

**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
	)	
Telecommunications Carriers Eligible for Universal Service Support	)	WC Docket No. 09-197
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	

**COMMENTS  
OF  
NTCA–THE RURAL BROADBAND ASSOCIATION**

August 31, 2015

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**I. INTRODUCTION AND SUMMARY**

NTCA–The Rural Broadband Association (“NTCA”)<sup>1</sup> hereby submits these comments in response to the Second Further Notice of Proposed Rulemaking<sup>2</sup> issued by the Federal Communications Commission (“Commission”) in the above–captioned proceedings. The Further Notice seeks comment on a number of proposals to improve the efficiency of the Universal Service Fund (“USF”) Lifeline program as well as provide support for low income consumers’ access to broadband Internet access services.

As an initial matter, the Commission should transition to a coordinated enrollment process to improve the efficiency and integrity of the Lifeline program, for the benefit of low income consumers and providers alike. A coordinated enrollment approach would leverage

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<sup>1</sup> NTCA represents nearly 900 rural rate-of-return regulated telecommunications providers (“RLECs”) providing service in 46 states. All of NTCA’s RLEC members are full service local exchange carriers and broadband providers, and many of its members provide wireless, cable, satellite, and long distance and other competitive services to their communities.

<sup>2</sup> Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, Telecommunications Carriers Eligible for Universal Service Support, WC Docket No. 09-197, Connect America Fund, WC Docket No. 10-90, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71 (rel. Jun. 22, 2015) (“Further Notice”).

existing federal benefits programs that currently qualify low-income Americans for Lifeline<sup>3</sup> and therefore offers the Commission the simplest and most straightforward path to improving and expediting the enrollment process for the benefit of low income consumers. It also offers the best method to minimize opportunities for erroneous enrollments and reduce the administrative burden on providers of all sizes, ultimately producing a more efficient and effective program.

NTCA also supports a targeted, coordinated modernization of both the Lifeline and High Cost programs, specifically with respect to giving consumers the choice of voice or broadband service, together *or* on a standalone basis. Indeed, proper coordination and calibration of the Lifeline and High-Cost programs is critical as the success of the Lifeline program in rural areas is dependent in the first instance on the success of the High-Cost program. This is because the Lifeline program simply cannot function in the absence of networks over which services will be offered at lower rates. The High-Cost program helps to justify the business case for deployment of such networks in rural areas where networks would otherwise not exist or would be sub-standard in nature. Then, once robust rural networks are in place, the High-Cost program *also* helps to keep services offered atop those networks “reasonably comparable” in price and quality to those in urban areas for *all* consumers, low-income and otherwise. As a final step, the Lifeline mechanism works in tandem with the High-Cost program to provide *an additional discount* off of such reasonably comparable rates specifically for low income rural Americans, so that they can make the same use of “reasonably comparable” services as their urban low-income counterparts. Thus, for rural low-income consumers in particular, the Commission must ensure

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<sup>3</sup> *E.g.*, Supplemental Nutrition Assistance Program (“SNAP”), Medicaid, Supplemental Security Income (“SSI”).

that both the Lifeline and High Cost programs are properly modernized and sized to achieve these interconnected goals.

Finally, the Commission should reject any proposal to minimize or relax the accountability standards that are embodied by its current Eligible Telecommunications Carrier (“ETC”) rules. These statutorily mandated requirements protect consumers and ensure that they receive the best quality service and that carriers use support for the purpose for which it is intended. These important accountability measures must not and indeed cannot be watered down under the guise of “streamlining” the program. Moreover, every Lifeline provider must comply with the very same ETC obligations and performance metrics as every other carrier that receives USF support, as universal service dollars come with the ongoing duty to provide reasonably comparable services—in terms of both price and quality services—and not simply “availability” of services.

## **II. THE COMMISSION SHOULD COORDINATE LIFELINE ENROLLMENT WITH OTHER FEDERAL PROGRAMS THAT ASSIST LOW-INCOME AMERICANS**

NTCA supports the Commission’s goal of improving the efficiency of the Lifeline Program and ensuring that program funds are targeted in a manner that allows this vital mechanism to have the greatest impact possible on low income consumers. While the Further Notice offers several proposals for reforming the Lifeline subscriber eligibility verification process to achieve those important goals, a coordinated enrollment process that leverages the existing federal benefits programs by which low-income Americans currently qualify for Lifeline in the first instance represents the simplest and most straightforward path to a more efficient program.

