³ For instance, the highest speed residential service GCI offers in Nome, Alaska, a regional hub, is 2 Mbps download/512 kbps upload, for \$150 per month. Such service may prove out of reach for low-income consumers even with support.

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pilot market and should permit consumer choice among competing technologies. In markets where fiber backhaul is available, if the Commission sets minimum speeds at all, broadband pilot subsidies should be available for purchase of service allowing download speeds of at least 1.5 Mbps and upload speeds of 256 Mbps. In markets relying on terrestrial microwave middle mile facilities, the analogous minimum eligible speed limits should be no higher than 256 kbps download and 64 kbps upload. And, in markets relying on satellite transport across the middle mile, the analogous speed requirements should be no higher than 128 kbps download and 64 kbps upload. These speeds reflect affordable data plans that could be feasible in Alaska.

Such varying speed standards respond flexibly to on-the-ground service limitations and ensure that a higher threshold applies where faster speeds are available, without foreclosing broadband support in rural communities. Adopting unrealistic speed standards, by contrast, would distort the market by creating a governmental preference for some technologies and would simultaneously block broadband support entirely in some areas – like much of rural Alaska. Speed standards that might be appropriate in more developed areas like Wasilla are technically and economically unfeasible in remote areas. Imposing them in remote communities like Galena would have the perverse effect of deterring rather than encouraging broadband access.

2. Credit Policies

Broadband services are generally more expensive than voice services, and they expose carriers to commensurately greater credit risks – especially since the Lifeline subsidies are specifically targeted at the poor. The broadband pilot regulations therefore should not bar carriers from following their standard policies on credit-checks before service is initiated, and on suspension and termination of service for delinquencies.

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Even with USF support, broadband services will be more expensive than voice services. The OECD in 2010 reported median US broadband charges at \$38.99 per month, with prices ranging from \$24.95 to \$144.95.⁴ These rates are generally above the costs of basic voice service of the type Lifeline and Link-Up currently support, and carriers will carry credit exposure for the balance of the bill after Universal Service support has been applied. Nonpayment risk is particularly high for low-income consumers who, axiomatically, have less resources available to pay bills than others.

The Commission should not, therefore, impose any regulatory barriers to credit checks or otherwise require carriers to incur unreasonable consumer-credit risks. Similarly, the Commission should not interfere with the application of carriers' normal policies for suspension and termination of delinquent accounts.

3. Fee Structures

Any regulations the Commission enacts concerning the price structure of Lifeline-supported broadband service should allow for a range of flexible and alternative pricing arrangements. Carriers should be allowed, and even encouraged, to consider a variety of pricing methods so that the Commission and the market can identify the price structures that most effectively encourage adoption. The Commission's regulations in this area should also maximize consumer choice.

GCI believes that, in Alaska, a flat-fee support amount, *e.g.*, \$10-15 per month, which a qualifying consumer can apply to the broadband service offering of her choice, will accomplish

⁴ See "Price ranges, Monthly subscriptions, with/without line charge (Sept.2010)," available at http://www.oecd.org/document/54/0,3746,en_2649_34225_38690102_1_1_1_1,00.html (last visited Aug. 23, 2011).

these objectives.⁵ Such a structure would allow carriers to develop and market any pricing structures they believe might find favor and allow the market decisions of supported consumers to identify the structures that best suit their needs. A flat-fee support amount will also allow different markets to adapt to differing conditions. In urban areas such as Fairbanks, providers will likely offer different service offerings and price structures than ones in remote areas. A simple, flat-fee discount that the consumer can use as he chooses, is flexible enough to allow low-income consumers in any kind of market to take advantage of the locally available service offering that best suits their needs.

B. The Commission Should Not Prohibit Bundling.

Some commenters have urged the Commission to allow qualifying consumers to purchase supported broadband service on a stand-alone basis rather than as part of a bundled service.⁶ While GCI takes no position on whether bundling should be mandatory, it certainly should not be forbidden. The market has shown that many customers clearly prefer bundling. As the Commission has recognized, “the vast majority of consumers purchase broadband bundled with voice, video or both.”⁷ This reflects the fact that bundling lowers the total price consumers pay for the package of services they select. That, of course, directly advances the Commission’s goal of making supported services more affordable.⁸

⁵ In part, this reflects the availability of Tier 1- 4 support at current levels for voice services when a customer chooses to subscribe to both Lifeline voice and Lifeline broadband services.

