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January 18, 2012

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: *Lifeline and Link Up Reform and Modernization; Federal-State Joint Board on Universal Service; Lifeline and Link Up*, WC Docket Nos. 11-42 and 03-109, CC Docket No. 96-45 - Ex Parte Letter

Dear Ms. Dortch:

In meetings that representatives of Alaska Communications Systems Group, Inc., on behalf of its operating subsidiaries (“ACS”), and I had with Commissioner Clyburn’s office, Commissioner McDowell’s office, and staff in the Wireline Competition Bureau on December 7, 2011, regarding changes to low-income support programs proposed in the Commission’s pending Lifeline NPRM,¹ ACS committed to provide additional information in the docket. ACS submits this *ex parte* letter to address the impact on the Lifeline program if the Commission grants its request to permit Lifeline support to be used so that every adult in a household could have access to one communications device and to provide further information about its concerns related to customer certification.²

¹ *Lifeline and Link Up Reform and Modernization; Federal-State Joint Board on Universal Service; Lifeline and Link Up*, WC Docket Nos. 11-42 and 03-109, CC Docket No. 96-45, Notice of Proposed Rulemaking, 26 FCC Rcd 2770 (2011) (the “Lifeline NPRM”).

² See Letter from Karen Brinkmann to Marlene H. Dortch, Secretary of the Federal Communications Commission, *Connect America Fund, Lifeline and Link Up, et al.*, CC Docket Nos. 96-45 and 01-92, WC Docket Nos. 03-109, 05-337, 07-135 and 10-90, WT Docket No. 10-208, and GN Docket No. 09- 51, Dec. 9, 2011 (December 9 Ex Parte Letter).

First, ACS has urged the Commission to permit Lifeline support to be used so that every adult in a household may have one device, whether fixed or mobile. If Lifeline budget constraints will not permit support for every adult in a household universally, then ACS has urged that its request should at least be implemented in Alaska. There are unique public safety concerns in Alaska where large expanses of sparsely populated territory, limited road infrastructure, and harsh weather conditions create a critical need for low-income consumers to have access to emergency calling and other essential communications.³ Based on current information, ACS estimates that approximately 88,000 adults in Alaska are currently eligible for Lifeline support based on data of individuals who qualify for federal assistance programs. Other data shows there are approximately 60,000 adults in Alaska who are currently at or below the poverty line and would qualify for Lifeline support on this basis. However, ACS believes that most, if not all, of these individuals who are at or below the poverty line would also qualify for federal assistance programs and therefore the 60,000 count would be subsumed in the 88,000 count of Alaska adults who are eligible for Lifeline support. While not all eligible adults in Alaska would necessarily take advantage of Lifeline support, ACS submits that even providing Lifeline support to 88,000 Alaska adults would be a reasonable expense to incur for the unique public safety concerns presented by the Alaska terrain and conditions.

Second, ACS has urged the Commission to refrain from requiring stringent verification methods for customer Lifeline qualification that will drive away Alaska residents who have a genuine need for support from the Lifeline program and that will be unnecessarily burdensome to service providers.⁴ The annual verification process for Lifeline customers is a highly manual process that involves identifying all Lifeline customer accounts and random sampling of Lifeline customers to verify their continued eligibility. To verify continued Lifeline eligibility, ACS must prepare multiple mailings to the sampled Lifeline customers, manage and document the Lifeline customer responses, and handle termination of Lifeline support when appropriate. Today ACS performs this verification process with one employee, but if carriers were required to apply this verification process to every Lifeline customer then company labor and overhead costs would undoubtedly increase. ACS has estimated that for the number of Lifeline customers it currently has that implementing the verification process for every Lifeline customer would necessitate that ACS either hire additional employees to handle the increased workload or outsource the verification work. The additional costs that ACS would incur to verify annually the eligibility of every recipient of Lifeline support would be significantly out of proportion to the benefit that customers enjoy for Lifeline services. ACS's current best estimate is these additional verification costs could exceed half a million dollars per year, which is an unreasonable expense in light of the number of eligible customers and already constrained resources.

³ See December 9 *Ex Parte* Letter at 5.

⁴ See December 9 *Ex Parte* Letter at 5.

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Beyond these annual verification costs, carriers incur other verification costs when signing up potentially new Lifeline customers. Based on ACS's experience with documenting customer eligibility for Lifeline support, particularly based on documentation from federal assistance programs, many potentially eligible customers do not have the necessary verification documentation in hand when they seek to sign up for telephone or broadband service – there is no simple identification card for most of the programs that would enable a customer to qualify for the Lifeline program. While communications service providers could contact the various social service agencies that have the ability to verify each customer's qualification for the federal assistance programs that make the customer eligible for Lifeline support, the additional company labor and expense required for this sort of verification could significantly raise a company's costs and delay the availability of Lifeline service. For example, in order to obtain verification from social service agencies, the service provider must obtain a release from the potential customer to receive such documentation from the relevant social services agency, requiring the service provider to expend many additional hours in corresponding with these agencies as well as with customers. The current rules are far less burdensome, allowing service providers such as ACS to take advantage of state resources and self-identification by customers.

In sum, ACS requests that the Commission permit Lifeline support to be used so that every adult in an Alaska household can have one affordable communications device. In addition, the Commission should not make verification of Lifeline eligibility so onerous on potential customers or on the service providers that it would discourage use of this critical service in Alaska.

Please direct any questions regarding this matter to me.

Very truly yours,

/s/

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