

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

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

---

**REPLY COMMENTS OF AT&T**

---

Cathy Carpino  
Gary L. Phillips  
Peggy Garber

AT&T Services, Inc.  
1120 20<sup>th</sup> Street, N.W.  
Suite 1000  
Washington, D.C. 20036  
(202) 457-3046 - telephone  
(202) 457-3073 - facsimile

May 1, 2012

Its Attorneys

## **TABLE OF CONTENTS**

I.	There Is Broad Support For The Commission To Establish A Lifeline Eligibility Database That Is National In Scope. ....	1
II.	The Record Is Clear That The Commission Should Act Swiftly To Prohibit Resellers From Obtaining Lifeline-Discounted Service From ILECs. ....	6
III.	The Commission Should Permit Providers To Opt Out Of The Lifeline Program. ....	10

On behalf of its operating affiliates, AT&T Inc. (AT&T) hereby submits these reply comments in response to the Commission's *Further Notice of Proposed Rulemaking*.<sup>1</sup> In this filing, we address the following three issues: the Lifeline eligibility database, Lifeline resale, and permitting providers to opt out of participating in the Lifeline program. While there is general agreement in the record on how the Commission should proceed with respect to the first two issues, AT&T nonetheless believes that some additional clarification and discussion is warranted. On the last issue, we refute the assertion that the Commission lacks the authority to adopt our proposal as well as explain that, given the highly competitive nature of Lifeline in most markets, consumers have a choice among Lifeline providers so that allowing one to opt out will not leave consumers without access to Lifeline.

**I. There Is Broad Support For The Commission To Establish A Lifeline Eligibility Database That Is National In Scope.**

By the Commission's own estimate, approximately 940 ETCs participate directly in the Commission's Lifeline program.<sup>2</sup> With seven different federal qualifying programs for non-Tribal Lifeline service, it is simply infeasible (and bad public policy) for almost a thousand Lifeline providers to obtain direct access to, possibly, seven different databases per state to confirm consumer eligibility for the Lifeline program. And of course that number does not factor in state-specific qualifying programs that the Commission continues to permit states to

---

<sup>1</sup> *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (*Order and Further Notice*).

<sup>2</sup> FCC Supporting Statement, OMB Control No. 3060-0819, at 8 (April 2012), *available at* [http://www.reginfo.gov/public/do/PRAViewDocument?ref\\_nbr=201203-3060-002](http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201203-3060-002) (FCC Supporting Statement).

maintain. No carrier should want such direct access to these databases and state social services agencies most certainly do not want to grant so many different private sector entities this access.<sup>3</sup>

The costs to both industry and the states simply would be too great. For these reasons, almost every commenter agrees that the Commission's Lifeline eligibility database must be national in scope.<sup>4</sup>

---

<sup>3</sup> See CTIA Comments at 3 ("Requiring each individual ETC to connect with each different program's database would be costly, and would inject an unnecessary degree of complexity into the process for both ETCs and social welfare agencies."); Cricket Comments at 4 (national database would be "far more sensible than requiring every provider to interface with many different state and federal databases"); USTelecom Comments at 2 (it is "far simpler and more efficient for carriers to interface with one national database than a national database and state databases, particularly for companies that serve several states").

