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John A. Kitzhaber, MD, Governor

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FILED VIA ECFS

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street S.W., Room TW-B204
Washington, D.C. 20554

NOTICE OF EX PARTE COMMUNICATION

Re: ***Ex Parte* Filing, CC Docket No. 96-45; WC Docket No. 11-42; WC Docket No. 03-109; WC Docket No. 12-23**

Dear Ms. Dortch:

On Thursday, January 24, 2013, Jon Cray and Kay Marinos, Staff of the Public Utility Commission of Oregon ("OPUC"), engaged in a telephone conversation with Jonathan Lechter, Garnet Haley, and Michelle Schaefer of the Telecommunications Access Policy Division of the Wireline Competition Bureau. Also, on Friday, February 1, 2013, Jon Cray, Kay Marinos, and Julie Thompson, Staff of the OPUC, participated in a teleconference with Jonathan Lechter and Kimberly Scardino of the Wireline Competition Bureau. All parties discussed the OPUC's petition to opt out of the National Lifeline Accountability Database filed on Friday, November 30, 2012.

The attached information addresses specific items discussed on the call. The numbers used in the attachment correspond to the numbers used in the OPUC opt out petition.

Pursuant to § 1.1206(b) of the FCC's rules, this letter is being filed electronically. Please contact me if you have questions or concerns on this matter.

Respectfully,

Jon Cray

Jon Cray
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cc (via e-mail): Jonathan Lechter
Kimberly Scardino
Michael Dougherty, OPUC Chief Operating Officer
Kay Marinos, OPUC Program Manager, Competitive Issues
Julie Thompson, OPUC RSPF Administrative Specialist

II. OVERVIEW OF OREGON PROCESS AND OBLIGATIONS OF ELIGIBLE TELECOMMUNICATIONS CARRIERS ("ETCs"), *SPECIFICALLY TWO PREPAID WIRELESS SERVICE PROVIDERS THAT OFFER A FREE LIFELINE BENEFIT*, TO COMPLY WITH THE STATE SYSTEM

The Public Utility Commission of Oregon ("OPUC") modified its processes slightly to accommodate the precipitous growth in applications due to the initial introduction of Lifeline services by Virgin Mobile and TracFone. These two ETCs collect and review their own Lifeline certification forms from applicants and send copies to the OPUC. In addition to the copies of the certification forms, Virgin Mobile and TracFone compile the customer's data in a file and upload it to a secure File Transfer Protocol ("FTP") site. The OPUC accesses the file on the FTP site and imports the data into BIZAPPS.

BIZAPPS is coded or programmed to identify duplicates through a comparison of the applicant's social security number with the process established specifically for Virgin Mobile and TracFone. If an applicant's social security number matches and their record in the system is flagged as active indicating that they are already an existing Lifeline customer with another ETC or they have a pending Lifeline application with a different ETC, BIZAPPS generates a letter reminding the customer that Lifeline benefits are limited to one landline or wireless service per household. The letter provides an opportunity for the customer to contact the OPUC if they prefer to receive Lifeline benefits with a different ETC.

The OPUC verifies the initial eligibility of remaining applicants who successfully pass the duplicate check by securely transmitting their data to the Oregon Department

of Human Services ("ODHS"). In addition to receiving ODHS benefits that qualify the applicant for Lifeline, their social security number and name must match. Otherwise, BIZAPPS generates a denial letter notifying the customer that they are not eligible. However, the letter also directs customer to contact the OPUC to contest their denied status. Applicants identified as eligible are sent an approval letter for their free Lifeline service from Virgin Mobile or TracFone.

After checking for duplicates and verifying eligibility, the OPUC uploads three files, via the FTP site, that report to Virgin Mobile and TracFone the status of their applicants:

1. Approved
2. Denied – duplicate
3. Denied - ineligible

This process takes only four (4) days from when these ETCs provide customer data to the OPUC and the OPUC reports customer duplicate **and eligibility** (emphasis added) status back to the ETC. Virgin Mobile and TracFone are not authorized to claim reimbursement until receiving this notification of eligibility from the OPUC.