As is discussed in greater depth in Section III, *infra*, the Lifeline USF program is an important part of ensuring that all Americans, wherever they live or work and without regard to their income level, have access to vital communications services. Thus, it is critical that Lifeline function, from an administrative standpoint, in the most efficient way possible to ensure universal service resources flow to where they are needed most. The Commission has already taken several important steps, such as the implementation of the National Lifeline Accountability Database (“NLAD”), which prevents multiple carriers from receiving support for the same household.<sup>4</sup> However, as the Further Notice notes, further steps are necessary to extract additional efficiencies from the program and ensure program resources more directly benefit those low income subscribers that are the focus of the program.<sup>5</sup>

In that regard, NTCA supports the Further Notice proposal to utilize a coordinated enrollment approach that works with those existing federal benefits programs used in the first instance to qualify subscribers for the Lifeline discount.<sup>6</sup> Pursuant to a coordinated enrollment approach, at the time a consumer is approved for certain federal benefits programs (*e.g.*, SNAP,

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<sup>4</sup> *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“*Lifeline Reform Order*”), ¶ 179.

<sup>5</sup> Further Notice, ¶ 63.

<sup>6</sup> It should be noted that the Commission has already considered and developed a record on coordinated enrollment and sought comment on implementing such an approach by leveraging the NLAD. In 2012 the *Lifeline Reform Order* directed the Wireline Competition Bureau to implement such an approach. *Lifeline Reform Order*, ¶ 97 (“We therefore direct the Bureau and USAC to take all necessary actions so that, as soon as possible and no later than the end of 2013, there will be an automated means to determine Lifeline eligibility for, at a minimum, the three most common programs through which consumers qualify for Lifeline.”). A further notice accompanying the Lifeline Reform Order also sought comment on how the Bureau could implement this directive and coordinate with programs such as SNAP, Medicaid, and SSI and further sought comment on “synergies that could result from combining the duplicates database and a national eligibility database.” *Id.*, ¶ 412.

Medicaid, SSI), he or she would be informed of the existence of and benefits to enrolling in the Lifeline program and would be enrolled if the consumer so chooses. Upon such consumer election, the state administrator would then add the subscriber's name to the NLAD database. Once that customer initiates service with a Lifeline provider and expresses interest in a Lifeline discounted service plan, the provider would need only verify that consumer's eligibility by entering the would-be subscriber's name into the NLAD database (which would also confirm compliance with the dual eligibility requirements).

A coordinated enrollment approach as detailed above has several advantages over other proposals contained in the Further Notice. First, from an efficiency and program integrity standpoint, state administrators of these programs already perform an income eligibility verification process (likely for several hundred thousand beneficiaries each year) and thus have greater experience and systematic capability than any single provider or third-party entity. Leveraging this vast experience can minimize the chance that an unqualified subscriber will "slip through the cracks" into the program. A third-party verifier, on the other hand, would *introduce* another layer of potential failure and possible deviation from Commission standards, thus possibly increasing the instances of either deliberate or inadvertent misuse of funds.

Perhaps more importantly, this approach has advantages for individual Lifeline eligible consumers. First, a coordinated enrollment can speed up the process for Lifeline subscribers. As the Further Notice acknowledges, certain state efforts to establish third-party verification databases have introduced delays into the process.<sup>7</sup> To the extent that the Commission can expedite enrollment for program beneficiaries, it will provide low income subscribers with an

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<sup>7</sup> Further Notice, ¶ 68.

additional incentive to enroll. Indeed, the education process as to the existence of and benefits of Lifeline that will take place at the point of consumers signing up for other federal benefits programs, as proposed above, is likely to increase the number of eligible low income subscribers that enroll in this important program. Additionally, coordinated enrollment introduces an increased level of both privacy and dignity into the Lifeline program, as it reduces the number of parties to which eligible consumers would be required to provide sensitive personal information.<sup>8</sup>

Moreover, coordinated enrollment would minimize program costs as compared to the time and expense necessary to create a third-party verification entity and attendant database, staff, and other necessary resources. The Commission has already created the NLAD and should leverage it (and state administrators who already play a lead role in considering low-income consumer eligibility for other programs) rather than creating a separate and potentially duplicative verifier and database. A coordinated enrollment approach, leveraging the state administrators that already enroll would-be consumers in other Federal low-income programs *and* the NLAD database that is now being used to validate consumer eligibility for Lifeline discounts more specifically, would thus maximize efficiency and minimize the use of program resources, leaving more dollars for the benefit of low-income Americans.