<sup>4</sup> See, e.g., AT&T Comments at 3-10; DC Commission Comments at 1-2 (explaining that a national database is "a more efficient way to collect, store, and verify customer eligibility information. With a national database, [ETCs] would have one database to query, instead of a wide variety of state databases" and would eliminate need for ETCs to query state databases not designed for such access); Comptel Comments at 2 ("national database is the only workable option"); Michigan Commission Comments at 2 ("national database would be reasonable, more standardized, and potentially more efficient"); 3PV Comments at 2 ("utterly clear that a national database is the only practical and effective option for achieving the Commission's goals"); Ohio Commission Comments at 2 ("support[ing] the FCC's proposal" to establish a national eligibility database); CTIA Comments at 2 ("A national eligibility database promises to provide a more accurate and efficient approach to providing support to eligible consumers by assigning program functions to the parties who are best able to perform them."); Cricket Comments at 4 ("Lifeline program will become enormously more efficient if providers have a single point of contact for making eligibility determinations, obviating the need for continued review of each individual consumer's documentation"); T-Mobile Comments at 3 ("strongly support[ing] the Order's conclusion that there should be an automated [eligibility] process by the end of 2013"); ACS Comments at 2 ("there will be cost synergies in building one national database versus 50 or more individual databases"); CenturyLink Comments at 2 ("there should only be a single, national database"); ITTA Comments at 4 ("national database that can be queried directly by ETCs represents the most efficient and cost-effective alternative for ensuring that consumers' eligibility to receive federal Lifeline benefits can be verified by ETCs in a timely manner"); Cox Comments at 5 (stating that it has "long supported the creation of a single, national eligibility database as a key reform for the Lifeline program"); Nexus Comments at 16-17; USTelecom Comments at 2 ("ETCs should interface with the national eligibility database, not with databases containing information about the participation of households in programs that determine Lifeline eligibility"); Verizon Comments at 2 ("national eligibility database would recognize the overall movement in the communications industry away from a localized marketplace"); Joint Commenters at 16 (supporting a "fully automated, nationwide, front-end eligibility database solution").

Ideally, all Lifeline providers should have just one Lifeline database interface. This interface would be to the national database only and through this single database, the Lifeline provider would be able to determine whether the Lifeline applicant is eligible for Lifeline and whether the consumer is obtaining Lifeline-supported service from some other provider.<sup>5</sup> With just one access point for providers, the database administrator would have more control over security and the amount of consumer information available to providers. Providers would no longer have access to personally sensitive information as they do today, particularly under the Commission's new rules, which require a Lifeline provider to review consumer documentation for all new applicants unless a state entity performs the eligibility determination on the provider's behalf.<sup>6</sup>

In order to establish a national Lifeline eligibility database by the end of next year, the Commission should focus on those federal public assistance programs where consumer data is already aggregated at a national level, even if it includes programs not cited in the *Order* as the Commission's priorities or programs currently listed in section 54.409 of the Commission's rules.<sup>7</sup> And to ensure that the Commission makes the most efficient use of USF dollars, it should immediately establish a working group consisting of database experts, industry, and federal and

---

<sup>5</sup> ACS Comments at 2 (“It makes sense to leverage the work of the Commission and [USAC] on the national accountability database . . . and to build a national eligibility database on top of that accountability database.”); AT&T Comments at 5; CenturyLink Comments at 3; ITTA Comments at 7.

<sup>6</sup> While NASUCA recommends that the Commission deny ETCs direct access to state or federal databases that house consumer eligibility information due to privacy concerns, it oddly opposes AT&T's suggestion to have a third-party administrator review a Lifeline applicant's income or public assistance program documentation until the eligibility database is operational. *Compare* NASUCA Comments at 6-7 with 10 (asserting that “the initial obligation to ensure that an applicant is eligible for Lifeline should be borne by the ETC”).

<sup>7</sup> *See Order* at ¶ 97 (directing the Wireline Competition Bureau to “take all necessary actions” so that by the end of 2013, “there will be an automated means to determine Lifeline eligibility for, at a minimum, the three most common programs through which consumers qualify for Lifeline”).

state government officials to advise it on how to design its Lifeline Accountability Database so that it can be expanded to accommodate an eligibility functionality by the end of 2013.<sup>8</sup> This working group also should be tasked with recommending the design of the interface that Lifeline providers would use to connect to this database in addition to whether eligibility information should be maintained by the national database administrator or populated and updated in the database via data feeds from federal and/or state entities.<sup>9</sup> Involving interested parties at this stage will help the Commission and USAC identify potential design errors. Moreover, engaging both states and service providers in the design of the database's interfaces(s) could shorten the amount of time required to implement the eligibility functionality of the national Lifeline database.

