

**Before the
Federal Communications Commission
Washington, DC 20554**

In the matter of)	
)	
Lifeline Reform 2.0 Coalition)	WC Docket No. 11-42
)	
Petition for Rulemaking to Further Reform the Lifeline Program)	

REPLY COMMENTS OF COX COMMUNICATIONS, INC.

Cox Communications, Inc. (“Cox”), by its attorneys, hereby submits its reply comments on the Petition for Rulemaking to Further Reform the Lifeline Program (the “Petition”) filed by the Lifeline Reform 2.0 Coalition.¹ As discussed below, the Commission should deny the Petition and decline to open a new rulemaking for two specific reasons. First, there is no justification for the Commission to undertake significant changes in the current Lifeline rules when it still is implementing the reforms adopted in 2012 and earlier this year. Second the proposals in the Petition are onerous and would have little effect on fraud, waste and abuse in the Lifeline program, especially when compared to alternative approaches such as the full implementation of the National Lifeline Accountability Database (“NLAD”), and automation of the Form 497 process through the NLAD. Full implementation of the NLAD will be far more effective in addressing fraud, waste and abuse than any of the proposals in the Petition.

I. There Is No Good Reason to Undertake Yet Another Lifeline Reform Rulemaking.

As the Petition acknowledges, the Commission already has undertaken substantial efforts to reform Lifeline, issuing two orders since February, 2012, with a focus on reducing fraud,

¹ See Public Notice, “Wireline Competition Bureau Seeks Comment on Lifeline Reform 2.0 Coalition’s Petition for Rulemaking to Further Reform the Lifeline Program,” WC Docket No. 11-42, DA 13-1576 (rel. Jul. 15, 2013).

waste and abuse.² The reforms adopted in these orders are still being implemented, and substantial financial savings already have been realized through the changes in the rules.³ The Commission's most recent order, issued only weeks before the Petition was filed, specifically addressed how service providers verify customer eligibility.⁴

The Petition does not argue that these changes have been inadequate to address any actual issues. In fact, it acknowledges that the changes have “resulted in significant cost savings” and “a dramatic reduction of waste, fraud and abuse.”⁵ The Petition then states, however, that additional reforms “could be useful and effective in addressing lingering concerns and perceptions” concerning fraud, waste and abuse.⁶ As USTelecom notes, mere “concerns and perceptions” are not an appropriate basis for a new rulemaking that would penalize legitimate Lifeline providers.⁷ Instead, “[t]he 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,” and by enforcing the rules against bad actors.⁸

The Commission already has begun to take such steps, including enforcement actions against individuals and providers that have tried to evade the limitations of the Lifeline program.⁹ These enforcement actions and the continued implementation of the existing rules

² Petition at 2, *citing* Lifeline and Link Up Reform and Modernization, *Report and Order and Further Notice of Proposed Rulemaking*, 27 FCC Rcd 6656 (2012) (“*Lifeline Reform Order*”) and Lifeline and Link Up Modernization and Reform, *Order*, WC Docket No. 11-42, DA 13-1441 (rel. June 25, 2013) (the “*Lifeline Verification Order*”).

³ See Public Notice, “Wireline Competition Bureau Issues Final Report on Lifeline Program Savings Target,” WC Docket No. 11-42, DA 13-130 (rel. Jan. 31, 2013) (reporting that reforms saved \$213 million in 2012, exceeding the Commission’s target).

⁴ *Lifeline Verification Order* at 3 (codifying requirement to verify eligibility before activating Lifeline service).

⁵ Petition at 2.

⁶ *Id.*

⁷ Comments of United States Telecom Association (“USTelecom”) at 2.

⁸ *Id.*

⁹ See, e.g., YourTel America, Inc., *Order*, File No. EB-11-IH-1589, DA 13-286 (rel. Feb. 26, 2013) (adopting consent decree following investigation of company for violation of Lifeline rules limiting support to one line per household, with \$160,000 voluntary payment to U.S. Treasury and three year compliance plan); W. Brown, *Citation*

will greatly reduce the actual incidence of fraud, waste and abuse. Thus, the Commission is best served by concentrating on what it is doing already, rather than diverting its efforts to the Petition.

II. There Is a Better Alternative to the Proposed Rulemaking.

The Petition argues for piecemeal fixes to a problem that, as noted above, appears to be more a matter of perception than reality. These changes would be burdensome, but would have little benefit. Additionally, some of the issues intended to be addressed by these changes will be addressed through implementation of the NLAD, so any benefits from the Petition's proposals would only be in the short term. Therefore, a better solution would be to fully implement the NLAD and additionally to use the NLAD to automate the production of Form 497s, as contemplated in the *Lifeline Reform Order*.

A. The Cost of the Proposals in the Petition Would Outweigh the Benefits.

Possibly the most common concern of commenters is that the Petition's proposals would be unduly burdensome, particularly in light of the minimal potential benefits of such a regime.¹⁰ Cox agrees with this assessment.