NTCA also supports limiting providers' eligibility verification responsibilities to the greatest extent possible. This is of particular importance to smaller providers who are under strain with respect to the resources necessary to carry out complex verification procedures for individual consumers. RLECs typically have, on average, approximately 25 total employees, including managers, technicians and customer service representatives (the latter category of

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<sup>8</sup> *See, Id.*, ¶ 96.



employees whom actually perform the eligibility verification). To be sure, providers of all sizes have expressed their support for limiting providers' eligibility verification responsibilities,<sup>9</sup> as the administrative burden of that process is very real for any provider. But the burden on small companies is of special concern, as it affects their ability to focus on customer service and service delivery and actually increases the chances of error in the system as small firms attempt to juggle complex verification processes with other necessary duties. A coordinated enrollment approach would decrease the administrative burden on small businesses (including those that make up NTCA's membership) and would also reduce, perhaps significantly, the number of sensitive documents that RLECs and other small businesses would be required to retain,<sup>10</sup> further reducing the administrative expense for these providers.

By contrast, the Further Notice proposal to establish a third-party verifier suffers from flaws that render coordinated enrollment the best alternative. Specifically, as the Further Notice acknowledges, consumers may be unaware of the existence of a third-party entity.<sup>11</sup> As a result, a number of consumers eligible for a Lifeline discount may not participate in the program, thus defeating the very purpose of this mechanism. With this concern in mind, the Further Notice proposes as alternatives various methods by which providers would accept subscribers' eligibility verification documents from the subscriber, with the provider then interfacing with the

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<sup>9</sup> AT&T, *ex parte*, WC Docket No. 11-42 (fil. Jun. 11, 2015), p. 1; CenturyLink, *ex parte*, WC Docket No. 11-42 (fil. Jun. 10, 2015), p. 1; Cox Communications, *ex parte*, WC Docket No. 11-42 (fil. Jun. 11, 2015), p. 1.

<sup>10</sup> Order on Reconsideration, ¶¶ 224-237. The June 22 Order on Reconsideration not only increased the number and type of sensitive documents that must be retained (and the document retention period) by Lifeline providers it also adopted significant new document retention security practices applicable to these providers. *Id.*, ¶¶ 234-235.

<sup>11</sup> Further Notice, ¶ 66.

third-party verifier. However, requiring service providers to collect sensitive data from low-income consumers is entirely at cross-purposes with the stated goal (or one of them) of reducing the administrative burdens in the program,<sup>12</sup> as it only relieves Lifeline providers of part of the verification responsibility. It may also deter low-income consumers from participating in the program, as compared to a system in which they only need to provide sensitive data once – to a state administrator to whom they already provide such information for other benefit purposes. Perhaps of most concern, as noted above, any use of a third-party verifier introduces another potential point of failure and enrollment delay into the verification process, in contrast to the coordinated enrollment approach that would *remove* possible points of failure and expedite enrollment.

Finally, regardless of the method chosen to take the eligibility verification process out of the hands of providers, it is critical that the costs of doing so should then be borne by the USF. Requiring providers to fund this process would be at odds with the goal of reducing carriers' costs.

For all of the reasons discussed above, a coordinated enrollment approach would best serve the needs of low-income consumers and providers, and best help achieve the goals of promoting greater efficiency and accountability goals in the Lifeline program.

### **III. COORDINATION IS ALSO REQUIRED BETWEEN THE LIFELINE AND HIGH-COST UNIVERSAL SERVICE PROGRAMS TO MEET THE NEEDS OF LOW INCOME CONSUMERS IN RURAL AREAS**

The USF Lifeline Program, much like the High-Cost, Schools and Libraries, and Rural Health Care programs, represents policymakers' continuing recognition of the value of

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<sup>12</sup> *Id.*, ¶ 63.

communications services to each and every American. Communications services and the underlying networks that make them possible and available to consumers wherever they live, work, or go to school and without regard to their income level can literally be a lifeline, ensuring access to lifesaving emergency services. The Lifeline Program plays a vital societal role as part of this umbrella, ensuring that low income Americans can reach emergency services, stay connected to family and friends, stay in contact with their children's schools, and seek employment and stay in touch with current employers.

