Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
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 CENTURYLINK

I. INTRODUCTION AND SUMMARY.

CenturyLink files these comments to address several issues raised in the Commission's *Further Notice of Proposed Rulemaking* regarding reforms to the federal Universal Service Low-Income Program.[1] As the Commission continues to explore and implement reforms to the Low-Income Program it should make every effort to make reforms that streamline administration of the program, encourage carrier and eligible consumer participation, and efficiently and effectively distribute program support. Consistent with those aims, CenturyLink (1) supports establishment of a national eligibility database that can be used to determine initial eligibility and to verify continued eligibility of program subscribers; (2) supports the Commission limiting Lifeline support to ETCs with the direct retail relationship with Lifeline customers by altering or eliminating the ILEC resale obligation for Lifeline service; (3) views that the Lifeline support

[1] *In the Matter of Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training,* Report and Order and Further Notice of Proposed Rulemaking, WC Docket Nos. 11-42, 03-109, 12-23 and CC Docket No. 96-45, FCC 12-11, rel. Feb. 6, 2012 (*FNPRM*). *See also* 77 Fed. Reg. 12784 (Mar. 2, 2012).

amount should not be linked to a frequently fluctuating index and should only apply to one line per household; (4) views that the Commission should gather additional data to effectively evaluate whether to add the Women, Infants, and Children Program (or WIC) as a qualifying program for Lifeline service eligibility; (5) views that the Commission should not mandate application of Lifeline discounts to bundled service offerings; (6) views that the Commission should generally permit participation in the Low-Income program to be voluntary; and (7) opposes the Commission's proposal to extend the program's record retention requirements to ten years.

II. DISCUSSION

A. There Should Be A National Eligibility Database That Can Be Used To Determine Initial Eligibility And To Verify Continued Eligibility.

The Commission is moving forward with plans to design and implement an automated means for determining Lifeline eligibility for at least the three most common programs through which consumers qualify for Lifeline.[2] The Commission seeks comment on various issues related to that design and implementation.

To the extent that carriers will need to interface with the database, there should only be a single, national database. It would be significantly easier for carriers to interface with a single, national database as opposed to multiple state databases. Existing state databases should be incorporated into a national database. And, to the extent that existing national systems such as PARIS can be leveraged for the Lifeline eligibility database, they should be.

Additionally, there should be no charge for accessing the database. Costs of administering the database should be part of the costs of administering the federal universal service fund and should be addressed in the same manner.

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[2] *Id.* ¶ 403.

As the Commission designs and implements the duplicates database it should evaluate and attempt to design that database so that the eligibility database could be combined with the duplicates database and enable a single query to both determine a consumer's eligibility and whether the consumer has existing Lifeline service. At the same time, the system should be designed so that a carrier cannot use the database to search for potential Lifeline customers. A carrier should only be able to use the database to check eligibility of consumers that have requested Lifeline service from it, not to build a marketing database.

Ideally, the database would cover the universe of programs and the income-levels that make customers eligible for the program, so that the eligibility of all consumers could be determined through checking the database. With this goal in mind, the database needs to incorporate all FCC-identified programs and the income-level determination into the database, as well as the option for states to include state-specific qualifications. Additionally, the database should be designed such that all an ETC needs to do to check a customer's eligibility is query the database. The database should wholly relieve ETCs of any need to review consumer documentation or otherwise make a determination of eligibility.

CenturyLink views that any such database should be able to be used not only for initial eligibility determinations, but also for verification of ongoing eligibility. The database should be designed so that an ETC or other entity performing verification through an automated process can compare a list of customers with information in the database. Key to this being an efficient process is that the entire list could be uploaded and compared at one time; comparing customer information one customer at a time would not be necessary.

If the database could be used in this manner it would avoid several of the problems with the current verification process. For example, it would eliminate the problem of customers being

de-enrolled from the program simply because they failed to respond to the verification request. It would also eliminate the problem of carriers having to reject insufficient documentation that customers provide to demonstrate eligibility, and then needing to re-request documentation from those customers in order for them to demonstrate eligibility, which increases the risk that a customer will be de-enrolled for failure to further respond to the verification request. Presumably a database would be more reliable and easier to check than the existing verification process. It also could make it easier to verify a larger percentage of a carrier's Lifeline customer base.

