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September 24, 2010

VIA ELECTRONIC MAIL

Mr. Bob Casey
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Undocketed - Lifeline Working Group

Dear Mr. Casey:

Enclosed, please find an electronic version of Nexus Communications, Inc.'s Comments in response to the Commission working group meeting of August 18, 2010.

If you have any questions, please call me.

Sincerely,


Floyd R. Self

FRS/amb
Enclosure
cc: Mr. Steve Fenker, Vice President

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Lifeline Working Group)
_____)

Undocketed
Dated: September 24, 2010

COMMENTS OF NEXUS COMMUNICATIONS, INC.

Nexus Communications, Inc. (“Nexus”) supports the Florida Public Service Commission’s efforts in reviewing the eligibility, certification and verification rules for the Low Income program. In support of the Commission’s efforts, and in response to the Commission working group meeting on August 18, 2010, Nexus offers the following comments:

I. THE LOW INCOME PROGRAM ELIGIBILITY, CERTIFICATION AND VERIFICATION MUST EMBRACE TECHNOLOGY AND MARKET CHANGES

One of the major recent market developments related to the Low Income program has been the almost seismic shift away from wireline services to an ever increasing demand for wireless Low Income services. A clear demonstration of this seismic shift is the rather startling fact that approximately 22% of the general population no longer subscribes to any wireline telephone service at all.¹ This seismic shift away from wireline services is even more prevalent in the socio-economic demographic that comprises the Low Income economically-challenged constituency. In fact, the Centers for Disease Control and Prevention (“CDC”) recently issued a report finding that “[a]dults living in poverty (36.3%) and adults living near poverty (29.0%) were more likely than higher income adults (19.6%) to be living in households with only

¹ *Federal-State Joint Board on Universal Service Seeks Comment on Lifeline and Link-Up Eligibility, Verification, and Outreach Issues Referred to Joint Board*, Public Notice, FCC 10J-2, CC Docket 96-45 and WC Docket 03-109 (FCC rel. June 15, 2010), *seeking comment on In Re Federal-State Joint Board on Universal Service, Lifeline and Link Up*, Order, FCC 10-72, CC Docket 96-45 and WC Docket 03-109 (FCC rel. May 4, 2010) (“Order”), at ¶ 10. Nexus is an Eligible Telecommunications Carrier (“ETC”) in 19 states, and provides services supported by the Low Income program utilizing both wireline and wireless services, depending upon state authorization.

wireless telephones.”² The CDC noted that this trend has been steadily increasing.³ This is a clear indication that people living at or near the poverty line, which, generally speaking, are the intended beneficiaries of the Low Income program, find that wireless telephone service best meets their business and personal needs. This may be due to various factors such as more frequent relocation to find work and less time spent in their residences due to juggling multiple jobs. Many of these consumers also opt, where available, for prepaying for the minutes of use for these services as a convenient budgeting mechanism or because they do not meet typical financial requirements for post-paid plans. Again, the program needs to support these types of developments in the marketplace, while continuing to guard against waste, fraud and abuse.

Nexus encourages the Commission to review its eligibility, certification and verification rules as they pertain to new technologies such as wireless services with a eye towards ensuring that the rules remain technology and competitively-neutral.

II. NEUXS SUPPORTS A NATIONAL CONSUMER ELIGIBILITY AND VERIFICATION DATABASE

AT&T has recently put forth a detailed national personal identification number (“PIN”) PIN-based Lifeline and Link-Up certification plan. Nexus specifically supports the AT&T proposal to establish such a database. Nexus supports a PIN-based system that would provide a unique identifier for each Low Income qualifying consumer, and also supports permitting eligibility certification and verification processes to take place online. A national online system should also be made available in order to facilitate more efficient processing of Lifeline customer information. Moreover, a PIN-based database could be used as an additional safeguard against

² *Wireless Substitution: Early Release of Estimate from the National Health Interview Survey, July-December 2009*, Centers for Disease Control and Prevention (rel. May 12, 2010), available at <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201005.pdf>, at 3.

³ *Id.* at 2.

duplicate claims, and a check against possible consumer fraud for those subscribers who attempt to gain Lifeline subsidized service from more than one carrier simultaneously. The existing Low Income rules provide for very limited mechanisms to guard against a single household “double dipping” into the fund, relying on self-certifications made by potential Low Income subscribers regarding their residential status and eligibility to participate in the program.

The current Low Income system is a patchwork of federal and state eligibility requirements, verification methods, and incentives programs that rely on a handful of state-based registries along with an ETC’s own customer databases to keep track of eligible participants. This system could be vastly improved by a centralized database and standardized methods.

A national, customer qualification, PIN-based database, on the other hand, would provide service providers and regulators a centralized place to verify which households are currently receiving Low Income subsidies and the level of subsidy to which each household is entitled. This would certainly go a long way to reducing risk of duplicate claims, as well as ease the administrative burdens associated with the current fragmented, largely paper based system. The states could remain primarily responsible for administering the process for determining customer eligibility including periodic verifications of continued eligibility, but the final customer status would be made available via the database. A database that indicates whether a household is already receiving supported services and, if not, the level of available subsidy, would also provide assurance to states concerned with ensuring compliance with respect to services provided via wireless technology.