Going forward, therefore, as work begins to “tak[e] the Lifeline program down to the studs,”<sup>13</sup> the Commission must at every turn recognize that Lifeline is part of a broader fabric of universal service programs, each of which plays a complementary role in making voice and broadband service available to millions of consumers all across the nation, including in rural areas of the nation that would otherwise lack access. Each of the four individual and vital programs that make up the USF fill specific and discrete needs, such as enabling utilization of the most modern IP-enabled teaching capabilities by our nation's schools, furthering the creation of new businesses and keeping consumers in rural areas connected, ensuring that libraries can fill discrete broadband availability gaps as well as other services, and delivering life-saving and cost-saving health care services to rural Americans. These individual but interconnected programs target support in a manner that can and should be complementary in achieving broader universal service objectives.

In rural areas such as those served by NTCA members, the High-Cost USF program promotes broadband deployment in some of the nation's costliest to serve rural areas, where lack

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<sup>13</sup> *Id.*, Statement of Chairman Tom Wheeler, p. 1.

of density, difficult terrain, and weather-shortened construction seasons are among the many significant barriers to the provision of high-quality, reasonably comparable broadband service. It must be emphasized that, in practice, the High-Cost program functions as much more than merely a simple “deployment” or “availability” program. Rather, this vital program is correctly viewed as one that both stimulates deployment *in the first instance* by helping to solve the business case for providers and *then* facilitates ongoing customer use of networks in high-cost areas. It does so by ensuring that consumers’ rates on those networks, once built, will in rural areas be reasonably comparable to those in urban areas, in turn ensuring that broadband networks in these areas will be useful and sustainable over the long term.

For the low income consumers that are the focus of this proceeding, in rural areas in particular, coordination and calibration of the Lifeline and High-Cost programs is essential. As an initial matter, the services to which discounts would apply for low-income consumers would simply be unavailable in the absence of the networks that the High-Cost program enables; while important to stimulate adoption and ongoing use of networks among some users, the Lifeline program itself cannot and does not provide incentives to invest in underlying networks. The very point of the High-Cost program is to solve for the economics in areas where the cost of deploying and operating a network far exceeds what *any* consumer—low-income or otherwise—could afford to pay. Put another way, there is no discount or voucher program that could, on its own, help justify network construction in areas where the costs can exceed thousands of dollars per location. Thus, an effective High-Cost program must be seen as a prerequisite to an effective Lifeline program in rural areas; without a well-functioning High-Cost program, there would be no rural networks over which discounted Lifeline services could be offered.

The symbiotic relationship between the High-Cost and Low-Income programs extends to the price of services offered over those rural networks once built. This is because the purpose of the High-Cost program is to ensure that rates in rural areas are reasonably comparable to those in urban areas. In other words, the High-Cost program is aimed at “normalizing” for the difference in rates that would otherwise arise between rural and urban areas. Of course, once “normalized,” this only means (at least in theory) that the rates for services between rural and urban areas are “reasonably comparable.” It does not mean that low-income Americans can actually afford to procure such services, and this is where the Lifeline program becomes important to fill that incremental adoption gap. The Commission must therefore see the success and sustainability of the High-Cost program as a condition precedent to the successful operation of the Lifeline program for the benefit of low-income Americans in rural areas.

The success of these programs in working in concert depends in significant part on each individual program being properly modernized to achieve their individual but related goals. Outdated or poorly functioning rules in either program can defeat the success of the other. Likewise, expansion of any one USF component without consideration as to the impact on other USF programs could severely undermine or even do long-lasting damage to the broader concept of universal service, to the detriment of the entire rural community. Each mechanism must be sized based on a realistic assessment of the program’s challenges, the goals set forth by both Congress and the Commission, and each individual program’s role in making high-quality and affordable communications services available to each American. Setting artificial budgets that have no tether to underlying costs or that pit any one program against the others would undermine the essential effort to coordinate these interconnected programs and ensure that *all* Americans have sustainable and affordable access to high-quality communications services.

For these reasons, as the Commission moves forward to modernize the Lifeline program, it must keep pace too in modernizing the High-Cost program. As the Commission is well aware, the High Cost program is in need of targeted modernization for the broadband era to provide support for networks over which consumers make the affirmative choice to take broadband-only service, one of the same primary goals at issue in Lifeline modernization.<sup>14</sup> Properly calibrating *both* the High-Cost *and* the Lifeline mechanisms for the broadband era will ensure that broadband networks in rural areas can be both available and sustainable—to ensure that not only does the universal service program umbrella “get broadband out there” but it also “keeps it there,” ensuring that as consumers continue to make the affirmative choice to subscribe to broadband only and utilize additional IP-enabled services, their rates will remain reasonably comparable to those in urban areas.

