

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 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
Advancing Broadband Availability Through Digital Literacy Training)	WC Docket No. 12-23
)	

COMMENTS OF COX COMMUNICATIONS, INC.

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EXECUTIVE SUMMARY

The Commission's continued reform of the Lifeline program offers opportunities to further streamline and simplify the program in ways that will maximize competition, reduce costs, and ultimately benefit consumers. With these goals in mind, and based on the company's substantial experience as an ETC and its ongoing commitment to increasing broadband adoption within its markets, Cox recommends the following actions.

First, the Commission should extend the national accountability database to encompass eligibility, establishing a single, national eligibility and accountability database. This database could address certification, verification, and re-certification issues without the need to impose new data collection burdens on ETCs; would substantially simplify low-income audits; could better encourage program adoption and participation; and would greatly simplify the administrative process for ETCs and for the government agencies administering the program. While consumer privacy is always a concern and must be protected robustly, risks to consumer privacy from a single national database are no greater than, and may be less than, such risks from distributed state databases.

Second, the Commission should provide targeted, time-limited funding from USF (with the amount and distribution to be evaluated periodically) for digital literacy training in schools and libraries that do not already offer such programs. It would make sense for USAC to provide this funding as an extension of the E-Rate program.

Third, the Commission should maintain the uniform reimbursement rate for the near future. The rate is competitively and technologically neutral, as well as easy to administer. Particularly now, with significant changes underway to Lifeline and other USF programs, there is no need to focus on changing the rate or calculation methodology. In the future, assuming the Commission establishes a permanent low-income discount program for broadband in the Lifeline program, it may be necessary to re-assess the need for separate support for voice.

Fourth, the Commission should streamline the Lifeline provider application process. The Commission should simplify the process for Lifeline providers; this will open the marketplace to new competitors and benefit low-income consumers. In particular, the Commission should provide blanket forbearance from the study area requirement for prospective Lifeline providers in rural telephone company territory.

Fifth, the Commission should afford ETCs maximum flexibility in applying Lifeline discounts to bundled services. Mandating that ETCs accept Lifeline support on all bundles will unnecessarily increase providers' costs and raise the cost to consumers. Instead, the Commission should allow competition in the marketplace to continue to bring additional choice to Lifeline consumers.

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COMMENTS OF COX COMMUNICATIONS, INC.

Cox Communications, Inc. (“Cox”) hereby responds to the January 31, 2012, Further Notice of Proposed Rulemaking (“*FNPRM*”) issued in the above-captioned dockets.¹ Cox commends the Commission’s efforts in adopting the substantial Lifeline reforms in the *Order* accompanying the *FNPRM*, and welcomes the opportunity to provide further input into this important Lifeline reform and modernization process.

Specifically, Cox urges the Commission to focus on streamlining and simplifying the program to maximize competition and to benefit consumers. Establishing a national eligibility database, maintaining the uniform reimbursement rate for the near future, simplifying and

¹ *Lifeline and Link Up Reform and Modernization; Lifeline and Link Up; Federal-State Joint Board on Universal Service; Advancing Broadband Availability Through Digital Literacy Training*, WC Docket Nos. 11-42, 03-109, and 12-23, CC Docket No. 96-45, *Report and Order and Further Notice of Proposed Rulemaking*, FCC 12-11 (rel. Feb. 6, 2012) (“*Order*” or “*FNPRM*,” as appropriate).

streamlining the ETC process for Lifeline providers, and permitting ETCs flexibility in applying Lifeline discounts to bundled services are all actions that would increase ETC competition and would reduce costs to ETCs and program administrators. In combination with USF-supported digital literacy training in schools and libraries, such streamlining reforms will help the Commission achieve its objectives for the Lifeline program while minimizing the cost of the program and the requisite required contributions by consumers.