⁶ Public Notice at 2.

⁷ *Connecting Am.: The Nat'l Broadband Plan* at 38 (Mar. 16, 2010) (available at <http://download.broadband.gov/plan/national-broadband-plan.pdf>).

⁸ If the Commission adopts regulations that allow entities other than ETCs to provide broadband services, it should take care not to do so in such a way that disadvantages ETCs that wish to expand their service offerings to include bundled broadband. The better approach, in order to assure accountability, would be to require pilot project providers to be ETCs.

C. The Commission Should Adhere to its Low-Income Performance Goals When Evaluating the Broadband Pilot.

The Commission also sought comment on how the pilot program should be evaluated.

GCI here suggests particular metrics and responds to specific evaluative suggestions on which the Commission sought comment. The FCC should assess the success of its broadband pilots by the following quantitative metrics:

- total number of new adopters supported by the program;
- which data plans the consumers choose;
- overall broadband penetration rates in pilot areas, before and after the pilot; and
- broadband penetration rates for low-income subscribers versus other subscribers in pilot areas.

This information should be readily obtainable, and it bears directly on the performance goals the Commission has proposed for Lifeline and Link Up generally: to (1) preserve and advance the availability of supported service for low-income Americans;⁹ (2) ensure that low-income consumers can access supported services at just, reasonable, and affordable rates;¹⁰ and (3) ensure that Lifeline support is sufficient but not excessive to achieve the Commission's goals.¹¹

The Commission should not attempt to structure the pilot programs to have "each participant test a single variable for comparison against pilots operated by other participants."¹² Predesigning different pilots to test single variables is not feasible, forecloses market-generated

⁹ Cf. *Lifeline and Link Up Reform and Modernization, Federal-State Joint Board on Universal Service, Lifeline and Link Up*, Notice of Proposed Rulemaking, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, 26 FCC Rcd 2770, 2783 ¶ 34 (2011) (Lifeline NPRM).

¹⁰ Cf. Lifeline NPRM ¶ 36.

¹¹ Cf. Lifeline NPRM ¶ 37.

¹² Public Notice at 3.

solutions, will sow confusion, and will produce apples-to-oranges results. Rather, the Commission should set broad, flexible criteria, categorize the structures that participants themselves develop, and then evaluate the results.

Nor should the Commission attempt to test variations in equipment discounts or equipment arrangements (*e.g.*, lease v. buy) at this time.¹³ Rather, the Commission should proceed in stages, first piloting and testing service discounts and then, once it settles on a permanent regulatory structure for broadband service support, considering equipment discounts. Attempting to evaluate both simultaneously creates two evaluation risks. First, the simultaneous introduction of both types of discount will create ambiguity as to the cause of resulting changes in affordability and penetration rates. Second, expanding Lifeline subsidies to equipment presents greater implementation risks and thus risks less reliable results.

D. At this Introductory Stage, Broadband Support Should be Limited to Broadband Service.

The Commission should not at this time authorize the use of USF funds to discount the cost of hardware (*e.g.*, computers, tablets, routers, etc.) used in connection with broadband service.¹⁴ The Commission has identified no statutory authority for the support of equipment rather than services. Diverting USF funds to end-user equipment also exacerbates the tension that already exists between the increasing burden on the USF and the need to support broadband service in order to allow low-income Americans to close the digital divide. Minimal equipment discounts like those proposed by some commenters may be more affordable,¹⁵ but the same low-dollar amounts that make them affordable also make them less effective. And, while supported

¹³ *Id.*

¹⁴ Public Notice at 2.

¹⁵ *See* Comments of United States Telecom Association at 25, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45 (filed Apr. 21, 2011).

services can simply be suspended or terminated for nonpayment, *equipment* purchased with the aid of supported funds would have to be physically retrieved, adding yet more administrative complexity to what is already an administratively challenging program for carriers to administer.

