

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

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

WC Docket No. 11-42

WC Docket No. 03-109

CC Docket No. 96-45

WC Docket No. 12-23

**PETITION FOR WAIVER AND COMPLIANCE PLAN OF CALIFORNIA
PUBLIC UTILITIES COMMISSION AND THE PEOPLE OF THE STATE
OF CALIFORNIA TO OPT OUT OF NATIONAL LIFELINE
ACCOUNTABILITY DATABASE**

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I. INTRODUCTION

The California Public Utilities Commission and the People of the State of California (CPUC or California) hereby file this compliance plan in accordance with the Federal Communications Commission's (FCC or the Commission) March 4, 2013 Order (Order)¹ released in the above-dockets. In the Order, the FCC conditionally certified the CPUC to opt out of the National Lifeline Accountability Database (National Database) in response to the CPUC's request². The FCC held that the opt out certification is conditioned on the CPUC implementing a third-party identity verification service into the California LifeLine Program. The Order requires the CPUC to file a compliance plan with the Wireline Competition Bureau demonstrating the steps that it is taking to implement the identity verification by June 1, 2013 and to implement it by August 1, 2013.

The CPUC has taken substantial steps to incorporate the identity verification service into the California LifeLine Program. However, for reasons discussed below, the CPUC requests additional five months - from August 1, 2013 to December 31, 2013 - to complete the implementation process. The CPUC plans to have the identity verification service fully operational by January 1, 2014.

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*; WC Docket No. 11-42; DA 13-329; (*Opt Out Order*); (rel. March 4, 2013).

² See Petition of the State of California Public Utilities Commission and the People of the State of California to Opt Out of National Lifeline Accountability Database, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 (filed Dec., 2012); *see also* Supplement to the California Public Utilities Commission and the People of the State of California's Petition to Opt Out of the National Lifeline Accountability Database, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 (filed Feb. 13, 2013).

II. BACKGROUND

In the *Lifeline Reform Order*,³ the FCC established the National Database to detect and eliminate duplicative Lifeline support provided to eligible persons. Because some states already had their own systems for eliminating duplicate Lifeline support, the Commission held that states could file a request to opt out of the National Database and to continue using their own systems. In response to this option, the CPUC filed a request to opt out of the National Database on December 3, 2012.

On March 4, 2013, the FCC granted the CPUC a conditional approval to opt out of the National Database. The FCC held that California's system was comprehensive and as robust as the system adopted by the Commission. However, the FCC also held that, in order to prevent fraud for duplicative support, the CPUC should incorporate a third party identity verification service by August 1, 2013.

III. DISCUSSION

A. COMPLIANCE PLAN

California uses a third-party administrator, Xerox State & Local Solutions, Inc. (Xerox), to perform Lifeline eligibility and verification determinations. Consumers applying for the California LifeLine discounts must complete, sign, and return their application before the due date printed on the application form along with the supporting documentation. During the initial application process, a service provider sends the

³ *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*; WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23; (FCC 12-11); Report and Order; rel. February 6, 2012 (*Lifeline Reform Order*).

customer record to Xerox. The customer record contains customer data and is reviewed, sorted, and processed by Xerox. Xerox executes the consumer's information against a validation process where the required fields are validated and a duplicate record check is performed. The system verifies and confirms the customer data against the Master Control Database (MCDB) where identity verification is not currently performed.

Presently, the Social Security Number (SSN) and Date of Birth (DOB) are not required from service providers when transmitting data to Xerox. Instead, applicants input their SSN and DOB into the application form.⁴ Therefore, the system in place now would only allow for the identity check to occur near the end of the application process instead of the front-end with the validation and duplicate checks.

California has contacted third-party identity verification service providers, Experian⁵ and LexisNexis, to determine the costs and specifications for identity checks. California plans to use the following three elements as the consumer's identity data set to perform the identity check:

- Name
- SSN
- DOB

LexisNexis responded and informed Xerox that a confidence threshold level needs to be established in order to define the acceptance and failure rate of the identity verification process. LexisNexis also stated that the method for determining the confidence threshold level and what would constitute a pass/fail result must be addressed prior to implementation. Xerox is currently waiting for LexisNexis to provide California

⁴ California began denying consumers that did not provide their SSN and DOB as of February 1, 2013.

⁵ Experian did not respond to California's request for information.

with a detailed explanation of how the confidence level will be calculated and recommendations for establishing an acceptance threshold based on best industry practices.

The interface to be used between Xerox and LexisNexis will be a web service utilizing Simple Object Access Protocol over a secure transmission of HTTPS. The parameters of the consumer's name that will be transmitted to LexisNexis will be parsed by First Name, Last Name, and Middle Initial. This will require Xerox to implement logic to parse the consumer's full name supplied by the service providers in the customer record.

