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November 7, 2011

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: *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***

Dear Ms. Dortch:

On November 3, 2011, Chris Miller and the undersigned of Verizon met with Kim Scardino, Jonathan Lechter, Garnet Hanly, Rebecca Hirselj, Jamie Susskind, Beau Finley, and Graham Dufault of the Wireline Competition Bureau to discuss issues raised in the Lifeline/Link Up reform and modernization proceeding.

In the meeting, Verizon explained that it supports the development of a national database that would support the functionalities proposed in the Notice -- *i.e.*, a database that would “verify consumer eligibility, track verification and check for duplicates to ensure greater program accountability.”¹ Even if the database administrator does not initially have direct, real-time access to state systems that contain eligibility information, the database administrator’s responsibilities should not be limited solely to checking for duplicates. At a minimum, the administrator should assume responsibility for the annual verification process. The California Lifeline program is an example of how a centralized administrator can assume responsibility for annual verifications even without access to state systems that contain eligibility information.

¹ *Lifeline and Link Up Reform and Modernization; Federal-State Joint Board on Universal Service; Lifeline and Link Up*, Notice of Proposed Rulemaking, 26 FCC Rcd 2770, ¶ 207 (2011) (“Notice”).

We also discussed the Notice's proposal for an interim rule change that would require some providers to verify program eligibility of all Lifeline customers every year based on a "sample and census" approach. We pointed out that the administrative costs associated with the proposed change to the verification rules would be substantial and would cause needless churn for Lifeline customers, due in large part to the high non-response rate. Instead of expending resources on changes to existing carrier-driven verification procedures, the Commission should assign verification responsibilities to the national administrator as soon as possible.

We explained that the Commission should not require carriers to allow consumers to apply their Lifeline discounts to any Lifeline calling plan with a voice component, including bundled service packages combining voice and broadband.² By expanding the range of service packages that are eligible for Lifeline discounts,³ that proposal would further increase the size of the Lifeline fund and would not increase telephone subscribership. In addition, there is no evidence that those additional outlays would increase broadband adoption among low-income households, much less do so in an efficient manner. Rather than expand Lifeline support to bundles at this time, the Commission should test that approach as part of the broadband pilot program. If the Commission does nonetheless adopt a requirement that carriers permit the application of Lifeline discounts to any plan with a voice component, the order should allow carriers sufficient time to revise procedures and systems.

Finally, we observed that there has been significant recent growth in Link Up reimbursements, without any evidence that those additional expenditures have increased telephone subscribership. If the Commission elects to amend the Link Up rules by limiting or eliminating reimbursements, it must make corresponding changes to carriers' obligation to provide Link Up discounts.

Sincerely,

/s/ Alan Buzacott

cc: Kim Scardino
Jonathan Lechter
Garnet Hanly
Rebecca Hirselj
Jamie Susskind
Beau Finley

² Notice at ¶ 258.

³ Of the states in which the Verizon incumbent LECs operate, no state other than California and Texas requires the application of Lifeline discounts to bundles that combine voice and broadband.