In the Matter of
Lifeline and Link Up Reform and Modernization
Telecommunications Carriers Eligible for Universal Service Support
Connect America Fund

WC Docket No. 11-42
WC Docket No. 09-197
WC Docket No. 10-90

REPLY COMMENTS OF AT&T

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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AT&T Services, Inc., on behalf of its subsidiaries and affiliates (collectively, “AT&T”), hereby submits the following Reply Comments in response to the Commission’s Second Further Notice of Proposed Rulemaking (the “Notice”) in the above-captioned proceeding on further reforming and modernizing the Lifeline program.1

I. INTRODUCTION

In its initial comments on the Notice, AT&T put forth a comprehensive proposal for a New Lifeline program, tackling key issues for a much needed reform of the existing Lifeline program. The comments filed by other parties reveal that there is a broad base of support for

meaningful reform of the Lifeline program, as well as for the defining elements of New Lifeline, including the following: inclusion of broadband Internet access services in the Lifeline program;\(^2\) removal of providers from administration of the Lifeline program; and expanding the pool of Lifeline providers while streamlining the registration process. Unanimity of opinion on any point is not to be expected, but the record validates that AT&T’s New Lifeline proposal provides a solid framework for Lifeline reform and a useful basis for further discussion.

The record also demonstrates that there is no need for Lifeline-specific standards where the Lifeline benefit is applied to services generally available to the public or for the additional interim and burdensome regulation discussed in the *Notice*.

II. **SERVICE PROVIDERS SHOULD NOT ADMINISTER A FEDERAL BENEFIT PROGRAM**

A. **USAC Should Manage Program Administration**

A broad cross-section of commenters support removal of service providers from the administration of the Lifeline program, including the enrollment and eligibility verification process, obtaining recertifications, consumer de-enrollment and distribution of benefits. These commenters recognize that administration and oversight of this governmental program are quintessential government functions that should not be placed on the private sector participants in the program.

\(^2\) Because nearly all commenting parties share the conclusion that broadband Internet access has become a vital tool for everyday life and should be included in the Lifeline program in some fashion to make it more affordable for eligible consumers, these Reply Comments do not separately address that point.
To that end, commenters wholeheartedly supported the proposal to have a third party, rather than the service provider, manage the verification processes.\(^3\) Commenters note that this proposal will streamline the program, provide a more consistent experience for consumers, and eliminate the conflict of interest that arises when service providers are placed in the position of determining eligibility for the program.\(^4\) It also will reduce unwarranted administrative burdens on participating providers, which in turn has the benefit of making the program more attractive to a broader array of providers.\(^5\) And limiting the number of third parties with access to a customer’s confidential personal information improves the security and protection of that information.\(^6\)

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\(^3\) See, e.g., Alaska Communications Comments at 6-7; Comcast Corporation Comments at 7-8; American Cable Association Comments at 8-9; Benton Foundation Comments at 39-40; Castleberry Telephone Company, Inc. Comments at 2-3; Communications Workers of America and AFL-CIO (CWA) Comments at 5-6; Free Press Comments at 63; GVNW Consulting, Inc. Comments at16-17; State of Illinois Comments at 7; ITTA Comments at14; Multicultural Media, Telecom and Internet Council (“MMTC”) et al. Comments at 11-12; National Cable & Telecommunications Association (NCTA) Comments at 5-6; New York Public Service Commission Comments at 5; Public Utility Division of the Oklahoma Corporation Commission Comments at 6-8; Public Knowledge Comments at 33; The United States Telecom Association (USTelecom) Comments at 8-9; Windstream Services, LLC Comments at 7-8.

\(^4\) See ADTRAN, Inc. Comments at 14; COMPTEL Comments at 12-13; Frontier Communications Comments at 6-7; Internet Innovation Alliance Comments at 10-11; Rural Broadband Policy Group Comments at 18; Sprint Corporation Comments at 23-24; Telecommunications Regulatory Board of Puerto Rico Comments at 12.

