

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 THE  
INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

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

The Independent Telephone & Telecommunications Alliance (“ITTA”)<sup>1</sup> hereby submits its Comments in response to the Lifeline Fund reform issues raised in the February 6, 2012 *Further Notice of Proposed Rulemaking* (“*FNPRM*”) issued by the Federal Communications Commission (“FCC” or “Commission”) in the above-captioned proceedings.<sup>2</sup>

**INTRODUCTION AND SUMMARY**

ITTA commends the Commission for undertaking comprehensive reform of the Lifeline program and supports the Commission’s efforts in the *FNPRM* to continue to improve and modernize the program by strengthening protections against waste, fraud, and abuse; improving program accountability; and facilitating the ease and efficiency of the program’s administration.

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<sup>1</sup> ITTA’s membership includes CenturyLink, Cincinnati Bell, Comporium Communications, Consolidated Communications, FairPoint Communications, Hargray Communications, HickoryTech Communications, SureWest Communications, and TDS Telecom.

<sup>2</sup> *In the Matter of 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, 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).

ITTA supports implementation of a single, national Lifeline database which would perform both duplication and eligibility verification functions. A single national database would be the most efficient and least costly means to determine Lifeline eligibility. For Eligible Telecommunications Carriers (“ETCs”), a national database is a more streamlined and cost-efficient approach because it would eliminate the need to monitor and comply with rules for dozens of states. Moreover, ETCs would only have to build and maintain one interface for accessing information in the database.

For the Commission, a single database would have the same benefits of efficiency and ease of administration. The FCC would not have to oversee 50 different state databases and monitor them for ongoing compatibility and compliance with federal requirements. Furthermore, it is not clear that the Commission has authority to mandate that each state create a Lifeline eligibility database, and it is doubtful that there would be any incentives compelling enough to convince all fifty states to develop a database on a voluntary basis. To the extent that the Commission nonetheless orders states to create individual Lifeline eligibility databases or to provide data for a federal database, ITTA strongly opposes the use of federal Universal Service Fund (“USF”) dollars to offset the states’ costs because of the need to constrain the growth of the Lifeline Fund and to manage the overall size of the federal universal service program.

ITTA believes that the Commission should not devote federal USF funds to digital literacy training programs at this time. The Commission should focus its efforts on transitioning the current universal service program to the broadband environment and developing a low-income broadband support mechanism that would take into consideration digital literacy training concerns. Should the Commission decide to move forward with a digital literacy training program, however, it should fund a pilot program before devoting significant funds to digital literacy training efforts.

ITTA supports the Commission's conclusion that reimbursement from the Lifeline Fund for services provided to low-income subscribers should only be available to ETCs that provide Lifeline service directly to end users. Resale arrangements present situations where non-ETCs can circumvent the Commission's Lifeline rules because they are not subject to the same oversight as ETCs. It is difficult for regulators to detect fraud, waste, and abuse due to the nature of the Lifeline reporting obligations and the lack of incentives to comply with the rules for entities that do not interface directly with the Universal Service Administrative Company ("USAC") or the Commission. For these reasons, non-ETCs should be required to obtain ETC status as a condition of offering Lifeline service on a resale basis. ITTA also supports the Commission's proposal to interpret its rules in such a manner that the incumbent local exchange carrier's ("ILEC's") retail rate for wholesale rate calculation purposes excludes the Lifeline discount.

Finally, ITTA supports adoption of the interim \$9.25 flat rate reimbursement amount (the current average monthly discount for telephone charges for non-Tribal subscribers) on a permanent basis. Adoption of a geographically-uniform rate that is the same for all carriers is less complex for carriers to administer and easier for customers to understand than a tier-based approach to Lifeline reimbursement. It also would not be a good use of the Commission's limited resources to develop a new rate at this time, particularly since carriers will have just spent considerable time and money implementing the \$9.25 interim rate. While a customer should not be permitted to allocate the Lifeline credit among different providers because it would undermine the Commission's efforts to make the process more efficient and understandable, a customer should be able to allocate the discount to a bundled service offering that includes voice service. Allowing low-income subscribers to apply the discount to a bundled service offering

that includes broadband would likely facilitate the Commission's broadband adoption goals because it would make broadband service more affordable for low-income subscribers.