I. BACKGROUND

Cox is the third-largest U.S. cable TV company, serving more than six million residences and businesses with advanced digital video, Internet, and telephone services. The company serves approximately 3 million telephone customers, offering local and long-distance voice service to residential and commercial customers. Cox consistently has been a competitive pioneer – for example, in becoming one of the first facilities-based competitors in the local telephone business and in offering broadband Internet access over its cable facilities. Cox repeatedly has won awards for the quality of its service, including multiple J.D. Power and Company awards for telephone and Internet service.²

Cox’s long experience as a telephone competitor includes ETC certification in several states and the provision of Lifeline service to low-income customers.³ As Cox previously has explained, Lifeline programs allow Cox to offer a competitive voice service option for lower income Americans in many locations, helping to ensure that “consumers in all regions of the

² See Cox Communications, Inc., “Awards and Honors,” <http://cox.mediaroom.com/index.php?s=59>.

³ Cox currently participates in the federal Low Income USF programs in Connecticut, Georgia, Iowa, Kansas, Louisiana, Nebraska, Oklahoma, and Rhode Island. Cox has been designated as an ETC in Arizona and Arkansas (non-rural) for the Low Income programs and is considering or actively pursuing ETC status for the Low Income programs in several other states. Finally, Cox participates in the California State Low-Income program.

nation, including low-income customers ... have access to telecommunications and information services” at “affordable rates,”⁴ rates that are often below the prevailing Lifeline rates of the incumbent providers. In addition, because Cox is closely involved with the communities it serves, it can tailor its participation in these programs to local needs.⁵ Cox also has devoted significant resources to increasing broadband adoption in its markets.⁶ Through these efforts, Cox has learned—as the Commission also has recognized—that the primary barriers to broadband adoption are affordability of service, affordability of necessary computer equipment, and lack of training.⁷

Based on Cox’s experience with Lifeline programs and its efforts to increase broadband adoption, Cox is in firm agreement with the Commission that reform and modernization of

⁴ 47 U.S.C. § 254(b)(1), (3).

⁵ See Comments of Cox Communications, Inc., WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, at 2 (filed Apr. 21, 2011)(“Cox NPRM Comments”).

⁶ See, e.g., Statement of Pat Esser, President, Cox Communications, Inc., in Supporting Statements from Connect To Compete (Nov. 9, 2011), <http://www.fcc.gov/document/supporting-statements-connect-competite-partners-0>; Letter from L. Charles Keller, Counsel to Cox Enterprises, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket Nos. 11-42, 03-109, at 2 (Oct. 24, 2011) (discussing Cox’s participation in the Computers for Families program in Santa Barbara, California); Letter from Grace Koh, Policy Counsel, Cox Enterprises, Inc. to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 03-109 (Jul. 22, 2010) (attaching a press release announcing Cox’s partnership with Louisiana’s Lafayette Parish School System); Letter from William J. Cirone, Superintendent, Santa Barbara County Education Office, to Marlene H. Dortch, Secretary, Federal Communications Commission, GN Docket No. 09-51 (Jun. 24, 2009) (discussing Cox’s partnership with the Santa Barbara County public school system in the Computers for Families program). See also Comments of Cox Communications, Inc., *The National Broadband Plan; The Role of the Universal Service Fund and Intercarrier Compensation in the National Broadband Plan*, GN Dockets Nos. 09-47, 09-51, 09-137 (filed Dec. 7, 2009) (“Cox NBP USF Comments”).

⁷ See Federal Communications Commission, *CONNECTING AMERICA: THE NATIONAL BROADBAND PLAN* at 168, released Mar. 16, 2010 (“National Broadband Plan” or “NBP”), available at <http://www.broadband.gov/plan/>.

Lifeline is both necessary and achievable. Such reform is best achieved by adoption of a centralized national eligibility database and by measures that include the implementation of geographically diverse pilot programs to extend low-income universal service support to broadband services.⁸ Cox supports the Commission’s recent Lifeline reforms to bolster protections against waste, fraud, and abuse; control the size of the program; strengthen administration and accountability; and improve enrollment and outreach efforts. However, to fully reform Lifeline, the Commission and industry have more work to do, especially on the national eligibility database and the broadband pilot programs as discussed below.