\(^5\) See Charter Communications, Inc. Comments at 4-5; Cox Communications, Inc. Comments at4; Missouri Public Service Commission at4; Comcast Corporation Comments at 8.

\(^6\) See AARP Comments at 26; The Leadership Conference on Civil and Human Rights Comments at 4.
B. The Lifeline Program Should Leverage the SNAP/FDPIR Eligibility Process for Coordinated Enrollment, Recertification, and De-enrollment

There is also significant support in the record for leveraging state agency expertise in qualifying consumers for benefits via a coordinated enrollment process. Under New Lifeline, eligibility for Lifeline would initially be limited to participants in SNAP and FDPIR, allowing the program to take advantage of existing state agency activities and expertise in connection with enrollment, eligibility, recertification and de-enrollment activities for those programs, and there is support in the record for leveraging SNAP processes in particular, either independently or in tandem with other programs.

The United States Department of Agriculture (“USDA”), which oversees the administration of both SNAP and FDPIR, filed comments that are helpful in advancing the conversation about the ways a coordinated enrollment process can be implemented. In fact, any number of issues that USDA flagged as potential difficulties are, to a large extent, already addressed in the New Lifeline proposal.

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7 See The California Emerging Technology Fund Comments at 38 (enrollment in certain other federal or state programs could result in auto-enrollment or pre-approval for Lifeline); Community Technology Advisory Board, City of Seattle Comments at 5 (integrate application/recertification process with other agencies); State of Illinois Comments at 8; New York Public Service Commission Comments at 5-6; NTCA – the Rural Broadband Association Comments at 4-5; WTA – Advocates for Rural Broadband Comments at 2.

8 See Internet Innovation Alliance Comments at 13-14 (SNAP only); Information Technology and Innovation Foundations (ITIF) Comments at 8; Cox Communications, Inc. at 6 (considerable merit to proposal to coordinate Lifeline enrollment efforts with administration for SNAP); Benton Foundation Comments at 41 (utilize pre-existing programs as much as possible, particularly SNAP); MMTC et al Comments at 13-14 (initially coordinate with SNAP); Public Utility Division of the Oklahoma Corporation Commission Comments at 8.
For example, USDA notes that it could not function as a national verifier for Lifeline and that federal funding for SNAP can only be spent on SNAP activities. That should not be an issue, however, because coordinated enrollment under New Lifeline contemplates that the Commission and USAC, not USDA, maintain the national administration database for Lifeline, which would include a consumer’s eligibility status. Further, the state agencies that administer those programs would only incur some incremental expense to prepare and forward enrollment applications and eligibility determinations to USAC because the qualification for SNAP and FDPIR participation is Lifeline eligibility. In any case, USDA would not be asked to fund that incremental expense. USDA notes that SNAP already has a Quality Control system to ensure the accuracy of SNAP benefit determinations and it is precisely this sort of existing management and quality control that New Lifeline would leverage in revamping the Lifeline qualification process.

USDA and the FCC have already concurred that SNAP state agencies may disclose whether a Lifeline applicant is receiving SNAP benefits. Any additional information about the consumer that is provided to USAC would come from the SNAP-related details that the consumer would authorize a state agency to use when it prepares and sends the Lifeline application form to USAC. Finally, the Lifeline card proposed as part of New Lifeline would be separate from the SNAP EBT card, and AT&T proposes that the Lifeline benefit could be placed on an electronic payment card with funds set up to limit payments only to registered Lifeline

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9 USDA Comments at 2-3.
10 Id. at 3.
11 Id. at 4.
providers, which is one of the alternatives that USDA posits as an alternative to putting the
benefit directly on the SNAP EBT card.\textsuperscript{12}