**I. AN AUTOMATED NATIONAL DATABASE IS A RELIABLE AND EFFICIENT MEANS TO DETERMINE LIFELINE ELIGIBILITY**

In the *Order*, the Commission directed the Wireline Competition Bureau and USAC to take all necessary steps to develop and implement an automated means to determine Lifeline eligibility by no later than the end of 2013.<sup>3</sup> One of the fundamental questions the Commission did not answer, however, is whether it should mandate (or encourage) the creation of Lifeline eligibility databases at the state level or establish a national eligibility database.<sup>4</sup> In the *FNPRM*, the Commission invites comment on the issues surrounding each approach.<sup>5</sup>

ITTA supports development and implementation of a single national eligibility database populated by individual customer eligibility data. A national database that can be queried directly by ETCs represents the most efficient and cost-effective alternative for ensuring that consumers' eligibility to receive federal Lifeline benefits can be verified by ETCs in a timely manner. This approach would be the most cost-effective for ETCs since they would be required to build and maintain only one interface as opposed to the myriad interfaces they would need to interact with state-administered databases. Moreover, ETCs would not be obligated to incur expenses to track and maintain compliance with numerous individual state-imposed database rules. The same holds true for the Commission. If the Commission were to decide to adopt a state-specific database approach, it would be required to devote significant agency resources to

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<sup>3</sup> *FNPRM* at ¶ 402.

<sup>4</sup> *Id.* at ¶¶ 404, 408.

<sup>5</sup> *Id.* at ¶ 404 (“We seek comment on whether a state-specific or national eligibility database approach is more reliable, efficient, or imposes greater costs on the states and ETCs.”).

overseeing the state processes to ensure ongoing compatibility and compliance with federal requirements.

The full cost benefits of a single national eligibility database described above are premised on the assumption that individual customer eligibility data would be housed in the national database and the national database would not be a conduit or gateway through which ETCs could query state databases.<sup>6</sup> Should the national database merely act as a conduit to state databases, the cost benefits specified above would be significantly dissipated since the Commission would need to devote substantial resources to ensuring that each state implements an eligibility database and that the database meets federal requirements. Commission resources also would have to be allocated to ensure the effective interaction between state and federal databases on an ongoing basis. Moreover, ETCs would be required to devote resources to ensuring that the gateway function works properly and may be required to interact with individual state databases when problems arise.

A single national eligibility database also would be more administratively efficient because the Commission and the industry would not be required to address differing (and possibly changing) state eligibility standards. Some states that today utilize automated processes have eligibility standards that differ from federal standards. For example, in Texas (which utilizes a third-party automated verification process), Lifeline eligibility is established if a consumer's income is 150% or less of the federal poverty level, not 135%, which is the federal standard. Were it to adopt a state-specific database approach, the Commission (and ETCs) would be required to carefully monitor each state's requirements and the Commission would be required to step in should a state's requirements be inconsistent with federal rules.

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<sup>6</sup> The *FNPRM* seeks comment on whether there are advantages of a national database over and above state databases if the national database merely serves as a conduit through which ETCs query state databases where the data is housed. *Id.* at ¶ 409.

The *FNPRM* refrains from drawing any conclusion regarding whether the Commission should mandate the creation of Lifeline eligibility databases by the states should it decide to adopt a state-specific database approach.<sup>7</sup> Instead, it asks for comment on how the Commission could encourage the states to deploy eligibility databases on an accelerated basis.<sup>8</sup> ITTA has serious reservations regarding whether there are any reasonable (and lawful) incentives that would be compelling enough to convince all fifty states to voluntarily develop and implement Lifeline eligibility databases on an expedited basis.<sup>9</sup> Since a state-specific database plan requires the buy-in of every state and since it is improbable that every state will participate voluntarily – particularly within the expedited timeframe the Commission is planning on – an incentive-based approach to the states would likely prove unworkable.

On the other hand, there is a legitimate question as to whether the Commission has the legal authority to mandate the creation of a Lifeline eligibility database by each state.<sup>10</sup> It is a virtual certainty that if the Commission orders the states to create and implement eligibility databases there will be a legal challenge to the Commission’s decision. It also is probable that the legal proceedings will result in considerable uncertainty and delay. The Commission has explicitly stated that its goal is the implementation of an automated means of verifying Lifeline

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<sup>7</sup> *Id.* at ¶ 405.

<sup>8</sup> *Id.* at ¶ 404.

