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November 7, 2011

Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., 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 Thursday, November 3, Mary Henze, Mike Tan, and I met with Kim Scardino, Jonathan Lechter, Jamie Susskind, Beau Finley, Rebecca Hirselj, Garnet Hanly, Nick Alexander, Graham Dufault, and Alan DeLevie of the Wireline Competition Bureau to discuss a number of Lifeline and Link-Up reform issues.

*Broadband Pilots.* We explained the importance of permitting broadband providers to make available their existing service offerings as part of the pilot. Requiring a provider to create a new broadband service offering may entail changes to the provider's billing systems, the costs of which could be significant. Given that the anticipated broadband pilots will be of a limited duration and available to a relatively small number of consumers, requiring participating providers to create new offerings is likely to deter provider participation in the pilots. Instead, the Commission should permit providers to offer qualified low-income consumers a flat discount amount off the price of one or more of their existing broadband service offerings. In addition, AT&T suggested that the Commission consider allowing broadband providers the flexibility to test multiple discount methodologies, including discounts that phase-out over time, in order to evaluate different potential barriers to adoption. Moreover, because the purpose of these pilots is to increase broadband adoption among low-income consumers, we recommended that the Commission limit participation to qualifying low-income consumers who do not currently subscribe to any broadband service.

We also discussed why the Commission should permit non-eligible telecommunications carriers (ETCs) to participate in the broadband pilots. Restricting pilot participation to ETCs will limit the effectiveness of the pilots because many broadband providers are not ETCs and will have no interest in seeking that designation for the sole purpose of participating in a pilot program. Instead, the Commission should exercise its authority under section 254(j) and Title I of the Communications Act of 1934, as amended, to allow any qualifying broadband service provider to participate.<sup>1</sup> Broadening the base of participating providers will give the broadband

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<sup>1</sup> Section 254(j) provides that "[n]othing in this section shall affect the collection, distribution, or administration" of the Commission's Lifeline program. 47 U.S.C. § 254(j). Among other things, this

pilot consumers more choices and, ultimately, will provide the Commission with more data to evaluate at the conclusion of the pilots to determine which pilots best satisfied the Commission's goals for the broadband pilot program.

*Lifeline Provider and Resale Issues.* Staff previously asked AT&T for suggestions about how a national Lifeline consumer database could account for a Lifeline reseller's end-user customers. For a number of years, AT&T has advocated that the Commission establish a "Lifeline Provider" category of universal service providers. "Lifeline Providers" are providers of Lifeline-supported service to eligible low-income consumers. Lifeline Providers need not be ETCs and, thus, do not need to be designated as such by a state commission or the Commission.<sup>2</sup> Instead, any provider of Lifeline-supported service (which is voice service today and, in the future, will be broadband service) would be a Lifeline Provider that is obligated to provide the Lifeline benefit to any requesting eligible customer.

The following summary describes how AT&T's proposal would operate via the national database. If a consumer requested Lifeline-supported service from Provider A, Provider A would validate via the national database whether the consumer is eligible and whether the consumer is receiving Lifeline-supported service from another provider. If the database shows that the consumer is eligible and is not receiving the Lifeline benefit from another provider, Provider A would claim that consumer as its own in the database (thus ensuring that the consumer could not obtain Lifeline-supported service from a second provider) and would immediately begin providing the consumer with the Lifeline benefit. Thus, under AT&T's proposal, it does not matter whether Provider A is a reseller or a facilities-based provider; the provider with the relationship with the end-user customer would be the only provider responsible for accessing the database, applying a discount, and receiving reimbursement from USAC. Lifeline Providers would register with the Universal Service Administrative Company (USAC) and would obtain a service provider identification number if they do not already have one. The Lifeline Provider also would submit to the Commission a certification, signed by a senior executive of the company and made under penalty of perjury, that the provider will comply with all federal low-income program requirements.

Under AT&T's proposal, the Commission finally will have information about all providers of Lifeline-supported service and an easier ability to ensure provider compliance with its rules. Under the current rules, non-ETC resellers are permitted to provide Lifeline-supported service and do so without the express knowledge of the Commission and most state commissions. Instead, wholesale providers are required to obtain certifications from their non-ETC Lifeline resellers that the resellers are complying with all Commission low-income program requirements. *See* 47 C.F.R. § 54.417(a). This rule inappropriately places the burden of obtaining these certifications on underlying providers instead of expressly obligating non-ETC

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means that the requirement of section 254(e) that "only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support" need not apply to the Commission's Lifeline program. *Id.* § 254(e).