TracFone objected to coordinated enrollment through SNAP agencies on the theory that
if the enrollment process is too easy, consumers who do not actually need Lifeline support will
take it simply because it is available\textsuperscript{13} – in effect, that too many people would learn about and
accept Lifeline benefits. SNAP is a means-tested program that already requires consumers to
demonstrate their “need” for federal assistance and thus, it is a reasonable program upon which
to base Lifeline eligibility. As evidence of its ability to target consumers in need, approximately
eighty-three percent of participating SNAP households had gross income less than or equal to
100\% of federal poverty guidelines (FPG).\textsuperscript{14} If more Lifeline eligible consumers do enroll in
Lifeline it may be because Coordinated Enrollment is more efficient than the current process,
and these consumers should not be required to demonstrate further need. All providers will
benefit from improved program participation as long as they are willing to compete for Lifeline
consumers. If policy makers ultimately elect to impose a cap on Lifeline funding, they may have
to decide whether to overlay additional criteria to further prioritize which consumers should
receive Lifeline benefits. Coordinated enrollment and the other New Lifeline reforms will work
whether or not policy makers implement a Lifeline budget cap, however, and retaining the old
Lifeline structure as a means of limiting participation in Lifeline is not a sound policy rationale.

\textsuperscript{12} Id. at 6.

\textsuperscript{13} TracFone Wireless, Inc. Comments at 33-34.

\textsuperscript{14} U.S. Department of Agriculture, Food & Nutrition Service, Characteristics of Supplemental
Nutrition Assistance Program Households: Fiscal Year 2013 (December 2014) (available at
http://www.fns.usda.gov/characteristics-supplemental-nutrition-assistance-program-households-
fiscal-year-2013).
C. Lifeline Should Be Distributed as a Portable Benefit Directly to Consumers

There is substantial support in the record from consumers groups, service providers, and government agencies for transforming the Lifeline benefit into a portable benefit that the government delivers directly to consumers for them to apply to any covered service made available to Lifeline consumers by a participating service provider. Commenters recognized that this transformation would best serve Lifeline participants by enabling them to maximize the utility of their Lifeline benefit,\(^{15}\) while also cutting the ties between providers and program administration and thereby encouraging more provider participation in the program.\(^{16}\)

No other proposal puts consumers in the driver’s seat, fully enabling consumers to exercise the choices available in a competitive market, to the extent that New Lifeline does by placing the Lifeline benefit directly in consumers’ hands. When eligible consumers are no longer tethered to a particular provider to receive the Lifeline benefit, competition for Lifeline consumers will increase because consumers will be free to apply their benefit to whichever provider or service best meets their needs. Lifeline consumers will also be able to change their current provider when another provider offers a better service package just as non-Lifeline consumers are able to do. Lifeline consumers also will have the flexibility to hold their Lifeline benefit for a few months before choosing how to apply it toward covered services. Lifeline consumers are in the best position to make these day-to-day personal financial decisions for

\(^{15}\) See, e.g., Cox Communications, Inc. Comments at 6-7; Free Press Comments at 54-55, 59-60; Frontier Communications Comments at 9-10; Alaska Communications Comments at 7-8; GVNW Consulting Comments at 15-16; State of Illinois Comments at 8; Internet Innovation Alliance Comments at 17-18; ITIF Comments at 7-8; ITTA Comments at 16; Michigan Public Service Commission Comments at 12; MMTC et al Comments at 13-14; Public Knowledge Comments at 21-23; Smith Bagley, Inc. Comments at 21.

\(^{16}\) See American Cable Association Comments at 9-10; Comcast Corporation Comments at 9; Frontier Communications Comments at 8.
themselves and only those participating providers that are willing to compete for Lifeline consumers by offering the best combination of service features and price will succeed.