For eligibility information that does not reside at the federal level, the Commission has several options on how to proceed. If the eligibility information is for one of the federal programs that qualifies consumers for Lifeline, the Commission could use federal USF dollars to pay for the cost of the interface between the state databases and the national Lifeline database. One commenter asserts that the Commission has no authority to use universal service dollars for this purpose, arguing that only ETCs can receive universal service support.<sup>10</sup> Such a statement ignores the fact that the Commission's USF administrator, USAC, is funded through these dollars. Subsidizing the cost of the interface between state databases that house *federal* eligibility information and the national Lifeline database would plainly be yet another administrative cost. As such, it is entirely appropriate to fund these costs using federal universal

---

<sup>8</sup> See, e.g., CTIA Comments at 4; 3PV Comments at 8.

<sup>9</sup> See Solix Comments at 5; Sprint Comments at 3.

<sup>10</sup> 3PV Comments at 3.

service dollars.<sup>11</sup> On the other hand, to the extent that a state wants to allow consumers to qualify for Lifeline based on their participation in a state-specific program, it is appropriate for the Commission to require the state to fund the cost of making that state information available to the federal Lifeline database. If a state is unwilling to fund such access for its state-specific programs, then the Commission should limit Lifeline eligibility in that state to consumer participation in the federal public assistance programs listed in section 54.409 of the Commission's rules.<sup>12</sup>

AT&T disagrees with those commenters that argue that Lifeline providers should pay for the cost of the national eligibility database through some special assessment or database dip charge.<sup>13</sup> As an initial matter, postpaid providers like AT&T's Lifeline providers, are *reimbursed* from the fund on a dollar-for-dollar basis for having provided a Lifeline customer discounted service. And this reimbursement does not cover a postpaid provider's administrative costs, which have increased dramatically with the new Lifeline rules. By the Commission's own estimate, Lifeline providers will pay a staggering *half a billion dollars a year* to implement just

---

<sup>11</sup> See also California Commission Comments at 3 ("federal government should provide the funding necessary to pay for the design, establishment, and maintenance of the electronic communications systems between the state and federal agencies necessary to implement [a national database]").

<sup>12</sup> See 47 U.S.C. § 254(f) ("A State may adopt regulations to provide for additional definitions and standards to preserve and advance universal service within that State *only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms.*") (Emphasis added).

<sup>13</sup> Joint Consumers Comments at 3 ("ETCs should continue to bear the costs to administer the Lifeline program as part of the cost of doing business"); NASUCA Comments at 7 ("cost for maintaining and accessing the databases should be borne by the ETCs through an appropriate charge for having the state commission or the Bureau check the respective databases upon request from the ETC").

two of its new rules.<sup>14</sup> The Commission cannot expect Lifeline providers to shoulder any additional administrative costs.<sup>15</sup> Simply put, the “[c]osts 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.” CenturyLink Comments at 2. Additionally, the claim that only ETCs will benefit by the Commission creating an eligibility database ignores the obvious consumer benefits of such a database – consumers will no longer have to produce copies of personally sensitive documentation to for-profit service providers and such a database facilitates their enrollment in this public assistance program.

## **II. The Record Is Clear That The Commission Should Act Swiftly To Prohibit Resellers From Obtaining Lifeline-Discounted Service From ILECs.**

In its *Further Notice*, the Commission sought comment on a proposal to require all Lifeline providers to obtain direct reimbursement from the federal Universal Service Fund (USF) when they provide Lifeline-supported service to consumers and to prohibit resellers from obtaining Lifeline-discounted lines from incumbent local exchange carriers (ILECs). *Further Notice* at ¶¶ 448-61. If adopted, this proposal will finally provide the Commission, state regulators, and interested parties like AT&T, assurance that all Lifeline providers will abide by the same rules and will be subject to the same regulatory oversight. The Commission proposed two alternative approaches to accomplish this goal: reinterpret section 251(c)(4) so that an ILEC’s “retail rate” is the rate for the ILEC’s voice telecommunications service and does not

---

<sup>14</sup> FCC Supporting Statement at 9-10 (estimating that it will cost Lifeline providers \$173 million to review applicant documentation and \$345 million to annual recertify existing Lifeline customers).