<sup>2</sup> *See, e.g.,* Comments of AT&T, *Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42, at 6-11 (filed April 21, 2011) (explaining that the Commission has statutory authority under section 254(j) of the Act to establish "Lifeline Providers" outside of the section 214 ETC framework).

resellers to provide these certifications to their underlying providers and, more importantly, it seems to be an ineffectual means to ensure that these non-ETC resellers are indeed complying with the Commission's low-income rules. Wholesale carriers plainly cannot – and should not – enforce Commission rules regarding reseller compliance with obtaining customer self-certifications, as an example. In response to a request from Commission staff, we provide as **Exhibit A** a copy of our Lifeline reseller certification form and language that many of AT&T's ILEC affiliates use in their interconnection agreements. Staff requested other information related to Lifeline resellers, which we provide in a separate filing, made in WC Docket No. 11-42, because a number of the exhibits are confidential.

Another benefit of AT&T's proposal is that wholesale providers would no longer be required to seek reimbursement from USAC on behalf of their Lifeline resellers. Instead, as certified Lifeline Providers, all Lifeline resellers would have a direct relationship with USAC (and the Commission), which ensures that there will be no double recovery by the wholesale provider and the reseller for the same customer. Under today's rules when a reseller orders a resold Lifeline line from one of AT&T's ILECs, the ILEC – which has provided the Lifeline discount to the requesting reseller – will seek reimbursement from USAC for having provided said discount by including that line in its FCC Form 497 filing. However, AT&T's ILECs have no way of confirming that the reseller, which requested and received a resold Lifeline line, did not inappropriately seek reimbursement from USAC for this same customer or whether the discount was actually passed through to a Lifeline-eligible customer. AT&T's Lifeline Provider proposal would put an end to any Lifeline reseller double-dipping and there would be no need for a wholesale provider to resell a Lifeline-discounted line (versus reselling a non-Lifeline access line). Additionally, using information in the national database, USAC would reimburse a Lifeline Provider based on the number of Lifeline consumers associated with that provider in a given month and the number of days the provider's Lifeline subscribers received the Lifeline benefit (i.e., USAC would pro-rate the reimbursement if the Lifeline Provider began providing a consumer with the Lifeline benefit on the 15<sup>th</sup> of the month, as opposed to the first day of the month). Moreover, by dispensing with line count filings, the Commission would eliminate the ability of a carrier to include phantom Lifeline subscribers in its line count filings.

*One Lifeline Benefit Per Qualifying Consumer.* Finally, we reiterated our continued support for the Commission maintaining its current rule that limits Lifeline to one benefit per qualifying consumer. We explained that “one per qualifying consumer” does not mean “one per adult,” as some other parties recommend and which we do not support. Rather, one per qualifying consumer refers to an individual consumer who is qualified for an underlying public assistance program and who is named on the documentation for that underlying program. One per qualifying consumer is a reasonable – and enforceable – proxy for “one Lifeline benefit per household.” As we stated previously, most consumers qualify for the Lifeline program based on their participation in some other public assistance program (e.g., Supplemental Nutrition Assistance Program). Because the eligibility criteria for these other public assistance programs are generally based on the “household” or “family” unit (although the definitions of those units vary), the Commission's one per qualifying consumer rule incorporates the “household” concept without requiring a provider, or other entity charged with determining eligibility, to make individual household determinations. Determining what combination of human beings does or does not constitute a “household” is a very difficult, if not impossible, task for a service provider to perform and could not be implemented without reliance on consumer self-certification forms.

Under a “one per qualifying consumer” rule, however, the entity charged with determining whether a consumer is eligible for Lifeline would simply need to see documentation for the underlying program that displays the name of the consumer. Likewise, an auditor could readily verify compliance by matching the names of consumers enrolled in Lifeline with the records of the agencies that administer the underlying public assistance programs. By contrast, a rule that states “one per household” would leave auditors with nothing more than a self-certification or a subjective decision about a household grouping based on information relayed by a customer. We discussed the problems with a “one per household rule” most recently in our September reply comments and, for ease of Commission review, we attach those comments as **Exhibit B**.

