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## Public Service Commission

April 6, 2011

### VIA ELECTRONIC FILING

The Honorable Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

**Re: Comments of the Florida Public Service Commission in WC Docket No. 11-42, Lifeline and Link-Up Reform and Modernization; CC Docket No. 96-45, Federal-State Joint Board on Universal Service; and WC Docket No. 03-109, Lifeline and Link-Up**

Dear Ms. Dortch:

Forwarded herewith are comments of the Florida Public Service Commission in the above dockets regarding Lifeline and Link-Up.

Bob Casey at 850-413-6974 is the primary staff contact on these comments.

Sincerely,

/ s /

Cindy B. Miller  
Senior Attorney

CBM:tf

cc: Kimberly Scardino, Telecommunications Access Policy Division  
Charles Tyler, Telecommunications Access Policy Division  
James Bradford Ramsay, NARUC

**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
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109

**COMMENTS OF  
THE FLORIDA PUBLIC SERVICE COMMISSION**

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## INTRODUCTION AND SUMMARY

The Florida Public Service Commission (FPSC) submits these comments in response to the Notice of Proposed Rulemaking (NPRM) released on March 4, 2011. In this NPRM (FCC 11-32), the Federal Communications Commission (FCC) seeks comment on its set of proposals to reform and modernize Lifeline and Link-Up, including recommendations of the Federal-State Joint Board on Universal Service, the Government Accountability Office, and the National Broadband Plan.

Paragraph 38 of the NPRM discusses the relative burden of the Universal Service Fund (USF) on consumers. Several states, including Florida, continue to shoulder a disproportionate burden of funding the program. There is a huge disparity between the amount of money collected from Florida customers for the USF and the amount of money coming back into Florida to eligible telecommunications carriers (ETCs) through the federal USF. For the year 2009, Floridians paid \$496 million into this fund and received back \$222 million for a net contribution from Florida into the fund of (\$274 million). Florida has been the largest net contributor to the federal USF for at least 11 years (1999-2009). The FPSC is concerned about the inequity in the amount Florida customers are paying into the federal USF versus the amount the USF is disbursing to the State of Florida. The FPSC encourages the FCC to address this inequity during the proceedings to reform the USF.

The FPSC encourages the FCC to consider the following:

1. ETCs should provide such information as customer names, addresses, the last four digits of a Lifeline customer's social security number, birthdates, or other unique household-identifying information to the Universal Service Administrative Company (USAC) when filing for reimbursement using USAC's Form 497.

2. When duplicate USAC payments are identified, ETCs should notify the customer that they have 30 days to select a single ETC to provide Lifeline service going forward.
3. The FCC should restrict recovery for duplications only upon a showing of negligence by the ETC.
4. The FCC should codify as a rule the current practice of requiring unique residential addresses, in order to assist both ETCs and USAC in determining whether an applicant is already receiving Lifeline or Link-Up service.
5. The FCC should clarify that Line 9 of Form 497 must be used by carriers to adjust their support claim if they lose or gain subscribers during the month.
6. If toll limitation service is eliminated, the FCC should consider how much deposit a Lifeline customer would be required to provide, and determine what amount of deposit would be considered excessive.
7. ETCs should not impose a customary charge only on low-income customers in order to inflate the amount of reimbursement received from the USF.
8. The FCC proposal should amend its rules to define “customary charge for commencing telecommunications service” as the ordinary initiation charge that an ETC routinely imposes on all customers within a state.
9. The FCC should require all ETCs seeking Link-Up reimbursement to submit cost support to USAC for the revenues they forgo in reducing their customary charges.
10. FCC rules should be clarified to prohibit ETCs from seeking more than one Link-Up subsidy for the same customer at the same location.

11. The FCC should adopt a rule that prohibits resellers from imposing a connection charge on consumers when the underlying wholesale provider has not assessed a similar connection charge on the reseller.
12. The FCC should amend its rules to prevent competitive ETCs which do not submit monthly bills to their Lifeline customers from obtaining Lifeline support for inactive consumers.
13. Charging a Lifeline customer a minimum monthly charge such as one dollar would not be cost-effective.
14. If the FCC proposes rules requiring ETCs to de-enroll their Lifeline customers from the program under specified circumstances, it should take into consideration existing state laws regarding termination of Lifeline customers.
15. The FCC should require that all new ETCs be audited after the first year of providing Lifeline-supported service, and random audits should be continued for all ETCs to ensure ongoing compliance with low-income rules.
16. The FCC should create a process whereby states are allowed to request that ETC disbursements be suspended for ETCs that are being investigated for possible waste, fraud or abuse of the USF.
17. The FCC should adopt a one-per-residential address requirement for Lifeline service except for group-living facilities such as homeless shelters.
18. The FCC should require all ETCs to obtain a certification when initially enrolling a subscriber and again during the annual verification process that the subscriber is receiving Lifeline support for only one line per residence.