III. THE COMMISSION SHOULD ADOPT A ONE-PER-QUALIFYING ADULT LIMITATION OR, IN THE ALTERNATIVE, SHOULD ADOPT A ONE-PER-NUCLEAR-FAMILY LIMITATION THAT EXEMPTS TRIBAL LANDS

In the Lifeline/Link Up NPRM, the Commission proposed to adopt a one-per-residential-address requirement, which the Commission stated would be consistent with a supposed, uncodified single-line-per-residence requirement.¹⁶ The Commission now seeks “focused comment on whether a one-per-household or one-per-family rule would provide an administratively feasible approach to providing Lifeline/Link Up support, and how the Commission could implement such a rule.”¹⁷

As GCI has explained in previous filings, the Commission should adopt a one-per-qualifying-adult limitation, rather than a one-per-residence or one-per-household rule. A one-per-qualifying-adult rule would promote the statutory objectives of Lifeline, would improve public safety, and would be simple to administer. If the Commission nevertheless declines to adopt a one-per-qualifying-adult limitation, it should adopt a one-per-nuclear-family limitation. Tribal lands should, in any case, be exempt from such a rule.

¹⁶ Lifeline NPRM ¶¶ 106-107; *see also* Public Notice at 3-4. The Commission has never adopted a rule imposing a one-per-residential-address limitation on Low Income Program services, and there in fact is no requirement – nor could there be one without following the procedures required by the Administrative Procedure Act. *See* Comments of General Communication, Inc. at 35, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45 (filed Apr. 21, 2011) (“GCI Comments”).

¹⁷ Public Notice at 4.

A. The Commission Should Adopt a One-Per-Qualifying-Adult Limitation

1. A One-Per-Qualifying-Adult Rule Would Be Consistent with the Statute, Would Promote Public Safety, and Would Be Administratively Simple

A one-per-qualifying-adult rule would be most consistent with the statutory mandate that “low-income consumers ... should have access to telecommunications and information services ... that are reasonably comparable to those services provided in urban areas.”¹⁸ The statute refers to “consumers,” not “households” or “residences.” Nothing in the text of the statute indicates that a low-income consumer should be denied Lifeline service simply because another adult at the same residence or in the same household already has Lifeline service. A one-per-residence or one-per-household limitation would therefore be at odds with the statute because otherwise-eligible low-income consumers would be barred from obtaining Lifeline service if another individual at the same address or in the same household already subscribed to Lifeline.

A one-per-residence or one-per-household limitation is increasingly unsuitable today, when numerous households have only wireless service. In Alaska, for example, as of June 2010, nearly 20 percent of adults lived in wireless-only households.¹⁹ Low-income households also are more likely to have only wireless telephones.²⁰ Nationally, adults living below federal poverty guidelines levels (39.3 percent) or between 100% and 200% of federal poverty guidelines (32.9 percent) are far more likely than higher income adults (21.7 percent) to live in wireless only

¹⁸ 47 U.S.C. § 254(b)(3).

¹⁹ See Stephen J. Blumberg, Ph.D., and Julian V. Luke, Division of Health Interview Statistics, National Center for Health Statistics, *Wireless Substitution: State-level Estimates From the National Health Interview Survey* (2011), available at <http://www.cdc.gov/nchs/data/nhsr/nhsr039.pdf>.

²⁰ Stephen J. Blumberg, Ph.D., and Julian V. Luke, *Coverage Bias in Traditional Telephone Surveys of Low-Income and Young Adults*, *Public Opinion Quarterly* 71(5): 734-49 (2007) available at poq.oxfordjournals.org/content/71/5/734.full.