Finally, staff inquired about several miscellaneous issues, including our position on Link-Up reform and an explanation of AT&T’s affiliates’ collections and suspension policies when bundles of services are involved. We reiterated our view that the Commission should eliminate the Link-Up program for all carriers along with carriers’ obligation to provide discounted installation or service activation charges instead of requiring carriers to exclude certain types of costs from their Link-Up reimbursement requests. We will provide responsive information about our collections and suspension policies at a later date.

Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Cathy Carpino  
Cathy Carpino

cc: Kim Scardino  
Jonathan Lechter  
Jamie Susskind  
Beau Finley  
Rebecca Hirselj  
Garnet Hanly  
Nick Alexander  
Graham Dufault  
Alan DeLevie

# **EXHIBIT A**

**2011 LIFELINE/LINK-UP CERTIFICATION FORM**

**RESELLER NAME:**

**CONTACT NAME:**

**CONTACT TELEPHONE NUMBER:**

Pursuant to 47 C.F.R. § 54.417(a), eligible telecommunications carriers that provide Lifeline discounted wholesale services to a reseller must obtain a certification from the reseller that it is complying with all Federal Communications Commission requirements governing the Lifeline/Link Up programs. *See also* 75 Fed. Reg. 15,352 (March 29, 2010).

In compliance therewith, the undersigned affirms that he/she is authorized to certify that \_\_\_\_\_ (a) is a reseller of AT&T's Lifeline services and (b) fully complies with all FCC requirements governing the Lifeline/Link-Up programs in every state in which \_\_\_\_\_ resells AT&T's Lifeline services.

**ACKNOWLEDGED:**

Reseller Name: \_\_\_\_\_  
(Print or Type)

By: \_\_\_\_\_

Name: \_\_\_\_\_  
(Print or Type)

Title: \_\_\_\_\_  
(Print or Type)

Date: \_\_\_\_\_

**Typical Lifeline-related language in AT&T's ILECs' interconnection agreements:**

- 3.6.1 Where available for Resale in accordance with state-specific Tariffs, CLEC may resell Special Needs Services and/or low income assistance services (e.g., LifeLine and Link-Up) to End Users who are eligible for each such service. To the extent CLEC resells services that require certification on the part of the End User, CLEC shall ensure that the End User meets all the Tariff eligibility requirements, has obtained proper certification, continues to be eligible for the program(s), and complies with all rules and regulations as established by the appropriate Commission and state Tariffs.
- 3.6.2 CLEC as a reseller of Lifeline and Link-up Services hereby certifies that it has and will comply with the FCC requirements governing the Lifeline and Link-Up programs as set forth in 47 C.F.R. § 54.417(a) and (b). This includes the requirements set forth in AT&T's GSST, Sections A3.31 and A4.4.7.
- 3.6.3 CLEC shall maintain documentation of FCC or applicable state eligibility to prove compliance with the Lifeline and Link-Up programs for the three (3) full preceding calendar years, and CLEC shall provide such documentation to the FCC or its Administrator upon request.
- 3.6.3.1 CLEC hereby permits AT&T to provide the FCC or its Administrator, USAC, or any Commission information concerning CLEC's participation in Lifeline and Link-Up programs.
- 3.6.4 AT&T-22STATE will provide the Lifeline Service to CLEC at the applicable Lifeline Local Exchange Tariff or Guidebook rate, less an additional CLEC state discount as specified in the applicable Pricing Schedule. AT&T-22STATE is the entity eligible to apply to and receive support from the applicable state Universal Service Fund and the Federal Universal Service Fund for the Lifeline Service.

**NOTE:** The cross-reference in section 3.6.2 is to certain sections of AT&T's General Subscriber Services Tariff (GSST) that contain state-specific Lifeline requirements.

# **EXHIBIT B**

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 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 AT&T to *Further Inquiry***

AT&T Inc. (AT&T), on behalf of its wholly-owned operating affiliates, hereby submits these reply comments to address a number of issues raised by other commenters in response to the Commission's *Further Inquiry*.<sup>1</sup>

**I. Commenters Agree That The Commission Should Reject Its Proposed One-Per-Residence Or One-Per-Household Rule In Favor Of Retaining Its One-Per-Qualifying-Consumer Rule.**

Commenters agree with AT&T that the Commission should reject its proposal to codify a rule that would limit the availability of Lifeline-supported service to one benefit per household.<sup>2</sup>

Adopting a formal one-per-household rule may seem reasonable when compared to the Commission's initial proposal to limit Lifeline benefits to one per residential address, which

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<sup>1</sup> *Further Inquiry into Four Issues in the Universal Service Lifeline/Link Up Reform and Modernization Proceeding*, WC Docket Nos. 11-42, 03-109; CC Docket No. 96-45, DA 11-1346 (rel. Aug. 5, 2011) (*Further Inquiry*). We limit these reply comments to two of the four issues: whether the Commission should adopt a one-per-residence or one-per-household limitation, and whether the Commission should establish different annual verification rules for smaller Lifeline providers.