II. THE COMMISSION SHOULD ADOPT A SINGLE, NATIONAL ELIGIBILITY DATABASE

Cox has long supported the creation of a single, national eligibility database as a key reform for the Lifeline program.⁹ Such a database, which also is widely supported by industry, would greatly simplify the determination of which individuals are eligible for Lifeline subsidies and would reduce fraud and abuse of the program. As the Commission notes, there has been widespread agreement in the record that an eligibility database or databases would “help ensure that only those customers who qualify for Lifeline benefits would receive such benefits” while also reducing carriers’ costs.¹⁰ Notably, a national database could address certification,

⁸ *Lifeline and Link Up Reform and Modernization; Federal-State Joint Board on Universal Service; Lifeline and Link Up*, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, *Notice of Proposed Rulemaking*, 26 FCC Rcd 2770 (2011) (“*NPRM*”). *See generally*, Cox NPRM Comments.

⁹ *See generally* Cox NPRM Comments.

¹⁰ *FNPRM* ¶ 399.

verification, and re-certification issues without the need to impose new data collection burdens on ETCs,¹¹ and would substantially simplify low-income audits.¹²

The Commission has taken some preliminary steps toward a national eligibility database, and should continue to build on those steps. In the *Order*, the Commission adopted a national accountability database, which will help to address the problem of duplicate support.¹³ The *Order* also directed the Wireline Competition Bureau (“Bureau”) and USAC to “take all necessary actions” to create an “automated means to determine Lifeline eligibility.”¹⁴ The most straightforward and effective means for the Bureau and USAC to accomplish this goal is to extend the national accountability database to establish a single, national eligibility and accountability database.

A single national database for both functions would best ensure program accuracy, efficiency, and security. Such a database would greatly simplify the administrative process for ETCs and for the government agencies administering the program because ETCs would only have to check one source for both duplication and eligibility. With a single database, ETCs, state agencies, and federal agencies would only have to update data in one location, thereby simplifying the maintenance of the data and eliminating the risk that multiple databases might get out of sync. A single database also would reduce unnecessary duplication of sensitive, private data such as Social Security Numbers, program enrollment identification numbers, or telephone numbers, simplifying the protection of such data.

¹¹ Cox NPRM Comments at 4.

¹² *Id.* at 5.

¹³ *Order* ¶¶ 179, 182.

¹⁴ *Order* ¶ 97; *Id.* ¶ 186.

As the *FNPRM* recognizes, the creation of an eligibility database or databases may raise concerns regarding consumer privacy.¹⁵ This is certainly true, and as with any repository containing personal information, robust safeguards would need to be incorporated into the design of the database and into the processes of inserting and accessing information. However, privacy would be a concern no matter the number of databases, and as noted above, a single centralized database would limit the unnecessary duplication of such sensitive data.

As the single national database is designed and implemented, the FCC should seek industry participation. The ongoing Lifeline duplicate claims resolution process is a prime example of how an industry coalition of Lifeline Program participants, working in conjunction with the FCC, USAC and a 3rd party database vendor, can be successful in implementing an industry-wide solution. Having consensus and buy-in upfront prevents the creation of a solution in a “vacuum”.

III. THE COMMISSION SHOULD PROVIDE TARGETED, TIME-LIMITED FUNDING FROM USF FOR DIGITAL LITERACY TRAINING

Cox has been a consistent supporter of digital literacy training in this and other proceedings,¹⁶ based on its own experience in providing such resources to its customers.¹⁷

¹⁵ *FNPRM* ¶¶ 407, 413.

¹⁶ Reply Comments of Cox Communications, Inc., GN Docket No. 09-51, at 3-4 (filed July 21, 2009) (discussing how to leverage the DTV outreach mechanisms to educate consumers on broadband); Reply Comments of Cox Wireless, WT Docket No. 09-66, at n.6 (filed July 13, 2009) (discussing Cox’s “Take Charge! Smart Choices for Your Cox Digital Home” program).