<sup>15</sup> In this regard, AT&T notes the comments of MetroPCS, a service provider that has declined to seek ETC status due to the regulatory burdens associated with the Lifeline program, burdens that it states have only increased with the *Order*. MetroPCS Comments at 4-6. If the Commission wants to ensure that low-income consumers have access to competitive choices and innovative services, such as broadband, it should actively look for every opportunity to reduce the regulatory burdens associated with the program. Establishing a multipurpose national Lifeline database, as recommended by AT&T, would be a significant step in the right direction.

include the Lifeline discount, or forbear, on the Commission's own motion, from the requirement in section 251(c)(4) that ILECs offer for resale at wholesale rates "any telecommunications service that the [ILEC] provides at retail." *Id.* at ¶¶ 452, 453-56.

Like AT&T, other commenters recognized that the sweeping reforms that the Commission made in its *Order* could be undermined if the Commission continues to permit resellers to obtain Lifeline-discounted service from ILECs.<sup>16</sup> In this *Order*, the Commission imposed many new requirements on Lifeline providers. By the Commission's own admission, implementing these requirements will be costly to providers<sup>17</sup> and so regulators should have little confidence that beginning June 1, non-ETC resellers will, for example, obtain a customer certification of eligibility and proof of either participation in a qualifying program or household income from each Lifeline applicant, as well as perform an annual recertification of eligibility for all of their existing Lifeline customers.<sup>18</sup>

Every commenter that addressed Lifeline resale agreed, at least in part, with the Commission's proposal.<sup>19</sup> In its April 2 comments, AT&T provided a detailed analysis supporting the Commission's proposal and suggesting how the Commission could implement

---

<sup>16</sup> See, e.g., AT&T Comments at 10-11; Sprint Comments at 7; TracFone Comments at 9-11.

<sup>17</sup> FCC Supporting Statement at 8-13.

<sup>18</sup> See Sprint Comments at 7 (requiring "ETCs to resell Lifeline service to providers who are not subject to the high standards imposed on ETCs completely undermines these efforts and opens a clear path for an end-run around the new requirements for ensuring consumers are properly enrolled in the Lifeline program").

<sup>19</sup> See ACS Comments at 4-6; Alabama Commission Comments at 3; Alaska Rural Coalition Comments at 3; AT&T Comments at 10-18; CenturyLink Comments at 4-5; Cricket Comments at 9-10; Florida Commission Comments at 8; ITTA Comments at 11-12; Joint Commenters at 13; Sprint Comments at 7; TracFone Comments at 9-11; USTelecom Comments at 4; Verizon Comments at 3-4.

it.<sup>20</sup> We do not repeat that analysis here but we do address a few commenters' suggestions that, intentionally or not, are problematic.

First, while seemingly supporting the Commission's proposal, ACS casts the Commission's proposal too narrowly and also suggests that the Commission permit some flexibility in the wholesale/resale process that would leave too much opportunity for waste, fraud or abuse to continue. ACS Comments at 4-6. ACS states that it supports the proposal "to relieve ILECs from offering a wholesale Lifeline service that is further discounted by the Lifeline subsidy amount in instances where the reseller of Lifeline service receives the Lifeline subsidy for the service." *Id.* at 5. The Commission's proposal is broader in scope – as it needs to be – in that it would similarly prevent *non-ETC* resellers from obtaining Lifeline-discounted lines from ILECs. As mentioned above, failing to prohibit non-ETC resellers from obtaining Lifeline-discounted lines from ILECs would permit such carriers to continue operating with little to no regulatory oversight, and it seems unlikely that such carriers would undertake the significant expense of implementing the Commission's new rules (e.g., annually recertifying all of their existing Lifeline customers) without such oversight. We also believe that the Commission should make clear that resellers are *prohibited* from obtaining Lifeline-discounted lines from ILECs, not that ILECs are merely "relieve[d] . . . from offering a wholesale Lifeline service." Under ACS's approach, ILECs could still offer Lifeline-discounted lines to resellers, at the ILEC's election.