19. Providing Lifeline/Link-Up support for one wireless service per eligible adult, rather than one service per residential address goes well beyond the “sufficient” requirement in 47 U.S.C. § 254(b)(5).
20. The FCC should limit low-income USF support to a single subscription per U.S. Postal address, except in the case of group-living facilities such as homeless shelters.
21. Residents of commercially-zoned buildings such as homeless shelters, halfway houses, domestic-violence shelters, or other group living facilities should be allowed to participate in the Lifeline program if they are eligible.
22. The FCC should cap the size of the low-income program until the implementation of structural reforms proposed in this NPRM.
23. The FCC should continue to provide discretion to the states to administer key aspects of the low-income program, such as eligibility, enrollment, and ongoing verification of eligibility.
24. The FCC should initiate its sample-and-census proposal for Lifeline verification. If an ETC’s ineligibility rate exceeds the set threshold, it should be required to perform a census of all Lifeline customers each year until the ETC can establish that fewer than 5 percent of respondents are ineligible.
25. The FPSC supports the creation of a database to verify consumer eligibility, track verification and check for duplicates to ensure greater program accountability, as long as it is maintained by an independent administrator and operated under strict confidentiality provisions to protect the Lifeline subscriber’s/applicant’s personal identifying information.

26. The FPSC urges the FCC to continue to help increase awareness of the Lifeline and Link-Up programs.
27. The FPSC does not believe the FCC should impose particular marketing guidelines on ETCs, but the FCC needs to ensure that ETCs explain the Lifeline program to consumers so they fully understand the benefit being offered with the product to prevent the problem of duplicate support.
28. ETCs should not be required to submit a marketing plan to the state public service commissions but should work cooperatively with them to develop creative awareness campaigns.
29. The FCC should expand its existing *Lifeline Across America Working Group*--comprised of FCC, state public service commission, and NASUCA representatives--to include wireline and wireless ETC representatives.
30. The FCC should encourage state public service commissions to work with their designated social service agency(s) to develop and maintain Lifeline coordinated enrollment processes and distribute Link-Up and Lifeline educational materials.
31. ETCs marketing their Lifeline-supported products under a trade name should include language in the name of their service offering or in the description of the service to clarify that the offering is supported by Lifeline and explain the Lifeline program. The FCC could require ETCs to develop plain and simple language--which explains the specific Lifeline subsidy--for use in their product marketing.
32. The FPSC supports the FCC proposal to replace the term "basic local service" with "voice telephony service" for universal service purposes.

33. The FPSC opposes expanding the definition of supported services to include broadband unless the expansion were a part of an overall cap.

34. If Lifeline broadband is adopted by the FCC, it should only allow consumers a single discount off a single service and not multiple Lifeline discounts on multiple services.

## **IMMEDIATE REFORMS TO ELIMINATE WASTE, FRAUD, AND ABUSE**

### **DUPLICATE CLAIMS**

The FCC historically has allowed only one Lifeline credit per household. The results of the Universal Service Administrative Company audit<sup>1</sup> discussed in paragraph 48 of the NPRM show that multiple ETCs (wireline/wireless) seeking reimbursement for Lifeline service provided to the same residence is a major problem. At this time, these ETCs have no way to determine if another ETC is providing Lifeline service to the same customer.

#### *Measures to Assist in Detecting Duplicate Claims*

In order for an ETC to receive reimbursement for providing Lifeline and Link-Up discounts to eligible consumers, it must submit a Form 497 to the USAC. Presently when filing Form 497 with USAC for reimbursement, an ETC must certify that the data contained in this form has been examined and reviewed and is true, accurate, and complete. The ETC is not required to submit any supporting documentation that the numbers it recorded on Form 497 are true and correct. The FPSC supports the FCC's proposal to require ETCs to provide such information as customer names, addresses, the last four digits of a Lifeline customer's social security number,<sup>2</sup> birthdates,

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<sup>1</sup> USAC Independent Auditor's Report, Audit No. LI2009BE006 (December 3, 2010) (TracFone Audit).

<sup>2</sup> Rule 25-4.0665(9), Florida Administrative Code, provides that eligible telecommunications carriers shall only require a customer to provide the last four digits of the customer's social security number for application for Lifeline and Link-Up service and to verify continued eligibility for the programs as part of the annual verification process.



or other unique household-identifying information to USAC on their Forms 497, as long as it is under strict confidentiality provisions to protect the Lifeline subscriber's/applicant's personal identifying information. The FPSC believes that the benefits of requiring subscribers to provide such information to protect the USF from waste, fraud, and abuse, outweighs the burden.

*Remedies to Address Duplicate Claims*

In paragraph 58 of the NPRM, the FCC explains the process being used to address duplicate subsidies when more than one ETC seeks support for the same subscriber from USAC for the same address. Currently, when a duplicate subsidy is discovered, USAC is to notify the ETCs to discontinue including the duplicate subscriber in their list of subscribers for which the ETCs are claiming Lifeline support on the FCC Form 497. ETCs must notify the subscriber by phone, and in writing where possible, and explain that the subscriber has 30 days to select one Lifeline provider or face de-enrollment from the program. Once the subscriber selects a single Lifeline provider for the household by signing a new certification, the chosen ETC must notify USAC and the other ETC. The selected ETC may then seek reimbursement for the subscriber going forward, while the other ETC must de-enroll the household from its Lifeline service and may not seek reimbursement for that subscriber going forward. The FPSC believes this process may be burdensome and time-consuming to not only the ETC but also the Lifeline consumer.

The FPSC believes that when duplicate payments are identified, ETCs should notify their customers that they have 30 days to select a single ETC to provide Lifeline service going forward. If the customer makes a timely selection, the carrier not selected will no longer receive Lifeline support for that customer. If the customer fails to make a timely selection, the carrier that has provided continuous Lifeline service to the customer for the longest period of time

would continue to receive Lifeline support and the other carrier would no longer receive support for that customer.