Unfortunately, an anachronistic quirk within the High-Cost program may put at risk modernization goals for Lifeline in the most rural 40% of the U.S. landmass. NTCA has noted in previous filings that rural consumers face broadband-only rates that are, on average, equal to or in excess of \$110 per month as a result of an outdated technicality within the High-Cost program rules.<sup>15</sup> This is a troubling enough result on its own, but it is of substantial import in the instant proceeding and any consideration of how to update the Lifeline program. Specifically, even as the Further Notice proposes to require Lifeline providers to offer data-only broadband service to

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<sup>14</sup> As Commissioner Mignon Clyburn noted in April “both the FCC and NTCA recognize the need to reform the existing high cost programs to address the so-called standalone broadband issue – which occurs when the consumer purchases only broadband and no legacy voice product.” Remarks of Commissioner Mignon Clyburn, NTCA–The Rural Broadband Association Annual Legislative Conference April 20, 2015, available at: [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-333102A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-333102A1.pdf).

<sup>15</sup> NTCA, NECA, WTA *ex parte*, WC Docket No. 10-90 (fil. Apr. 21, 2015), attachment page 1.

Lifeline subscribers,<sup>16</sup> the High-Cost program rules that compel average rates of \$110 per month for data-only broadband in RLEC areas would significantly erode, if not eliminate entirely, the value of any “modernized” Lifeline discount for low income consumers. Quite simply, if the Commission does not in rapid order address in a surgical manner this shortcoming in the existing High-Cost rules, any laudable efforts it might make in this proceeding to enable consumer choice for standalone broadband services in the Lifeline context are doomed to fail with respect to low-income consumers who live in the 40% of the U.S. landmass served by RLECs. There is no realistic Lifeline discount large enough to enable a low-income consumer to obtain broadband when the “starting price” for all consumers is \$110 per month or more.

Finally, it must be remembered that while the above-discussed coordination of the Lifeline and High Cost programs is an important part of achieving the universal service goals of both programs generally and the goals of this proceeding specifically, it is only one part of the broadband adoption equation. Broadband adoption is a complicated and multifaceted issue that requires multifaceted solutions. A perceived lack of relevance on the part of non-adopters, a lack of experience in utilizing the Internet and the necessary hardware, and a lack of hardware itself are among the most cited barriers in surveys and studies conducted on this issue.<sup>17</sup> And, low

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<sup>16</sup> Further Notice, ¶ 37.

<sup>17</sup> See, Pew Research Center, “Who’s Not Online and Why,” September 2013. Available at: [http://www.pewinternet.org/files/oldmedia/Files/Reports/2013/PIP\\_Offline%20adults\\_092513\\_PDF.pdf](http://www.pewinternet.org/files/oldmedia/Files/Reports/2013/PIP_Offline%20adults_092513_PDF.pdf). The 2013 Pew Study found that as of May 2013, 15 percent of Americans 18 and older do not use the Internet. 34 percent of those survey participants stated that they do not see the Internet as relevant to them. 32 percent stated that they found the Internet difficult to use or that they were concerned with security issues such as spam, spyware and hackers. 19 percent stated that the cost of a computer or an Internet connection was a barrier to broadband adoption, while 7 percent pointed to a physical lack of availability as a barrier. See also, NTIA and Economics and Statistics Administration in the U.S. Department of Commerce, “Exploring the Digital Nation: America’s Emerging Online Experience,” June 2013 (discussing data showing that 48 percent of non-adopters cited lack of need or interest in Internet usage and that 57 percent of non-adopters with less than \$25,000 per year in income cited the lack of a

income consumers can face one of more of these barriers *in addition to* the lack of financial resources necessary to subscribe to broadband. This is not to say that the Commission should not take steps, as discussed above, to ensure that each individual USF program is able to help remove one potentially important barrier to adoption and give consumers the extra financial push towards subscription. But, the Commission must also acknowledge that millions of Americans face cost and/or other barriers to broadband adoption and must consider solutions—and perhaps solutions beyond any reforms to the Lifeline program—to these other barriers. For example, the Commission could look to coordinate with federal, state, local, and private industry initiatives that provide grants for low income consumers to purchase computers and to get the training necessary to access the Internet. In that vein, a “Broadband Adoption Toolkit” created by the National Telecommunications and Information Administration highlights several measures undertaken by local communities to promote awareness of the value of an Internet connection and to provide training for those unskilled or inexperienced in computer usage or purchase low cost computers.<sup>18</sup> These and other solutions must be as big a part of the Commission’s efforts to improve broadband adoption for low income Americans as the proposals contained in the Further Notice.