III. THE DUAL PURPOSE OF A NATIONAL CONSUMER ELIGIBILITY AND VERIFICATION DATABASE

A properly designed and implemented database would eliminate the two major questions facing Low Income providers seeking to serve a new subscriber: (1) is the subscriber eligible? and (2) is the subscriber already benefiting from a Low Income subsidy from another provider? USAC or the FCC would be the logical repository for the information that could answer these questions, due to their experience with and authority over the Low Income program, as well as their placement at the federal level. A national, centralized system would be dramatically more efficient than individual databases maintained within each state, which could create wasteful duplication and potentially incompatible systems. A national database would allow ETCs to obtain and use the eligibility data in a uniform manner nationwide. In particular, Nexus supports AT&T's suggestion that the states, not ETCs, bear responsibility for determining whether a customer is eligible to participate in the Low Income program and receive a PIN, which would be distributed by states from blocks assigned by USAC or the FCC.⁴ A system in which each household is assigned a unique PIN that is matched with identifying information and participation status in the Low Income program also has the potential to eliminate fraud. Currently, ETCs lack any means in nearly all states to verify whether a customer is currently receiving Low Income service from another provider. A national database would provide a dependable resource for providers to eliminate multiple subsidies. The ability to receive duplicate Low Income funding is a concern for all ETCs, regardless of the technology employed.

It is imperative that any national database be configured so that ETCs can compete for eligible customers on an equal playing field, and will all have timely and equal access to the database. This will be crucial in order to ensure a discontinuance of subsidies for a subscriber

⁴ *Id.* at 5.

whose eligibility is no longer valid, or in those situations where a Lifeline subscriber migrates to another Lifeline provider.

It is also vitally important that the subscribers themselves have easy access to obtain their respective PINs. Procedures to initially register and update subscriber information must be easy, simple, and accessible for all low income consumers irrespective of their relative level of technical sophistication. Potential Low Income subscribers who may not have access to the Internet should be allowed to work with third parties such as case workers, or outreach volunteers in order to obtain the PIN on behalf of the subscriber if the program requires some online component.

Any national database system must also ensure that Low Income subscribers are required to provide timely information about changes in their service provider. It is in the best interest of all involved to ensure that providers have timely information about migration dates to allow for timely and precise FCC Form 497 filings. The database must also separately show eligibility for Link Up as well as Lifeline, in order to ensure that a new carrier can be confident when receiving Link Up funds that they have been properly authorized. And of course, there must be an easy process to correct database errors, including but not limited to eligibility status and active or inactive status.

This PIN-based system would be an improvement over the current variety of state systems, some of which “push” listings of subscribers only to the larger incumbent carriers. Clearly, this puts other ETCs at an unfair competitive disadvantage.⁵ Eliminating anticompetitive tie-ins between state agencies and large ETCs (often, the incumbent provider) would go a long way toward streamlining and improving the Low Income program.

⁵ Report of the FCC/NARUC/NASUCA Working Group on Lifeline and Link-up: “Lifeline Across America” (2007), available at www.lifeline.gov/LLLURreport.pdf at 5, 10.

A centralized, neutrally-administered database will also reduce the inherent problems that arise when carriers are asked to resolve those situations in which a subscriber had obtained Lifeline subsidized service for more than one carrier simultaneously. There have already been instances in which carriers have been forced to resolve these unfortunate situations by attempting to determine which company should properly claim the Low Income subscribers identified by the auditors as receiving support from both companies. This is an unwinnable situation and an inappropriate role for carriers, and could be avoided altogether by a national database system which maintains individual customer accounts and the same eligibility information is available to all.

IV. ANY NEW LIFELINE PROCESSES MUST BE APPROPRIATELY ADAPTED TO THE LOW INCOME CONSTITUANTS

Any new certification or verification procedures should take into account the specific special needs of the low income economically challenged subscribers. Various efforts have been made to improve verification methods with respect to economically challenged Lifeline subscribers. Specifically, improvements to the annual verification process should be designed to work with, and address these special needs.

A properly implemented PIN-based system could also be used to efficiently satisfy annual verification requirements for Low Income service. Lifeline subscribers could be allowed to contact a toll-free number to verify continued eligibility through the use of Third Party Verification (“TPV”). This type of electronic verification is currently in use in connection with the FCC’s rules governing preferred carrier changes (*see* 47 C.F.R. § 64.1120(c)(2)). The verification could be subject to the same penalty of perjury condition as is currently required, and the proof of verification could be structured similar to the Commission’s carrier change rules.

This procedure might also dovetail with a PIN-based program in terms of facilitating initial certification of potential eligible Lifeline subscribers. The verification/certification process should employ communication methods that are thoughtfully designed to elicit maximum response rates from those who are in most need of Lifeline services.

IV. CONCLUSION

Nexus looks forward to working further with the Commission in improving the administration of the Low Income program in order to better serve the needs of consumers, and in particular, those in most need of this program. Nexus supports efforts to streamline and simplify the Low Income eligibility certification and verification processes for low income subscribers in these extremely difficult economic times without compromising the integrity and viability of the Low Income program. Establishing a single, definitive source of eligibility status and exploring pro-competitive ways to support the program and eliminate fraud waste and abuse, will ensure a vital and efficient Low Income program.