In paragraph 62 of the NPRM, the FCC proposes that "...USAC would be required to seek recovery for funds from all ETCs with duplicates for the applicable period—*i.e.*, if one or more individuals residing at the same address have been obtaining Lifeline support from two or more providers simultaneously, USAC would be required to seek recovery from all implicated providers for all support received during the period of duplicative service..." The FPSC believes that this approach would punish the ETCs for something that is not within their control at this time. In this scenario, an ETC would have no way to cross-check another provider's database to determine if the Lifeline applicant is already receiving Lifeline benefits from another provider. Punishing both ETCs for something they could not control may have a detrimental effect on the Lifeline program as ETCs may not want to sign up new Lifeline applicants. The FPSC believes the FCC should restrict recovery only upon a showing of negligence by the ETC. If duplicate support is recovered from an ETC, it should be up to the ETC whether to seek recovery from the customer.

#### *Addresses*

The FPSC believes that the FCC should codify as a rule the current practice of requiring unique residential addresses, in order to assist both ETCs and USAC in determining whether an applicant is already receiving Lifeline or Link-Up service. However, the FCC needs to evaluate situations for applicants who may be residing in facilities where residents don't have unique addresses such as homeless shelters, halfway houses, or domestic violence shelters. In these situations, often there is no specific apartment number, room number, or bed number. Homeless

persons may also be living on the street or in their car and use a General Delivery address at the post office. These persons would have to be evaluated based upon unique personal information as proposed by the FCC - name, birth date, and social security. The only way to prevent one person from receiving two wireless Lifeline credits from two different providers would be to have a state or national database that could cross-reference Lifeline customers of different companies.

### PRO RATA REPORTING REQUIREMENTS

In prior comments before the FCC,<sup>3</sup> the FPSC has recommended that the FCC should clarify that Line 9 of Form 497 must be used by carriers to adjust their support claim if they lose or gain subscribers during the month. Line 9 of Form 497 states, “Check box to the right if partials or pro rata amounts are used.” Having ETCs provide partial discounts on customer monthly bills for customers gained or lost during the month, and subsequently claiming a full month’s support from USAC is unacceptable and contrary to 47 C.F.R. §54.407(a), which states that ETCs can receive support based on the number of qualifying low-income consumers **it serves**. (emphasis added) The FPSC continues to believe that this process is necessary to protect the USF from waste, fraud, and abuse.

### ELIMINATING REIMBURSEMENT FOR TOLL LIMITATION SERVICE

The FCC is proposing amending its rules to eliminate Lifeline support for the costs of providing TLS to Lifeline customers. Florida statutes require ETCs to offer Lifeline customers toll limitation service.<sup>4</sup> FPSC rules state that eligible telecommunications carriers may not

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<sup>3</sup> Reply Comments of the FPSC in WC Docket No. 05-195. Filed December 15, 2008, at pp.4-5.

<sup>4</sup> Section 364.10(20)(b), Florida Statutes, provides that an eligible telecommunications carrier shall offer a consumer who applies for or receives Lifeline service the option of blocking all toll calls or, if technically capable, placing a limit on the number of toll calls a consumer can make. The eligible telecommunications carrier may not charge the consumer an administrative charge or other additional fee for blocking the service.

charge a service deposit in order to initiate Lifeline service if the subscriber voluntarily elects toll blocking or toll control. If the subscriber elects not to place toll blocking or toll control on the line, an eligible telecommunications carrier may charge a service deposit.<sup>5</sup> The FPSC has concerns that if TLS is eliminated, ETCs will charge Lifeline applicants excessive deposits. The FPSC is aware of some ETCs in Florida that presently charge a deposit of \$500 if a Lifeline customer declines TLS service. This amount of deposit is excessive and unaffordable for a typical Lifeline customer. The FPSC recommends that if TLS is eliminated, the FCC should consider how much deposit a Lifeline customer would be required to provide, and determine what amount of deposit would be considered excessive.

#### CUSTOMARY CHARGES FOR LINK-UP

Link-Up is defined as a reduction in the carrier's customary charge for commencing telecommunications service for a single telecommunications connection at a consumer's principle place of residence.<sup>6</sup> The FPSC believes that ETCs should not impose a customary charge only on low-income customers in order to inflate the amount of reimbursement received from the USF. The FPSC agrees with the FCC proposal to amend its rules to define "customary charge for commencing telecommunications service" as the ordinary initiation charge that an ETC routinely imposes on all customers within a state. The FCC should require all ETCs seeking Link-Up reimbursement to submit cost support to USAC for the revenues they forgo in reducing their customary charges. Costs associated with marketing and customer acquisition should not be considered part of Link-Up.

Activation charges that are waived, reduced, or eliminated when activation is

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<sup>5</sup> Rule 25-4.0665(18), Florida Administrative Code.

<sup>6</sup> 47 C.F.R. §54.411

accompanied by purchase of additional products, services, or minutes should not be considered customary charges eligible for universal service support. However, an exception should be made for situations where a state commission has ordered ETCs to waive the remainder of the connection charge not reimbursed by the USF.

The FPSC believes that the FCC rules should be clarified to prohibit ETCs from seeking more than one Link-Up subsidy for the same customer at the same location. The FCC should also adopt a rule that prohibits resellers from imposing a connection charge on consumers when the underlying wholesale provider has not assessed a similar connection charge on the reseller.

