

**Before the  
Federal Communications Commission  
Washington, D.C. 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
	)	

**REPLY COMMENTS OF GENERAL COMMUNICATION, INC.**

The comments filed in response to the Further Notice of Proposed Rulemaking (“FNPRM”) highlight broad support among eligible telecommunications carriers (“ETCs”), state regulators, trade associations and consumer groups for the ambitious reform effort launched by the Federal Communications Commission (“FCC” or “Commission”).<sup>1</sup> In these reply comments, General Communication, Inc. (“GCI”) reiterates its support for the development of a Lifeline eligibility database (or network of databases) with a single interface for ETC access and preserving the current level of support on Tribal lands. While GCI supports providing partial support for a second Lifeline connection in a household that already has Lifeline service, GCI urges the Commission not to permit subscribers to split their Lifeline discount across multiple lines. GCI also urges the Commission to take a permissive approach to support for bundled

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<sup>1</sup> See *Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Further Proposed Rulemaking, CC Docket No. 96-45 and WC Docket Nos. 11-42, 03-109 and 12-23 (rel. Feb. 6, 2012) (“*Lifeline Order and FNPRM*”). Unless otherwise noted, citations to a party’s comments refer to comments filed in the above-captioned dockets on April 2, 2012, in response to the FNPRM.

services, so that ETCs may, but are not required to, allow Lifeline customers to apply discounts to bundles. Finally, GCI joins the chorus of commenters discouraging the Commission from adopting a decade-long document retention requirement that would dramatically increase costs and burden for ETCs without achieving any commensurate public interest benefit.

### **I. The Commission Should Establish a National Lifeline Eligibility Database**

The overwhelming majority of commenters call on the Commission to establish a national eligibility database,<sup>2</sup> and GCI fully concurs. The regulations governing the private-sector provision of social-welfare benefits through the Lifeline program impose a truly extraordinary administrative burden. An effective, reliable national database could ease the upfront administrative burden, as it would enable providers to assess substantive eligibility instantly and reliably. Such a database would also vastly simplify compliance burdens for providers and facilitate compliance audits and inquiries undertaken by the FCC and USAC. As Cricket explains, “[e]stablishing a central clearinghouse ... would be far more sensible than requiring every provider to interface with many different state and federal databases.”<sup>3</sup> As T-Mobile notes, requiring ETCs to interface with separate state agency databases, and requiring those agencies to develop systems that would enable inquiries from ETCs, would create

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<sup>2</sup> See, e.g., Comments of AT&T at 3-10; Comments of Alaska Communications Systems Group, Inc. at 2; Comments of COMPTTEL at 2-6; Comments of CTIA-The Wireless Association at 2-4; Comments of CenturyLink at 2-4; Comments of Cox Communications, Inc. at 5-6; Comments of the Florida Public Service Commission at 5-6; Comments of the Independent Telephone and Telecommunications Alliance at 4-5; Comments of i-wireless, LLC at 4-5; Comments of the Joint Commenters at 16-17; Comments of Leap Wireless International, Inc. and Cricket Communications, Inc. at 3-5; Comments of the Michigan Public Service Commission at 2; Comments of the Public Service Commission of the District of Columbia at 1-2; Comments of the Public Utilities Commission of Ohio at 2-6; Comments of Sprint Nextel Corp. at 3-4; Comments of T-Mobile USA, Inc. at 3-4; Comments of Third Party Verification, Inc. at 2-4; Comments of the United States Telecom Association at 2-3; Comments of Verizon at 2-3.

<sup>3</sup> Comments of Leap Wireless International, Inc. and Cricket Communications, Inc. at 4.

“administrative and financial burdens” that would be “almost insurmountable.”<sup>4</sup> Moreover, as the United States Telecom Association observes, enabling immediate eligibility assessments via a database would avoid requiring ETCs to gather and assess applicants’ private information or to make substantive eligibility determinations “for what is essentially a government social program.”<sup>5</sup>

In crafting further regulations, the Commission should focus on the key objective: the creation of a single portal that providers may use to check eligibility. But the Commission should remain flexible about how to achieve that objective. In particular, the Commission should carefully assess whether it is practical to develop a single national eligibility database or whether it should instead lay the groundwork for a system of interconnected federal and state databases.<sup>6</sup> While a single unified database is theoretically a more appealing option, gathering and compiling data from hundreds of distinct data sources could pose daunting technical challenges for the database developer and administrator. If a unitary database proves infeasible at a reasonable cost and reasonably quickly, GCI urges the Commission to work with a third party database vendor to develop a network of existing databases that ETCs could access for purposes of assessing an applicant’s eligibility. Whether the Commission directs the establishment of a single unified database or the development of a network of state and federal databases, it must ensure that there is a single interface that serves as the portal for ETCs. A single interface portal will ensure consistent application of privacy protections for all applicants,

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<sup>4</sup> Comments of T-Mobile USA, Inc. at 3.