<sup>9</sup> The *FNPRM* seeks comment on whether the Commission should condition receipt of federal Lifeline support on state implementation of an eligibility database. *Id.* at ¶ 406. ITTA urges the Commission to reject this approach. Presumably, the rationale for this rule would be to incentivize states to voluntarily implement eligibility databases. It is likely, however, that not all states would act in the manner sought by the Commission. ITTA does not believe that a state’s Lifeline-eligible consumers should be denied Lifeline benefits just because the state in which they reside has failed to follow the course of action the FCC prefers. Eligible consumers should be actively encouraged to participate in the Lifeline program, not penalized for actions outside of their control.

<sup>10</sup> *Id.*



program eligibility by no later than the end of 2013.<sup>11</sup> That being the case, the Commission should reject the state-specific database approach in favor of a single national eligibility database.

The Commission asks whether a national eligibility database should be combined with the national database for duplicative support adopted in the *Order*.<sup>12</sup> ITTA urges the Commission to combine the two processes in a single national database rather than maintaining separate databases for duplication and eligibility functions. It is difficult to identify any benefit in maintaining separate eligibility and duplication databases. On the other hand, significant synergies for ETCs could be achieved through the use of a single database to perform both important roles since ETCs would only be required to create and maintain a single interface rather than the dual interfaces that would be needed should separate databases exist. In the absence of any identifiable practical advantage or benefit in a dual database environment and in light of the synergies and cost savings inherent in a single database approach, the Commission should combine the national duplicates database and the national eligibility database.

Finally, the Commission seeks comment on whether it might utilize USF support to mitigate the potential cost on states if it orders the creation of Lifeline eligibility databases at the state level or the transmission of state eligibility data to a national database.<sup>13</sup> ITTA firmly opposes such action. Lifeline program disbursements have reached a \$2.1 billion annual rate.<sup>14</sup> The size of the federal Lifeline Fund and its recent dramatic growth has put considerable pressure on the Universal Service Fund and its other programs. Indeed, the annual budget cap of

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<sup>11</sup> *Id.* at ¶ 403.

<sup>12</sup> *Id.* at ¶ 412.

<sup>13</sup> *Id.* at ¶ 405.

<sup>14</sup> *Order* at ¶ 357. The Commission projects that absent the reforms adopted in the *Order* annual disbursements would increase to \$3.3 billion by 2014. It expects that implementation of the reforms will cause annual disbursements to be approximately \$2.1 billion in 2014. *Id.*

\$4.5 billion recently imposed on the USF's High-Cost program<sup>15</sup> was influenced in part by the size and growth of the Lifeline program. Recognizing the pressures created by the size of the Lifeline Fund (and its recent and projected growth), the Commission adopted a series of reforms and a savings target of \$200 million for 2012.<sup>16</sup> In light of the confirmed need to control the size of the Lifeline Fund and to bring its projected growth under control as well as the need to manage the overall size of the federal universal service program, it would be highly counterproductive for the Commission to allocate any USF funds to the states to offset the cost of complying with federal Lifeline Fund requirements.<sup>17</sup>

## **II. THE COMMISSION SHOULD DEFER THE FUNDING OF DIGITAL LITERACY TRAINING PROGRAMS**

In the *FNPRM*, the Commission identifies the lack of digital literacy<sup>18</sup> as a barrier to increased broadband adoption among low-income Americans and it proposes to use universal service funding to address this barrier.<sup>19</sup> Specifically, the Commission proposes to allocate up to \$50 million a year over a four-year period to fund digital literacy training programs and asks for

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<sup>15</sup> See *In the Matter of Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, at ¶ 145 (rel. Nov. 18, 2011) (“*USF/ICC Transformation Order*” or “*USF/ICC FNPRM*,” as appropriate).

<sup>16</sup> *Order* at ¶ 358.

<sup>17</sup> Moreover, using USF support to offset costs incurred by the states in setting up Lifeline eligibility databases potentially could unfairly favor Lifeline-only providers over other ETCs.

<sup>18</sup> Digital literacy is defined in the National Broadband Plan (“NBP”) as the skills needed to use information and communications technology to find, evaluate, create and communicate information. National Broadband Plan at 174-77.

<sup>19</sup> *FNPRM* at ¶ 416.

comment on this proposal.<sup>20</sup> ITTA suggests that the funding of digital literacy training efforts at this time is premature and should be deferred.