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households.²¹ More than two in three adults living only with unrelated adult roommates (69.4 percent) live in residences with only wireless telephones, as do almost half of all renters (47.1 percent).²²

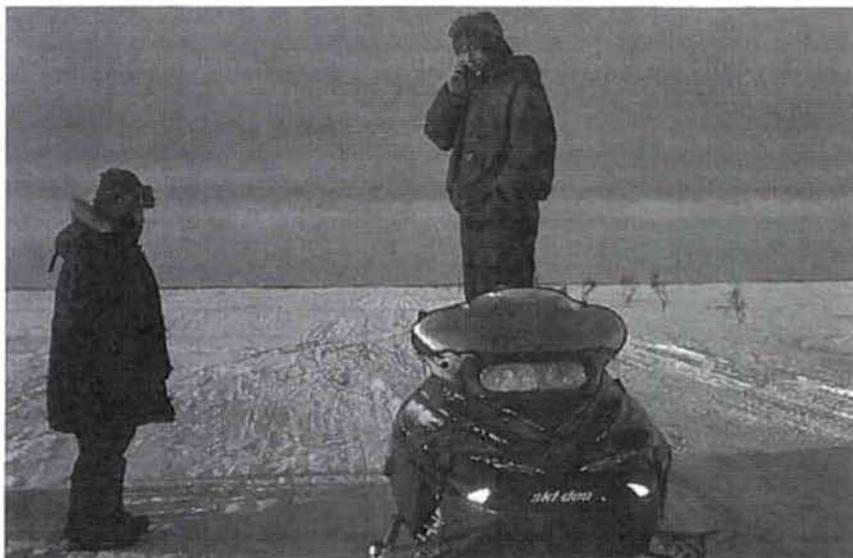
This change in reality is not trivial. People of course tend carry their wireless phones with them, even when away from home. A one-per-residence or one-per-household rule thus would necessarily mean that other Lifeline-eligible consumers who share a roof with a Lifeline subscriber will not have *any* access to supported phone service when they are not with the subscriber – and could have no phone service at all. A one-per-qualifying-adult rule by contrast would ensure that eligible adult consumers have all-important access to communications whenever and wherever they need it.

Nowhere would this be more important than for public safety. A residence without a phone lacks the ability to call 911 in an emergency – as would be the case if the one Lifeline phone in a residence or household walked out the door to go to work. Moreover, emergencies don't just happen at home or work, when one might be close to a wireline phone. Reflecting this fact, nationally 70% of all 911 calls are now placed from wireless phones.²³ In rural areas like Alaska, the ability to communicate from remote areas is particularly important. Imagine having your snow machine break down miles from the nearest village: without a wireless phone to summon assistance, you could be in grave danger.

²¹ Stephen J. Blumberg, Ph.D., and Julian V. Luke, Division of Health Interview Statistics, National Center for Health Statistics, *Wireless Substitution: Early Release of Estimates From the National Health Interview Survey*, January – June 2010, at 3, 9 (2011), available at <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201012.pdf>.

²² *Id.* at 3, 9.

²³ See FCC Consumer Facts: Wireless 911 services, *available at* <http://www2.fcc.gov/cgb/consumerfacts/wireless911srvc.pdf>.



It is difficult to estimate the number of individuals who would lose telephone service for at least part of the day if the Commission were to adopt a one-per-residence requirement, as GCI does not track the number of adults living in its Lifeline customers' households or whether they have other telephone service. Based on a compliance review that GCI conducted of all its Lifeline subscribers earlier this year, GCI estimates that approximately ****BEGIN CONFIDENTIAL**** **[REDACTED]** ****END CONFIDENTIAL**** GCI Lifeline subscribers would be at risk of losing their GCI Lifeline service under a "one-per-residence" rule because another person who is not a member of their nuclear family (spouse or minor child) lives at the same address. The Commission should not adopt a rule that could mean that ****BEGIN CONFIDENTIAL**** **[REDACTED]** ****END CONFIDENTIAL**** Alaskans will be unable to call 911 or otherwise summon help when they most need it, to receive a call from a doctor or child's schoolteacher, or seek employment.

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Furthermore, a one-per-qualifying-adult rule would be much simpler to administer than a one-per-household rule. With a one-per-household limitation, numerous exceptions would be required to take into account the non-traditional situations in which low-income consumers live. ETCs would bear the burden of determining when an exception applies and monitoring subscribers to determine whether their living situations have changed. With a one-per-qualifying-adult limitation, the Commission would have a bright line rule that would be easy to apply, and ETCs would not be put in the position of delving into the personal living situations of low-income individuals to ascertain their eligibility under a one-per-household limitation or the myriad exceptions that would be required to take into account the countless atypical living situations they would encounter.