We also do not support ACS's proposal to give wholesale providers and resellers the flexibility to "negotiate which entity will receive Lifeline support for the Lifeline service to be

---

<sup>20</sup> AT&T Comments at 10-18.

provided to the subscriber. . . .” *Id.* However reasonable ACS’s proposal might sound, the risk of miscommunication between the parties and an ensuing double recovery for the same subscriber is simply too great. Unless and until the Commission’s National Accountability Database has the capability to enable the administrator to calculate Lifeline reimbursement amounts for Lifeline providers – which is a functionality that AT&T has urged the Commission to develop as part of this database<sup>21</sup> – carriers will continue submitting Lifeline reimbursement requests. If the Commission gives carriers the flexibility requested by ACS, a wholesale provider’s reimbursement request form could include subscribers also claimed mistakenly or intentionally by the ETC reseller. Absent an audit, such double recovery is unlikely to be uncovered.

Second, the California Commission states that it supports the Commission’s proposal but, like ACS, it describes this proposal too narrowly as, “if both wholesalers and resellers are ETCs, then only the ETC directly serving the Lifeline subscriber should be able to seek reimbursement from the Fund.” California Commission Comments at 6. As discussed above and in AT&T’s comments, simply limiting reimbursement to the entity directly serving the Lifeline subscriber is not sufficient. The Commission also must prohibit resellers from obtaining Lifeline-discounted service from ILECs. If the Commission fails to do so, some resellers may assert that, under the Commission’s rules, ILECs are still obligated to provide Lifeline-discounted lines. This outcome seems guaranteed if the Commission were to adopt the Michigan Commission’s suggestion. That state commission is “more in favor of” prohibiting ILECs from being reimbursed when they provide Lifeline-discounted service to resellers “versus the FCC forbearing from the resale requirement of section 251(c)(4) as it applies to Lifeline-discounted

---

<sup>21</sup> *See, e.g.,* AT&T Comments at 5.

services sold to non-ETC providers.” Michigan Commission Comments at 6. In its order adopting final rules, the Commission should remove any doubt about a reseller’s continued ability to obtain Lifeline-discounted service from ILECs. ILECs simply cannot be placed in the position of being compelled to offer Lifeline-discounted service to resellers but prohibited from being reimbursed for having done so. As we recommended in our comments, the Commission should establish a date by which the Commission will prohibit resellers from obtaining Lifeline-discounted service from ILECs. AT&T Comments at 16-17.

### **III. The Commission Should Permit Providers To Opt Out Of The Lifeline Program.**

Numerous commenters agree with AT&T that the Commission should permit ILECs to choose whether and where to continue participating in the Lifeline program.<sup>22</sup> As Cricket explains, “the proliferation of ETCs eliminates the justification for compelling any particular carrier to serve as a Lifeline provider.” Cricket Comments at 11. When the Commission issued its *First Universal Service Order* in 1997 and chose to tie the ETC designation with mandatory participation in the Lifeline program to increase participation in the program,<sup>23</sup> competition for low-income consumers simply did not exist. By contrast, in 2012, competition for Lifeline customers is vibrant, giving low-income consumers “access to Lifeline-supported services from numerous providers.” *Further Notice* at ¶ 455. USTelecom is correct to note that “[a]s has been demonstrated with business plans from wireless companies that are based on the Lifeline discount, the market will provide sufficient incentives for the provision of Lifeline service.”

---

<sup>22</sup> See *id.* at 19-22; Carolina West Wireless et al. Comments (though urging the Commission to extend this relief to *all* ETCs, not just ILEC ETCs); CenturyLink Comments at 7; Cricket Comments at 11; Joint Commenters Comments at 13-14; TracFone Comments at 22-24; USTelecom Comments at 8; Verizon Comments at 10-11.