<sup>5</sup> Comments of the United States Telecom Association at 3.

<sup>6</sup> See Comments of GCI at 27, CC Docket No. 96-45, WC Docket Nos. 11-42 and 03-109 (filed April 21, 2011).

as well as ensure that a single administrator will have oversight over the systems necessary to enable ETCs to assess eligibility.

While offering strong support for the creation of a single database or a network of databases, GCI also notes that the Commission will also need to preserve regulations allowing for document-based eligibility determinations going forward. Some eligibility data may be readily conformable for inclusion in a database, but GCI anticipates that a substantial portion of the eligibility information relating to participation in federal and state programs may not be in database-ready formats. While it will of course be possible to convert the data over time for inclusion in a national database (or in a networked system of databases), that transition process will likely be slow and costly, and it will therefore be necessary to continue relying on document-based eligibility determinations for many applicants for the foreseeable future.

Finally, GCI opposes the Joint Consumers' proposal that the cost of creating an eligibility database should be borne by participating ETCs.<sup>7</sup> This proposal makes little sense as it simply serves to shift the costs of the database – which are administrative costs of the low income program as a whole – from telecommunications consumers as a whole (including residential and enterprise) solely to low income consumers – who are entirely residential and have the least ability to pay. Basic economics teaches that increasing Lifeline-specific costs will reduce the Lifeline benefits that companies extend using Lifeline support, particularly because providers can choose what levels of usage to include in their packages and how to combine voice with services such as text. The Lifeline program already imposes substantial and costly burdens on providers to ensure program integrity, and the Commission's recent Order reforming the program added a variety of new requirements that impose additional compliance costs on ETCs.

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<sup>7</sup> See Comments of the Joint Consumers at 3.

Indeed, the Commission has estimated that compliance with the Lifeline rules (including those that have been adopted and, where necessary, approved by the Office of Management and Budget) already imposes burdens on ETCs equivalent to approximately \$500 million dollar every year.<sup>8</sup> In the face of that staggering burden, the Commission should refrain from saddling providers with the additional cost of developing the eligibility database, and thus further suppressing Lifeline benefits. The Communications Act and Commission rules already provide an equitable way of spreading USF administrative costs across all telecommunications consumers – through the equitable and nondiscriminatory assessments on all telecommunications providers, not just those providing Lifeline services.

## **II. The Commission Should Preserve Existing Tribal Land Support**

Tribal lands Lifeline support has been critical to improving telephone subscribership in Alaska. As GCI detailed in its comments, the rate of subscribership for low-income Alaskan households rose dramatically after the introduction of Lifeline in 1994, and it rose further still after supplemental Tribal lands support became available in 2009.<sup>9</sup> To preserve these gains and to prevent a return to dangerously low penetration rates in these vulnerable communities, the Commission should preserve the current amount of support available on Tribal lands.

COMPTEL agrees, arguing that “in no event should the Commission consider reducing” the existing support level, including the supplemental support on Tribal lands, because doing so would cause a move further away from universal subscribership.<sup>10</sup> Notably, while GCI and COMPTEL present penetration rate data in their comments illustrating the critical importance of

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<sup>8</sup> See Federal Communications Commission, Supporting Statement to OMB, OMB Control Number 3060-0819 (April 2012), available at <http://www.reginfo.gov/public/do/DownloadDocument?documentID=310099&version=2>.

<sup>9</sup> See Comments of GCI at 3-4.

<sup>10</sup> Comments of COMPTEL at 24.

preserving the existing support level, not a single commenter supports lowering the support available on Tribal lands.

### **III. Customers Should Not Be Permitted to Divide Support Across Two or More Lines, But They Should Be Eligible for Additional Reduced Support For a Second Lifeline-Supported Line**

There is widespread agreement that consumers should not be permitted to divide Lifeline support across multiple lines within a single household, as that would simply add to ETCs' administrative burdens yet provide no benefit to low-income households.<sup>11</sup> Allowing households to split a single discount across more than one line would "create[] administrative difficulties and customer management issues," and it would require providers to "alter billing systems," which would entail "unknown carrier expenses and employee training time."<sup>12</sup> Moreover, there would be literally no consumer benefit to offset the burden this proposal would impose because the household would receive the same aggregate support amount whether or not it is divided.<sup>13</sup> Whether a household (a) receives a full discount on one line and pays full freight for a second or (b) receives half discounts on both lines, its aggregate support equals one full discount under either scenario.

While dividing existing support among multiple lines would not benefit consumers, commenters agree that there is great value in T-Mobile's proposal to grant additional but reduced support to a second line in a household.<sup>14</sup> In today's marketplace, where wireless phones are replacing wireline phones at an accelerating rate, mobile handsets are often treated as the

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<sup>11</sup> See, e.g., Comments of Alaska Communications Systems Group, Inc. at 6; Comments of the Independent Telephone and Telecommunications Alliance at 14; Comments of the United States Telecom Association at 5.

