

CENTURYLINK COMMENTS
Docket No. 10-2528-01
June 3, 2013

Introduction:

On February 6, 2012, the FCC issued its Lifeline and Link Up Modernization and Reform Report and Order and Further Notice of Proposed Rulemaking (the “Lifeline Order”) addressing ETC certification requirements and other related issues.¹ In the Lifeline Order, the FCC comprehensively reforms the low-income program of the Universal Service Fund to eliminate Link Up support in non-tribal areas; impose uniform eligibility, certification and verification requirements; begin the process of modernizing the program to shift to supporting broadband and constrain the growth of the low-income fund. As a result of the certification and verification requirements in the Lifeline Order, the Utah Division of Public Utilities (“Division”) has raised concerns with respect to the ability of the Department of Workforce Services (“DWS”) to continue to certify and recertify Lifeline eligibility. In order to address its concerns regarding the DWS, the Division is proposing that carriers take on a more significant role with respect to lifeline certification and verification.

CenturyLink believes that state government is in the best position to efficiently administer the Utah Lifeline Program, and that the state—not carriers—should retain primary responsibility. The ongoing certification and verification of Lifeline eligibility should be performed by state agencies, whether the DWS continues to administer the program, or a third party administrator is retained to administer the program (as proposed by the Office of Consumer Services (“Office”). In order for a third party administrator to be successful, they will need access to the systems used by DWS and the state.

¹ *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 No. 11-42. WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23; Report and Order and Further Notice of Proposed Rulemaking; Rel. Feb. 6, 2012, (“Lifeline Order”).

Recent filings and activity related to the Utah Lifeline program:

On May 10, 2013, the Division filed a memo with the Utah Public Service Commission (“Commission”) outlining the following proposed changes to the Utah Lifeline program:

- 1) Initial certification for Lifeline eligibility should be done by the carrier, whether wireless or wireline; and
- 2) Annual recertification should be accomplished by carriers first submitting information to the DWS for an automatic query of program databases to verify program-eligibility, then, for those not verified in the automated process, by the carrier verifying either income or program eligibility.

On May 17, 2013, the Commission issued a Notice_of Filing and Comment Period (“PSC Notice”) with respect to the Division’s May 10, 2013 memo. The PSC Notice states that, *“Any interested parties may submit comments on the Division’s proposal or otherwise propose other alternatives to accomplishing the certification process required in the FCC rules, including any anticipated administrative costs for carriers. Comments are due no later than Monday, June 3, 2013, and reply comments are due no later than Monday, June 10, 2013.”*

On May 24, 2013, the Office filed an early response to the Division’s recommendation. Specifically, the Office proposes the use of a third party administrator. Even though interested parties will have the opportunity to file reply comments, Qwest Corporation d/b/a CenturyLink QC (“CenturyLink”) addresses the use of a third party administrator here.

Further, on May 28, 2013, the Commission filed a Notice And Petition For Waiver of The Utah Public Service Commission with the Federal Communications Commission (“FCC Notice”). In addition to seeking a continuation of the FCC waiver until year-end 2013, the Commission provided some additional insight into the challenges and difficulties associated with having the DWS implement the necessary changes to the Utah Lifeline program. The Commission also

stated that it is proposing “to complete the 2013 annual recertification process using the same methods and processes applied in 2012.”²

Utah State Government should retain primary responsibility for administering the Lifeline Program:

CenturyLink understands and appreciates the difficulties and challenges that the Division and Commission have encountered with the Utah Lifeline program, especially over the last year as they have sought to bring the program into compliance with the FCC requirements. Significant time, effort and resources have been expended. The Commission recently concluded that DWS is unable to implement the necessary changes, at least not in a timeframe that will meet the FCC requirements.³

Despite the difficulties, CenturyLink continues to believe that the state has the primary responsibility to administer public assistance programs like the Lifeline program and is in the best position to ensure that public assistance programs are administered in an effective and efficient manner. CenturyLink believes that most of the problems encountered by the Division and Commission in working with DWS are due to the fact that DWS does not have a statutory requirement to fulfill the Lifeline requirements. The DPU and DWS have had to utilize a significant amount of resources to complete the labor intensive manual process related to the current Lifeline program. It is also anticipated that significant resources will be required to mechanize the process in the future. Because of other priorities, DWS appears unwilling, without a statutory mandate, to commit the necessary resources, even though the Commission has been prepared to amend the contract as necessary.

² **FCC Notice**, page 6. “Accordingly, the PSC proposes to complete the 2013 annual recertification process using the same methods and processes applied in 2012.”

³ **Id.**, page 4. “It has now become clear that the DWS is unable to integrate the Lifeline program into its ongoing operations within a timeframe that will meet FCC requirements. In any event, the cost of timely integration appears to be unreasonably high.”

The Office in its comments stated, “*The Commission could issue an RFP to evaluate the possibility of a third party (other than DWS) as administrator for the Lifeline certification and verification.*”⁴ Since the Commission has determined that the recertification process for 2013 will be the same as for 2012, the Commission should consider utilizing a third party, working with DWS, to accomplish the 2013 recertification for the Lifeline customers of landline carriers. With additional third party resources, DWS should be able to complete the 2013 recertification well in advance of the December 31, 2013 deadline. Additionally the 2013 recertification should not be as difficult as the recertification in 2012 since 11,880 landline customers (about 48% of the total) were de-enrolled during the first quarter of 2013.⁵ Third-party Lifeline administrators have worked successfully in other states. For example, CenturyLink believes that Texas is a good example of a state that has successfully used a third party Lifeline administrator.

After completion of the 2013 recertification the Commission will be in a better position to evaluate whether there is an opportunity, utilizing third party resources, for the Utah state government to maintain primary responsibility to administer the Lifeline program. Additionally, it could determine whether it is necessary to seek statutory changes related to the Lifeline program to ensure the continued involvement of DWS and the allocation of the adequate resources necessary to mechanize the Lifeline process.

Carriers should be compensated if they take over the primary responsibility for administering the Utah Lifeline program:

If the Commission should make the determination to adopt the Division’s recommendations, CenturyLink believes that the Commission needs to consider the following:

Carriers should be reimbursed for the additional administrative costs they will incur because of the changes in the Lifeline program. This is consistent with the Commission Lifeline Rule

⁴ The Office of Consumer Services; **Response to the Division of Public Utilities’ Federal Lifeline Compliance Letter**, May 24, 2013, page 2.

⁵ FCC Notice, page 4.

R746-341-8.A.⁶ At this time CenturyLink has not developed an estimate of the additional administrative costs that will result from DPU's proposal. However, CenturyLink believes that it could develop an average cost per new Lifeline application processed and an average cost per existing Lifeline customer certified.

⁶ **Utah Public Service Commission Rule R746-341 – 8.A.**, *Cost Recovery – The total cost of providing Lifeline telephone service, including the administrative costs of the ETCs and the costs incurred by the responsible agency, shall be recovered and funded as provided in 54-8b-15*