¹⁷ For example, Cox participates in the Computers for Families program in Santa Barbara, California, which trains teachers, students and parents to utilize computers and the Internet effectively to research, complete and post homework assignments, and to communicate through email. The program also provides low-income families with refurbished computers and Internet access. *See* Letter from L. Charles Keller, Counsel to Cox Enterprises, Inc., to Marlene H.

Potential broadband users, including low-income Americans, should have the opportunity to obtain the skills necessary to access and use broadband services. As the Commission has recognized, the lack of such skills presents a major barrier to adoption.¹⁸ The Commission thus should adopt its proposal to support digital literacy training using Universal Service Fund (“USF”).

With proper funding, schools and libraries are well-suited to provide the sort of digital literacy training that will help advance the Commission’s broadband adoption goals. Both types of anchor institutions are already recognized resources in communities across the country, and both are generally intended to serve the entire community. Libraries in particular are already commonly used by members of their communities to access the Internet and other digital resources.¹⁹ And as the Commission recognizes, schools, “particularly those offering School Spots” as part of the E-Rate program, “could be effective as well.”²⁰ The Commission should leverage such institutions in its efforts to ensure low-income groups have access to digital literacy training.

The Commission asks if a total of \$50 million in digital literacy program funding over a four-year period would appropriately advance digital literacy while minimizing the contribution burden on consumers and businesses.²¹ The Commission also proposes to spend 80% of the

Dortch, Secretary, Federal Communications Commission, WC Docket Nos. 11-42, 03-109, at 2 (Oct. 24, 2011).

¹⁸ *Order* ¶ 351; National Broadband Plan at 168, 174-78.

¹⁹ THE INFORMATION NEEDS OF COMMUNITIES, Federal Communications Commission, Office of Strategic Planning and Policy Analysis, at 358 (July 2011), *available at* <http://transition.fcc.gov/osp/inc-report/INoC-35-Recommendations.pdf>.

²⁰ *FNPRM* ¶ 428.

²¹ *Id.* ¶ 434.

funding on library-based programs, with the remaining 20% funding school-based programs.²²

Cox believes these proposals are reasonable, but should be evaluated on a periodic basis.

Specifically, Cox suggests that the Commission could revisit and evaluate the effectiveness of this approach after a prescribed period such as the second year anniversary of the program, as well as at the completion of the four-year program.

Any digital literacy funding program should be centrally administered by the Universal Service Administrative Company (“USAC”), which has experience administering similar programs, such as E-Rate. In fact, it makes the most sense to fund digital literacy as an extension to the existing E-Rate program, since it already is administered by USAC, and it already provides funds to schools and libraries. As the Commission suggests, funding digital literacy through E-Rate could minimize administrative overhead and simplify the evaluation of any eligibility requirements.²³ Further, the administrator should ensure that the application process is streamlined and administratively simple, in order to best encourage participation. Since USAC, through its E-Rate program, has established relationships with many schools and libraries serving low-income communities, it can capitalize on those connections to simplify the application process and the administration of the program.

IV. THE \$9.25 UNIFORM REIMBURSEMENT FOR VOICE SERVICE IS SIMPLE AND PREDICTABLE AND SHOULD BE RETAINED FOR THE NEAR FUTURE

The current flat-rate approach of reimbursement per line of voice service is far superior to the previous tiered approach and should be maintained for the time being.²⁴ First,

²² *Id.* ¶ 438.

²³ *Id.* ¶ 428.

²⁴ *See id.* ¶ 463.

reimbursement at a flat rate that is the same for all ETCs, regardless of location or technology, aligns with the Commission's competitively neutral and technology neutral approach to universal service.²⁵ The previous tiered, regional structure was competitively biased and very confusing for consumers. A flat rate would help establish consistent expectations by Lifeline customers, regardless of their provider or technology.