<sup>2</sup> See, e.g., Atlantic Tele-Network *Further Inquiry* Comments at 6; Budget PrePay *et al.* Comments at 4; CompTel *Further Inquiry* Comments at 3-7; GCI *Further Inquiry* Comments at 12-19; Sprint *Further Inquiry* Comments at 6.

obviously would have resulted in otherwise eligible low-income consumers being denied Lifeline-supported service simply because these individuals reside at locations (e.g., apartments, rooms) not recognized by the U.S. Postal Service as having unique addresses.<sup>3</sup> However, the supporters of a “one-per-household” rule have offered little explanation for how any Lifeline provider could ever implement such a rule and how the regulators could enforce it.

The Commission’s desire to establish a one-per-household rule seems driven by its concerns about the continuing growth in the size of the program<sup>4</sup> and, perhaps, its belief that creating a rule that caps Lifeline benefits at one per household would cause the size of the low-income fund to remain steady or shrink. The Commission is right to be concerned about the waste, fraud, and abuse that exist in today’s Lifeline program. Under today’s rules, there is little to prevent ineligible consumers from obtaining Lifeline benefits, and eligible and ineligible consumers from inappropriately obtaining duplicative Lifeline benefits. But the solution to these problems is not for the Commission to establish a rule that limits Lifeline benefits to one-per-residence or one-per-household and create some burdensome and unenforceable exceptions process; instead, the Commission should move quickly to implement a national Lifeline consumer database, which would be populated with names of consumers that states – not service providers – have deemed eligible for Lifeline-supported service based on the states’ determination that the consumers are eligible to participate in a qualifying public assistance program.<sup>5</sup> Putting states in charge of determining eligibility, rather than for-profit service

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<sup>3</sup> AT&T April 21 Comments at 15-19; AT&T May 10 Reply Comments at 25-27.

<sup>4</sup> Universal Service Administrative Company, Federal Universal Service Support Mechanisms Quarterly Contribution Base & Revised Low Income Support Mechanism Demand Projection for Fourth Quarter 2011, at 8 (dated Sept. 1, 2011) (estimating that 2011 Lifeline support will be \$1,582.91 million, up from approximately \$1,220.78 million in 2010).

<sup>5</sup> For the small number of consumers who seek to demonstrate eligibility for the Lifeline program based on household income, states would review the consumers’ documentation and determine whether the consumers are

providers that have a financial interest in the outcome, would provide the Commission with more assurance that only eligible consumers are obtaining this public assistance benefit. Additionally, establishing a database would eliminate today's problem of consumers obtaining duplicative Lifeline benefits from multiple providers. The Commission should anticipate that both benefits of AT&T's national database proposal would help right-size the fund and, most importantly, would do so in a pro-consumer manner.

AT&T explained in its *Further Inquiry* comments that if the Commission simply retains its current one-per-qualifying-consumer rule, it will have implemented a *de facto* one-per-household limitation but it will have done so without all of the baggage that accompanies trying to enforce a one-per-household rule.<sup>6</sup> Most consumers qualify for the Lifeline program based on their participation in some underlying public assistance program.<sup>7</sup> The eligibility criteria for most of these other, non-Lifeline public assistance programs are, in turn, based on a variety of "household" or "family" units. Thus, the one-per-qualifying-consumer rule incorporates the "household" concept without a provider having to make individual household determinations. If, for example, a state agency determines that a consumer is eligible for the Supplemental Nutrition Assistance Program (SNAP), which is based on a definition of "household," it can, at the same time, deem that consumer eligible for Lifeline. The same state procedures that prevent a single "household" from obtaining duplicative SNAP benefits would apply to deter that household (as defined by SNAP) from receiving multiple Lifeline benefits. A one-per-qualifying-consumer

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eligible to participate in the Lifeline program on that basis. States are skilled at viewing such personally sensitive information and consumers are more apt to share this documentation with a state employee than with an employee of a for-profit communications provider.

