

**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)	CC Docket No. 96-45
)	
Lifeline and Link Up)	WC Docket No. 03-109

REPLY COMMENTS OF COMPTTEL

COMPTTEL, through undersigned counsel, hereby submits its reply to the comments filed in response to the Commission’s Further Inquiry ¹ in the above-captioned proceedings.

I. Link Up Reimbursement Must Be Preserved

The majority of commenters continue to emphasize the importance of the Link Up subsidy in preserving and advancing the availability of voice service for low income consumers.² The notable exception is TracFone which characterizes Link Up reimbursements to wireless carriers as a “blatant example of waste, fraud and abuse of USF resources.”³ The Commission should give the TracFone’s comments precisely the weight that they deserve – none – and should make no changes in the Link Up reimbursement program based on its unsupported allegations.

¹ Public Notice, *Further Inquiry Into Four Issues In the Universal Service Lifeline/Link Up Reform and Modernization Proceeding*, WC Docket No. 11-42, DA 11-1346 (rel. Aug. 5, 2011) (“Further Inquiry”).

² See e.g., Comments of Smith Bagley, Inc. at 8-9; Comments of Gila River Telecommunications at 15; Comments of CenturyLink at 3-4; Comments of the California Public Utilities Commission at 8-9; Comments of Budget Pre-Pay, *et al.*, at 7-9; Comments of Atlantic Tele-Network, *et al.*, at 13-14; Comments of Consumer Groups at 14; Joint Comments of the Standing Rock Sioux Tribe, *et al.*, at 9-10.

³ See, TracFone Additional Comments on Specified Issues at 6.

As COMPTTEL showed in its Further Comments, in an effort to ensure that high non-recurring charges did not lock low income consumers out of the telephone market, the Link Up program was created to reimburse carriers for the revenues they forgo in providing discounts to low income consumers on the non-recurring charges for service activation. In adopting the Joint Board's recommendation to establish the Link Up program, the Commission did not disturb or modify the Joint Board's determination that Link Up funds would be used by carriers to cover the "administrative costs of opening an account and the costs of turning the switch at the central office."⁴ Thus, TracFone's allegation that the "goals of the Universal Service program are not advanced and limited USF funds are not prudently utilized when portions of those funds are given to ETCs to cover routine costs of operating their businesses such as . . . enrolling customers, setting up billing systems and general administration"⁵ is directly contrary to the Commission's purpose in establishing the Link Up reimbursement.

It is interesting that TracFone also asserts that wireless carriers incur no costs in opening new customer accounts and that, as a result, any wireless service activation fees or service commencement charges are "bogus."⁶ As COMPTTEL showed in its Further Comments, service activation fees continue to be standard in the industry for wireless carriers, including AT&T and Verizon.⁷ Because TracFone resells the wireless service of AT&T and Verizon, it is essentially

⁴ *In the Matter of MTS and WATS Market Structure*, 2 FCC Rcd 2324 at ¶68 and n. 115 (1987); *In the Matter of MTS and WATS Market Structure*, 2 FCC Rcd 2953 at ¶35 (1987). See also, COMPTTEL further Comments at 8-9.

⁵ TracFone Additional Comments at 6.

⁶ *Id.*

⁷ COMPTTEL Further Comments at 9. AT&T Mobility's wireless service activation charge is \$36 per line, see <http://www.att.com/esupport/article.jsp?sid=52268&cv=820&title=How+much+is+the+Activation+Fee+for+a+new+AT%26T+wireless+account%3F#fbid=gt0AkXziknJ> (checked Aug. 18,

alleging that the service activation fees its two biggest suppliers and other wireless carriers charge their retail end users are “bogus.” TracFone offers no evidence to support its anti-Link Up screed or its allegation that opening new wireless accounts is a cost-free endeavor. For these reasons, the Commission should reject TracFone’s plea to eliminate Link Up reimbursement for wireless carriers.⁸ To the extent the Commission determines that any particular carrier is improperly receiving Link Up reimbursement, it should pursue an enforcement action against that carrier but it should not create another financial barrier to telephone subscription based on TracFone’s claims that service activation fees are “bogus.”