The first problem with the proposals is that they would require service providers to implement largely new processes to accomplish what they already are required to do – verify the eligibility of Lifeline applicants. The Petition presents no evidence that the requirements it suggests would be more effective than existing procedures, but they would add significantly to the paperwork already required and to the personnel expenses associated with providing Lifeline.

and Order, File No. EB-12-IH-1629, DA 13-195 (rel. Feb. 13, 2013) (citing subscriber for receiving 11 Lifeline-supported telephone lines and ordering him to cease and desist from purchasing excess Lifeline services).

¹⁰ See, e.g., Comments of Cincinnati Bell at 3 (requiring in-person enrollment would require new processes and new expenses that are not justified), Comments of Cricket Communications, Inc. at 5 (tracking enrollment locations), Comments of Smith Bagley, Inc. at 5-6 (no evidence that requiring government-issued photo identification would significantly help reduce fraud, waste and abuse); Comments of Sprint at 2-3, 4-5 (proposed in-person photo identification requirement and other service provider employee obligations are unworkable and cumbersome); Comments of TracFone Wireless at 5, 8-10 (proposed requirements would be unworkable and ineffective); Comments of USTelecom at 2 (proposed processes would be burdensome).

In fact, the proposals are based on ideas that either already have been considered and rejected by the Commission or that have very little likelihood of improving compliance. For example, the Commission already has considered requiring eligible telecommunications carriers (“ETCs”) to retain documentation of eligibility and has determined that it is sufficient to retain a record of the review of that documentation.¹¹

The burden associated with verifying customer identities as proposed in the Petition is particularly great, because it would require scanning or copying identity documents, encrypting them and transmitting them to wherever records are kept.¹² This approach also is unnecessary for wireline services because, as Cincinnati Bell points out, there is little risk of identity fraud since these services involve fixed addresses known to the service providers.¹³

Similarly, there does not appear to be any meaningful benefit to reporting rejection rates for Lifeline applicants or to reading a list of other ETCs when a customer is enrolling in Lifeline.¹⁴ Rejection rates say nothing about whether a service provider is complying with the verification rules, and listing other carriers will mean only that it will take longer to enroll each new customer. Like much of what is suggested in the Petition, these proposals would just increase the cost of providing Lifeline.¹⁵

B. Reliance on the NLAD Database Is a Better Path to Reducing Waste, Fraud and Abuse.

If the Commission believes it should take some action, there is a better alternative to the proposals in the Petition. As several commenters suggested, the Commission could, instead,

¹¹ *Lifeline Reform Order*, 27 FCC Rcd at 6702-3. In this respect, the Petition effectively is a late-filed petition for reconsideration.

¹² Petition at 6-7.

¹³ Comments of Cincinnati Bell at 3.

¹⁴ Petition at 9, 18-19 .

¹⁵ See Comments of the Independent Telephone & Telecommunications Alliance at 4-6 (discussing burdens of these and other proposals in the Petition).

focus its efforts on the implementation of the NLAD.¹⁶ Further, the Commission could, as proposed in the *Lifeline Reform Order*, use the NLAD to generate Form 497s for ETCs.

As USTelecom explained, using the NLAD to determine eligibility has many advantages.¹⁷ A fully-implemented NLAD would be more efficient for service providers, allowing for swift verification of identity and eligibility and reducing the likelihood of duplicative subsidies for eligible households. Using the NLAD also would enhance consumer privacy, as it would be the sole repository of information on why consumers are eligible for Lifeline. Consequently, full implementation of the NLAD would benefit both consumers and service providers, and should be a Commission priority.

The Commission can further improve the utility and value of the NLAD by using it to generate Form 497s. The current process depends on service provider reporting, and consequently has potential for error and even deliberate fraud. While audits can address these issues in some cases, the Universal Service Administrative Company does not have the capacity to audit every service provider every year (and doing so would be burdensome for the service providers as well). Using the NLAD to generate the Form 497s would eliminate duplicate payments, reduce the potential for errors and fraud, and also could reduce the need for audits.

This is not a new idea. In fact, the Commission already has suggested that the NLAD can be used in this way. In the *Lifeline Reform Order*, the Commission specifically noted that full implementation of the NLAD would allow Form 497s to be autogenerated and that “the autogeneration of Form 497s would both reduce fraud and ETCs’ compliance burden.”¹⁸ The Commission should act now to make this capability available as soon as possible.

¹⁶ See, e.g., *id.* at 7; Comments of Michigan Public Service Commission at 4 (NLAD is “core method” to prevent duplication).

¹⁷ Comments of USTelecom at 2.

¹⁸ *Lifeline Reform Order*, 27 FCC Rcd at 6739; see also *id.* at 6736, 6754-5, 6754 n. 596 (citing Cox comments).

III. Conclusion

For all of these reasons, the Commission should act in accordance with these reply comments and deny the Petition.

Respectfully submitted,

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