<sup>6</sup> AT&T *Further Inquiry* Comments at 2-3.

<sup>7</sup> *Id.* at n.7 (explaining that where AT&T is required to track this statistic because of regulatory requirements, fewer than 3 percent of Lifeline consumers qualify for the Lifeline benefit based on a showing of their household income).

rule does not mean every adult living with the named SNAP beneficiary is eligible for Lifeline.<sup>8</sup> Only the adult who is the named beneficiary of a qualifying program is eligible for the Lifeline benefit. So, for example, if another adult, who has independently qualified for SNAP, rents a room in the same “residence” as the other SNAP beneficiary, both individuals would be eligible for Lifeline. Determining their eligibility would not require an inquiry into living arrangements or some proof of economic independence, it would be a straightforward review of whether each individual is the named beneficiary in a qualifying program.

Without exception, all of the commenters that claim to support a one-per-household rule appropriately emphasize how critical it is for any such rule to recognize that multiple “households” can reside at the same address.<sup>9</sup> These commenters, however, offer little to no guidance on how providers could ever implement the exceptions process that would be necessary to take into account these non-traditional living arrangements. Even TracFone, which supports a one-per-household rule, concedes that “it is difficult, *if not impossible*, to craft a single definition of ‘household’ or ‘residential address’ which covers every conceivable living situation.” TracFone Comments at 4 (emphasis added).

For consumers residing in locations that lack a unique U.S. Postal Service address, a few commenters suggested requiring: (a) these consumers to obtain a letter from their facility confirming that the consumer lives in a group or shared living facility and providing the unique room, bed or apartment number associated with that consumer, and, possibly, listing the

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<sup>8</sup> See NASUCA *Further Notice Reply Comments* at 9 (incorrectly asserting that AT&T supports a one-per-adult limitation).

<sup>9</sup> See, e.g., California Commission *Further Inquiry Comments* at 7-8; Consumer Groups *Further Inquiry Comments* at 9-10; Cricket *Further Inquiry Comments* at 3; Minority Media and Telecommunications Council *Further Inquiry Comments* at 7.

members of the “household”;<sup>10</sup> and (b) states to create registries of group housing providers for the purpose of enabling Lifeline providers to determine whether an applicant resides at such a facility (along with imposing deadlines for application approvals and an appeals process).<sup>11</sup> In addition to imposing significant burdens on consumers, group housing administrators (who undoubtedly will include individual landlords, and not just group housing facility employees), Lifeline providers, and states, these proposals would be ineffective given their reliance, to some degree, on representations that cannot be verified and inequitable because some number of group housing administrators or landlords simply will decline an otherwise eligible consumer’s request to provide a letter stating that the applicant resides in a separate household. Moreover, these proposals would require Lifeline providers to obtain an inappropriate amount of personal information about their customers – information that these providers do not require in order to provision service to these consumers. There simply is no business reason for a for-profit communications provider to have a list of individuals who comprise a subscriber’s “household.”<sup>12</sup>

TracFone suggests that the Commission require all Lifeline providers to “establish confirmation and escalation procedures so that unusual living situations may be carefully evaluated for compliance with the letter and the purpose of the one-per-household or one-per-residence address requirement,” just as TracFone has. TracFone Comments at 5. As noted by the Benton Foundation *et al.* Commenters (Public Interest Commenters), however well-

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<sup>10</sup> California Commission *Further Inquiry* Comments at 7-8; Consumer Groups *Further Inquiry* Comments at 11-12.

<sup>11</sup> Consumer Groups *Further Inquiry* Comments at 10. *See also* Cricket *Further Inquiry* Comments at 3 (requesting that the Commission establish a waiver process and require the assistance and certification of “facility management or responsible state officials”).

<sup>12</sup> Consumer Groups *Further Inquiry* Comments at 11-12 (recommending that the group housing provider list the members of the “household”).

intentioned, TracFone’s confirmation and escalation procedures are “limited” and the benefit “illusory” because “it takes so long to secure the work-around from the one-per residence rule. . . .”<sup>13</sup> One such confirmation procedure that TracFone utilizes is to have the applicant “provide an explanation and supporting documentation which demonstrates that the applicant is not part of the same household as others residing at the address.” TracFone Comments at 5. With the possible exception of the applicant’s tax returns or, perhaps, a copy of the consumer’s state-accepted application for a qualifying public assistance program that lists the applicant’s dependents, we are unsure about what consumer-supplied documentation the Commission would find acceptable to demonstrate separate households.<sup>14</sup>

For the forgoing reasons, under a one-per-household rule, Lifeline providers and the Commission have no alternative but to rely to some degree on self-certifications that the consumer does not maintain a “household” with any other Lifeline recipient.<sup>15</sup> That is essentially what happens today under the California Commission’s so-called “Roommate Rule.”