The Commission notes that approximately 32 percent of the American population has not adopted high-speed Internet at home and the percentage of non-adopters among low-income Americans may be as much as double the national rate.<sup>21</sup> However, as the Commission acknowledges, broadband must be “available” to a low-income consumer for the consumer to adopt it and in order for broadband to be available, one or more broadband networks must have been deployed to the consumer and the broadband service offered over the network(s) must be affordable and of sufficient robustness to meet basic broadband needs.<sup>22</sup> In late 2011, the Commission adopted a series of comprehensive and wide-ranging reforms to federal universal service distribution mechanisms and intercarrier compensation rules to spur the deployment of robust broadband networks to unserved rural and other high-cost areas.<sup>23</sup> The implementation of those reforms has just begun and will not be completed until the end of this decade. Indeed, some of the ground rules have not even been established and are the subject of the pending *USF/ICC FNPRM*. In addition, the Commission has only just begun to address the need for a broadband support mechanism for low-income consumers. In the *Order*, the Commission took the first step by adopting the National Broadband Plan’s recommendation that it implement a low-income broadband pilot program.<sup>24</sup> Pilot projects have not been selected yet.

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<sup>20</sup> *Id.* at ¶ 434.

<sup>21</sup> *Id.* at ¶ 416.

<sup>22</sup> *Order* at ¶ 34.

<sup>23</sup> See *USF/ICC Transformation Order* at ¶ 1 (“Today the Commission comprehensively reforms and modernizes the universal service and intercarrier compensation systems to ensure that robust, affordable voice and broadband service ... are available to Americans throughout the nation.”).

<sup>24</sup> *Order* at ¶ 322.

In this environment, it would be prudent for the Commission to defer allocating valuable universal service funds to digital literacy training efforts. The Commission should focus its current efforts on addressing the “availability” issue through transitioning the federal high-cost universal service program to the broadband environment and developing a low-income broadband support mechanism that would take into consideration digital literacy training concerns.

### **III. ONLY ETCs THAT PROVIDE LIFELINE SERVICE DIRECTLY TO SUBSCRIBERS SHOULD RECEIVE LIFELINE SUPPORT FROM THE FUND**

In the *FNPRM*, the Commission seeks comment regarding situations where telecommunications providers, both ETCs and non-ETCs, offer Lifeline-supported service to customers through resale arrangements with ILECs.<sup>25</sup> ITTA shares the Commission’s concerns regarding the risks posed by such arrangements and agrees with the Commission’s proposal that only ETCs that provide Lifeline service directly to subscribers should be allowed to receive Lifeline support from the Fund.<sup>26</sup> Taking this approach would help achieve the Commission’s goals of protecting both the program and consumers from potential waste, fraud, and abuse.<sup>27</sup>

As the Commission pointed out, situations where both the wholesaler and the reseller are ETCs raise the possibility that both the wholesaler and the reseller could seek reimbursement from the Fund for the same subscriber.<sup>28</sup> ILECs typically lack visibility as to whether a reseller seeks reimbursement for Lifeline customers, and must rely on certifications from the reseller with respect to whether or not it claims such support. Furthermore, because the data ETCs currently submit to USAC for reimbursement purposes does not include customer-specific

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<sup>25</sup> *FNPRM* at ¶¶ 448-461.

<sup>26</sup> *See id.* at ¶ 451.

<sup>27</sup> *See Order* at ¶ 1.

<sup>28</sup> *FNPRM* at ¶ 449.

information, it is impossible for regulators to discern independently whether both the wholesaler and the reseller are claiming Lifeline support for the same subscriber.

There also are risks to the Fund where the wholesaler is an ETC but the reseller is not because non-ETCs are subject to less oversight and do not have the same incentives to comply with the Commission's rules as carriers that have obtained ETC status. In some cases, entities that would not be eligible to receive support directly from the Fund because they have been denied ETC certification or are non-compliant with the Commission's rules in other respects may be able to circumvent the Commission's requirements by offering Lifeline service through resale arrangements with ILECs.<sup>29</sup> As the Commission has observed, it is difficult to oversee compliance with its rules for a non-ETC that has a retail relationship with the customer when it does not interface directly with state or federal regulators.<sup>30</sup>

