

**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

**OPPOSITION OF THE  
UNITED STATES TELECOM ASSOCIATION**

The United States Telecom Association (USTelecom)<sup>1</sup> submits these comments in opposition to the Petition for Rulemaking (“*Petition*”) filed by the Lifeline Reform 2.0 Coalition (“Coalition”).<sup>2</sup> The Coalition urges the Commission to commence a rulemaking proceeding for the purpose of amending its Lifeline rules to adopt several proposals which it contends would reduce fraud, waste and abuse in the Lifeline program.<sup>3</sup> The Commission should reject the *Petition* because it proposes rules that are unnecessary, ineffective and burdensome.

The Commission should continue its efforts to address fraud, waste and abuse in the Lifeline program. The best way to do this is to quickly adopt and operationalize a government-sponsored automated system of consumer eligibility and verification. Eligible telecommunications carriers (ETCs) that have engaged in fraudulent practices or violated the Commission’s rules should be quickly and strongly penalized for such actions.

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<sup>1</sup> USTelecom is the premier trade association representing service providers and suppliers for the telecommunications industry. USTelecom members provide a full array of services, including broadband, voice, data and video over wireline and wireless networks.

<sup>2</sup> See *Lifeline and Link Up Reform et al*, Lifeline Reform 2.0 Coalition’s Petition for Rulemaking to Further Reform the Lifeline Program, WC Docket No. 11-42 *et al* (filed June 28, 2013).

<sup>3</sup> See *Id* at 1.

The *Petition* proposes real and burdensome processes and requirements to address what it acknowledges several times are “perceived” abuses based on media accounts of the program.<sup>4</sup> Legitimate Lifeline providers should not be penalized because of the actions of bad actors that violate Commission rules. The Commission should address negative perceptions of the Lifeline program by ensuring that the program is run with processes that ensure the highest degree of integrity, including vigorous enforcement of its rules and prompt implementation of the National Lifeline Accountability Database (NLAD).

**I. Lifeline Eligibility and Verification Should be Administered by the Commission or its Designee**

The best way for the Commission to ensure that only eligible households participate in the Lifeline program is to eliminate service providers’ role in determining consumer eligibility. This can best be done through the operation of an automated process or database administered by a government entity, or an agent of a government entity, that would allow ETCs to quickly check eligibility. The Commission acknowledged that principle through its plans to develop and implement the NLAD.<sup>5</sup> In addition to being the best way to eliminate fraud, waste and abuse from the Lifeline program, a national eligibility database such as the NLAD would help preserve consumer privacy and provide more transparency and accountability for the determination of initial and continued eligibility for the Commission.

The *Petition* takes the opposite approach by actually expanding the role of ETCs participating in the federal Lifeline program in determining Lifeline eligible households. The

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<sup>4</sup> See *Petition* at 2, which refers to “perceived” abuses, “lingering concerns and perceptions” and representation of the Lifeline program “in a bad light.”

<sup>5</sup> See *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, 27 FCC Rcd 6656 (2012) (“*Lifeline Reform Order*”) at ¶ 97.

Petition’s proposals merely add to the burdens of Lifeline ETCs being forced to act in a quasi-governmental role without any assurance that the proposals would be enforceable, effective or serve the goal of increasing connectivity by low-income households.

## **II. The Proposed Changes to the Enrollment Process are Burdensome and Unnecessary**

The *Petition* suggests that ETCs should be required to review government-issued photo ID at the time of enrollment. But the Commission’s suggested documentation for determining eligibility for the Lifeline program<sup>6</sup> does not and should not include the requirement for possession of a government-issued photo ID.

The *Petition* is unclear about whether the government-issued photo ID would need to be presented in person. A requirement that applicants present a photo ID in person would be a hardship for both potential customers and providers who wish to execute the application for Lifeline service by mail or online. Most carriers simply do not maintain locations for in-person review of Lifeline applications. The *Lifeline Reform Order* specifically encourages ETCs to “provide consumers with multiple options for presenting documentation of eligibility, including in-person and by mail.”<sup>7</sup> If the petitioners intend instead that applicants could submit a copy of a photo ID if the transaction is not conducted in person, it is unclear how that requirement would reduce concerns about fraud. And, of course, the government-issued photo ID does not speak to the eligibility of the household for the Lifeline discount.

Moreover, the suggestion in the *Petition* that the Lifeline ETC retain copies of the ID and proof of eligibility documentation merely exacerbates concerns about Lifeline ETCs safeguarding the privacy of sensitive consumer information. The *Lifeline Reform Order*

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<sup>6</sup> *Id* at ¶ 101.

