

**Before the  
Federal Communications Commission  
Washington, DC 20554**

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	

**COMMENTS OF VERIZON<sup>1</sup> AND VERIZON WIRELESS**

The Bureau seeks input on a proposal by the Universal Service Administrative Company (USAC) to change the carrier reimbursement process for Lifeline claims.<sup>2</sup> USAC, at the Bureau’s request and consistent with the position of multiple parties in these proceedings, proposes to replace the existing Lifeline payment system based on customer count projections in favor of reimbursements based on actual Lifeline customers served.<sup>3</sup> USAC’s proposal is generally sound. The Bureau should adopt it.

DISCUSSION

1. The current Lifeline claim process whereby carriers typically submit Lifeline payment requests to USAC by the end of each month but are actually reimbursed based on a projection of customer counts using prior month data (followed by a true-up process) is needlessly complicated. Instead, USAC proposes to set a deadline for carriers to submit Lifeline

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<sup>1</sup> In addition to Verizon Wireless, the Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

<sup>2</sup> See *Inquiry Into Disbursement Process For the Universal Service Fund Low Income Program*, Public Notice, 26 FCC Rcd 13131 (2011) (“*Inquiry*”).

<sup>3</sup> See *Inquiry* at Appendix A.

claims each month and then reimburse carriers based on actual customer data. *See Inquiry* ¶ 7. This approach will eliminate the need for claim projections and true-ups. The USAC proposal makes much more sense than the current process. So long as USAC is capable of receiving and processing claims based on actual data, and reimbursing carriers in a timely fashion, there is no reason to rely on projections and true-ups. In order to allow carriers adequate time to process the data necessary to prepare reimbursement claims and to submit monthly FCC Form 497s, USAC should require carriers to file claims for the previous month no earlier than the 20<sup>th</sup> day of the following month (or the first business day following that day). *Id.* In Verizon’s experience, a three-week period will typically be sufficient for even large carriers to process the necessary Lifeline data and to submit their claims. Consistent with current procedures, carriers that miss the new monthly deadline would need to request a waiver and present good cause before submitting an untimely reimbursement request. A reasonable allowance for revisions (submitted promptly) to timely Form 497s also makes sense. *Id.* ¶ 9.

2. During the “transition month” to the new reimbursement process it is possible, as the Bureau observes, that some carriers will incur a negative reimbursement balance. *Id.* ¶¶ 10-11. USAC proposes to separately invoice these carriers to recover negative Lifeline claim balances if the first month’s payment based on actual Lifeline customers served is not sufficient to cover the balance. *See id.* ¶ 11. It makes more sense to net these true-up balances (positive or negative) against the first month payment based on actuals, and if that amount is not sufficient USAC should spread recovery over additional monthly payments. A manual, one-time invoicing process for the final Lifeline true-up would be complicated and present opportunities for misrouting and mishandling. Nonetheless, if there is a compelling reason to invoice carriers for

a final true-up USAC should recover payment through a special line-item on carriers' regular universal service contribution invoices instead of developing a stand-alone process.

Respectfully submitted,

By: /s/ Christopher M. Miller

Michael E. Glover, *Of Counsel*

Christopher M. Miller  
1320 North Courthouse Road  
9<sup>th</sup> Floor  
Arlington, VA 22201-2909  
(703) 351-3071

*Attorneys for Verizon  
and Verizon Wireless*

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