

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, DC 20554

Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Advancing Broadband Availability Through Digital Literacy Training	)	WC Docket No. 12-23
	)	

**COMMENTS OF VERIZON<sup>1</sup> AND VERIZON WIRELESS**

The Commission’s recent *Lifeline Reform Order*<sup>2</sup> is fundamentally sound and puts the low income program on the right path for the future. As described in the recent petition for waiver and clarification filed by a group of trade associations,<sup>3</sup> a handful of changes to deadlines and clarifications with respect to other matters in the order are necessary to ensure that there is sufficient time to implement these reforms in a thoughtful way. The Commission should grant the Petition.

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<sup>1</sup> In addition to Verizon Wireless, the Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

<sup>2</sup> *Lifeline and Link Up Reform and Modernization, et al.*, WC Docket Nos. 11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“*Lifeline Reform Order*”).

<sup>3</sup> Petition for Waiver and Clarification of the United States Telecom Association, the Independent Telephone and Telecommunications Alliance, the National Telecommunications Cooperative Association, the Organization for the Promotion and Advancement of Small Telecommunications Companies, the Western Telecommunications Alliance, and the Eastern Rural Telecom Association, WC Docket Nos. 11-42, 03-109, 12-23; CC Docket No. 96-45 (filed Mar. 9, 2012) (“Petition”). *See also Comment Sought on USTelecom et al., Petition for Waiver and Clarification of Lifeline Reform Order*, WC Docket Nos. 11-42, 03-109, 12-23; CC Docket No. 96-45, Public Notice, DA 12-387 (rel. Mar. 9, 2012).

## DISCUSSION

1. As the Petition points out, the new rules setting out a uniform \$9.25 Lifeline monthly support amount, eliminating Link Up support on non-Tribal lands “will be simpler to administer and easier for subscribers to understand,” but “will require extensive work to implement.”<sup>4</sup> To be sure, these are important reforms. It is simply not possible, however, for many carriers (including Verizon) to implement all of these changes by the effective date of the new rules—April 2, 2012, less than 60 days from the release of the order.

Like many post-paid Lifeline providers, Verizon LEC affiliates are required to offer Lifeline service pursuant to tariff in a number of states. These state rules vary considerably, but navigating change notice requirements, working with state commissions to determine collateral impacts on state matching and other local Lifeline requirements (which are statutory in some cases), and actually making required state filings and sending customer notifications takes time.<sup>5</sup> Verizon is moving expeditiously to make the required filings, but in many cases mandatory review periods will extend beyond the April 2 date.

Moreover, even if necessary state and local approvals can be obtained for the Lifeline and Link Up rate changes mandated in the order, carriers will have to make changes to their billing systems to properly bill customers and seek reimbursement from USAC. Verizon, for example, must carefully analyze the capabilities and limitations of each of its multiple active billing systems for Verizon ETC entities and implement necessary programming and other changes to ensure that the new \$9.25 flat-rate reimbursement amount is properly accounted for on Lifeline customer bills. In turn, changes to methods and procedures for reimbursement for Lifeline

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<sup>4</sup> Petition at 4.

<sup>5</sup> *See id.* at 5-6.

credits from USAC (and corresponding state credits in many instances) also are necessary. The current Verizon billing systems are engineered to suppress billing of subscriber line charges—charges that vary, at a minimum, by state—and to provide other discounts to Lifeline beneficiaries. While it will be easier in the long-run to credit a flat amount of \$9.25 on all Lifeline customer bills, nationwide, modifying billing systems to turn off old procedures and build new ones cannot be done in a matter of weeks. As the Commission previously has recognized, carrier billing systems cannot be changed overnight, and waivers are justified where necessary to allow reasonable time for billing system changes.<sup>6</sup>

At bottom, several steps are necessary to implement the new rate, each of which can be done but will take some additional time. First, we must work with state commissions to figure out how the new flat-rate structure will impact existing state programs. Almost all of the states in which Verizon operates as an ILEC ETC, for example, have their own Lifeline programs. Once those questions are answered, the Verizon ETC entities will need to prepare and make the required state tariff filings (if any), usually on at least 30 days' notice, and also provide other customer notifications of the changes. Once those filings are made and the Verizon ETC entities are in sync with new state procedures and requirements, we can then commission the appropriate billing systems changes, which from that date will take at minimum an additional 90 days to code and test properly given necessary IT and M&P changes. Likewise, new Commission rules regarding application of partial monthly payments by Lifeline subscribers to a bundle of services make sense in concept but simply cannot be implemented by Verizon in all circumstances overnight.

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<sup>6</sup> *Id.* at 7, n.15.

The Petition is correct that, “[u]nder these circumstances, good cause exists to waive for postpaid ETCs the effective date for the establishment of the new Lifeline rate structure and implementation of the changes to the Link Up program.”<sup>7</sup> Verizon agrees with the Petition that October 1, 2012 is an appropriate deadline for completing these tasks.<sup>8</sup> This will allow approximately six months for implementation, which is ambitious but realistic for the tasks that must be performed. It also corresponds with the deadline for including information about the required disclosures in consumer marketing materials,<sup>9</sup> and it is logical that these dates should be coordinated.

2. Verizon supports the Commission’s efforts to impose greater accountability in the Lifeline program, and therefore believes that the new certification requirements in section 54.407(d) generally are positive reforms. The Petition, however, identifies certain areas where this rule needs to be clarified in order for carriers to understand and comply with their obligations.

Like many postpaid ETCs, Verizon is subject to automatic Lifeline enrollment and coordinated enrollment obligations in some states—including New York.<sup>10</sup> The *Lifeline Reform Order* requires states to eliminate these practices, but does not provide a date certain for them to do so. Until states lift these automatic ILEC Lifeline enrollment procedures (adding Lifeline discounts to ILEC bills based on beneficiary enrollment in other social service programs), Verizon and other similarly situated carriers must comply with these state obligations. And

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<sup>7</sup> *Id.* at 8.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 9-10.

under automatic or coordinated enrollment, ILECs such as Verizon have no opportunity to obtain the new, required certifications of eligibility (although the government entity presumably has confirmed the subscriber's eligibility). The Commission therefore should clarify ETC certification obligations do not attach in states with automatic or coordinated enrollment until those states actually eliminate these requirements. In the alternative, the Commission should make clear that its new rules supersede any preexisting state requirements.

As the Petition notes, the Commission also should clarify the language of the certification—particularly for the first round of filings—to recognize that some of the rules covered by the certification requirement may not yet be in effect.<sup>11</sup> The Commission also should clarify the mechanics of how the certification requirements will be implemented, including when the certifications must be made and whether they will be made on FCC Form 497 or in some other filing.<sup>12</sup>

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<sup>11</sup> *Id.* at 10.

<sup>12</sup> *Id.*

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For all of these reasons, Verizon urges the Commission to grant the Petition, delaying implementation of a few new Lifeline rules for a reasonable time and clarifying the new Lifeline certification requirements in section 54.407.

Respectfully submitted,

By: /s/ Christopher M. Miller

Michael E. Glover, *Of Counsel*

Christopher M. Miller  
1320 North Courthouse Road  
9<sup>th</sup> Floor  
Arlington, VA 22201-2909  
(703) 351-3071

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Attorneys for Verizon  
and Verizon Wireless