A flat rate is also simpler to administer, both for ETCs and for USAC, than the previous tiered system. It allows ETCs to predict their support disbursements more accurately, vastly simplifying accounting and reconciliation practices. It also simplifies USAC's reimbursement calculations; a provider's reimbursement is simply the flat rate times the number of lines subscribed under Lifeline. Additionally, under a flat rate, USAC and the Commission can predict the size of the fund with greater accuracy.

Furthermore, changing the support amount is an expensive exercise that should occur with limited frequency. When the subsidy is changed, every ETC must undertake burdensome and expensive modifications to accounting and billing software and processes. For continuity reasons alone, the Commission should retain the current methodology for the near future. This is especially true during the current period of upheaval, when so many USF programs, including Lifeline, are already being heavily modified.

Lastly, if and when the Commission establishes a permanent low-income program for broadband service within the Lifeline program, the Commission should revisit the level of and

²⁵ *Connect America Fund et al.*, WC Dkt. No. 10-90 *et al.*, *Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663, 17667 ¶ 1 (rel. Nov. 18, 2011) (“*USF/ICC Transformation Order and FNPRM*”) (“We... establish a framework to distribute universal service funding in the most efficient and technologically neutral manner possible...”), *pets. for review pending*, *Direct Commc'ns Cedar Valley, LLC v. FCC*, No. 11-9581 (10th Cir. filed Dec. 8, 2011) (and consolidated cases).

need for support for voice service for low-income customers.²⁶ Consistent with the four-year timeline for the funding of the digital literacy program, Cox proposes that the Commission reevaluate in four years whether it should continue to fund voice as a separate service, and if so under what structure and support amount.

V. THE COMMISSION SHOULD ADOPT A STREAMLINED PROVIDER DESIGNATION PROCESS

The Commission should build on the precedent found in its Lifeline forbearance decisions to create a streamlined Lifeline Provider designation that would remove the existing regulatory and process barriers to participation created by the existing ETC designation process. Such a policy would open up the Lifeline program to increased competition that would directly benefit low-income consumers.

In the context of Lifeline, the Commission should do away with the requirement for full-fledged ETC status entirely. The existing requirement that Lifeline providers obtain an ETC designation can be a significant barrier to competitors that wish to qualify for Lifeline funds. The current system gives states wide discretion to grant or deny ETC applications, establishing the states as gatekeepers who may pick and choose which companies receive support. This is especially problematic because state decisions on ETC applications are often based on considerations other than the potential benefit to consumers, such as the interests of incumbent LECs.

As the Commission has repeatedly recognized in granting forbearance to Lifeline-only providers, burdensome ETC requirements are not justified for Lifeline-only providers and are not

²⁶ There is also a nexus with the policies and regulations of the Connect America Fund (“CAF”). The same question Cox raises here (whether there is a need for separate support for voice services once subsidies are provided for broadband services) will affect the CAF framework.

necessary to achieve the statutory goal of providing low-income consumers with access to telecommunications services.²⁷ Unlike other USF programs, “Lifeline support...is distributed on a per-subscriber basis and is directly reflected in the price that the eligible subscriber pays.”²⁸ These characteristics, combined with the competitive nature of the Lifeline market, remove the need for additional regulation to protect consumers, to advance the public interest, and to ensure just and reasonable charges, practices, and classifications.²⁹ For example, the fact that the subsidy is per-customer means that so-called creamskimming concerns are not relevant to Lifeline, as the Commission itself has stated.³⁰ Likewise, concerns that a carrier might double-