#### CUSTOMER USAGE OF LIFELINE-SUPPORTED SERVICE

The FPSC believes that the FCC should amend its rules to prevent competitive ETCs which do not submit monthly bills to their Lifeline customers from obtaining Lifeline support for inactive consumers. Some wireless competitive ETCs provide a free phone and free monthly minutes which are automatically issued to the phone each month. Their customers could stop using their wireless phone after 30 or 60 days without notifying the provider, and the competitive ETC could continue to automatically issue that customer additional minutes each month and count that person as a customer for USF reimbursement purposes for months or even years if only random sampling is used for annual verification.

The FCC should prohibit competitive ETCs from seeking reimbursement from the USF for any Lifeline customer who has failed to use his or her service for sixty consecutive days, and failed to respond to the ETC's notices. The FPSC recommends that competitive ETCs who do not bill their customers monthly should be required to contact any Lifeline customer with no phone activity after a sixty-day period to determine whether the consumer is still an active

Lifeline customer. The provider could contact the Lifeline customer by letter, fax, e-mail, or text message. If no response is received, the phone should be deactivated and the company should cease including that customer when requesting reimbursement from the Universal Service Administrative Company. This process is currently being followed in Florida and has saved the federal USF millions of dollars. As an example, during a six-month period in 2009 for one Florida provider, these procedures saved the universal service fund \$8,582,760 which equates to an annual savings of over \$17 million.

This process would not be necessary for ETCs that bill their customers on a monthly basis since the ETC would receive payment each month indicating the customer's desire to maintain the telephone service. Deactivation of the service would not hinder the ability of the Lifeline customer to use 911 service in an emergency since ETCs are still required to transmit a Lifeline customer's wireless 911 calls, even if the ETC is no longer providing service to that customer.

#### *Minimum Consumer Charges*

The Joint Board recommended that, to guard against waste, fraud, and abuse in the Lifeline program, the FCC should consider whether a minimum monthly rate should be paid by all Lifeline subscribers. The FPSC believes that charging a minimum monthly charge such as one dollar would not be cost-effective. Sending a bill to collect such a small amount would be burdensome not only on the ETC but also the Lifeline subscriber. On the other hand, charging a one-time upfront fee of \$10 or \$15 may be creating unnecessary obstacles for low-income households to obtaining vital communication services, and may create an unreasonable barrier to enrollment for households that need support but can't afford to pay the fee.

The FPSC believes that other appropriate safeguards recommended in this NPRM will

protect the USF from waste, fraud, and abuse better than attempting to collect a minimum fee from a Lifeline customer. Competition in the marketplace may also help develop better safeguards and controls in the Lifeline program.

#### DE-ENROLLMENT PROCEDURES

If the FCC proposes rules requiring ETCs to de-enroll their Lifeline customers or households from the program under specified circumstances, it should take into consideration existing state laws regarding termination of Lifeline customers. In Florida, an eligible telecommunications carrier must notify a Lifeline subscriber of impending termination of Lifeline service if the company has a reasonable basis for believing that the subscriber no longer qualifies. The notification of pending termination must be in the form of a letter that is separate from the subscriber's bill.<sup>7</sup> Florida law also provides that an eligible telecommunications carrier shall allow a subscriber 60 days following the date of the pending termination letter to demonstrate continued eligibility. The subscriber must present proof of continued eligibility. An eligible telecommunications carrier may transfer a subscriber off of Lifeline service, pursuant to its tariff, if the subscriber fails to demonstrate continued eligibility.<sup>8</sup> Based on existing Florida law, the FPSC believes that the de-enrollment timeframe should be 60 days.

#### AUDITS

The FPSC supports the FCC's proposal that all new ETCs be audited after the first year of providing Lifeline-supported service. This would allow new ETCs to be aware of any violations of the low-income requirements and prevent them from occurring on an on-going

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<sup>7</sup> Section 364.10(1)(e)1, Florida Statutes.

<sup>8</sup> Section 364.10(1)(e)2, Florida Statutes.

basis. Random audits should be continued for all ETCs to ensure ongoing compliance with low-income rules.

In Section 101 of the NPRM, the FCC states that FCC rules already direct USAC to “suspend or delay discounts, offsets and support amounts provided to a carrier if the carrier fails to provide adequate verification of discounts, offsets and support amounts provided upon reasonable request.” The FCC should create a process whereby states are allowed to request that ETC disbursements be suspended for ETCs that are being investigated for possible waste, fraud, or abuse of the USF. In prior comments before the FCC, the FPSC recommended that the FCC confirm that states may request USAC to suspend support disbursements for failure of an ETC to comply with state and/or federal requirements of universal service.<sup>9</sup>

## **CLARIFYING CUSTOMER ELIGIBILITY RULES**

### One-Per-Residence

The FPSC supports the FCC proposal to adopt a one-per-residential address requirement for Lifeline service. We believe this will clarify the “single telephone line in their principle residence” language in previous FCC orders.<sup>10</sup> However, as stated in prior joint comments before the FCC, the FPSC believes the definition should be expanded to include group living facilities such as homeless shelters.<sup>11</sup>

The FPSC also supports the FCC proposal to require that all ETCs obtain a certification when initially enrolling a subscriber and again during the annual verification process that the

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<sup>9</sup> Reply comments of the FPSC in WC Docket No. 05-195. Filed December 15, 2008, at p. 2.

<sup>10</sup> FCC 97-157, ¶ 341, FCC 04-87, ¶ 4, FCC 07-148, ¶ 3.