B. The Commission Should Alter Or Eliminate The ILEC Resale Obligation For Lifeline Service.

The Commission is seeking comment on its proposal to allow ETCs to receive federal Lifeline support only when ETCs provide Lifeline service directly to subscribers. To implement this proposal the Commission offers that it could re-interpret the incumbent LEC section 251(c)(4) resale obligation with respect to Lifeline service or it could forebear from applying the section 251(c)(4) resale obligation to Lifeline service.[3] Either way, CenturyLink supports the Commission's proposal to only permit ETCs with the direct customer relationship to receive Lifeline support, so long as the resale obligation with respect to Lifeline service is eliminated.

In today's marketplace, many carriers are successfully seeking Lifeline-only ETC status. In turn, any need to promote competition in the Lifeline service market that may underlie the section 251(c)(4) resale obligation is diminished. At the same time, the resale obligation for Lifeline service which includes passing through the full-Lifeline credit to the reseller, invites the potential -- whether intentionally or unintentionally -- for wholesale ETCs and reselling ETCs to seek reimbursement for the same Lifeline connections. Reinterpreting the resale obligation with

[3] *Id.* ¶¶ 452-57.

respect to Lifeline service, or eliminating it altogether will avoid this potential program waste and better serve the goals of the Lifeline program.

The Commission should eliminate any obligation for wholesale ETCs to pass through Lifeline discounts to resellers. In doing so the Commission should allow a reasonable amount of time to enable ETCs to provide notice to any resellers of the change. ETCs would need to notify resellers that as of a certain date wholesale ETCs would cease passing through any Lifeline discounts. After that date the resellers would need to be or become ETCs and seek any reimbursement for Lifeline service they are providing to customers directly from the federal USF. There should not be any grandfathering of existing resold Lifeline lines. Eliminating the pass-through credit simultaneously across the board will not harm any resellers that are already ETCs and can seek the credit directly immediately, and it will properly incent any non-ETC resellers wishing to continue to offer Lifeline service to seek ETC status to do so. It will also ease administering the change, since removing the pass-through credit at one time across the board is much easier than having to track pass-through and reimbursement obligations on certain resold lines indefinitely.

C. The Lifeline Support Amount For Voice Service Should Not Be Tied To A Frequently Fluctuating Index And Should Only Apply To One Line Per Household.

CenturyLink appreciates that a uniform flat-rate reimbursement amount for monthly Lifeline service will be easier to administer than the current tiered support structure, once all the changes to move to the flat-rate are fully implemented. CenturyLink does not take a position at this time as to the best method for determining that flat-rate support amount. But, the Lifeline support level should not be linked to a communications price index, and not on an annual basis. ILECs like CenturyLink must tariff or otherwise publicly disclose the Lifeline discounts that apply to their voice service. Discounts that change periodically will require tariff or other similar

filings everywhere that CenturyLink offers Lifeline service, resulting in over 90 such filings each time a Lifeline discount-rate change is made. To avoid unnecessarily adding to the many administrative burdens already in place to support the program, the Commission should not tie the Lifeline discount-rate to an annual or more frequently fluctuating price index.

The Lifeline discount should be available simply to offset the rate of one voice service line (whether wireline or wireless) per household. This is consistent with the intent of the program while minimizing the burden of the Lifeline program on the federal USF. CenturyLink disagrees with the suggestion that a second line should be supported at 50% of Lifeline support.[4] This would unnecessarily increase the burden on the federal USF and add complexities to administration of the Lifeline program.

D. The Commission Should Gather Further Data To Evaluate Whether To Add The Women, Infants, And Children Program To The Eligibility Criteria.