2. The system on which the opt-out request is based must be able to facilitate a process to scrub individual and household duplicates from ETCs subscriber rolls. The state system must be sufficiently capable of handling whatever functions, if any, are necessary to implement the scrubbing process. The state should file any data in its possession regarding the individual and/or household duplicate rate in its state to demonstrate that

the process in the state has, in fact, successfully scrubbed individual and household duplicates from ETCs' subscriber rolls.

If a customer disconnects with an ETC and reapplies with another ETC, OPUC personnel accesses their record in BIZAPPS to ascertain whether they are flagged as active with the original ETC. If the customer's record indicates that they are not receiving Lifeline benefits with any other ETC, OPUC personnel then verifies that there is no other individual receiving Lifeline benefits at the address the customer provided on their certification form. OPUC staff also relies on the Active Customer Report described herein to determine that the customer is not still receiving Lifeline benefits with the original ETC. Once the latter is confirmed, OPUC staff accesses the customer's account in the ODHS database to certify their initial eligibility. Another benefit of the OPUC's access to customers' accounts in the ODHS database is the ability to determine that Lifeline eligible applicants at the same residential address are part of a separate household. This eliminates the need for the OPUC to send the applicant the self-certifying Lifeline Household Worksheet developed by USAC in these circumstances.

If the customer's record is flagged as active, OPUC staff, as a proactive and precautionary measure, e-mails the original ETC to confirm that the applicant has indeed disconnected or discontinued their Lifeline benefits. The ETC generally responds within the same day or within 24 to 48 hours. If the outcome shows that the applicant is still receiving Lifeline benefits with the original ETC, OPUC staff denies the application and mails a letter notifying the customer that Lifeline benefits are restricted

to one landline or wireless service. Customers are also given the option to contact the OPUC to switch their Lifeline benefits to their preferred ETC.

When OPUC staff discovers an individual duplicate, BIZAPPS generates a letter that educates the customer that Lifeline benefits are restricted to one landline or wireless service per household. The letter directs the customer to contact the OPUC within 30 days to select the ETC from which they wish to receive the Lifeline benefit. When the customer contacts us, OPUC staff immediately contacts the other ETC to discontinue the Lifeline benefit. If the customer does not contact the OPUC, staff randomly chooses an ETC to remove the Lifeline benefit.

In the event OPUC staff identifies a household duplicate where two customers are receiving the Lifeline benefit, OPUC staff accesses their accounts in the ODHS to determine whether they are part of a separate household. If the latter cannot be confirmed, OPUC staff will send the customers the self-certifying Lifeline Household Worksheet in these specific situations.

4. The system on which the opt-out request is based must have a means of verifying a subscriber's identity at the time a system query is made. In response to the query, the system must indicate whether the subscriber's identity can be verified, and if not, provide error codes to indicate why they could not be verified.

Until the OPUC has an opportunity to procure an identification verification solution, the OPUC, through an Oregon Administrative Rulemaking, will require applicants who qualify for Lifeline on the basis of income, National School Lunch Free

Lunch Program, Low Income Home Energy Assistance Program, or Federal Public Housing Assistance or whose identity cannot be confirmed via the DHS database, to provide documentation that validates their identify, including but not limited to an Oregon Driver License, birth certificate, U.S. military card or draft record, etc. OPUC staff will initiate this rulemaking within the next two weeks, which generally becomes effective 90 to 120 days after the proposal is submitted.

5. The system on which the opt-out request is based must include a dispute resolution process to ensure that subscribers are not wrongfully denied benefits, including those cases where a subscriber fails the automated identity check or where the subscriber's address is incapable of being recognized by the U.S. Postal System.

The frequency of complaints from customers we denied as ineligible for Lifeline benefits is rare because of the OPUC's direct access to the applicant's account in the ODHS database to verify their eligibility. Due process is available to denied applicants through the OPUC's Administrative Hearings Division if they escalate their complaint.

7. The system on which the opt-out request is based must capture the address and date of service initiation to which Tribal Link Up support is applied if Link Up support is offered in the state.

OPUC staff will initiate an Oregon Administrative Rulemaking within the next two weeks to require ETCs that offer Tribal Link Up support to report this data element on a

monthly basis to the OPUC. This rulemaking will generally become effective 90 to 120 days after the proposal is submitted.

10. The system on which the opt-out request is based must have the capability of receiving updates from ETCs both in real-time and in periodic batches.