<sup>7</sup> *Id* at ¶ 107.

specifically states that “ETCs are not required to *and should not* retain copies of the documentation.”<sup>8</sup> While accessing federal or state databases would be the optimal method to determine consumer eligibility and preserve privacy, absent implementation of the NLAD or similar database, destruction of such documentation is the next best way to ensure consumer privacy.

As to requiring employee review and approval of enrollments prior to activation to deal with improper conduct by agents of the ETC, such a rule is not necessary. The Commission’s recent “Enforcement Advisory” made very clear that ETCs “receiving federal universal service support from the Lifeline program ... are liable for any conduct by their agents, contractors, or representatives (acting within the scope of their employment) that violates the FCC’s Lifeline rules. ETCs, therefore, should take all necessary steps to ensure that they and their agents, contractors, and representatives scrupulously adhere to the Lifeline rules.”<sup>9</sup> Companies may wish to adopt employee review and approval of all enrollments to ensure compliance with Commission rules, but a new rule mandating such review is unnecessary. Similarly, a rule is not necessary to mandate “greater ETC control over mobile and retail in-person enrollment locations”<sup>10</sup> when such control should already be exerted by the ETC to ensure compliance with current Commission rules.

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<sup>8</sup> *Id* at ¶ 101.

<sup>9</sup> See FCC Enforcement Advisory No. 2013-4, *Lifeline Program Lifeline Providers are Liable if Their Agents or Representatives Violate the FCCs Lifeline Program Rules*, DA 13-1435, which makes reference in n. 7 to ¶ 110 of the *Lifeline Reform Order* holding the regulated party responsible for violations of the Commission’s rules committed by agents.

<sup>10</sup> See *Petition* at 3.

ETCs should not be required to report applicant approval and rejection rates annually on Form 555 reports, contrary to the request in the *Petition*.<sup>11</sup> The mere illustration that some applicants were rejected does not confirm that the ETC is in compliance with the Lifeline enrollment requirements. Again here, the *Petition* suggests adding unnecessary administrative burdens to Lifeline ETCs to address the public relations problem that has been created by a few bad actors. Vigorous enforcement of the Commission's rules to address abuses is a far superior solution compared with the addition of excessive and ineffective regulations.

Lifeline ETCs should not have to read a potentially lengthy list of other ETCs by name when enrolling an applicant in Lifeline. First, even this would not ensure that a customer was not receiving the discount from another Lifeline provider, as consumers may know their service provider by a name other than that of the actual ETC; for example, "SafeLink" instead of TracFone. Second, it would be burdensome for Lifeline ETCs to have to keep an updated list of other Lifeline providers along with all the branded names under which they offered their service. Third, some consumers may be receiving services from a provider on the list but not receiving the Lifeline discount on that service, so reading such a list would add to consumer confusion. Finally, this requirement would add further to the costs of processing Lifeline applications.

### **III. The Commission Should Not Mandate Access to Live Customer Service Representatives**

It is within the Commission's purview to establish rules to deter fraud, waste and abuse in the Lifeline program, but clearly inappropriate for the Commission to mandate how providers operate their businesses within those rules. The market will decide whether consumers value live customer service representatives. The Commission need not and should not make such a

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<sup>11</sup> *Id* at 19.

determination through its rulemaking process. Moreover, the *Petition* provides no explanation of how live CSRs will deter fraud, waste and abuse in the Lifeline program.

#### **IV. Subscribers May De-Enroll at Any Time Without Providing a Reason**

USTelecom agrees that subscribers should be able to de-enroll from the Lifeline program at any time without having to provide a reason or submit any paperwork, but the *Petition* provides no evidence that any carrier imposes such requirements. Without evidence of a problem, there is no reason for the Commission to adopt a solution, particularly a regulatory solution.

#### **V. The Commission Should Not Increase Audit Requirements on Established ETCs**

USTelecom does not object to the suggestion in the *Petition* that somewhat more rigorous audit requirements than the current requirements be applied to ETCs that activated their first study area code in 2011, as well as Lifeline providers that activated a new study area code to provide Lifeline service for the first time. A greater level of oversight may also be needed for new ETCs that may have a record of significant violations of the Commission's rules. However, such requirements should not apply uniformly to all smaller ETCs, many of which are incumbent local exchange carriers that have sterling records of compliance with the Lifeline rules.

#### **VI. Conclusion**

The Commission should reject the *Petition* because it proposes rules that are unnecessary, ineffective and burdensome. The Commission should continue its efforts to stamp out fraud, waste and abuse in the Lifeline program. The best way to do this is to quickly adopt and

operationalize a government-sponsored automated system of consumer eligibility and verification. ETCs that have engaged in fraudulent practices or violated the Commission's rules should be quickly and strongly penalized for such actions.

Respectfully submitted,

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