2. Other Programs' Definitions of "Household" Have Flaws that Should Lead the Commission to Reject Them

The Commission seeks comment on whether the definition of "household" used by other federal programs could be used to define who is eligible for Lifeline/Link Up support.²⁴ In particular, the Commission suggests the definition used for the Low Income Home Energy Assistance Program ("LIHEAP") or the definition used by the U.S. Census Bureau for surveying purposes.²⁵ Each of those definitions has flaws that should lead the Commission to reject them.

²⁴ Public Notice at 4.

²⁵ LIHEAP defines "household" as "any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent." 42 U.S.C. § 8622(5). The Census Bureau defines "household" to include "all the persons who occupy a housing unit as their usual place of residence. A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from outside the building or through a common hall." See U.S. Census Bureau, State & County QuickFacts, Households, Persons Per Household, and Households with Individuals Under 18 Years, *available at* http://quickfacts.census.gov/qfd/meta/long_HSD310209.htm.

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First, no matter how the FCC defines “household,” a household-based limitation would deprive otherwise-eligible low-income individuals of telephone service, in direct contravention of Section 254. As discussed above, the statute makes no reference to “households,” only to “consumers.” A household-based limitation would thus be inconsistent with the statutory mandates.

Moreover, the definitions of “household” found in other federal programs fail to take into account the myriad living situations that do not fit neatly into the traditional concept of a household because doing so is not necessary to accomplish that program’s mission. To take but one example, under the Census Bureau definition, unrelated adults living as roommates in an apartment would qualify as a “household” because they “occupy a housing unit as their usual place of residence.”²⁶ Thus, under a one-per-household limitation based on the Census definition, only one roommate could qualify for Lifeline. But denying an otherwise eligible individual Lifeline service simply because his or her roommate happened to sign up first contravenes the purposes of the Lifeline program. If he or she cannot otherwise afford telephone service, the individual might often be entirely without the means to communicate, especially if the only other telephone in the household is a wireless telephone.

Under any definition, a one-per-household limitation would require the FCC and USAC to develop a constantly changing set of exceptions and alternative procedures that apply to non-

²⁶ See U.S. Census Bureau, State & County QuickFacts, Households, Persons Per Household, and Households with Individuals Under 18 Years, http://quickfacts.census.gov/qfd/meta/long_HSD310209.htm. The Census Bureau also counts as a “family” any household with at least two related person, no matter how many unrelated persons may also live in that dwelling unit. See United States Census Bureau, Current Population Survey (CPS), Definitions and Explanations, *available at* <http://www.census.gov/population/www/cps/cpsdef.html> (defining “family household” as “a household maintained by a householder who is in a family . . . , and includes any unrelated people (unrelated subfamily members and/or secondary individuals) who may be residing there”).

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traditional living arrangements. In addition, ETCs would have to intrude into consumers' private affairs – including delicate matters such as intimate relationships and related financial arrangements – to determine whether individuals constitute a “household” or fit within a variety of changing exceptions.

From 2007 to 2010, the number of homeless people in Alaska increased by 13.46 percent.²⁷ The majority of homeless Alaskans were sheltered, meaning that they were staying in an emergency shelter or transitional housing program for homeless persons,²⁸ but many homeless shelters have policies limiting the length of stay,²⁹ which makes it impossible to maintain an address for Lifeline purposes. Under a household-based limitation, homeless persons would be ineligible for Lifeline.

Moreover, Census data demonstrates that a one-per-household or -address limitation would make a large number of Alaskans ineligible for Lifeline telephone service due to their living arrangements alone, *even if their poverty and substantive need would otherwise make them eligible*. Across all income groups, the 2010 Census indicates that over 26,352 Alaskans live in group quarters rather than individual residences, and of those in group quarters only 6,458 are in institutions.³⁰ Over 87,000 Alaskan households – 33.8% of the total -- are nonfamily households, defined as “people living alone and households which do not have any members

²⁷ U.S. Department of Housing and Urban Development, Office of Community Planning and Development, *The 2010 Annual Homeless Assessment Report to Congress*, at C-10, available at <http://www.hudhre.info/documents/2010HomelessAssessmentReport.pdf>.