<sup>23</sup> *Federal-State Joint Board on Universal Service*, 12 FCC Rcd 8776, ¶ 347 (1997) (*First Universal Service Order*).

USTelecom Comments at 8. *See also Order* at ¶ 23 (Commission stating that Lifeline-only ETCs “compet[e] for low-income subscribers”).

Nevertheless, not all of the commenters supported AT&T’s proposal. A few state commissions express concern that if ILECs were permitted to cease providing Lifeline service, low-income consumers in some areas would be left without any Lifeline provider. *See California Commission Comments* at 9; *Michigan Commission Comments* at 9. Each year, as Lifeline competition increases, that concern grows more and more unlikely.<sup>24</sup> However, in the event that there is a geographic area served by only one Lifeline provider – the ILEC – and that carrier wants to be relieved of its Lifeline service obligations, AT&T suggests that the Commission consider such options as vouchers, which would enable any affected low-income consumer in that area to obtain Lifeline-discounted service from any provider.<sup>25</sup>

An important component of AT&T’s proposal, which was not addressed by the commenters who opposed it, is that the Commission should establish a separate category of universal service provider – the Lifeline Provider, which need not be an ETC – as well as remove unnecessary service obligations, both of which will incent more providers to participate in the Lifeline program.<sup>26</sup> By establishing a national eligibility database, for example, so that service providers no longer would have to review consumer eligibility documentation or perform the

---

<sup>24</sup> *See AT&T Comments* at 21 & n.21 (noting that just one Lifeline provider – TracFone – offers Lifeline service in those states where it is a Lifeline ETC everywhere that AT&T Mobility and Verizon Wireless offer service, and, combined, these two carriers cover over 99 percent of U.S. households).

<sup>25</sup> *Id.* at 21-22.

<sup>26</sup> Letter from Mary Henze, AT&T, to Marlene Dortch, WC Docket No. 11-42, et al., Attach. at 2 (filed Jan. 24, 2012); *AT&T Lifeline and Link Up Reform and Modernization NPRM Comments*, WC Docket No. 11-42, et al., at 6-11 (filed April 21, 2011); *AT&T Lifeline and Link Up Reform and Modernization NPRM May 25 Reply Comments*, WC Docket No. 11-42, et al., at 5-8 (filed May 25, 2011).

annual recertification, the Commission will make provider participation in the Lifeline program less costly and more attractive to entities that have, to date, shied away from participating (e.g., most cable providers).<sup>27</sup> Modifying the rules to enable non-traditional Lifeline providers, including over-the-top interconnected VoIP providers, to participate will ensure that low-income consumers finally will have available the full array of competitive voice choices that other consumers take for granted.<sup>28</sup>

A few other opponents assert that the Commission lacks the authority to grant AT&T's request.<sup>29</sup> For example, NASUCA argues that under section 254(e), only ETCs are eligible to obtain Lifeline reimbursement. *See* NASUCA Comments at 21-23. As we explained most recently in our April 2, 2012, comments, that simply is not true. AT&T Comments at 19-21. Section 254(j) provides that “[n]othing in this section [which includes section 254(e)] shall affect the collection, distribution, or administration of the Lifeline Assistance Program . . . .” 47 U.S.C. § 254(j). Insofar as carriers were eligible to receive, and did in fact receive, Lifeline support before passage of the Telecommunications Act of 1996, and thus before the ETC designation was adopted, the Act cannot be fairly read to limit Lifeline support only to ETCs. In fact, this is a settled issue at the Commission and not “part and parcel of AT&T’s incessant desire to be

---

<sup>27</sup> *See, e.g.*, Cox Comments at 13-14 (urging the Commission to reform the current Lifeline ETC designation process to promote provider participation and consumer choice by, among other things, removing unnecessary federal requirements and adopting a set of federal Lifeline ETC eligibility rules that states would have to follow in order to continue receiving federal Lifeline funding).