<sup>11</sup> Comments of the FPSC and Florida Office of Public Counsel in WC Docket No. 03-109. Filed November 13, 2009, at p. 2.



subscriber is receiving Lifeline support for only one line per residence. The certification form should contain language stating that violation of this requirement would constitute a violation of the Commission's rules and may constitute the federal crime of fraud, which will be prosecuted to the fullest extent. The form should also indicate that the Lifeline customer may be de-enrolled, suspended, or banned from participation in Lifeline for violation of this requirement.

Several commenters in the Joint Board proceeding suggested that the Lifeline/Link-Up program should provide support for one wireless service per eligible adult, rather than one service per residential address. The FPSC believes that this would significantly increase the size of the USF, and should not be done. The original intent of Lifeline service remains the same - to allow low-income consumers to obtain and maintain basic telecommunications service. 47 U.S.C. § 254(b)(5) provides that there should be specific, predictable, and sufficient Federal and State mechanisms to preserve and advance universal service. Providing wireless Lifeline service per eligible adult is going well beyond "sufficient."

#### Defining Residence

The FPSC supports the FCC's proposal to limit low-income USF support to a single subscription per U.S. Postal address. This proposal would fulfill the goal of providing access to basic telephone service and prevent waste, fraud, and abuse in the USF. Requiring Lifeline applicants to initially certify when applying for service, and verify annually thereafter that they are receiving support for only one line per residential address, and that address is their principal residence, should help prevent providing more than one person with low-income support at the same residence. In situations where a Lifeline applicant does not have a unique U.S. Postal Service address, additional verifying information can be obtained such as the applicant's birth

date and last four digits of their social security number. The FCC permitted additional verifying information when allowing companies to provide Lifeline service to victims of Hurricane Katrina who were living in shelters and no longer had a residential address. (FCC 05-178, pp. 11-12) Additional verifying information should be required of all Lifeline applicants to prevent duplicate credits at the same address. The proposed definition of residence should not be expanded to include unrelated adult roommates or multiple families sharing a residence.

#### Application of the One-Per-Residence Rule to Commercially Zoned Buildings

Residents of commercially-zoned buildings such as homeless shelters, halfway houses, domestic-violence shelters, or other group living facilities should be allowed to participate in the Lifeline program if they are eligible. Florida experienced one instance where a family who was evicted from their home was living in a commercial rental storage facility with their furnishings. For emergency circumstances, the family applied for wireless Lifeline service with an ETC and was subsequently turned down because the rental storage facility address they used on their application was a commercial address. The FPSC believes that the FCC should adopt special rules for residents of commercially-zoned buildings whereby Lifeline applicants would be required to provide additional verifying information such as a birth date and last four digits of their social security number. This would prevent a commercial entity from obtaining Lifeline service.

#### Ensuring Access for Residents of Group Living Quarters

In prior comments before the FCC, the FPSC expressed support for the FCC to create an exception to its proposed one-per-residence rule for eligible consumers in a group living facility

to obtain Lifeline or Link-Up service.<sup>12</sup> Residents of group living quarters such as homeless persons in Florida need communication services in order to stay in touch with family, have access to emergency services, and have the ability to make living, housing, and work arrangements. In those comments, the FPSC expressed its belief that residents of homeless shelters should not have the burden of additional eligibility requirements placed on them. Lifeline-eligible applicants should have the same requirements whether they live in a group-living facility or not.

The FPSC believes that requiring administrators of group living facilities to certify to ETCs and/or USAC the number of separate and unrelated individuals or families in the facility would create additional administrative and financial burdens on the USF. A group living facility should not be responsible for applying for Lifeline/Link-Up support on behalf of its residents, but they certainly can assist residents as many already do now.

The FPSC does not believe Lifeline funding should be made available to agencies or non-profit organizations to provide communications services to residents of group living facilities. Section 254(e) of the Act limits the recipients of universal service support to ETCs which have regulatory oversight by the FCC or state commissions. If funding were made available to agencies or non-profit organizations to provide communications services to residents of group living facilities, there may be a lack of regulatory oversight of the USF functions they do, which may lead to waste, fraud, and abuse of the USF.

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<sup>12</sup> Comments of the FPSC and Florida Office of Public Counsel in WC Docket No. 03-109. Filed November 13, 2009, at p. 2.

## **CONSTRAINING THE SIZE OF THE LOW-INCOME FUND**

The FPSC has stated repeatedly over the years that it opposes further growth in the size of the USF. The FPSC supports a proposed cap on the low-income program; we believe, however, that the FCC should look to reduce the size of the fund and possibly lower the cap in the future where efficiencies derived from universal service reform allow. The savings that are experienced from proposed reforms in this NPRM could allow a cap on the low-income fund to be reduced. Capping the size of the low-income program which is estimated to be \$1.5 billion in 2011 until the implementation of structural reforms proposed in this NPRM would be consistent with our position and help curb growth of the USF. A low-income program cap could be indexed to inflation, unemployment rates or the number of recipients of food stamps which is the primary program qualifier for Lifeline applicants in Florida. Many of the proposals contained in the FCC's NPRM such as elimination of duplicate payments, should remove much of the waste, fraud, and abuse which is currently taking place.