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<sup>13</sup> Public Interest Commenters *Further Inquiry* Comments at 16. *See also* Consumer Groups *Further Inquiry* Comments at 10 (explaining that, even under TracFone’s special processes, “many clients have had their Lifeline applications denied despite the theoretical work-around”), 11 (“the TracFone procedure that directs consumers to the U.S. Postal Service to register addresses as containing multiple units is highly problematic”); Budget PrePay *et al.* *Further Inquiry* Comments at 6 (explaining that most Lifeline providers lack the resources to replicate TracFone’s procedures, which are wholly unnecessary if the Commission adopts a national database, as recommended by AT&T); Smith Bagley *Further Inquiry* Comments at 7 (opposing requiring other Lifeline providers to implement TracFone’s procedures).

<sup>14</sup> As we explained in our *Further Inquiry* Comments, even *that* documentation would not guarantee that a non-dependent was not residing in the same “household” and obtaining Lifeline-supported service under his/her own name. AT&T *Further Inquiry* Comments at n.13. *See also* NASUCA *Further Inquiry* Comments at 9 (asking “what documentation is considered acceptable” by TracFone); Consumer Groups *Further Inquiry* Comments at 11 (stating that “[t]here is no clear criteria for what suffices as a satisfactory explanation”); CompTel *Further Inquiry* Comments at 6-7 (Lifeline applicants should not be required to provide documentation showing that other persons residing at the same location are separate households “(whatever documentation that may be”).

<sup>15</sup> As GCI states, “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.” GCI *Further Inquiry* Comments at 20. Even if a Lifeline provider or an auditor were to perform a site visit – which is ludicrous – it would be difficult, if not impossible, to determine whether two adults located at the same address are part of the same “household.”

As Cox notes, under this rule, there can be multiple Lifeline accounts at the same address as long as the consumers meet the eligibility criteria and “maintain separate households.” Cox Comments at 14 (quoting Resolution T-17321, Calif. Pub. Utils. Comm’n (July 28, 2011), at 5). This rule, however, relies on the honor system: The California Commission’s third-party Lifeline administrator does not determine whether those multiple Lifeline customers residing at the same address are separate households. This is not a criticism of the third-party administrator because, as we explained in our *Further Inquiry* comments, we are unaware of any independently verifiable way to determine whether certain individuals are members of a “household.” AT&T *Further Notice* Comments at n.13. For example, no database exists that would enable a Lifeline provider to determine if a “household” already receives Lifeline-supported service. To populate a database of “households” (versus a database of qualifying consumers, which is AT&T’s database proposal), both state and federal authorities would, in theory, have to compare and combine data from their respective public assistance databases in order to create a database that lists all of the members of a “household.”<sup>16</sup> AT&T cannot imagine that such a database, which would provide service providers with unprecedented and inappropriate access to information about their subscribers’ families, would ever be created, particularly since it would be for the sole benefit of the relatively modest (in terms of public assistance programs) Lifeline program.

Rather than compelling consumers and providers to adopt burdensome procedures, which are of questionable utility and which intrude on consumers’ privacy, the Commission should

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<sup>16</sup> If these databases do not contain names of dependents and other potential household members, then, perhaps, additional federal and state databases (*e.g.*, those operated by the Internal Revenue Service and the Social Security Administration) would have to be included in the effort, making the creation of such a database that much more unlikely. And even such an undertaking may be insufficient absent resident interviews, which, as we note above, would be of questionable utility, because of the fluidity of living arrangements with this population.

reject its one-per-household and one-per-residence proposals and, instead, retain its existing one-per-qualifying-consumer rule. The Commission also should direct states to make Lifeline eligibility determinations and provide this information to the Commission's national Lifeline consumer database administrator. Lifeline providers would access this database to validate that a consumer is eligible for the Lifeline benefit and is not receiving Lifeline-supported service from some other Lifeline provider. Thus, under AT&T's proposal, consumers would not have to provide personally sensitive information to their Lifeline providers as they would under the Commission's one-per-household and one-per-residence proposals.