II. A One-Per-Qualifying Adult Rule

COMPTTEL and other parties have demonstrated why the Commission should maintain a one-per-qualifying adult rule rather than adopt a one-per-household or one-per-residential address rule.⁹ A one-per-qualifying adult rule is consistent with the Commission’s existing rules,¹⁰ would be easier to administer and compliance would be easier to audit than would be the case for a one-per-household or residential address rule. In addition, a one-per-qualifying adult rule would not have the unintended consequence of excluding the neediest of low income

2011); Verizon Wireless’s service activation charge is \$25 per line for prepaid wireless, <http://www.verizonwireless.com/b2c/store/controller?item=prepayItem&action=continueToCart> (checked August 19, 2011) and \$35 per line for month to month and contract plans see <http://www.verizonwireless.com/b2c/store/controller?item=familyShare&action=viewFSPlanList&typeId=2&catId=323&sel=fam> (checked August 19, 2011).

⁸ See, *In the Matter of Petition of TracFone Wireless, Inc. For Forbearance From 47 U.S.C. §214(e)(1)(A) and 47 C.F.R. §54.201(i)*, CC Docket No. 96-45, 20 FCC Rcd 15095 at ¶¶1, 4 (2005). When the Commission granted TracFone forbearance from the facilities requirement for ETC designation, it limited its eligibility to receiving support for the Lifeline portion of the low income program only. *Id.*

⁹ See e.g., Comments of GCI at 12-18; Comments of Smith Bagley, Inc. at 4-6; Comments of Atlantic Tele-Network, Inc., *et al.* at 9; Comments of AT&T at 1-8.

¹⁰ See 47 C.F.R. §§54.5.400, 54.409.

households and families from receiving Lifeline assistance – *i.e.*, those that do not have a home of their own or a unique residential address.

COMPTEL wholeheartedly supports the Commission’s efforts to combat waste, fraud and abuse stemming from duplicate Lifeline claims. The incidence of duplicate claims should be eliminated when the national database becomes available to verify a consumer’s eligibility and whether he/she is already receiving Lifeline service from the same or a different carrier. Adding a single line per residence address to the eligibility requirements will not have a meaningful impact on the incidence of duplicate claims, but will serve to deny Lifeline assistance to consumers who do not have a fixed residential address or who live in group homes or communal facilities. Such a result would be inconsistent with one of the fundamental universal service principles on which Congress directed the Commission to base its policies – that is, to ensure that low income consumers in all regions of the nation have access to affordable telecommunications service.¹¹ Implementation of this policy should not be limited to low income consumers that have fixed residential addresses recognized by the U.S. Postal Service.

Any consumer that meets the eligibility requirements for Lifeline should receive it. Those requirements include income criteria as well as participation in certain state or federal financial assistance programs.¹² Many, if not all, of those state and federal financial assistance programs base eligibility on income guidelines for a household or family unit.¹³ As a result, it is

¹¹ 47 U.S.C. § 254(b).

¹² 47 C.F.R. §54.409.

¹³ For example, the Low Income Home Energy Assistance Program provides support to needy low income households for utility bill payments, and is available to consumers who meet the income guidelines and are responsible for energy bills. See <http://www.ddie.dc.gov/ddoe/cwp/view,a,1209,q,493174.asp>. The Food Stamp program helps low income people buy food and to qualify, household income must not exceed specified limits. <http://ssa.gov/pubs/10101.html>. The Supplemental Security Income program provides cash to

not necessary for the Commission to adopt rules limiting Lifeline assistance to household or family units.

CONCLUSION

For the foregoing reasons, and those stated in its earlier submissions, COMPTEL respectfully requests that the Commission preserve Link Up reimbursement and maintain its one-per-qualifying adult rule for Lifeline eligibility.

Respectfully submitted,

/s/

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