

June 17, 2013

Marlene Dortch
Secretary
Federal Communications Commission
445 Twelfth Street S.W.
12th Street Lobby, TW-A325
Washington, D.C. 20554

Re: *In the Matter of TracFone's Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers*, DA 13-1109; *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.

This letter is filed in response to the Petition for Rulemaking filed by TracFone Wireless, Inc. (TracFone) to amend the Commission's Lifeline rules to prohibit in-person distribution of handsets to prospective lifeline customers.¹ Pursuant to the Commission's Public Notice, responsive comments are due June 17, 2013.²

¹ See *Petition for Rulemaking to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers; Lifeline and Link UP Reform and Modernization et al.*, Petition for Rulemaking, WC Docket Nos. 11-42 *et al.*, CC Docket No. 96-45 (filed May 13, 2013) (TracFone Petition).

² See Public Notice for Comment on TracFone's Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers, WC Docket Nos. 11-42, 03-109, 12-23, CC Docket No. 96-45, DA 13-1109 (May 16, 2013)(Public Notice).

The Commission's Lifeline rules require the removal of duplicative support on a household basis. This rule has significantly reduced waste of program support nationwide. When the national database is in place for all carriers to ascertain that applicants are eligible for Lifeline, along with the database to eliminate duplicates, the FCC will be able to further reduce waste, fraud and abuse in the Lifeline program.

However, as an important interim step, in-person distribution of handsets should be addressed. It appears that certain providers are distributing wireless handsets in person, without knowing whether the applicants are eligible or if they are already recipients of Lifeline support. Providing a phone prior to an eligibility determination is akin to providing a credit card without a credit check. Indeed, the issue of in-person phone distribution has garnered so much adverse publicity that some members of Congress have questioned whether the program should continue at all.

We believe that a rule that prohibits in-person distribution of handsets to prospective Lifeline customers will achieve the goal of significant savings to the Lifeline program and will diminish waste, fraud and abuse substantially. Further, such a rule would improve the Lifeline program. Accordingly, we support the adoption of this rule.

Every subscriber must demonstrate eligibility to receive the Lifeline benefit prior to enrollment. Subscribers also need to be informed of the eligibility standards, the program requirements and the Commission's rule permitting only one Lifeline discount per household. Unfortunately, despite the FCC's reforms, the stories of carriers (or more likely their agents) distributing handsets on street corners to people without first verifying

eligibility or determining whether support would be duplicative continue to be aired.³ It appears that agents are paid a commission for every customer who signs an application and takes a handset. Further, it seems there is little education informing consumers about the Lifeline program qualifications and its rules against duplicate service.

Many carriers that provide in-person distribution of handsets may be doing so in a lawful manner after first determining subscriber eligibility. However, abusive marketing tactics combined with in-person distribution of handsets is difficult to police. Further, this practice puts the Lifeline program in a bad light.

We agree that a Commission rule prohibiting in-person distribution of handsets in coordination with the Commission's duplicate and eligibility rules will improve the program. Customers will not be negatively impacted by a waiting period for eligibility to be determined by the carrier or the state Lifeline administrator. Moreover, Congress will see that the program is operating in an economically efficient and effective manner

We appreciate the opportunity to provide comments in response to the Public Notice and encourage the Commission to continue to adopt reasonable reforms to strengthen the integrity of the Lifeline program.

³ See TracFone Petition at 3 n. 9.

Respectfully submitted,

**Public Service Commission of the
District of Columbia**

/s/ Commissioner Betty Ann Kane

Nebraska Public Service Commission

/s/ Commissioner Anne C. Boyle, Chair

/s/ Commissioner Frank E. Landis

/s/ Commissioner Tim Schram

/s/ Commissioner Rod Johnson

/s/ Commissioner Gerald L. Vap

Vermont Public Service Board

/s/ Commissioner James Volz, Chair

/s/ Commissioner David Coen

/s/ Commissioner John Burke

Indiana Utility Regulatory Commission

/s/ Commissioner Jim Atterholt, Chairman

/s/ Commissioner Larry Landis

Mississippi Public Service Commission

Public Utilities Commission of Ohio

/s/ Commissioner Lynn Slaby

West Virginia Public Service Commission

/s/ Commissioner Ryan B. Palmer