



January 23, 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 Thursday, January 19, 2012, Megan Delany and Christopher Nierman of General Communications, Inc. ("GCI"), and I, also on behalf of GCI, met with Angela Kronenberg, Wireline Legal Advisor to Commissioner Clyburn. We provided Ms. Kronenberg with a copy of GCI's ex parte dated January 17, 2012, which is incorporated by reference herein. In this conversation, GCI raised 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. Similarly, an "economic unit" should not focus only on sharing expenses (such as rent, heat/electricity, or some food and household goods) because that would be overbroad and could encompass any non-institutional group living arrangement, such as a traditional boarding house or unrelated house/roommates. Thus, the best definition of a Lifeline economic unit would focus on the overall integration of household finances including income, not just the sharing of some expenses or telecommunications expenses. GCI provides some attached examples to clarify how such an "economic unit" test should be applied. GCI urges that the Commission provide examples in its order so that it will be easier for the Bureau and USAC to develop guidance for ETCs.
- 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, and states should be encouraged to do so as well with respect to any programs that the states add as a basis for program-based eligibility.

- Providers should not be required to reconfirm every 60 days that a customer with a temporary address has not found a permanent address. Such a requirement would be highly burdensome and difficult to administer given that carriers often do not know whether a Lifeline subscriber's stated address is permanent or temporary except in instances when the subscriber identifies a homeless shelter as his/her address. This requirement would unduly burden the most vulnerable Lifeline subscribers (i.e., the homeless) and would likely lead to a larger number of disconnections because of consumers that did not respond to attempts to reconfirm that the customer has not found a permanent home. Moreover, this requirement gilds the lily. Consumers already have obligations to notify the provider of changes in address, and the likelihood that a consumer that is at a temporary address will have merged with another economic unit as part of finding a permanent address is small. This requirement will likely create much more disruption than it will prevent otherwise impermissible multiple Lifeline subscriptions at a single household.
- 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 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). Even a biennial recertification requirement would greatly reduce the anticipated consumer disruption, and would permit GCI and other ETC to obtain a greater percentage of recertifications more naturally, through other interactions with the consumer (such as when the consumer seeks to upgrade a handset).
- 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.
- 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.

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Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Nakahata". The signature is fluid and cursive, with a long horizontal stroke at the end.

John T. Nakahata  
*Counsel to General Communication, Inc.*

cc: Angela Kronenberg

## **ONE PER HOUSEHOLD/ ECONOMIC UNIT HYPOTHETICALS**

*Working assumptions:*

- (i) a “household” includes a group of individuals living together at the same address as an “economic unit;” and
- (ii) an “economic unit” consists of adults contributing to and sharing in the income and expenses of the household.

1. Adult child (over 18) returns home to live with parent(s). He/she does not pay rent but otherwise maintains own financial independence such as filing own tax return, not declared as a dependent on tax return of parents, has own bank account, and own modest income.

Result: The adult child is a separate economic unit from the parent(s). Both the adult child and parent(s) (with the parents limited to one within their economic unit) could independently subscribe to Lifeline service with the same address.

2. Two adults live together and share rent and utility expenses. Each otherwise maintains his/her own financial independence such as filing separate tax returns, own bank accounts, and does not share income.

Result: These two adults are separate economic units, and each can subscribe to Lifeline service at the same address.

3. Share residential facilities such as Covenant House. In these residences, young adults live together, sometimes share food expenses, but otherwise do not share income. Also, they file their own tax returns and have their own bank accounts.

Result: Each of the young adults living in this share residential facility qualifies as a separate “economic unit” and may subscribe to Lifeline service at the same address.

4. Brother Francis Shelter and similar settings (i.e. homeless shelters). In these settings, homeless adults and homeless families temporarily live together without paying rent but do not share expenses or income.

Result: Each group of individuals that does share income and expenses would be able to subscribe to Lifeline service at the same address, but multiple subscriptions within a single group of individuals sharing income and expenses would not be permitted at the same address.

5. Senior Center facilities and the like. In these settings, senior adults live in these share residences but do not share income or expenses.

Result: Each senior is a separate economic unit and could independently subscribe to Lifeline service at the same address.

6. Grandparent or other elder living with family in rural village home. The elder does not pay rent, does maintain a separate bank account, but is financially supported by the children and declared as a dependent on the tax return of the family owning the home.

Result: The grandparent/elder is not a separate economic unit and could not subscribe to Lifeline service at the same address if another member of that household also did.

7. Transient adult lives with different relatives during the course of the year. He makes no money and does not have bank account or file a tax return. He is not declared as a dependent on anyone's tax return.

Result: This adult is not sharing income and thus is as a separate economic unit from the relatives with whom he lives. Accordingly, he could subscribe to Lifeline service even if the various relatives with whom he lived during the year also had members of their household that subscribed to Lifeline services at the same address.

8. Young adult student living at college. He/she earns modest income, has own bank account, files own tax return, but is financially supported by the parents and declared as a dependent on the tax return of parents.

Result: Not clear. While the young adult appears to share income (due to financial support from the parents), he or she is not living at the same address as the rest of the family during the bulk of the year. Can he/she subscribe to Lifeline service on his/her own at all times of the year, notwithstanding whether currently living at school or with the parents (such as during summer break)?

9. Young adult working and living independently part of the year, and living in parent(s)'s home for part of the year. He/she earns modest income, has own bank account, files own tax return, but is financially supported by the parents and declared as a dependent on the tax return of parents.

Result: Not clear. While the young adult appears to share income (due to financial support from the parent(s), he or she is not living at the same address as the rest of the family during a substantial portion of the year. Can he/she subscribe to Lifeline service on his/her own at all times of the year, notwithstanding whether currently living separately from or with the parent(s) (such as during winter)?