The Oregon system is designed to receive updates from ETCs in periodic batches. Updates from the ETCs generally address customer account information, e.g., address, phone number, disconnection, etc. The ETCs do not directly update data in BIZAPPS nor are there plans to allow them to access the OPUC system due to confidentiality reasons; the OPUC staff is charged with making changes. Real-time updates are generally performed by the OPUC staff as it is the OPUC staff that determines individual customer eligibility, updates the customer database information to reflect eligibility and assignment to an ETC, and then informs the ETC of each specific customer's eligibility to receive Lifeline benefits from that ETC. A report of all Lifeline customers approved by the OPUC for the week is generated by the OPUC's Information Systems department and electronically sent to the respective ETC to apply the benefit the following week on Wednesday. After receiving the OPUC approval report and pursuant to Oregon Administrative Rule 860-033-0046, the ETC must report to OPUC staff customers it believes are not eligible for the Lifeline benefit before the next OPUC approval report is generated. OPUC staff notifies each customer and presents an opportunity for the customer to rectify the discrepancy in order to receive the Lifeline benefit.

Pursuant to Oregon Administrative Rule 860-033-0046, ETCs are required to submit updates to the OPUC in either monthly or quarterly batches in the form of two reports.

1. **Order Activity Report** – OPUC staff uses this report to update customer records in BIZAPPS. Customers whose service with the ETC was disconnected are de-enrolled and records are updated for a customer's new address or phone number. This report is essential in enforcing the FCC's one Lifeline benefit per household rule and ensures that the OPUC and ETC customer records are synchronized.

Oregon ETCs submit this report to OPUC staff in various formats (e.g. spreadsheet, text file, etc.) to analyze and manually update in BIZAPPS. One of the largest ETCs submits a file in a format required by the OPUC to import into BIZAPPS for automated updates. OPUC staff manually reviews and resolves discrepancies in data.

As the Lifeline base grows in Oregon due to the increasing number of prepaid wireless providers offering free Lifeline services, the OPUC is considering expanding this requirement to ETCs that have more than 500 to 1,000 Lifeline-enrolled customers to submit this report in the required BIZAPPS format to minimize the need for manual data entry.

2. **Active Lifeline Customer Report** – OPUC staff compares the ETC's Active Lifeline Customer Report with the records in the OPUC database to verify that the ETC enrolled only the OPUC-approved customers in Lifeline. Also, OPUC staff uses the Active Lifeline Customer Report to confirm that ETCs do not enroll or seek reimbursement for an ineligible customer. OPUC relies on this report as a supplement to corroborate whether an applicant has Lifeline benefits with another ETC.

The OPUC plays a comprehensive role in centralizing the state and federal regulations, policies, processes, procedures to successfully and responsibly administer

numerous aspects of the Lifeline program in Oregon. The OPUC's system includes all Lifeline customers in Oregon and a recent audit by the Universal Service Administrative Company identified only 0.13% duplicate rate among three of the largest ETCs in Oregon for November 2011. This is a testament that the OPUC system is robust in ensuring against duplicative Lifeline support. As the central point for approving applications by performing both duplicate checks and eligibility verification, the OPUC system and process ensures against duplicates, confirms eligibility and minimizes the overall time to process a customer application.

If the FCC does not grant the OPUC's opt-out petition, the OPUC will need to reassess its role in the administration of Lifeline for both state and federal purposes. A majority of ETCs in Oregon will be required for the first time to assume the Lifeline roles previously performed by the OPUC (e.g. processing applications, performing duplicate checks, verifying eligibility, etc.). The ETCs will be required to invest in significant resources and incur expenses to establish the necessary procedures and protocols to assume the roles performed by the OPUC to date. The eligibility verification processes the OPUC has in place will be discontinued. The OPUC would no longer provide verifiable oversight for Lifeline and the incidences of waste, fraud and abuse will likely increase significantly as a result.

The OPUC believes that its comprehensive role, commitment and partnership with the FCC is fundamental in ensuring the continuing integrity and stewardship of its joint state and federal Lifeline programs. This partnership serves to protect not only eligible low-income customers, but the interests of all telecommunications customers who contribute to the Federal Universal Service Fund.