When implementing the identity verification process, California will either require the service provider to send the customer Name, SSN and DOB upon processing the customer record (Option A) and invoking the identity verification check at the front-end, or performing the identity verification check immediately after the consumer's application is conditionally approved⁶ (Option B) during the application process. If California chooses Option A, it will require some action to be taken by both the service provider and Xerox since the data is not currently captured or provided by the service provider. Additionally, all validation, duplicate check, and identity check can occur simultaneously. However, implementation time would need to be increased to allow service providers time to change their processes to send Xerox the consumers' identity data sets.

⁶ Conditional approval would be based on the consumer's identity data set passing the identity check.

If California chooses Option B, no additional time or development is needed from the service provider, only Xerox. The identity verification check will be invoked immediately after the consumer's application is conditionally approved and prior to sending notification to the service provider and consumer. In the event the consumer's identity data set does not pass the identity verification check, a corresponding denial code and denial letter will be issued to the consumer. Option B would be used in the following situations:

- After the identity verification check is performed and the consumer's identity data set passes the agreed confidence threshold level, Xerox will notify the consumer and service provider of the approved decision.
- If the consumer's identity data set does not pass the identity verification check, Xerox will issue a correctable denial letter with a second application form to the consumer informing him/her of the reason why a second form was sent.
- If the consumer submits the second application form and is conditionally approved, and the consumer's Name, SSN, and DOB remain the same as previously submitted, a new identity verification check will not occur and a final denial will be issued due to a lack of an identity match. Both the consumer and service provider will be notified of the decision rendered with the corresponding denial code and reason.

- If the consumer submits the second application form and is conditionally approved, and the consumer's Name, SSN, or DOB is different from the previous data submitted, the identity verification check will be invoked again.
 - If the consumer's identity data set passes the second identity verification check, the consumer will be approved and notification will be sent to the service provider and consumer.
 - If the consumer's identity data set does not pass the identity verification check for a second time, a final denial will be issued due to a lack of an identity match. Both the consumer and service provider will be notified of the decision rendered with a corresponding denial code and reason generated.

Although the identity verification check is currently scheduled to only run during the application process, it can also be executed for the renewal process and can occur immediately after the renewal form is conditionally approved. If the consumer's identity data set submitted during the application process is the same as the data submitted during the renewal process, then the identity check does not have to run. However, if the consumer's identity data set does not match between the application and renewal processes, then an identity check can be run. Below are activities that can possibly result when an identity check is performed because of the mismatch of consumer data:

- If, at renewal, the consumer's Name, SSN or DOB varies from the previous data submitted, the identity verification check will be invoked immediately after the renewal form is conditionally approved.
 - If the consumer's identity data set passes the agreed confidence threshold level, Xerox will notify the consumer and service provider of the approved decision and the consumer will continue to receive the discount. Notification will be sent to the service provider and participant.
 - If the consumer's identity data set does not pass the identity verification check, Xerox will issue a correctable denial letter with a second renewal form to the consumer informing them of the reason why a second renewal form was sent.
- If the consumer submits the second renewal form and is conditionally approved, and the consumer's Name, SSN, and DOB remain the same between the first and second forms, there will not be another identity verification check. Instead, a final denial will be issued due to a lack of an identity match. Both the consumer and service provider will be notified of the decision rendered with the corresponding denial code and reason.
- If the consumer submits the second renewal form and is conditionally approved, and the consumer's Name, SSN, and DOB are different from the first renewal form, then an identity check can be run. If the consumer's identity data set does not pass the identity verification check for a second time, a final denial will be

issued due to a lack of an identity match. Both the consumer and service provider will be notified of the decision rendered with the corresponding denial code and reason generated.

Each verification request will cost \$0.42 cents, even if the check is made against the same data but multiple times. For the second and subsequent years, each request will increase to \$0.45 cents per identity verification request.

B. PETITION FOR WAIVER

While the CPUC is well in on its way to incorporating the identity verification service into our California LifeLine Program, we request additional five months (from August 1, 2013 to December 31, 2013) to complete the implementation. More time is needed in order to finalize the verification logistics with LexisNexis as explained above. Additionally, Xerox is currently undergoing audit review and is therefore unable to devote more resources to the verification implementation at this time. The CPUC will also need to obtain approval from various controlling agencies in the State of California in order to amend the service agreement with Xerox. Approval must be obtained before any work can begin by Xerox. We estimate that this process will take, at a minimum, two to three months.

IV. CONCLUSION

The CPUC is diligently working with LexisNexis to incorporate a third party identity verification service into the California LifeLine Program, but requests additional five months – from August 1, 2013 to December 31, 2013- to complete the

implementation for the reasons discussed above. The CPUC plans to have the identity verification service fully operational by January 1, 2014.

Respectfully submitted,

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