Continuing to have providers deliver the Lifeline benefit in the form of a credit or discount on their services continues to tie consumers to their existing Lifeline providers. If they want to move their Lifeline benefit to another provider, their “transfer” must first be processed through NLAD. They are not free to apply their benefit to whichever provider or service they want or to change which provider they choose to apply the benefit to when a better offer becomes available. So long as these ties continue to bind Lifeline customers to their existing Lifeline provider in order to receive their Lifeline benefits, the Lifeline program will continue to impinge upon Lifeline customers’ exercise of choice, and it is inevitable that Lifeline customers will continue to miss out on all the benefits of a vibrantly competitive communications services market. The Commission should sever these artificial and unnecessary ties in the Lifeline program by remaking the Lifeline benefit as a fully portable benefit that is delivered directly to consumers.

New Lifeline proposed a debit card as the mechanism the government should use to deliver benefits directly to Lifeline consumers. The Lifeline card would provide consumers with electronic access to the funds stored in their Lifeline account and is one way to operationalize delivering Lifeline benefits directly to consumers so they can take advantage of the enhanced portability of those benefits as described above. Use of a card to deliver program benefits is a familiar mechanism to consumers that participate in federal assistance programs, which is another reason AT&T proposed a Lifeline debit card. A card also provides consumers with the flexibility of using their Lifeline benefit with one provider or with multiple providers, while still ensuring the consumer only has the funds that are in their Lifeline account to spend on covered
services. There are system advantages for providers as well as USAC because providers would receive consumer payments electronically through existing payment platforms rather than seeking reimbursement from USAC.

Some commenters expressed concern that delivering the Lifeline benefit directly to the consumer through a benefit card would require that a recipient physically go to a store to use that card.\textsuperscript{17} That concern is unfounded. Although a SNAP EBT card may need to be swiped at a food retailer’s physical location, it does not follow that a Lifeline card or other form of portable benefit must have similar restrictions. AT&T proposes that the Lifeline benefit be managed via a debit card tied to a consumer’s Lifeline account, but that card should be usable to make payments in as many ways as possible – over the phone, online, by mail, or in person. Using a Lifeline benefit card as an additional form of currency need not make it burdensome for customers to pay their bills.

Some parties questioned the costs of moving to a portable benefit,\textsuperscript{18} but for the most part ignored the existing costs of administering the benefits through Lifeline service providers. In addition to the significant financial burden on the providers associated with specialized billing and tracking for Lifeline customers and following the many regulations in connection with seeking reimbursement for the discounts they advance, there are existing costs associated with USAC’s reimbursement of service providers and its monitoring and auditing of providers’ processes and reimbursement requests. Providing Lifeline as a direct benefit to eligible

\begin{footnotesize}
\begin{enumerate}
\item[17] See, e.g., TracFone Wireless, Inc. Comments at 39-40; Comnet Wireless, LLC and Choice Communications, LLC Comments at 12; National Association of the Deaf \textit{et al} Comments at 8; NTUA Wireless, LLC Comments at 21.
\item[18] See, e.g., Lifeline Joint Commenters Comments at 43; Sprint Corporation Comments at 28; Consumer Action Comments at 3.
\end{enumerate}
\end{footnotesize}
consumers not only streamlines the process by removing the middlemen, it more properly aligns the costs of that federal benefit program with the government agency tasked with overseeing it.\(^{19}\)

There may be other ways to deliver Lifeline benefits directly to consumers in a more efficient and effective manner than a debit card. For example, perhaps a delivery mechanism other than a plastic card with a magnetic strip could provide consumers with access to Lifeline benefits to make electronic payments to participating service providers. AT&T remains committed to working with industry members, the Commission and USAC to identify and operationalize a benefit and payment distribution mechanism that will provide consumers with their portable Lifeline benefits as effectively as possible. Increasing competition for Lifeline consumers by empowering them to direct their Lifeline benefits to the provider and service that best meets their needs, and to change those service arrangements when a better offer is available, will help put Lifeline consumers on equal footing with non-Lifeline consumers.