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suitable computer as a reason for not using the Internet). Available at: [http://www.ntia.doc.gov/files/ntia/publications/exploring\\_the\\_digital\\_nation\\_americas\\_emerging\\_online\\_experience.pdf](http://www.ntia.doc.gov/files/ntia/publications/exploring_the_digital_nation_americas_emerging_online_experience.pdf)

<sup>18</sup> NTIA “Broadband Adoption Toolkit” May 2013, Available at: [http://www2.ntia.doc.gov/files/toolkit\\_042913.pdf](http://www2.ntia.doc.gov/files/toolkit_042913.pdf). *See also*, Housing and Urban Development’s “ConnectHome” initiative that includes a comprehensive approach to broadband adoption by including “training in essential digital literacy skills” and access “to devices and technical support.” Available at: <http://connecthome.hud.gov/>



#### IV. AS A MATTER OF LAW AND DEMANDING REAL ACCOUNTABILITY, THE COMMISSION SHOULD REJECT CALLS TO “RELAX” THE ETC DESIGNATION PROCESS

The Further Notice seeks comment on proposals to streamline the ETC designation process to, “increase market entry into the Lifeline space.”<sup>19</sup> While streamlining the administration of the program to enable greater efficiency in distribution and use of fund resources is a laudable goal, the Commission should at every turn ensure that the ETC designation process continues to promote the responsible use of USF dollars for the benefit of consumers and promotes the availability of high-quality services made possible with those ratepayer dollars.

As an initial matter, all Lifeline providers must be required to obtain ETC designation. This process is not optional. Rather, it is mandated by statute, with good reason—the ETC requirement protects the integrity of the program and the needs of consumers by ensuring the credibility and sustainability of providers, thereby ensuring that consumers receive the best quality service and that carriers use support for the purpose for which it is intended. The ETC designation must not and indeed cannot be watered down in the name of “streamlining” the process.<sup>20</sup> Contrary to the claims of various providers in other contexts,<sup>21</sup> the ETC designation

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<sup>19</sup> Further Notice, ¶ 122.

<sup>20</sup> NTCA cannot help but note the substantial new obligations attached to High-Cost support in connection with “modernization” efforts a few years ago as a contrast to discussions in the present context. Connect America Fund, WC Docket No. 10-90, *et al.*, FCC 11-161, Report and Order and Further Notice of Proposed Rulemaking (rel. Nov. 18, 2011) (“2011 USF/ICC Transformation Order”) ¶¶ 579-606 (adopting a requirement RLECs submit five-year service quality improvement plans pursuant to Section 54.202(a)(1)(ii) and Section 54.313(a)(1).) . There is clearly a balance to be better struck on the spectrum between imposing significant new reporting and monitoring requirements under the mantra of “accountability” and eliminating core statutory protections pursuant to the cause of “modernization.”

<sup>21</sup> American Cable Association and National Cable and Telecommunications Association, *ex parte*, WC Docket No. 10-90 (fil. Nov. 25, 2013), p. 2 (stating that it would be “unduly burdensome” to require

process is neither superfluous nor burdensome. As to the former, it is quite the contrary, as this accountability measure exists for the purpose of protecting consumers and the fidelity of ratepayer generated funding. The obligations that attach to designation as an ETC and the receipt of ratepayer dollars ensure that such funds are used to provide all Americans, regardless of where they live or work, access to high-quality basic and advanced communications services and makes recipients of universal service dollars accountable to ratepayers for the use of these funds. The Commission must hold faithful in all respects to the carefully designed statutory provisions (and its own precedent and rules as to the ETC designation process) and avoid “fast-pass” ETC designations in the name of so-called “streamlining” that fail to fully consider the qualifications, experience or commitment to universal service of support recipients. The assertion that obtaining ETC designation is too burdensome should be summarily rejected as well. Carriers unwilling to make a demonstration that they are financially and technically capable of providing high quality service and that they can do so reliably and can serve as a literal lifeline to certain populations are free to provide service wherever they choose but without the public dollars that attach to ETC designation.

