

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)
) WC Docket No. 11-42
LIFELINE AND LINK UP REFORM, ET AL.)
)

**COMMENTS OF THE INDEPENDENT TELEPHONE & TELECOMMUNICATIONS
ALLIANCE**

The Independent Telephone & Telecommunications Alliance (“ITTA”) hereby submits its comments in response to the Wireline Competition Bureau’s (“Bureau”) July 15, 2013 Public Notice¹ seeking comment on a petition for rulemaking filed by the Lifeline Reform 2.0 Coalition (“Coalition”).² In its Petition, the Coalition urges the Bureau to commence a rulemaking proceeding for the purpose of amending its Lifeline rules to adopt several proposed reforms that, according to the Coalition, will further reduce waste, fraud, and abuse in the Lifeline program.³

ITTA submits that adopting the proposals the Coalition advances, at least as they would apply to wireline carriers, is unwarranted.⁴ ITTA also notes that several of the Coalition’s proposed modifications appear to create burdens for Lifeline ETCs and potential Lifeline

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

² *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 (filed June 28, 2013) (“Petition”).

³ *See id.* at 1.

⁴ ITTA takes no position as to whether the proposed reforms should apply to wireless providers.

subscribers without having any corresponding benefit that would actually deter waste, fraud, or abuse in the Lifeline program.

I. NO FURTHER CHANGES TO THE LIFELINE RULES FOR WIRELINE CARRIERS ARE WARRANTED

In the *Lifeline Reform Order* issued in early 2012, the Bureau adopted major modifications to the Lifeline program that were designed to substantially reduce the amount of waste, fraud, and abuse in the program.⁵ These changes included implementation of in-depth data validations (“IDVs”) by USAC on a state-by-state basis to eliminate duplicative Lifeline support pending implementation of the National Lifeline Accountability Database (“NLAD”);⁶ elimination of Link Up support;⁷ imposition of a cap on and subsequent phase out of Toll Limitation Service support;⁸ implementation of extensive proof of eligibility, certification, and re-certification requirements;⁹ and adoption of usage requirements to ensure that ETCs are only reimbursed for service that is actively utilized by low-income subscribers.¹⁰ As part of these reform efforts, the Commission also adopted a target of savings of \$200 million in 2012.¹¹

As a result of these reforms, the Commission “exceeded [its] ambitious \$200 million savings target for 2012, and the Lifeline program is well placed for further savings in 2013 and

⁵ See *Lifeline and Link Up Reform and Modernization, et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 11-42, *et al.*, 27 FCC Rcd 6656 (2012) (“*Lifeline Reform Order*”).

⁶ See *id.* at ¶¶ 16, 179-224.

⁷ See *id.* at ¶¶ 245-53.

⁸ See *id.* at ¶ 234.

⁹ See *id.* at ¶¶ 98-100, 111-19, 129-31, 135.

¹⁰ See *id.* at ¶ 257.

¹¹ See *id.* at ¶ 358.

beyond.”¹² Even the Coalition acknowledges that “[t]he Federal Communications Commission’s 2012 reforms to the Lifeline program have effectively reduced waste, fraud and abuse while producing significant cost savings,” and recognizes that the Commission adopted additional reforms necessary to preserve the program” in June.¹³ Thus, there is little indication that additional significant reforms are needed at this time.

Moreover, and most importantly, there is no evidence that wireline carriers are the source of any continuing fraud or abuse of the Lifeline program that would warrant the imposition of additional burdensome rules on their provision of Lifeline service. The Petition’s signatories are mobile wireless Lifeline service providers¹⁴ and the additional reforms proposed in the Petition appear targeted to “lingering concerns and perceptions about (as well as the potential for) waste, fraud and abuse”¹⁵ of the Lifeline program by mobile wireless carriers.

In light of the Bureau’s track record of success and continued progress stemming from its comprehensive reform efforts and the lack of any evidence that wireline carriers are the source of any lingering problems, it is unnecessary for the Bureau to adopt additional modifications to the Lifeline program for wireline carriers, particularly when many of these proposed changes seem primarily focused on remedying “perceived” rather than actual waste, fraud, and abuse in the Lifeline program.¹⁶

¹² *Wireline Competition Bureau Issues Final Report on Lifeline Program Savings Target*, Public Notice, WC Docket No. 11-42, DA 13-130 (rel. Jan. 31, 2013), at 5.

¹³ Petition at i.

¹⁴ The signatories are Boomerang Wireless, LLC, Blue Jay Wireless, LLC, Global Connection Inc. of America, i-wireless LLC, and Telrite Corporation.

¹⁵ Petition at 2.

¹⁶ *See id.*, which refers to “perceived” abuse “based on media accounts of the program,” “lingering concerns and perceptions,” and representation of the Lifeline program “in a bad light.”