**D. The Commission Should Expand the Available Pool of Lifeline Service Providers**

There is significant agreement that streamlining the process for qualifying Lifeline providers and encouraging a wider group of providers to participate in the program will inure to the benefit of both the program and consumers.\(^{20}\) To make participation in the program more

\(^{19}\) In that regard, the record compels the conclusion that, just as service providers should not administer a federal benefit program, they should not individually bear the costs of the government’s administration of the program. The comments nearly universally acknowledge that the administrative costs of the Lifeline program, whether for USAC or NLAD or a national verifier, should be paid from the general universal service fund. See e.g., Connected Nation, Inc. Comments at 17; Cox Communications, Inc. Comments at 7; NCTA Comments at 6; Sprint Corporation Comments at 34-35; Verizon Comments at 4; Windstream Services, LLC Comments at 8; WTA – Advocates for Rural Broadband Comments at 8; Castleberry Telephone Company, Inc. Comments at 3; ITTA Comments at 17.

\(^{20}\) See, e.g., Comcast Corporation Comments at 9-10 (supporting doing away with ETC process and suggesting possibility of doing away with specialized Lifeline designation altogether);
attractive, the reformed process and program must reduce the service providers’ administrative burden – which dovetails with the removal of the providers from administration of the program. The Commission should not only allow non-ETCs to participate in the program, but should completely delink the ETC designation from the Lifeline program, which will remove some of the regulatory burdens that discourage carriers from entering the program, and give consumers more choices of providers.\textsuperscript{21}

**III. LIFELINE-SPECIFIC SERVICE STANDARDS ARE NOT APPROPRIATE FOR SERVICES AVAILABLE TO THE GENERAL PUBLIC**

Allowing customers to apply a portable Lifeline benefit to the service and Registered Provider of their choosing has the potential to greatly expand a consumer’s choices. Where Lifeline providers offer to Lifeline customers the same service that is generally available to all consumers, there is no need to apply service standards.\textsuperscript{22} Rather, Lifeline consumers will make their own decisions about which services that are available in the marketplace best meet their needs. Indeed, minimum standards can actually harm consumers. For example, a person who uses the Internet strictly for web surfing, job applications, and email, should not have to purchase a broadband service with speeds designed to facilitate streaming video. On the other hand, if that is what the consumer wants, the choice to apply his benefit to that service should be available to

\textsuperscript{21} See Internet Innovation Alliance Comments at 19-21; Cox Communications, Inc. Comments at 9-10; GVNW Consulting Comments at 21-22; Smithville Telephone Company Comments at 1; USTelecom Comments at 2-5.

\textsuperscript{22} See, e.g., American Cable Association Comments at 8; NCTA Comments at 2-4; COMPTEL Comments at 11-12.
him from participating providers that have elected to make that service available to Lifeline consumers.

Minimum standards have the effect of locking customers into features and capabilities that they may not need or want. So long as a Lifeline consumer has the same options as other consumers, the consumer, not the Government, is in the best position to choose what best service best suits his or her needs. Providers also are more likely to participate if they are not required to offer a service they currently do not provide to non-Lifeline consumers. In the interests of encouraging the widest variety of offerings for Lifeline customers, however, AT&T also believes that providers should be allowed to create Lifeline-specific plans to cater to eligible consumers – though in that case, minimum service standards may be appropriate to ensure that consumers receive covered services and prices that are reasonably comparable to those available to non-Lifeline consumers.