<sup>28</sup> The DC Commission expresses concern that if the sole wireline ETC, Verizon, withdrew from the Lifeline program, Lifeline-eligible consumers in DC would no longer have a wireline option. DC Commission Comments at 5. Expanding the pool of eligible service providers (to include cable and over-the-top VoIP providers) would ameliorate that concern. As an aside, we note that the Commission has always permitted ETCs to satisfy their service obligations using alternative technologies along with a combination of facilities-based and resold services. As a consequence, there is no guarantee today that any wireline provider will continue offering Lifeline services only over wireline facilities.

<sup>29</sup> Joint Consumers Comments at 10; NASUCA Comments at 21-23.

relieved of all public interest obligations.” NASUCA Comments at 21. In its *First Universal Service Order*, the Commission stated that through subsection 254(j), Congress granted the Commission the “*permission* to leave the Lifeline program in place, without modification, despite Lifeline’s inconsistency with other portions of the 1996 Act.” *First Universal Service Order* at ¶ 332 (emphasis in original). Additionally, in the same order, the Commission concluded that it has “the authority under sections 1, 4(i), 201, 205, and 254 to extend Lifeline to include carriers *other than eligible telecommunications carriers*” but that it “decline[s] to do so at the present time.” *Id.* at ¶ 369 (emphasis added). Because the Commission linked Lifeline participation to the ETC designation through its rules, the Commission could just as easily delink the two and thus, contrary to NASUCA’s assertion, it is not necessary for a carrier seeking to be relieved of its obligation to provide Lifeline to go through the ETC relinquishment process set forth in section 214(e)(4). NASUCA Comments at 22.

A number of commenters that supported AT&T’s proposal also suggested alternatives in the event that the Commission declined to grant ILECs this requested relief. Cricket suggests providing ILECs the authority to withdraw from the Lifeline program “based on market triggers (i.e., where the ILEC demonstrates that a threshold number of ETCs offer Lifeline service).” Cricket Comments at 11. Similarly, CenturyLink suggests that, at the ETC’s request, it should be permitted to withdraw its Lifeline ETC status, at least in areas where another ETC offers Lifeline service. CenturyLink Comments at 7.<sup>30</sup> Although the Ohio Commission does not support AT&T’s proposal, it states the ETC designation comes with both benefits and obligations: “The ETC receives the benefit of high-cost support while incurring the obligation of

---

<sup>30</sup> See also TracFone Comments at 22-23 (suggesting that, just as the Commission and states commissions have the authority to designate carriers as ETCs for Lifeline only, so too, do these regulators have the authority to designate carriers as ETCs only for purposes of receiving high-cost support).

providing Lifeline service to low-income subscribers.” Ohio Commission Comments at 12. In many areas, of course, ETCs receive no high-cost support yet still have the obligation – because of the Commission’s rules – to participate in the Lifeline program. While not suggested by the Ohio Commission, another alternative if the Commission rejects AT&T’s proposal is to limit the Lifeline service obligations to only those geographic areas where the ILEC is, in fact, receiving high-cost support. In the event that the Commission declines to adopt AT&T’s proposal as described in the *Further Notice* and elsewhere in AT&T’s pleadings, AT&T recommends that the Commission consider adopting any of these suggestions in the alternative.

\* \* \* \* \*

For the forgoing reasons, AT&T respectfully requests that the Commission act quickly to adopt final rules to prohibit resellers from obtaining Lifeline-discounted service from ILECs, permit ILECs to opt out of participating in the Lifeline program, and establish a multipurpose Lifeline database that is national in scope and the product of a working group that includes both industry and state representatives.

Respectfully Submitted,

/s/ Cathy Carpino  
Cathy Carpino  
Gary L. Phillips  
Peggy Garber

AT&T Services, Inc.  
1120 20<sup>th</sup> Street NW  
Suite 1000  
Washington, D.C. 20036  
(202) 457-3046 – phone  
(202) 457-3073 – facsimile

May 1, 2012

Its Attorneys