In a similar vein, the Commission should avoid artificially injecting competition into the Lifeline market, and in particular should not relax accountability standards as a results-oriented means of doing so. For example, the Further Notice discusses the burden imposed by the compliance plan required of non-facilities-based wireless providers that seek Lifeline-only ETC

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CAF Phase II competitive bidding participants to obtain ETC designation process prior to bidding and arguing for “an alternative process that facilitates participation by competitive providers.”); Reply comments of American Cable Association, WC Docket No. 10-90 (fil. Apr. 14, 2014), p. 7 (stating, in the context of the Rural Broadband Experiments, that ETC designation standards should be streamlined as they impose “unreasonable and unnecessary burdens on a provider.”).

status and how the Commission can enhance competition and innovation in the market. This compliance plan was adopted by the *Lifeline Reform Order* in part as a method of combating waste, fraud and abuse and was in particular cited as one reason that it was in the public interest for the Commission to forbear from the facilities requirement of Section 241(e)(1)(A).<sup>22</sup> There is no demonstrated need to further relax standards that ensure that a non-facilities-based provider complies with Commission rules and offers consumers quality services and affordable rates and that the USF is protected from waste, fraud, and abuse. Nor is there any indication in the record that non-facilities-based providers are having significant issues entering the market or that consumers are not able to avail themselves of these products.<sup>23</sup>

Indeed, it is critical that every Lifeline-providing carrier comply with the very same ETC obligations and performance metrics as every other carrier that receives USF support. Universal service dollars come with universal service obligations and expectations, and these expectations should continue to include the active, ongoing provision of reasonably comparable services—in

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<sup>22</sup> *Lifeline Reform Order*, ¶ 368 (stating that as a condition of forbearing from the “own-facilities” requirement in section 214(e)(1)(A) for carriers that are, or seek to become, Lifeline-only ETCs, such carriers would be required to file compliance plans “providing specific information regarding the carrier’s service offerings and outlining the measures the carrier will take to implement the obligations contained in this Order as well as further *safeguards against waste, fraud and abuse* the Bureau may deem necessary.”). (emphasis added).

<sup>23</sup> The Further Notice seeks comment on enhanced Tribal Support and asks whether it has achieved the goal of increasing the presence of facilities-based providers on tribal lands and asks whether such support should be limited to facilities-based providers. Further Notice, ¶ 167. At the same time, the Further Notice, in seeking comment on minimum service standards for Lifeline, references mobile wireless providers and states that “it appears that Lifeline ETCs are not offering consumers innovative and sufficient service plans.” *Id.*, ¶ 42 (internal quotations and citations omitted). These inquiries would seem to stem from the Commission’s concern that certain Lifeline providers may not be providing value to low income consumers and the program itself. Thus it seems inconsistent to conduct such inquiries and then also consider loosening standards meant to protect the integrity of Lifeline funds in order to invite an increased level of competition, perhaps from additional non-facilities-based providers. Certainly the Commission should for now consider whether such providers are providing value to the program and low income consumers before relaxing accountability standards.

terms of both *price and quality*—and not just basic “availability” of service. A failure to hold every Lifeline-providing carrier to the same ETC obligations and performance metrics as every other support recipient would also run counter to the goals of the Further Notice, one of which is to “remove[] the incentive for providers to offer minimal, un-innovative services that benefit providers, who continue to receive USF support above their costs, more than consumers.”<sup>24</sup> A failure to hold Lifeline recipients to the same expectations as any other provider that receives USF support or a move to “streamline” ETC obligations would all but give the nod to basic, minimal, limited service plans that are not a prudent use of universal service dollars, do not advance important public policy objectives, and simply relegate low income consumers to second-rate status.

## V. CONCLUSION

For all of the reasons discussed above, NTCA urges the Commission to adopt a coordinated enrollment approach to enrolling Lifeline subscribers. Such an approach offers the Commission the simplest method of improving program efficiency and integrity for the benefit of low income consumers.

The Commission should also ensure that the Lifeline program is properly coordinated with the High Cost program. This is critical to ensuring that these individual but interconnected programs can achieve their important societal and universal service goals.

Finally, the Commission should not—and cannot pursuant to statute—relax or minimize its ETC designation requirements. These vital accountability requirements protect consumers by ensuring that ratepayer dollars are used as intended.

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<sup>24</sup> *Id.*, ¶ 34.

Respectfully submitted,



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