²⁸ *Id.* at 3.

²⁹ For example, Anchorage Rescue Mission and Brother Francis Shelter in Alaska, and Central Union Mission in the District of Columbia, limit the length of stay to 30 days.

³⁰ See “QT-P12 – Alaska: Households and families: 2010,” available at http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_SF1_QTP12&prodType=table. This data is not yet available by income.

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related to the householder.”³¹ 8.2% of these are multiple-person households composed of people not fitting the Census Bureau’s definition of “families” (*i.e.*, no one in the dwelling is related to the householder).³² Nearly 49,000 Alaskans, 6.9% of the population, live with nonrelatives. Even if the threatened limitation were carved back to some variation of one-per-family, the non-relative roommates in such residences would be made ineligible.³³ Of course, the cruder the residence-based limitation, the more extreme the impact. There are over 522,000 people in Alaska age 18 and older, but only 258,000 households.³⁴ A crude one-per-address limitation would thus clearly eliminate the vast majority of Alaskans, again regardless of substantive eligibility, and the majority of these would be not minor dependants but other adults. The one thing that the Census 2010 data should make clear is that the problems with a “one-per-residence” or “one-per-household” definition cannot be cured simply by excluding known transitory sites such as homeless shelters and trailer parks and institutional settings such as colleges, the military or nursing homes. A one-per-household limitation could deprive many of those individuals of Lifeline if another individual in the household signed up for Lifeline first.

An address-based rule would be particularly difficult to administer in remote areas. The U.S. Postal service does not create street addresses for mail recipients but instead relies on local municipal governments to do so. But in Alaska, this often simply does not happen, and many

³¹ See “QT-P11 – Alaska: Households and families: 2010,” available at http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_SF1_QTP11&prodType=table.

³² See *id.* (of the 33.8% of households that are “nonfamily,” 14.6% are males living alone and 11% are females living alone, leaving 8.2%.) The “householder” is the person listed in Box 1 of the Census form.

³³ See “DP-1 – Alaska: Profile of General Population and Housing Characteristics: 2010 Demographic Profile Data,” http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_DP_DPDP1&prodType=table.

³⁴ *Id.*

Alaskan communities lack traditional postal addresses, making a one-per-residential-address limitation virtually impossible to administer. Life in rural Alaskan villages, particularly native villages, is simply not organized in a way that makes street names and house numbers useful or necessary. In tiny villages, where the entire population is known to one another, and where abodes and even the village itself are sometimes mobile, the space on which cars drive is often not named as a street, and the houses have no need for numbers. Abodes are sometimes described by physical characteristics rather than addresses, *e.g.*, “the red house across the river.” Similarly, Master Street Address Guide (“MSAG”) data, which is used for 911 service, is available for only 79 cities and boroughs in Alaska. For the remaining 303 cities and boroughs, no MSAG data is available from any source.³⁵

B. If the FCC Nevertheless Adopts a Household Definition, It Should Adopt a “One-Per-Nuclear Family” Limitation.

If the Commission declines to adopt a one-per-qualifying-adult limitation, it should adopt a one-per-nuclear-family limitation. While imperfect because other members of the household may still lack critical access to the telephone when the Lifeline phone leaves the home, it at least does not require individuals outside of a nuclear family to coordinate phone availability. If the Commission adopts such a policy, it should define “nuclear family” as the subscriber, the subscriber’s spouse, and their minor children. This definition would treat otherwise-qualifying individual adults outside of the nuclear family as eligible for Lifeline, reflecting the fact that simply sharing an address says nothing about whether individuals live as a unit, economic or otherwise. Low-income adults living as roommates and individuals living in homeless shelters, group homes, and the like – people who have no claim on one another’s personal property, such as a mobile phone – would remain eligible for Lifeline. This definition would also treat

³⁵ Only six Alaska boroughs have implemented Phase II wireless E911.