The Commission is seeking comment on whether to add the Women, Infants, and Children Program as a qualifying program for obtaining Lifeline service. CenturyLink is not sufficiently familiar with the WIC program to know whether adding it as a qualifying program will have any significantly beneficial or burdensome impact on the program, and the record thus far does not contain sufficient data to make such a determination. CenturyLink expects that before adding WIC as a qualifying program, the Commission will gather the necessary data and determine whether adding this program will substantially increase the number of participants not already eligible under the Commission's current criteria, as well as determining whether the benefits of adding this program will outweigh the burdens of adding another qualifying program.

[4] *Id.* ¶ 471.

E. The Commission Should Not Mandate Application Of The Lifeline Discount To Bundled Service Offerings.

The Commission seeks comment on whether to require ETCs to apply Lifeline discounts to any bundled service offering that includes voice telephony service. CenturyLink views that this is not necessary. CenturyLink already permits Lifeline discounts to be applied to voice service in bundled offerings. The market for Lifeline services is increasingly competitive, and carriers are likely to offer a variety of options to low-income customers in order to compete effectively for those customers.

F. Generally Participation In The Low-Income Program Should Be Voluntary For All Eligible Telecommunications Carriers.

CenturyLink agrees with AT&T that the Commission should permit all participation in the Lifeline program to be voluntary. One exception to voluntary participation might be that carriers would be required to participate in the Lifeline program in areas where they receive federal USF high-cost support. Otherwise, all carriers should be permitted to choose whether and where they wish to offer Lifeline services. The current structure where some carriers are required to participate while other carriers get to choose whether to participate is not necessary in today's competitive markets for these services. At the ETC's request, an ETC should be allowed to withdraw its Lifeline ETC status, at least in areas where another ETC offers Lifeline service.

G. The Commission Should Not Extend The Low-Income Program Record Retention Requirements To Ten Years.

Currently the Commission's rules require that ETCs maintain sufficient documentation to demonstrate compliance with program rules for the preceding three years. The rules also require that ETCs retain sufficient documentation to show a Lifeline customer's eligibility for the program for the length of time that the consumer remains the ETC's Lifeline customer and for

three years thereafter.[5] The Commission now proposes to extend this requirement from three years to at least ten years.

The Commission's rationale for more than tripling the current document retention requirements for the low-income program is not to address any problems with conducting audits of the program. In fact the Commission expressly notes that the current three-year retention requirements are "adequate to facilitate audits of ETCs."[6]

Instead the Commission's perceived need to more than triple the requirement stems solely from the view that a three-year retention period ostensibly is not sufficient for purposes of litigation under the False Claims Act. But, requiring all ETCs to retain low-income support documents for ten years solely to accommodate the possibility that an individual might bring a False Claims Act against one or more ETCs -- for conduct that occurred up to ten years ago -- is excessive and unwarranted. It is not clear to CenturyLink how the tenuous, theoretical benefit of a meritorious False Claims Act lawsuit reaching back more than three years could possibly outweigh the very real burden of requiring every ETC participating in the Lifeline program to retain all documentation pertaining to support received under the program for ten years. The Commission has offered no evidence that False Claims Act cases pertaining to conduct in the Lifeline program back to ten years earlier have been so unduly hindered by lack of available documentation so as to justify the significantly expanded records retention burden. In the absence of such evidence, the decision to extend the documentation retention requirement to ten years for the Lifeline program is highly arbitrary, unjustified, and only serves to needlessly increase the costs of offering Lifeline services.

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[5] 47 C.F.R. § 54.417.

[6] *FNPRM* ¶ 506.

Respectfully submitted,

CENTURYLINK

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April 2, 2012

CERTIFICATE OF SERVICE

I, Richard Grozier, do hereby certify that I have caused the foregoing **COMMENTS OF CENTURYLINK** to be: 1) filed with the FCC via its Electronic Comment Filing System in WC Docket Nos. 11-42, 03-109, 12-23 and CC Docket No. 96-45; 2) served via e-mail on Ms. Kimberly Scardino at Kimberly.scardino@fcc.gov and Mr. Charles Tyler at Charles.tyler@fcc.gov of the Telecommunications Access Policy Division, Wireline Competition Bureau; and 3) served via e-mail on the FCC's duplicating contractor, Best Copy and Printing, Inc. at fcc@bcpiweb.com.

/s/Richard Grozier

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