Some comments suggest that the Commission should apply a fixed standard such as 25/3 or 10/1 Mbps to the broadband Internet access service that would be covered by Lifeline.23 To the extent that what these commenters envision is that the Lifeline benefit can only be applied to existing service plans with fixed minimum speeds, they are arguing for the anomalous result of preventing consumers from choosing the broadband Internet access service that fits their lifestyle and budget. Instead, Lifeline consumers should be allowed to choose any broadband Internet access plan made available to Lifeline customers, whether it is one available to the public at large, or one designed specifically for Lifeline customers – thus expanding their choices and

23 See, e.g., Consumer Action Comments at 2; City of Seattle Comments at 2; ADTRAN, Inc. Comments at 8; Alexicon Telecommunications Consulting Comments at 5; CWA Comments at 4.
allowing them to decide what level of service and price is most suitable for their individual circumstances.24

To the extent that what they envision, on the other hand, is either that Lifeline service providers themselves subsidize broadband Internet access services above and beyond the Lifeline benefit to make higher speed services available for free or at negligible cost to eligible consumers, or that service providers must deploy service at a particular speed as a condition to participate, then they have lost sight of the basics of the Lifeline program. It is a mechanism for distributing universal service funds to eligible consumers to increase the affordability of covered services, and not a grant of authority to require that particular service providers subsidize service for eligible consumers. Lifeline provides a consumer benefit in the form of reduced charges, and does not provide support to carriers for deployment of infrastructure. As such, the Commission lacks the authority to require unfunded deployment of facilities through the Lifeline program.25

Most commenters who advocated service standards focused on the concern that eligible consumers have access to services comparable to the services available to non-Lifeline consumers.26 Where Lifeline consumers have access to the same service, however, comparability is not an issue, and no separate Lifeline service standards are appropriate. Where providers offer separate service plans that are available only to Lifeline customers, the Commission should limit its consideration of standards to ensuring that providers are not taking

24 See Comcast Communications Comments at 13; Public Knowledge Comments at 22.

25 See Verizon Comments at 7-8; AT&T Comments at 30-31; Alaska Communications Comments at 10-12; ITTA Comments at 26.

26 See, e.g., MMTC et al Comments at 5-6; GVNW Consulting Comments at 6; Pennsylvania Public Utility Commission Comments at 5; Public Knowledge Comments at 26; AARP Comments at 11.
advantage of, or abusing, the program by offering Lifeline customers services that are not comparable to those generally available to the public, taking into consideration the elements of the service and the price at which it is offered.

IV. LIFELINE REFORM EFFORTS SHOULD FOCUS ON REINVENTING THE PROGRAM FOR THE 21ST CENTURY RATHER THAN INCREASING REGULATION UNDER THE CURRENT PROGRAM

The record does not support layering incremental regulatory burdens on providers under the existing Lifeline program. Rather, there is a recognition that the program needs a more fundamental restructure. The Commission’s and other parties’ time and efforts are much better spent on creating a system that redistributes administrative roles, includes appropriate checks and balances, and maximizes value for Lifeline eligible consumers, than on interim “fixes” that don’t really fix anything. In particular, commenters correctly pointed out that a photo id requirement, would unnecessarily burden both applicants and providers,27 and that it made no sense for providers not enrolling consumers face to face.28 Equally unnecessary and misguided are the proposals for extensive training requirements and certifications.29 And there was broad recognition that the proposal for a 24 hour customer service line dedicated to Lifeline

27 See, e.g., AARP Comments at 37; COMPTEL Comments at 22-23; Lifeline Joint Commenters Comments at 49.

28 AT&T Comments at 38.

29 See e.g., Frontier Communications Comments at 9; General Communication, Inc. Comments at 30; GVNW Consulting Comments at 27-28; Lifeline Joint Commenters Comments at 95-96; USTelecom Comments at 12-13; ITTA Comments at 23-24; Verizon Comments at 6.
de-enrollments would be unduly costly and burdensome, without a corresponding tangible benefit.30

Respectfully submitted,

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30 See Cox Communications, Inc. Comments at 4; Lifeline Joint Commenters Comments at 69-71; TracFone Wireless, Inc. Comments at 51; Verizon Comments at 6; Windstream Comments at 9; General Communication, Inc. Comments at 27; ITTA Comments at 28-30; Small Carriers Coalition Comments at 3-4; USTelecom Comments at 13-14; WTA – Advocates for Rural Broadband Comments at 21-22.