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multigenerational families living in the same home as separate nuclear families. Like a one-per-qualifying adult limitation, such a definition would be more consistent with the statute, would better promote public safety, and would be simpler to administer than a one-per-household limitation.

The Commission has adopted a similar definition of “household” in other circumstances. For example, after Hurricane Katrina, the Commission adopted temporary Lifeline subsidies to aid victims of the hurricane. In its Order, the Commission defined “household” as “one adult and his/her dependents, living together in the same residence.”³⁶ The Commission later adopted the same definition of “household” in establishing the Lifeline and Link Up broadband Internet pilot program.³⁷ Thus, there is regulatory precedent for a family-based definition that attempts to capture the economic reality of at least some common living arrangements.

There would still, of course, be administrative challenges. Under a one-per-nuclear-family limitation, ETCs would have to rely on self-certifications from subscribers that they are not part of the same nuclear family as any other Lifeline subscriber. Private corporations are simply not equipped as government welfare caseworkers to investigate whether Lifeline subscribers are or are not part of the same nuclear family as another Lifeline subscriber. Even if

³⁶ *Federal-State Joint Board on Universal Service, Schools and Libraries Universal Service Support Mechanism, Rural Health Care Support Mechanism, Lifeline and Link-up*, CC Docket Nos. 96-45, 02-6 and WC Docket Nos. 02-60, 03-109, Order, 20 FCC Rcd 16883, 16890, ¶12 (2005).

³⁷ *High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Lifeline and Link Up, Universal Service Contribution Methodology, Numbering Resource Optimization, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Developing a Unified Intercarrier Compensation Regime, Intercarrier Compensation for ISP-Bound Traffic, IP-Enabled Services*, WC Docket Nos. 05-337, 03-109, 06-122, 04-36, CC Docket Nos. 96-45, 99-200, 96-98, 01-92, 99-68, Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, 24 FCC Rcd 6475, 6532, ¶ 80 (2008).

they had the institutional expertise, such an inquiry by private-sector corporations would be far too intrusive on the personal privacy of low-income Americans.

C. If the FCC Adopts a “One-Per-Household” or “One-Per-Nuclear-Family” Limitation, It Should Exempt Tribal Lands.

If the Commission declines to adopt a general one-per-qualifying-adult limitation and instead applies a household or nuclear-family limit, it should nevertheless apply a special one-per-qualifying-adult limitation in Tribal lands. Tribal lands should be exempt from a one-per-household rule because residents of Tribal lands are more likely to move for seasonal work, to live in a nontraditional (*e.g.*, multiple- or extended-family) housing arrangement, to lack a traditional street address, and to rely on shared P.O. boxes for mail delivery. In addition, as the Commission has recognized, telephone penetration remains lower in Tribal lands,³⁸ and a one-per-qualifying-adult limitation would promote the adoption of telephone service in those areas.

Furthermore, the public safety benefits of a one-per-qualifying-adult rule are particularly pronounced in remote Tribal lands like Alaska. The harsh terrain and vast distances between Alaskan cities and towns make the ability to communicate from wherever one is all the more important. A one-per-qualifying-adult limitation on Tribal lands would ensure that low-income individuals on Tribal lands would be able to contact, for example, emergency services from a remote location.

³⁸ See, *e.g.*, *Improving Communications Services for Native Nations by Promoting Greater Utilization of Spectrum over Tribal Lands*, Notice of Proposed Rulemaking, WT Docket No. 11-40, 26 FCC Rcd 2623, 2625, ¶ 4 (2011) (“Telephone penetration rates are significantly lower than the nationwide rate, as is access to fixed terrestrial broadband services. ... [A]lthough the national rate of wireline and wireless telephone subscribership was 97.6%, only 67.9% of Native American households on Tribal lands had telephone service. Some Tribal areas had significantly lower subscribership rates than the national rate of 67.9%.”).