## **IMPROVING PROGRAM ADMINISTRATION**

The FPSC believes that the FCC should continue to provide discretion to the states to administer key aspects of the low-income program, such as eligibility, enrollment, and ongoing verification of eligibility. The FCC proposal to eliminate the option of self-certifying eligibility and to require all consumers to present documentation of program eligibility when enrolling may discourage eligible consumers from applying for Lifeline assistance. The FCC could require documentation of eligibility only for consumers who have not applied using a coordinated enrollment process as described in paragraph 199 of this NPRM.

Coordinated enrollment, such as Florida presently has, allows consumers to enroll in the Lifeline and Link-Up programs at the same time they enroll in a qualifying public assistance

program administered by the Florida Department of Children and Families (DCF). The drawback is that the DCF only administers three of the Florida Lifeline qualifying programs: Food Stamps, Medicaid, and Temporary Assistance to Needy Families. Applicants who use Supplemental Security Income, Section 8 Federal Public Housing, Low-Income Home Energy Assistance, National School Free Lunch, or Bureau of Indian Affairs Programs as qualifying programs could be required to present documentation of program eligibility when enrolling. States should be allowed to impose additional permissive eligibility criteria they deem appropriate, so long as these additional eligibility criteria are reasonably tied to income.

#### Eligibility Criteria for Lifeline and Link-Up

The FCC seeks comment on raising the program's income eligibility criteria of 135 percent or below of Federal Poverty Guidelines (FPGs) to 150 percent or below of the FPGs. Section 364.10(3)(a), Florida Statutes, provides that each local exchange telecommunications company that has more than 1 million access lines and that is designated as an eligible telecommunications carrier shall, and any commercial mobile radio service provider designated as an eligible telecommunications carrier may, upon filing a notice of election to do so with the commission, provide Lifeline service to any otherwise eligible customer or potential customer who meets an income eligibility test at 150 percent or less of the federal poverty income guidelines for Lifeline customers. In accordance with Rule 25-4.0665(3), Florida Administrative Code, eligible telecommunications carriers with less than one million access lines are not required to enroll Lifeline applicants through the income eligibility test of 150 percent or less of the federal poverty income guidelines, but may do so voluntarily.

#### Uniform methodology for conducting verification sampling

The FCC is proposing to establish a uniform methodology for conducting verification

sampling that would apply to all ETCs in all states and provide additional protections against waste, fraud, and abuse. Currently, an ETC with 400,000 Lifeline subscribers (half of whom were estimated to be ineligible) would only need to survey 244 customers. If an ETC has 400,000 Lifeline subscribers and half (or 200,000) were estimated to be ineligible, the ETC would only need to survey 1,082 Lifeline customers the following year for the sample to be statistically valid (and assuming the same ineligibility rate, would then de-enroll no more than half, or 541, of the sampled customers for ineligibility).

The FPSC believes this process results in fraud, waste, and abuse in the USF program. The FPSC supports a sample-and-census proposal, which would allow an ETC to sample its customers so long as the rate of ineligibility among responders to the survey is below a fixed threshold. If that ineligibility rate exceeds the threshold, however, the ETC should be required to take a census of all customers within a specified number of months. If an ETC whose ineligibility rate exceeds the threshold, it should be required to perform a census of all Lifeline customers each year until the ETC can establish that fewer than 5 percent of respondents are ineligible.

Lifeline customers who fail to respond to an ETC's attempts for verification, and Lifeline customers who are found to no longer qualify for Lifeline should be de-enrolled from the program. Section 364.10(2)(e)2, Florida Statutes, provides that an ETC may transfer a subscriber off of Lifeline service if the subscriber fails to demonstrate continued eligibility.

#### Certification and verification best practices

The FCC seeks data on whether states impose different verification responsibilities on different types of carriers. The FPSC requires Lifeline-only prepaid wireless carriers to provide additional verification requirements different from other ETCs. The additional requirements

include:

- Annual certification verifying that the head of household is only receiving Lifeline discounts from the ETC;
- Tracking of Lifeline customer's primary residential address and certification to ensure that there is only one customer receiving Lifeline at each residential address; and
- Submission of a quarterly report showing the number of customers who have been deactivated for not having any activity on their phone in a 60-day period, not passing annual verification, and voluntarily being deactivated.

The 60-day verification for Lifeline-only prepaid wireless carriers was instituted by the FPSC to avoid providing USF support to ETCs in cases where their Lifeline customers may have lost their phone, or chose not to use it after issuance and activation. The Lifeline-only prepaid wireless carriers would have no way to know if the customer does not want or desire to use the Lifeline service since there is no contact with the consumer once the prepaid phone is provided to that customer. Minutes are automatically issued to the customer on a monthly basis and no monthly bill is provided to the Lifeline customer. Under the Florida process, if there is no activity on the phone during a 60-day period, the company contacts the customer to verify he/she still is eligible and desires Lifeline service. If the customer fails to respond to the company, the customer is de-activated from Lifeline service and the ETC ceases to include that customer when requesting reimbursement from USAC.

In addition to the above certification and verification processes, the FPSC worked with the Florida DCF to institute an on-line verification process. ETCs can log-in to a computer portal, enter the name, birth date, and last four digits of a Lifeline customer's social security number, and receive a response as to whether that customer currently is participating in the Florida Food Stamp, Medicaid, or Temporary Assistance for Needy Family (TANF) program.

