WG WILTSHIRE & GRANNIS LLP

January 24, 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 January 23, 2012, Megan Delany and Chris Nierman of General Communication Inc. ("GCI"), and I, on behalf of GCI, met with the following:

- Zachary Katz, Chief of Staff to Chairman Genachowski
- Michael Steffen, Legal Advisor to Chairman Genachowski
- Sharon Gillett, Chief of the Wireline Competition Bureau ("WCB")
- Carol Mattey, Deputy Chief of the WCB
- Trent Harkrader, Chief, Telecommunications Access Policy Division ("TAPD"), WCB
- Kim Scardino, Attorney Advisor, TAPD-WCB

We provided the FCC attendees with a copy of GCI's ex parte dated January 17, 2012, which is incorporated by reference herein. In this meeting, GCI raised the following points:

- GCI understands that an "economic unit" would be defined to mean the sharing of both income and expenses. The sharing of income is critical to this definition, as the sharing of expenses alone would be overbroad and would capture a wide range of group living arrangements including unrelated house/roommates and the traditional boardinghouse. 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. As a follow-up to the meeting, GCI is providing a list of different, common scenarios and how it appears that an "economic unit" test focusing on the sharing of both income and expenses would be applied.

- 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, it is unlikely that a consumer that is at a temporary address will have merged with another economic unit as part of finding a permanent address. This requirement will likely create much more disruption than it will prevent otherwise impermissible multiple Lifeline subscriptions at a single household.

As an alternative, in order to be able to use a database to prevent multiple subscriptions by the same individual who may be moving between addresses, a better approach would be to collect some additional information to better authenticate the individual. In addition to name and address, this could be done by collecting the last four digits of the subscriber's social security number. Any such data collection should be prospective only, but, over time, would allow the database to identify individuals with the same name and last four digits of the SSN, but who have provided different addresses. Carrier follow-up could then be targeted to those individuals only.

- 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). Furthermore, in other contexts, such as resale certifications for universal service contributions, it has proved extremely difficult across the industry to obtain certifications every year.

  Regardless of the period, GCI believes that recertification should be on a rolling basis. It should be feasible to report to USAC the number of subscribers that were discontinued as Lifeline subscribers due to a failure to recertify.

- 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.

- 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.

Please contact me if you have any questions.

Sincerely,

John T. Nakahata
Counsel to General Communication, Inc.

cc: Zachary Katz
Michael Steffen
Sharon Gillett
Carol Mattey
Trent Harkrader
Kim Scardino

Attachment

<u>ONE PER HOUSEHOLD/ ECONOMIC UNIT HYPOTHETICALS</u>

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)?