For those reasons, ITTA supports the Commission's conclusion that reimbursement from the Fund for services provided to low-income subscribers should only be available to ETCs that provide Lifeline service directly to end users. Moreover, given that only the reseller/ETC would be eligible to obtain reimbursement from the Lifeline Fund under this approach, it is reasonable for the Commission to interpret the ILEC's resale obligation under Section 251(c)(4) such that the wholesale rate available to the reseller is calculated based on the ILEC's retail rate prior to the application of the Lifeline discount.<sup>31</sup> ILECs would be unfairly penalized by a requirement to pass through the Lifeline discount for which they may not seek reimbursement from the Fund. ITTA agrees with the Commission that interpreting the ILEC's retail rate for wholesale rate calculation purposes to exclude the Lifeline discount strikes the appropriate balance between

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<sup>29</sup> A reseller can obtain Lifeline service from an ETC at wholesale rates that includes the Lifeline discount and pass through the discount to qualifying low-income customers. *Id.* at ¶ 450.

<sup>30</sup> *Id.*

<sup>31</sup> *See* 47 U.S.C. § 251(c)(4).

preserving resale as a competitive option for ETCs serving Lifeline customers (since those ETCs can obtain Lifeline support directly from the Fund) and protecting against waste, fraud, and abuse under Section 254.<sup>32</sup>

Indeed, due to the highly competitive market for Lifeline services, there is a compelling case for relieving ILECs of their Section 251(c)(4) resale obligations for Lifeline-discounted services entirely.<sup>33</sup> As the Commission has acknowledged, not only are there a “number of Lifeline providers currently in the market,” there also are “ongoing efforts to market and make available Lifeline services.”<sup>34</sup> Relieving ILECs of the requirement to resell Lifeline-discounted services would not in any way harm the already-competitive Lifeline services market because low-income consumers would have continued access to numerous competitive alternatives.<sup>35</sup>

Furthermore, non-ETCs that wish to continue to provide Lifeline service on a resale basis could obtain designation as an ETC.<sup>36</sup> In the event they decide not do so, however, the Commission should not grandfather their existing resold lines.<sup>37</sup> Rather, those providers should be required to give reasonable written notice to their Lifeline subscribers that they will need to obtain service from another provider. As noted above, the market for Lifeline services is very competitive, and consumers would likely have a variety of choices for obtaining Lifeline service from another provider. Thus, limiting Lifeline funding to ETCs directly serving customers would not harm any existing Lifeline subscribers and would assist in eliminating fraud, waste, and abuse with respect to the Lifeline program.

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<sup>32</sup> *FNPRM* at ¶ 452.

<sup>33</sup> *See id.* at ¶¶ 453-57.

<sup>34</sup> *Id.* at ¶ 456.

<sup>35</sup> *Id.*

<sup>36</sup> *See id.* at ¶ 458.

<sup>37</sup> *Id.*

#### **IV. A FLAT-RATE, UNIFORM REIMBURSEMENT AMOUNT FOR VOICE SERVICES IS APPROPRIATE**

In the *Order*, the Commission adopted an interim uniform reimbursement amount of \$9.25 in monthly Lifeline support for voice service.<sup>38</sup> The Commission seeks comment in the *FNPRM* on whether to continue with a flat rate reimbursement structure and, if so, what the appropriate reimbursement level should be.<sup>39</sup>

ITTA supports the retention of a flat rate for Lifeline reimbursement that is uniform across geographic areas for the same reasons the Commission adopted this approach on an interim basis – *i.e.*, a uniform flat rate is less complex, easier for customers to understand, and more efficient for carriers to administer.<sup>40</sup> Although prices for voice service may vary somewhat based on the marketplace conditions that exist in particular geographic areas, carriers typically strive to keep rates as uniform as possible to ensure that their service offerings are clear and transparent for both subscribers and customer service representatives, and to ease administrative and cost burdens associated with marketing and billing for services. Thus, ITTA agrees with the Commission that a uniform Lifeline support level is both administratively simple and unlikely to significantly distort the goals of the Lifeline program.<sup>41</sup>

Furthermore, the Lifeline reimbursement amount should be uniform for all providers, *i.e.*, all ETCs should be eligible for the same reimbursement amount.<sup>42</sup> There is no basis for setting different reimbursement amounts for fixed and mobile voice services. Nor should the support amount take into account varying business models for the delivery of voice services or the value

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<sup>38</sup> *Order* at ¶ 53.