## **COORDINATED ENROLLMENT**

The FPSC and the Florida DCF initiated a Lifeline coordinated enrollment process in 2007. The coordinated enrollment process entails the DCF client checking a “yes” or “no” box on the DCF web application for assistance stating an interest in receiving the Lifeline discounts on his or her telephone service if approved for Food Stamps, Medicaid, or TANF. The “no” box provides an option to the applicant not to subscribe to Lifeline discounts if he or she chooses. If the client answers in the affirmative, the applicant identifies a telephone service provider from a drop-down box on the application and answers several questions. The DCF forwards to the FPSC the names of the clients approved for benefits and therefore, eligible for Lifeline and who have chosen to receive the Lifeline discounts. In addition, the relevant information needed for the client to be enrolled in Lifeline is also transferred. The FPSC electronically sorts the information by ETC, and automatically sends an e-mail message to the appropriate ETC advising them that there is a Lifeline application available for retrieval on the PSC’s secure website. By Rule 25-4.0665(10)(b), Florida Administrative Code, the ETC is required to enroll the subscriber in the Lifeline service program as soon as practicable, but no later than 60 days from the receipt of the e-mail notification.

In prior comments before the FCC, the FPSC has recommended that the FCC should not impose a mandatory automatic enrollment requirement for Lifeline on states.<sup>13</sup> Each state should have the ability to make a determination as to whether automatic or coordinated enrollment would be the most effective means to increase its Lifeline participation rate.

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<sup>13</sup> Comments of the FPSC in CC Docket No. 96-45 and WC Docket No. 03-109. Filed July 15, 2010, at p. 2.



## **DATABASE**

The FPSC supports the creation of a database to verify consumer eligibility, track verification, and check for duplicates to ensure greater program accountability. Whether USAC or a third-party administrator is used, any national database of Lifeline subscribers/applicants would have to be maintained by an independent administrator under strict confidentiality provisions to protect the Lifeline subscriber's/applicant's personal identifying information. ETCs should not be able to access Lifeline customer information of another ETC. Section 364.107, Florida Statutes, requires that personal identifying information of a participant in a telecommunications carrier's Lifeline Assistance Plan be confidential. Using a national database may not only prevent fraud, waste, and abuse of the USF by consumers, but may detect any fraud, waste, or abuse by an ETC.

AT&T's PIN proposal, which would put the responsibility on states for a state database for certification and verification of Lifeline applicants and customers may be theoretically viable. However, state budgetary constraints and available staff to maintain the database would not permit oversight of such a database in most states unless funds from the federal USF or some other source were available for such a purpose.

## **CONSUMER OUTREACH & MARKETING**

The FCC should continue working with the state public service commissions to improve the success of the Link-Up and Lifeline programs. Keeping people connected is essential. Lifeline provides significant discounts that can make a difference in people's lives. State public service commissions should continue doing our part to help those who need service to know what their options are. Wireless carriers have broken through recognized barriers to the low-income consumer market and are reaching many who traditionally have been isolated from

assistance. The FPSC urges the FCC to continue to help increase awareness of these programs, and also urges government agencies and non-profit organizations to continue disseminating information about Lifeline and Link-Up to their constituents.

The FPSC does not believe the FCC should impose particular marketing guidelines on ETCs, but the FCC and the public service commissions need to ensure that ETCs explain the Lifeline program to consumers so they fully understand the benefit being offered with the product to prevent the problem of duplicate support. Reaching the target audience is critical when advertising the Lifeline program. The FCC should review ETCs' best outreach practices, specifically their current community-based outreach. Some of the more meaningful success in outreach for Lifeline and Link-Up appears to be from stakeholder partnerships to reach, inform, and enroll eligible consumers. Partnering among state public service commissions, AARP, United Way and other social service agencies, and private organizations helps to ensure that accurate information is provided to consumers, from a trusted source, with an opportunity for necessary interaction to field questions. One-on-one outreach is critical. As noted by state public service commissions in various NARUC forums, perhaps the most effective way to educate and enroll consumers is through direct, personal contact with consumers from a trusted source. In some communities the trusted source may be a social worker; in others it may be a community newspaper, a community-based organization (such as a senior center), or even another consumer in the community.

The FPSC does not encourage the FCC to require ETCs to submit a marketing plan to the state or commission. The long-term success of Lifeline and Link-Up depends on effective communications with and outreach to potential eligible consumers. There is no one best way to communicate the message. For example, reaching non-English speaking populations may require

different tactics than reaching the homebound elderly or residents located in remote locations on tribal lands. The FPSC would recommend that the FCC expand its existing *Lifeline Across America Working Group*--comprised of FCC, state public service commission, and NASUCA representatives--to include wireline and wireless ETC representatives. Subsequently, an industry forum could be scheduled in Washington D.C. that would include representatives from the telecommunications industry, NARUC's Committees on Consumer Affairs and Telecommunications and their respective Staff Subcommittees, NASUCA, as well as representatives of the FCC's Consumer and Governmental, Wireless Telecommunications, Wireline Competition, and Enforcement Bureaus. During this forum, participants could openly discuss industry questions and compile "best practices" for community-based outreach and tools for a successful marketing plan. National Lifeline Awareness Week could also be discussed. This forum's format would be similar to the FCC's Common Carrier Bureau and NARUC industry forum held on August 23, 2000 in Washington D.C. for the implementation of slamming liability procedures.