## **II. The Commission Should Retain Its Existing Annual Verification Rules Until States Assume The Eligibility And Verification Role From Lifeline Providers.**

Uniform verification procedures would be a significant improvement over the patchwork of annual verification requirements that exist today throughout the states and thus we agree with those commenters that urge the Commission to adopt nationwide verification requirements.<sup>17</sup> However, the Commission should keep in mind that any changes to the Commission's annual verification rules as applied to Lifeline providers would be short-lived, existing only until the national database is operational and states take over the role of making consumer eligibility and verification determinations. We agree with Cox that, rather than requiring Lifeline providers (along with the Commission, USAC, and consumers) to expend resources to develop, implement, and comply with one or more interim solutions,<sup>18</sup> the Commission and industry should focus all

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<sup>17</sup> See, e.g., Consumer Groups *Further Inquiry* Comments at 14 (stating that they are "supportive of consistency in the method of verification sampling for all ETCs in a state"); Cricket *Further Inquiry* Comments at 5 (supporting the Commission's proposal to establish a uniform sampling methodology that would apply to all ETCs in all states).

<sup>18</sup> The Missouri Commission proposed that Lifeline providers randomly sample 20 percent of their Lifeline subscribers to verify their continued eligibility. Missouri Commission *Further Inquiry* Comments at 5. In recognition of the burdens that the annual verification survey imposes on Lifeline providers and consumers, the Missouri Commission proposed capping at 600 the maximum number of subscribers per provider per state who would be surveyed. *Id.* The Missouri Commission's approach seems reasonable, unlike TracFone's request that the

of their efforts on implementing a national Lifeline consumer database as soon as possible.<sup>19</sup> Under AT&T's Lifeline modernization proposal, just as states would deem consumers eligible for Lifeline and inform the national database administrator of the consumers' eligibility, so too would they inform the database administrator when a particular consumer is no longer eligible for the Lifeline benefit. This would occur when the consumer no longer qualifies for the underlying public assistance program that was the basis for that consumer's Lifeline eligibility. Among other benefits of this state-federal partnership, consumers would not be required to produce documentation to their Lifeline providers each year to demonstrate their continued eligibility, which may be a particularly burdensome requirement for these individuals.

At least one state commission agrees that states are "best positioned to develop a real-time database for purposes of verifying the eligibility for all those seeking approval to participate in the Lifeline and Link Up program. . . ." Alabama Commission *Further Inquiry* Comments at 1. The Alabama Commission further notes that the Commission may be best positioned to develop a real-time database to address duplicative Lifeline support. *Id.* A dedicated Lifeline database may make the most sense for some states, like Alabama and Oregon,<sup>20</sup> but the Commission should afford states the flexibility to establish alternative eligibility and verification processes to inform the Commission's database administrator which consumers are eligible and which consumers are no longer eligible for Lifeline-supported service.

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Commission require all Lifeline providers to obtain confirmation annually from all of their Lifeline customers that they continue to be eligible. TracFone *Further Inquiry* Comments at 11.

<sup>19</sup> Cox *Further Inquiry* Comments at 13. See also Nexus *Further Inquiry* Comments at 16 (urging the Commission to put its time and resources into completing a national database).

<sup>20</sup> See Letter from Jon Cray, Oregon Public Utility Commission, to Marlene Dortch, FCC, WC Docket Nos. 11-42, 03-109; CC Docket No. 96-45 (filed Aug. 24, 2011) (describing the Oregon Commission's database used to determine initial and continued consumer eligibility for the Lifeline program).

Given the rapid growth of the Lifeline fund and the increasing evidence that the existing rules are inadequate, the Commission should move quickly to formalize this state-federal partnership, which will “culminate[] in an effective and seamless Lifeline fraud management program.” Alabama Commission *Further Inquiry* Comments at 2. While we recognize that forging such a partnership is not without challenges, current trends strongly suggest that it would be patently irresponsible for the Commission to continue its anachronistic reliance on Lifeline providers to make eligibility and verification determinations. More enforcement of poorly conceived requirements is not the answer. We agree with the Alabama Commission that the Commission must give states a greater role in the federal Lifeline program if it is to become a program that serves the needs of low-income consumers, both for voice and broadband communications.

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Respectfully Submitted,

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