²⁷ See generally, *Telecommunications Carriers Eligible for Universal Service Support; NTCH, Inc. Petition for Forbearance from 47 U.S.C. § 214(e)(5) and 47 C.F.R. § 54.207(b); Cricket Communications, Inc. Petition for Forbearance*, WC Docket No. 09-197, *Order*, 26 FCC Rcd 13723 (rel. Sept. 16, 2011) (granting petitions for forbearance of the rural service area conformance requirement in order to remove unnecessary barriers to carriers participating in the Lifeline program) (“*Cricket Order*”); *Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i)*, CC Docket No. 96-45, *Order*, 20 FCC Rcd 15095 (2005) (granting forbearance from the “own facilities” ETC requirement for a Lifeline-only provider); *Virgin Mobile USA, L.P. Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A)*, CC Docket No. 96-45, *Order*, 24 FCC Rcd 3381 (2009) (granting forbearance from the “own facilities” ETC requirement for a Lifeline-only provider); *i-wireless, LLC Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A)*, CC Docket No. 96-45, WC Docket No. 09-197, *Order*, 25 FCC Rcd 8784 (2010) (granting forbearance from the “own facilities” ETC requirement for a Lifeline-only provider); *Telecommunications Carriers Eligible for Universal Service Support; Federal-State Joint Board on Universal Service; Head Start Petition for Forbearance; Consumer Cellular Petition for Forbearance; Midwestern Telecommunications Inc. Petition for Forbearance; Line Up, LLC Petition for Forbearance*, WC Docket No. 09-197, CC Docket No. 96-45, *Order*, 25 FCC Rcd 10510 (2010) (granting forbearance from the “own facilities” ETC requirement for three Lifeline-only providers); *Telecommunications Carriers Eligible for Universal Service Support; Conexions Petition for Forbearance*, WC Docket No. 09-197, CC Docket No. 96-45, *Order*, 25 FCC Rcd 13866 (2010) (“*Conexions Order*”) (granting forbearance from the “own facilities” ETC requirement for a Lifeline-only provider).

²⁸ *Cricket Order*, 26 FCC Rcd at 13728 ¶ 10.

²⁹ See *supra* note 27.

³⁰ *Cricket Order*, 26 FCC Rcd at 13729 ¶ 13.

recover by reselling facilities already supported by USF do not apply in the Lifeline context.³¹ Full-scale ETC designation requirements are unnecessary for Lifeline, and the Commission should scale them back.

Further, the Commission should streamline the ETC process in order to remove barriers to participation. Cox has long advocated for a standardized and streamlined ETC designation process.³² Uniform, national requirements for obtaining ETC status will make it easier for carriers to qualify as ETCs, both because they will better know what they have to do before they apply, and because fewer resources will need to be devoted to the application process. The more providers that qualify as Lifeline-only ETCs, the more competition there will be between Lifeline service providers, resulting in more choice, better prices, and more innovation for low-income consumers.

There are several approaches the Commission could take to streamline the ETC designation process. First, the Commission should eliminate unnecessary requirements flowing from federal law, beginning with the unnecessary requirement that providers seeking to receive Lifeline support conform their service areas to rural telephone company study areas.³³ The Commission has forborne from this requirement in individual cases, and it should provide blanket forbearance from this requirement. The Commission could also adopt a set of federal eligibility rules for ETC designation, and in states that conduct their own ETC designations,

³¹ *Conexions Order*, 25 FCC Rcd at 13870 ¶ 16.

³² Comments of Cox Communications, Inc., WC Docket No. 10-90 *et al.*, at 8-9 (filed Apr. 18, 2011) (“Cox USF/ICC Comments”); Letter from Jennifer Hightower, Vice President, Regulatory Affairs, Cox Enterprises, Inc., and Barry J. Ohlson, Chief Policy Counsel, Cox Enterprises, Inc., to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 10-90 *et al.*, at 2 (Oct. 21, 2011) (“Cox Oct. 21 *Ex Parte*”); Reply of Cox Communications, Inc., WC Docket No. 10-90 *et al.*, at 6 (filed Feb. 21, 2012).

³³ *See Cricket Order*, 25 FCC Rcd at 13723 ¶¶ 1-2.

condition the availability of Lifeline funding on the State determining ETC status in compliance with the federal eligibility rules.³⁴ Finally, the Commission can rely on its authority under Section 214(e)(6) of the Communications Act of 1934, as amended, to designate ETCs when states cannot or will not do so.³⁵

The Commission should strive to reduce the regulatory barriers to entry into the Lifeline provider market. Cutting unnecessary regulation will promote competition and enhance consumer choice and will better achieve the goals of the Lifeline program to connect low-income to modern communications networks.

