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January 24, 2012

Via ECFS
Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: Correction of ex parte filing – WC Docket Nos. 03-109, 11-42
Lifeline and Link Up Reform

Dear Ms. Dortch:

The ex parte filed in the above-referenced dockets yesterday by T-Mobile USA, Inc. inadvertently omitted the presentation, referenced in the ex parte letter, that was distributed to the meetings' attendees. The presentation is attached.

Sincerely,

/s/

Luisa L. Lancetti

Attachment

cc (email): Zachary Katz
Christine Kurth
Angela Kronenberg
Carol Mattey
Trent Harkrader
Kimberly Scardino

Lifeline Reform

January 20, 2012

We Support Reform

- As a national facilities-based provider of service to low-income consumers, T-Mobile supports reform of the Lifeline program to modernize it and eliminate waste, fraud, and abuse.
  - As the Chairman recently noted, Lifeline is a “vitally important” program that has helped millions of Americans afford basic communications services.
  - The program should be modernized to help low-income Americans afford broadband.
  - Reforms will lead to greater competition – particularly from facilities-based ETCs – which will improve the program and services for customers.

Overview of Our Recommendations

- T-Mobile supports measures to eliminate waste, fraud, and abuse:
  - Reject proposals to cap the fund or set budgets that would restrict new entrants and curtail the availability of vital services
  - Require consumers to make a minimum payment for Lifeline
  - Do not limit support to a single Lifeline connection per household
  - Eliminate Link Up support
  - Require carriers to verify customer eligibility
  - Expand the duplicate resolution process to include all ETCs and states
  - Establish rational eligibility standards for Lifeline-only ETCs
- T-Mobile urges the adoption of pilot programs to determine how to effectively transition Lifeline support to broadband.

Do Not Cap the Fund

- A cap on the fund could hurt program objectives by resulting in a fixed pie of support that would:
  - increase fraud by encouraging carriers to try to find ways to increase market share (*i.e.*, to sign up more Lifeline customers than their competitors)
  - reduce the power of the market to improve prices and services for Lifeline customers (because new customers would mean reduced or no support for ETCs)
  - prevent new carriers from entering the Lifeline market
- A program budget restricting new entrants would also hurt the low-income program.
  - Greater competition – particularly from facilities-based providers – will provide important market-based discipline for all Lifeline ETCs.
- Low-income support should not be greater than necessary to achieve statutory goals.
  - Elimination of waste, fraud, and abuse will free up funding for more eligible consumers.

Require Minimum Payments

- All qualified low-income consumers should be required to pay at least a nominal $5.00 per month for service (except for qualified consumers residing on tribal lands, who would continue to pay at least $1.00 per month for service).
  - Non-Tribal Lifeline customers should not pay less than the neediest Tribal Lifeline customers.
  - Requiring a nominal monthly payment for service would increase accountability and help curb abuse.
  - Individuals required to regularly pay for service would be less likely to sign up for it if they do not need it or are not entitled to receive it.

Recognize the Benefits of Mobility

- A one per-residence rule effectively would deny low-income families important benefits provided by mobile services.
- To control the fund's budget, the Lifeline subsidy could be reduced for each successive household member after the first.
  - For example, if the first connection were eligible for $10 in support, the second line would be eligible for $5 in support.
  - With that limitation, support should be provided for the head of household, a spouse (if applicable), and any dependents age 13 or older.
  - This approach would ensure that low-income consumers have access to mobile service that is "reasonably comparable" to that enjoyed by other consumers.

Eliminate Link Up Support

- Elimination of Link Up would save approximately $136 million a year.
  - Savings could be used to control the size of the fund while ensuring sufficient Lifeline support for eligible customers.
  - Many carriers do not charge traditional customers a service-initiation fee and should not be allowed to create an artificial service-initiation fee for customers wanting Link Up support.
  - Many carriers charging a service-initiation fee to Lifeline customers do not ensure that Link Up support is properly used to reduce up-front costs for customers.
  - If it eliminates Link Up, the Commission should prohibit ETCs from charging new service-initiation fees to Lifeline consumers in excess of those charged to non-Lifeline customers.

Verify Customer Eligibility

- Pending deployment of an eligibility database, the FCC should require carriers to deal directly with customers to verify their eligibility.
- This approach has already been implemented in some states such as Indiana. In Indiana, T-Mobile has agreed to deal directly with customers to:
  - obtain documentation demonstrating customer eligibility for Lifeline based on participation in one of the qualifying low-income programs or based on income
  - undertake annual verification of continued eligibility of a statistically valid and random sample of its Lifeline subscribership in the state

Expand the Duplicate Resolution Process

- Until the FCC can implement a national database of Lifeline-eligible consumers, we urge expansion of the Industry Duplicate Resolution Process.
  - The Industry Duplicate Resolution Process requires certain carriers in certain states to submit Lifeline enrollment data to USAC to identify duplicate customers.
  - This program should be expanded to all carriers – ETCs, wireline, and wireless – in all states.

Establish Standards for Lifeline-Only ETCs

- Require Lifeline ETCs to demonstrate that they are financially and technically capable of providing Lifeline service.
- Conform rules to the type of carrier providing service.
  - Wireless Lifeline-only ETCs should not be required to serve a geographic area tied to wireline service areas. The FCC should apply blanket forbearance or a waiver to allow designation of Lifeline-only ETCs based on the ETC's own service territory.
- Do not apply service provisioning rules requiring construction of network facilities funded through high-cost universal service funds to *any* Lifeline providers who do not receive high-cost support.
  - Lifeline-only ETCs do not receive support to extend network facilities.

Establish Pilot Programs

- The FCC should construct a flexible framework that allows ETCs to test a variety of strategies to stimulate low-income consumers' broadband adoption.
- The FCC should fund multiple pilot programs exploring the effectiveness of offering wireless broadband in conjunction with different equipment and bundling alternatives such as smartphones, tablets, dongles, and hotspots.
  - Non-Lifeline consumers currently use wireless broadband through all of these modalities, and each one should be tested to determine its effectiveness in the low-income context.
- With general guidance on what is to be included in a pilot program, carriers should be allowed to tailor a program to take advantage of their unique circumstances and offerings.

Thank you!

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