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To: Utah Public Service Commission

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Subject: Office of Consumer Service’s Responses from Other States

Docket No. 10-2528-01

In the Matter of the Resolution of Certain Issues Related to the Designation of a Common Carrier as an Eligible Telecommunications Carrier

Introduction

The Commission has asked parties to submit recommendations based on what other states have done to resolve issues similar to those in this docket. This document presents the Office of Consumer Services’ (OCS or Office) response to this request.

The OCS queried other states to garner information regarding their experiences with wireless ETCs providing Lifeline service. Our intent was to find out what problems they had encountered, what was working and to forward their recommendations based on the successful practices from those states.

Recommendation Highlights from Other States

- Require wireless ETCs to provide adequate and free of charge (i.e., customer service calls do not use any wireless minutes) customer service access.
- Public Service Commissions must develop rules for ETC Lifeline advertisement.
- PSCs should require ETCs to report data on their Lifeline programs.
- Self certification under the penalty of perjury is not a reliable process. Requiring documentation as part of the self certification process is preferred.

- For annual verification performed by the ETC, the ETC must ask for documentation from the customer. If no documentation is received, the ETC must de-enroll the customer from the Lifeline program.
- When using the sampling method to prevent double dipping, sample sizes must be sufficiently large to provide a statistically valid deterrent.

Detailed responses from several states are presented below.

Issues and Concerns from Other States

- Some providers charge customers for calls to customer service.
- It was not certain who would handle dispute resolution, because it was not clear who has authority over the behavior of the wireless ETCs.
- Wireless ETCs may be able to assess penalties for customers discontinuing service.
- Revocation of ETC authorization can be a long drawn out process.
- Some wireless providers argue that they do not need to pay state fees which are based on a customer's bill, since they do not issue 'bills'.
- Since some wireless providers do not send a bill, it is unclear how assessments for in-state telephone public services are to be calculated.
- Advertising has been unclear or misleading as to the service the wireless ETCs are providing. Often customers do not understand what they will receive or what is required of them as participants in the Lifeline program.
- It is unclear how long a person needs to be classified as low income before they qualify for Lifeline service.
- The term "under penalty of perjury" is not understood by some low-income Lifeline recipients. It is not clear that state or federal administrators would prosecute those customers who engage in improper certification.
- Once qualified, participants can stay in the Lifeline program indefinitely. This is possible even if they no longer qualify and they may remain in the program until the point that they happen to fall within the random sampling.
- Many customers who may be double-dipping will not be identified if the sample size on verification audits is too small.
- USAC's audits are not sufficient.
- ETC designation can be awarded too freely, for example, making Check Cashing companies eligible for USF. Double-dipping may then become a larger issue.
- Wait time for customer service is long and the customer service representatives are sometimes difficult to understand because English is not their primary language.

- Lifeline verification was established assuming that the responsible state agency had access to records of household income. However, when it did not, the state agency used W-2 forms supplied by the applicants. This presented a problem because the W-2 may or may not be the applicant's only income.

Successful Outcomes Reported by Other States

- The wireless ETCs are very aggressive in efforts to provide service to potential customers increasing participation in the Lifeline program.
- There have been very few complaints from customers.
- Potential participants realize that they need to provide documentation to receive Lifeline benefits.
- Having a state agency determine eligibility greatly reduces the risks to the wireless ETC of being accused of improper advertising.
- It is better to set up the rules and regulations initially so that all players know the requirements before a program begins.
- Massachusetts did an audit and found 57% of lifeline recipients were eligible, 30% would not respond and the remaining 13% were not eligible. This demonstrated that the state run audit process uncovers Lifeline customers who should not be receiving Lifeline benefits.
- Most wireless ETC USAC audits show no misbehavior.
- Wireless ETCs have reported questionable practices of other providers.

Recommendations from Other States Based on Their Successful Practices

Customer Service

- The ETC needs to provide each Lifeline customer a toll-free customer service number that does not reduce the customer's allotted minutes of use when called.
- Wireless ETCs must provide a clear description of prices and services, as well as fees and terms of conditions.
- The customer must be able to cancel Lifeline service at any time for any reason without obligation or penalties being assessed.

Regulation

- The ETC authorization must be quickly revocable if any rules or requirements are violated including failure to pay all required assessments.
- Pre-paid companies taxes and fees should be based on an average estimation of the price of services or on a percentage of their Federal USF disbursement.

- Approval from the Public Service Commission must be obtained prior to any Lifeline advertising.
- Determine beforehand the procedure for dispute resolutions, including who will handle disputes and who has enforcement authority.
- Wireless ETCs should file quarterly reports providing data on the following: complaints, customer usage, number of customers that go over the allotted minutes and wait time for customer service resolution. Reports should also demonstrate that they are abiding by all rules and regulations.
- The Commission should be strict in awarding ETC designation only to legitimate phone companies.

Certification

- The term “under penalty of perjury” may not be understood by potential Lifeline customers. Therefore, self-certification is not the best method of certification and the use of a State agency is much more effective.
- If self-certification is used, other states recommend that every customer must submit documentation of eligibility.
- Evidence of eligibility based on qualifying income must be for the most recent three months.
- The ETC must verify the applicants name with Workforce Services or another state agency to verify eligibility.

Annual Verification

- The ETC must contact the customer and request updated documentation to demonstrate continued eligibility on an annual basis. If documentation is not provided the customer must be removed from the Lifeline program.
- An officer of the ETC signs a document filed with the PSC annually certifying that only those who are eligible for Lifeline service are receiving it from their company.
- The sample size for verification audits needs to be overly large to increase the odds of discovering double dipping.
- The state and ETCs should do their own audits and not rely on USAC’s audit.