The Commission also seeks comment on Smith Bagley's proposal to provide enhanced Lifeline service to a second adult per household on Tribal lands.³⁹ The proposal is creative but unworkable from an administrative perspective. Smith Bagley proposes a special second Tier 4 program for low-income residents on Tribal lands and suggests that, for those Tribal residents who can demonstrate income at or below the federal poverty guidelines, the Lifeline program should provide one Tier 4 credit per adult.⁴⁰ Tribal residents who qualify based on income up to 135 percent of the poverty line (the existing income limit) would be subject to a one-per-household rule.⁴¹

Smith Bagley's proposal would require ETCs to apply *two* sets of criteria to determine income-based eligibility, further complicating the already difficult process of verifying income information. Consumers and carriers alike already struggle to apply an income-level criterion that varies with household size, puzzling over how to interpret the myriad documents consumers present as employer-provided evidence of income, and how such documentation applies in the endless variety of living arrangements low-income consumers present. Establishing yet another, differing set of income levels will compound the difficulty in administering what is already the most administratively challenging aspect of the Lifeline program.

IV. THE COMMISSION SHOULD NOT REQUIRE AN ANNUAL CENSUS OF LIFELINE SUBSCRIBERS, BUT IF IT DOES, THE TRIGGER SHOULD BE BASED ON AN INELIGIBLE SUBSCRIBER RATE

In the Lifeline/Link Up NPRM, the Commission proposed to require ETCs to conduct a full annual Lifeline subscriber census to verify compliance with a one-per-residence rule and/or

³⁹ Public Notice at 6.

⁴⁰ Comments of Smith Bagley, Inc. at 8, WC Docket Nos. 11-42, 03-109, CC Docket Nol. 96-45 (filed Apr. 21, 2011).

⁴¹ *Id.* at 9.

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to test eligibility.⁴² The Commission should not require an annual census of all Lifeline subscribers. Conditioning continued Lifeline service on a survey response would only result in thousands of otherwise qualified subscribers losing their access to communications, since, under the Commission's proposal, subscribers who did not respond to an eligibility survey would lose their Lifeline discount.⁴³ Response rates to eligibility surveys historically have been quite low,⁴⁴ so it is foreseeable that a high percentage of consumers would lose their Lifeline service not because they are ineligible but because surveys of all types are decreasingly effective, particularly for the vulnerable population that Lifeline is designed to serve. A full census would also be extremely expensive and complicated for ETCs to administer.

Instead of a census, ETCs could leverage contacts they already have with customers to verify compliance with program limitations or continuing eligibility. For instance, ETCs could require customers to confirm compliance and verify eligibility when they obtain a new handset, when they remedy a delinquency, or when they renew their contracts. This approach would minimize the problem of non-responses to eligibility surveys. The administrative burden of such an approach would also be reduced because ETCs could leverage subscriber contacts that occur for other reasons. In sum, it would accomplish periodic recertification of a majority of customers as an adjunct to ongoing customer contacts.

If the Commission nevertheless decides to implement a sample-and-census approach, the trigger for a full census should be a certain percentage of sampled subscribers proving to be ineligible, not merely nonresponsive subscribers. Moreover, the trigger for a full census should

⁴² Lifeline NPRM ¶ 167.

⁴³ Lifeline NPRM ¶ 169.

⁴⁴ USAC data acquired via a Freedom of Information Act request reveals that in 2007, ETCs in federal default states reported that 17.31 percent of Lifeline customers did not respond to the annual verification survey. *See* GCI Comments at 49.

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be higher than the average ineligible rate nationwide because a normal ineligible rate cannot rationally be taken as indicating a failure of eligibility procedures so as to require a full census. USAC data acquired via a Freedom of Information Act request reveal that in 2008, the ineligible rate in federal default states was 29.09 percent. Therefore no census should be triggered if the annual survey returns an ineligible rate lower of 30 percent or lower.

V. CONCLUSION

For the reasons presented above, GCI encourages the Commission to adopt a flexible approach to the broadband pilot program that reflects differing geographic and technological limitations, offers a uniform flat-fee discount, permits bundling, and focuses only on service (not equipment). GCI also urges the FCC to adopt a one-per-qualifying-adult limit or, in the event it adopts a household or family-based rule, to exempt residents of Tribal lands. Finally, GCI believes that the FCC should avoid any census-based verification requirement but – in the event the Commission adopts one – that the trigger should be based on the ineligibility rate (not the non-response rate) among sampled subscribers.

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