*Outreach to Households Without Telephone Service.*

State public service commissions can identify appropriate community institutions to participate in public-private partnerships and can assist ETC outreach efforts by helping to identify the target audience. The FPSC has worked with the *Connect Florida Campaign*, established by Linking Solutions, Inc., Florida's Office of Public Counsel (OPC), and AT&T in 2004, that remains a factor in increasing consumer awareness and participation in Link-Up and Lifeline. Through this effective collaboration, program participants have continued to develop new partnerships, participate in community events, offer training sessions, provide updates about program changes, and supply brochures and applications. Developing a collaborative

partnership has helped the FPSC and its ETCs identify Florida consumers who may not have service and would benefit from Lifeline.

*Outreach to Non-English Speaking Populations*

To reach non-English speaking, low-income consumers without phone service, a *Train-the-trainer* program appears to work well, as it has in Florida through the *Connect Florida Campaign*. It can be designed to introduce potential new trainers to fresh methods for creating and managing effective training sessions about the Lifeline program that engage their eligible clients who might have been unreachable through other means of outreach.

*Role of the States and Outreach with Government Assistance Programs*

The FPSC agrees that social service agencies are in a good position to approach eligible consumers with information about Link-Up and Lifeline. The FCC should encourage state public service commissions to work with their designated social service agency(s) to develop and maintain Lifeline automatic enrollment processes and distribute Link-Up and Lifeline educational materials. A primary reason for Florida's increase in Lifeline participation has been the coordinated enrollment process initiated by the FPSC and the Florida DCF. Lifeline Assistance participation continues to grow in Florida, and have a positive impact, due to the involvement of the FPSC, the DCF, the OPC, and other state agencies that determine if a person is eligible for Lifeline service.

The FPSC would agree that encouraging states to partner with government assistance programs is a preferred outreach method. ETCs should not face mandatory outreach requirements from the FCC but should explore best practices of proven outreach methods for low-income consumers.

*Outreach by ETCs*

ETCs should not be required to submit a marketing plan to the state public service commissions but should work cooperatively with them to develop creative awareness campaigns. Although the low-income population is the least likely to have direct internet access for the FCC's Lifeline Web site, an important target audience for this Lifeline/Link-Up consumer education program is public assistance, social service, and community-based organizations that work with low-income populations. The objective for the FCC's Web site should continue to be a primary easy-to-use reference for public assistance, social service, and community-based organizations, but also easy-to-use use for individual low income consumers as well.

Specific outreach requirements should not be imposed on ETCs. Instead, the FCC should work with the ETCs on evaluating their outreach methods through annual reporting.

*Community-Based Outreach*

The most meaningful outreach success for Lifeline and Link-Up seems to come from collaborative partnerships to reach, inform, and enroll eligible consumers. Coordination in Florida has included cooperative outreach efforts with our state commission, ETCs, social service agencies, community centers, public schools, and private organizations that may serve low-income individuals, such as AARP and the United Way.

*Marketing and Uniform Language to Describe Lifeline*

The FPSC would agree that, with some ETCs marketing their Lifeline-supported products under a trade name, eligible consumers might not realize that these products are Lifeline-supported offerings, and they are therefore violating the FCC's prohibition against having more than one Lifeline-supported service per household. The FPSC agrees that all ETCs should include language in the name of their service offering or in the description of the service to

clarify that the offering is supported by Lifeline and also include an explanation of the Lifeline program.

The FPSC has no problem with the Lifeline service being marketed under a different name, such as TracFone's SafeLink Wireless, as long as consumers understand they are entitled to only one Lifeline subsidy per household. As of June 30, 2010, SafeLink had 396,114 Florida Lifeline customers. The FCC could require ETCs to develop plain and simple language--which explains the specific Lifeline subsidy--for use in their product marketing.

## **MODERNIZING THE LOW INCOME PROGRAM TO ALIGN WITH CHANGES IN TECHNOLOGY AND MARKET DYNAMICS**

### Voice Services Eligible for Discounts

The FPSC agrees that the definition of Lifeline should be updated to reflect the current marketplace. The "basic local service" definition has changed in most states, including Florida. Section 364.02(1), Florida statutes defines basic service as voice-grade, single-line, flat-rate residential local exchange service that provides dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multifrequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. Section 364.02(10), Florida Statutes, provides that any combination of basic service along with a nonbasic service or an unregulated service is nonbasic service. In other words, if a consumer has any vertical feature such as voicemail or call waiting, it is no longer considered basic service. The FPSC supports the FCC proposal to replace the term "basic local service" with "voice telephony service" for universal service purposes.

Support for Broadband

Lifeline/Link-Up does not currently support broadband. The FCC seeks comment on whether it should amend the definition of Lifeline to explicitly allow support for broadband. In prior comments before the FCC, the FPSC has opposed expanding the definition of supported services to include broadband unless the expansion was a part of an overall cap. Consistent with those comments, the FPSC can support Lifeline Broadband if the funding for such a service comes from existing support through savings incurred by eliminating duplicate payments, and capping the low-income program. If Lifeline broadband is adopted by the FCC, it should only allow consumers a single discount off a single service and not multiple Lifeline discounts on multiple services.

**CONCLUSION**

The FPSC continues to be proactive regarding the Lifeline and Link-Up programs to ensure that low-income Florida consumers have the ability to obtain and retain affordable telephone service. The FPSC continues to strive for accountability in the universal service program and safeguard the USF from fraud, waste, and abuse. The FPSC believes that the FCC should look to reduce the size of the fund where efficiencies derived from universal service reform allow. The FPSC encourages the FCC to consider the proposed changes to the program administration noted in these comments.

Respectfully submitted,

/ s /

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