



January 18, 2012

Ex Parte

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

Re: *Lifeline and Link-Up*, WC Docket No. 03-109; *Lifeline and Link Up Reform and Modernization*, WC Docket 11-42

Dear Ms. Dortch:

On Friday, January 13, 2012, I spoke with Michael Steffen, Legal Advisor to Chairman Genachowski, on behalf of General Communication, Inc. ("GCI"). On Tuesday, January 17, 2012, I, along with Megan Delany and Christopher Nierman of GCI met with Christine Kurth, Policy Director and Wireline Counsel to Commissioner McDowell. Also on Tuesday, I spoke with Kimberly Scardino of the Wireline Competition Bureau.

In these conversations, GCI raised some or all of the following points:

- GCI is concerned about how specifically an "economic unit" is defined to the extent that the Commission adopts a one-per-household rule centered on an "economic unit." In particular, using the LIHEAP's definition, which focuses on an economic unit for the purposes of purchasing fuel, is not applicable here. And, defining an "economic unit" as a group of people sharing a phone would be too limiting, and would be circular, as the issue with respect to Lifeline is when is it reasonable to expect consumers to share a Lifeline phone. Thus, the best definition of a Lifeline economic unit would focus on the overall integration of household finances, not just the sharing of some expenses or telecommunications expenses.
- Any requirement to discontinue Lifeline supported service after 60 days of no usage should apply only to prepaid services, as post paid subscribers purchase the right to reserve the phone for their use irrespective of usage.
- To the extent that the Commission requires Lifeline providers to review a customer's proof of program eligibility at sign-up, providers should not be required to retain copies of such documentation. USAC should also provide examples of such documentation.
- Annual recertification of 100% of the Lifeline subscriber base will lead to a substantial amount of consumer disruption, in addition to being extremely burdensome. GCI's experience is that, on average, fewer than a third of consumers respond to a

Ms. Marlene H. Dortch

January 18, 2012

Page 2 of 2

recertification request prior to having service discontinued. Another 40-50% will respond only after service suspension, and the remainder never respond. As GCI has previously outlined, it would be better to recertify consumers on a three year rolling basis as that maximizes the chance that the carrier can recertify the consumer at a time when the consumer contacts the carrier for other reasons (such as to upgrade a handset).

- While setting a budget objective is reasonable, a hard cap that would preclude adding subscribers or that would require suspending service is not workable. Also, it is not workable to have Lifeline support per supported connection gyrate from quarter to quarter, as carriers need to have predictable support in order to structure Lifeline offerings.
- The Commission should clarify its rules to make clear that a customer can demonstrate eligibility based on income using any three consecutive months during the prior year.

Please contact me if you have any questions.

Sincerely,



John T. Nakahata

Counsel to General Communication, Inc.

cc: Christine Kurth
Kimberly Scardino
Michael Steffen