<sup>39</sup> *FNPRM* at ¶ 463.

<sup>40</sup> *Id.* Of course, an ETC should have the flexibility to apply the Lifeline credit on a customer's bill in the manner it deems appropriate. Some ETCs provide the Lifeline discount as a credit of the federal Subscriber line charge ("SLC").

<sup>41</sup> *Id.*

<sup>42</sup> *See id.* at ¶ 468.

that consumers may place on different types of service offerings. As with geographic rate uniformity, adopting a uniform rate for all providers creates a simple and straightforward framework that is easy to administer for both ETCs and federal and state regulators. If the Commission were to take into account other factors, such as consumer preferences or delivery platforms, it would only complicate the process and undermine the Commission’s objective “to simplify program administration.”<sup>43</sup>

For the same reasons, the Commission should not permit customers to allocate the Lifeline credit among multiple voice and broadband providers.<sup>44</sup> This approach would complicate consumers’ purchasing decisions, lead to ordering and billing problems, and undercut the movement to a more efficient and understandable process. It also would create opportunities for fraud and abuse that the Commission’s Lifeline reforms seek to avoid because it would allow multiple carriers to claim Lifeline support for the same subscriber. The same logic applies to, and requires rejection of, other proposals where support would be split between two ETCs, such as permitting use of the discount for both a wireless and a wireline service within the same household<sup>45</sup> or permitting households receiving one Lifeline-supported service to obtain a second supported service at 50 percent of the Lifeline support level.<sup>46</sup>

However, ETCs should be permitted to apply Lifeline discounts to any bundled service offering available that includes a voice component.<sup>47</sup> Many carriers, including ITTA member companies, do this today. Moreover, as the Commission has acknowledged, some states require

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<sup>43</sup> *Order* at ¶ 4.

<sup>44</sup> *See FNPRM* at ¶ 473.

<sup>45</sup> *See id.* at ¶ 470.

<sup>46</sup> *See id.* at ¶ 471.

<sup>47</sup> *See id.* at ¶ 490.



ETCs to offer Lifeline discounts on all voice offerings, including expanded service plans, because of the flexibility it provides consumers.<sup>48</sup>

This approach would facilitate the Commission’s broadband availability and adoption goals. As the Commission pointed out, applying the discount to the purchase of expanded service offerings that include broadband would likely increase broadband take rates because it would make such service available to a consumer who may not otherwise be able to afford it.<sup>49</sup> This approach also would be consistent with the statutory principle that consumers have access to quality services at “just, reasonable, and affordable rates,” because bundled service offerings would become more affordable for low-income consumers.<sup>50</sup>

Finally, the Commission should adopt the interim \$9.25 flat rate reimbursement amount (the current average monthly discount for telephone charges for non-Tribal subscribers) on a permanent basis.<sup>51</sup> It would not be an efficient use of the Commission’s limited resources to devote time and attention to developing a new Lifeline reimbursement rate at this time, particularly in light of the fact that carriers will have just spent considerable time and incurred significant cost in implementing the \$9.25 rate adopted in the *Order*. Moreover, maintaining this reimbursement level may assist in constraining the growth of the Universal Service Fund. The Commission has noted that although the support amounts for ETCs based on the interim rate may vary from what they previously received under a tier-based approach for Lifeline support, it does “not expect that the interim flat rate reimbursement of \$9.25 per month to increase the size

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<sup>48</sup> *Id.*

<sup>49</sup> *See id.* at n. 1192 (noting that one of the performance objectives articulated in the *Order* was to “ensur[e] the availability of broadband service for low-income Americans” and that permitting Lifeline customers “to apply their discount to the service plan of their choice could help [the Commission] to more effectively achieve this goal”).

<sup>50</sup> *See* 47 U.S.C. § 214(e)(1)(A).

<sup>51</sup> *See FNPRM* at ¶¶ 464-67.

of the Fund.”<sup>52</sup> Thus, continuing with this simplified rate on a going-forward basis would help manage growth of the Lifeline program and thereby lessen the burdens on those who contribute to the Fund.

### CONCLUSION

For the reasons provided above, ITTA respectfully requests that the Commission adopt its recommendations with respect to the Commission’s proposals for Lifeline program reform.

Respectfully submitted,

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<sup>52</sup> *Order* at n. 152.