II. MANY OF THE COALITION’S PROPOSED CHANGES WOULD CREATE ADDITIONAL BURDENS FOR ETCs AND CONSUMERS WITHOUT REDUCING WASTE, FRAUD, AND ABUSE IN THE LIFELINE PROGRAM

The reforms proposed by the Coalition include changes to the Lifeline program that would require ETCs to review and retain copies of the customer’s government-issued photo ID at the time of enrollment;¹⁷ review and approve all Lifeline enrollments prior to activation;¹⁸ exercise greater control over mobile and retail in-person Lifeline enrollment locations;¹⁹ report Lifeline applicant rejection rates annually on FCC Form 555;²⁰ read a list of other ETCs when enrolling an applicant in Lifeline service in an effort to prevent duplicative support;²¹ provide access to live customer service representatives (“CSRs”) in connection with the provision of Lifeline service;²² and comply with increased FCC audit requirements.²³ In addition to being burdensome and costly, these changes are unwarranted because they cannot be shown to actually reduce waste, fraud, or abuse in the Lifeline program.

A requirement that applicants present a photo ID would be a hardship for both potential customers and ETCs who wish to enroll those customers in Lifeline service. First, it is not clear from the Petition whether such identification must be presented in person. If so, the Bureau must bear in mind that most ETCs do not maintain locations for in-person reviews of Lifeline applications. Furthermore, it seems disingenuous that the Coalition would contemplate a requirement for potential Lifeline customers to provide such documentation electronically when

¹⁷ *See id.* at 5-7.

¹⁸ *See id.* at 7-9.

¹⁹ *See id.* at 10.

²⁰ *See id.* at 18-19.

²¹ *See id.* at 9.

²² *See id.* at 12-14.

²³ *See id.* at 16-18.

it recognizes in the Petition that submission of any paperwork via electronic means “can be difficult for many low-income consumers who do not have ready access to fax machines, scanners or the Internet.”²⁴ Given that the *Lifeline Reform Order* specifically encourages ETCs to “provide consumers with multiple options for presenting documentation of eligibility, including in-person and by mail,” the Bureau should refrain from adopting a requirement that would impede such flexibility and make it more difficult for eligible subscribers to sign up for Lifeline service, particularly when providing a government-issued photo ID says nothing with respect to a household’s eligibility for the Lifeline discount.²⁵

Moreover, the suggestion in the Petition that ETCs undertake the burden of retaining copies of customers’ government-issued ID and proof of eligibility documentation raises concerns about the need for ETCs to protect customer privacy. The *Lifeline Reform Order* specifically states that “ETCs are not required to *and should not* retain copies of [such] documentation” for this reason.²⁶ Rather than depart from this sound decision, the Bureau should proceed with its plan for ETCs to verify customer eligibility for Lifeline service by accessing state accountability databases and the soon-to-be-implemented NLAD, which represents the best method to preserve privacy when enrolling customers in Lifeline service.

With respect to a requirement for employee review and approval of enrollments prior to activation to deal with improper conduct by an ETC’s agent, 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,

²⁴ *Id.* at 14.

²⁵ *Lifeline Reform Order* at ¶ 107.

²⁶ *Id.* at ¶ 101.

contractors, or representatives (acting within the scope of their employment) that violates the FCC’s Lifeline rules.”²⁷

Additional changes proposed by the Coalition appear to be unwarranted for similar reasons. For instance, a requirement that ETCs report applicant approval and rejection rates annually on Form 555 serves no purpose because it does nothing to demonstrate an ETC’s compliance with Lifeline enrollment requirements.²⁸ Likewise, a requirement for Lifeline ETCs to identify a list of other ETCs by name when enrolling an applicant in Lifeline service would not ensure that a customer can verify that it is not receiving the discount from another Lifeline provider, as that ETC may be offering Lifeline service under a different name.

Regarding increased audit requirements for ETCs, ITTA acknowledges that a greater level of oversight may be needed in certain circumstances – *e.g.*, for new ETCs that may have a record of significant violations of the Commission’s rules. However, such requirements should not apply uniformly to wireline ETCs since wireline ETCs have an impressive track record of compliance with the Lifeline rules. In short, subjecting all Lifeline ETCs to burdensome requirements when ongoing Lifeline abuse is the result of a handful of bad actors is unnecessary and would not serve to reduce waste, fraud, and abuse in the Lifeline program.

²⁷ See *Lifeline Program Lifeline Providers are Liable if Their Agents or Representatives Violate the FCCs Lifeline Program Rules*, FCC Enforcement Advisory No. 2013-4, WC Docket No. 11-42, DA 13-1435 (rel. June 25, 2013).

²⁸ Petition at 19.

III. CONCLUSION

In sum, the Bureau should refrain from adopting additional modifications to the Lifeline program for wireline carriers, particularly when many of the proposed changes seem primarily focused on remedying “perceived” rather than actual waste, fraud, and abuse in the Lifeline program. The Commission should move forward with implementation of the NLAD, which will provide an efficient and simple means by which ETCs can quickly verify Lifeline eligibility based on information maintained by governmental entities, while helping to preserve consumer privacy and provide more transparency and accountability during the process.

Respectfully submitted,

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