<sup>12</sup> Comments of Alaska Communications Systems Group, Inc. at 6-7.

<sup>13</sup> See Comments of GCI at 6.

<sup>14</sup> See, e.g., Comments of GCI at 7; Comments of the Gila River Indian Community and Gila River Telecommunications, Inc. at 8; Comments of T-Mobile USA, Inc. at 6-7.

property of an individual rather than a household. As a result, the individual who owns a Lifeline-supported mobile phone will likely put it in his or her pocket when going to work (or to school, or church, or fishing for a week), leaving everyone else in the household without a supported connection. Providing 50 percent support for a second connection in the household, as T-Mobile has proposed, would diminish the risk to public safety that results from restricting all support to a single line per household.

#### **IV. Commenters Agree that the FCC Should Permit, But Not Require, ETCs to Allow Customers to Apply Discounts to Bundles**

Marketplace demand and the opportunity to differentiate themselves from competitors will lead some ETCs to offer customers the option of applying Lifeline discounts to bundled services packages, as permitted under the FCC new rules.<sup>15</sup> But, as GCI and many other commenters agree,<sup>16</sup> *requiring* ETCs to make this option available to customers would greatly increase providers' administrative burdens and would force many ETCs to overhaul dedicated Lifeline billing systems—all without advancing Lifeline subscribers' ability to make or receive calls at a discounted rate. As Verizon explains, “*allowing* ETCs to permit Lifeline subscribers to apply their Lifeline discounts to any bundled service package with a voice component enhances customer choice and facilitates competition, [but] *requiring* an ETC to apply the Lifeline discount to any existing service package with a voice component that a customer selects would create significant administrative and billing problems for carriers and increase the burden

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<sup>15</sup> See *Lifeline Order and FNPRM* ¶ 317.

<sup>16</sup> See, e.g., Comments of GCI at 7-8; Comments of AT&T at 27; Comments of Alaska Communications Systems Group, Inc. at 9; Comments of the Alaska Rural Coalition at 8; Comments of COMPTTEL at 26; Comments of CTIA-The Wireless Association at 4-5; Comments of CenturyLink at 7; Comments of Cox Communications, Inc. at 14-15; Comments of i-wireless, LLC at 8; Comments of the Public Utilities Commission of Ohio at 9; Comments of T-Mobile USA, Inc. at 7-8; Comments of the United States Telecom Association at 7; Comments of Verizon at 7.

on the Lifeline program with little corresponding public benefit.”<sup>17</sup> Rather than mandate this option, the Commission should preserve its recently adopted rule allowing ETCs to elect whether to permit subscribers to apply the discount to a bundled offering.

## **V. The FCC Should Not Extend the Existing Document Retention Requirement**

Finally, commenters agree with virtual unanimity that the Commission should preserve the existing document retention requirement for Lifeline-related records and should reject the dramatic expansion presented in the FNPRM. Notably, not a single commenter supports the proposal. Instead, all of the commenters that addressed the issue explained that the records retention expansion would impose a new and draconian burden on ETCs and drive up the costs and resource commitments required to offer Lifeline—but without delivering a public interest benefit that is even remotely commensurate to the new burden.<sup>18</sup> GCI concurs with these commenters, and believes that the Commission should simply decline to adopt the proposal. Alternatively, GCI joins COMPTTEL in noting that the Commission’s recent Order implements a wide array of new safeguards and, as a result, the Commission should postpone any assessment of the extended retention requirement “until it has an opportunity to determine whether its new processes and procedures are working as intended.”<sup>19</sup>

## **VI. Conclusion**

The Commission can and should continue to reform the Lifeline program in order to increase efficiency; reduce waste, fraud and abuse; and preserve the program’s focus on making

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<sup>17</sup> Comments of Verizon 7 (emphasis in original) (citations omitted).

<sup>18</sup> See, e.g., Comments of AT&T at 29; Comments of COMPTTEL at 29-32; Comments of CenturyLink at 7; Comments of i-wireless, LLC at 8; Comments of the Joint Commenters at 15; Comments of Leap Wireless International, Inc. and Cricket Communications, Inc. at 12-14; Comments of the United States Telecom Association at 8-9; Comments of Verizon at 9.

<sup>19</sup> Comments of COMPTTEL at 32.

affordable communications more widely available to low-income Americans. With these overarching goals in mind, GCI supports the development of a national eligibility database or an interconnected network of state and federal databases with a single interface for ETCs; urges the Commission to maintain existing support levels in order to preserve the program's success in driving up telephone penetration for low-income Americans, particularly on Tribal lands; urges the Commission not to permit subscribers to split their Lifeline discount across multiple lines; joins T-Mobile in calling for reduced Lifeline support for a second Lifeline connection in a household; recommends that the Commission permit, but not require, ETCs to allow customers to apply discounts to service bundles; and discourages the Commission from imposing on ETCs the large and unwarranted new burden that would come from extending the record retention requirement.

Respectfully submitted,

/s/

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