VI. THE FCC SHOULD AFFORD ETCs FLEXIBILITY TO APPLY THE LIFELINE DISCOUNT TO THE BUNDLED SERVICES THEY CHOOSE

In the *Order*, the Commission permitted all ETCs to allow Lifeline subscribers to apply their Lifeline discount to residential service plans that provide voice telephony service, including packages that bundle voice and broadband service, or packages that contain optional calling features.³⁶ Cox supports this increased flexibility for ETCs, and agrees with the FCC that this will “enhance consumer choice by making broadband and mobile voice services more accessible and affordable for all eligible low-income consumers.”³⁷ However, the Commission should not mandate that ETCs allow Lifeline customers to apply discounts on *every* such residential service

³⁴ It is reasonable to condition eligibility for Lifeline support on compliance with the Commission’s ETC rules because ETC certification processes that did not comply with those rules could lead to inefficient use of Lifeline support. For instance, if a State commission refuses to designate all qualified entities as ETCs, consumers in that state would have fewer Lifeline options available. In such cases the Commission should decline to allocate Lifeline funding until such problems are resolved. *See* Cox ICC/USF Comments at 9.

³⁵ 47 U.S.C. § 214(e)(6). *See* Cox Oct. 21 *Ex Parte* at 4.

³⁶ *Order* ¶¶ 315.

³⁷ *Order* ¶ 317.

plan offered by the ETC. Instead, ETCs should continue to have the flexibility to determine which packages receive Lifeline discounts.

There is no evidence that a mandate is necessary to meet the Commission's goal of enhancing consumer choice. The marketplace for Lifeline services has become aggressively competitive. This competition is and will continue to drive varied and innovative bundles of service offerings. Providers are competing to build attractive packages of services for Lifeline customers. In such a competitive environment, mandating that all packages be eligible for Lifeline discounts is not necessary to enhance consumer choice.

Cox already provides Lifeline subscribers with access to all voice packages and also applies the discount to the telephone portion of all product bundles that include telephone when the customer qualifies for Lifeline. The decisions Cox has made with respect to offering and promoting Lifeline have been driven by the needs of the market and competitive considerations calculated to best promote and sell Cox services to low income individuals. It is important that carriers retain this flexibility to effectively respond to the market and compete for Lifeline subscribers. An arbitrary requirement that the discount be available for "all bundles" would restrict this flexibility and, furthermore, is unnecessary where competition is already driving providers to effectively provide Lifeline-qualified customers with bundle options.

Additionally, a mandate would impose unnecessary costs on providers. Under such a mandate, ETCs would have to comply with Lifeline rules for all carrier plans and packages, regardless of important considerations for how best to service the Lifeline segment. A mandate would not meaningfully expand the choices available to Lifeline customers and could unnecessarily increase the providers' costs.

For example, the Commission has adopted a new requirement that partial payments by consumers on bundled packages first be applied to the allocated price of the Lifeline voice service.³⁸ This requirement increases the complexity and expense of billing processes, and ETCs should not be required to accommodate such a requirement on all bundles and plans on an arbitrary basis. Instead, ETCs should be permitted the flexibility to choose the packages most likely to appeal to Lifeline subscribers, and to be able to avoid the attendant costs on other service bundles.

Mandating that ETCs accept Lifeline support on all bundles on top of the requirement on partial payments will unnecessarily increase providers' costs, ultimately raising the costs to non-Lifeline consumers. The Commission should allow competition in the marketplace to bring additional choice to Lifeline consumers without imposing unnecessary burdens on ETCs and non-Lifeline consumers.

VII. CONCLUSION

Cox commends the Commission's progress on reforming the Lifeline program, and stands ready as a resource as the Commission continues to gather facts to inform further reforms and urges the Commission to take action consistent with the above comments.

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³⁸ *Order* ¶ 320.

