



Order Instituting Rulemaking Regarding Revisions
to the California Universal Telephone Service
(LifeLine) Program.

R.11-03-013
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REPLY COMMENTS OF CALIFORNIA LIFELINE COALITION (TELRITE CORPORATION DBA LIFE WIRELESS (U4442C), I-WIRELESS, LLC (U4372C), BOOMERANG WIRELESS, LLC (U4436C), BLUE JAY WIRELESS, LLC (U4437C) TRUCONNECT COMMUNICATIONS, INC. (U4380C), AND AMERIMEX COMMUNICATIONS CORP. DBA SAFETYNET WIRELESS (U4458C)) ON CONNECTION/ACTIVATION DISCOUNTS AND WORKSHOPS AND FEDERAL COMMUNICATIONS COMMISSION'S THIRD REPORT AND ORDER IN RULEMAKING 11-03-013

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TABLE OF CONTENTS

INTRODUCTION..... 1

DISCUSSION 2

I. THE COMMISSION SHOULD RETAIN AND EXTEND THE NON-RECURRING COST REIMBURSEMENT BEYOND DECEMBER 2016..... 2

II. MOST COMMENTERS AGREE THAT THE COMMISSION SHOULD TRACK THE FCC’S RULES AND TIMING ON LIFELINE PROGRAM ELIGIBILITY AND DISCOUNT TRANSFER FREEZES TO BEST SUPPORT LOW-INCOME CALIFORNIANS AND MOST EFFICIENTLY ADMINISTER THE PROGRAM..... 4

A. Most Commenters Agree That the Commission Should Track the FCC’s Rules and Timing on Eligibility and Discount Transfer Freezes 4

B. Some Commenters Misunderstand the Requirement to Implement a 12-Month Discount Transfer Freeze 8

C. Nearly All of the Specifics on How the Federal Discount Transfer Freezes Will Work Have Been Decided by the FCC and USAC 11

D. The Commission Must Improve the Administrator’s Front-End Matching Logic to Successfully Implement the Discount Transfer Freeze 12

III. TO RETAIN THE INTEGRITY OF DISCOUNT TRANSFER LIMITS THE COMMISSION SHOULD DESIGN DISCOUNT TRANSFER FREEZE EXCEPTIONS AS DISPUTE RESOLUTIONS REQUIRING THAT CUSTOMERS PROVIDE DOCUMENTATION AND FIRST CONTACT THEIR EXISTING PROVIDER TO RESOLVE ISSUES..... 14

CONCLUSION 16

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Revisions
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REPLY COMMENTS OF CALIFORNIA LIFELINE COALITION (TELRITE CORPORATION DBA LIFE WIRELESS (U4442C), I-WIRELESS, LLC (U4372C), BOOMERANG WIRELESS, LLC (U4436C), BLUE JAY WIRELESS, LLC (U4437C) TRUCONNECT COMMUNICATIONS, INC. (U4380C) AND AMERIMEX COMMUNICATIONS CORP. DBA SAFETYNET WIRELESS (U4458C)) ON CONNECTION/ACTIVATION DISCOUNTS AND FCC'S 2016 LIFELINE MODERNIZATION ORDER IN RULEMAKING 11-03-013

INTRODUCTION

Pursuant to the Assigned Commissioner and Administrative Law Judge's Ruling Requesting Comments on Workshops and Federal Communications Commission's Third Report and Order, Issuing Data Requests (September ACR), the California LifeLine Coalition (Telrite Corporation dba Life Wireless, i-wireless, LLC, Boomerang Wireless, LLC, Blue Jay Wireless, LLC, TruConnect, and AmeriMex Communications Corp. dba SafetyNet Wireless) (Coalition) respectfully submits these reply comments to the California Public Utilities Commission (Commission) on the issues of extending the availability and applicability of non-recurring costs reimbursements, tracking federal rules and requirements for LifeLine eligibility (eligibility programs, income levels and discount transfer freezes) and exceptions to the discount transfer freezes.¹

¹ See Assigned Commissioner and Administrative Law Judge's Ruling Requesting Comments on Workshops and Federal Communications Commission's Third Report and Order, Issuing Data Requests, Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program, R.11-03-013 (Sept. 22, 2016) (September ACR).

DISCUSSION

I. THE COMMISSION SHOULD RETAIN AND EXTEND THE NON-RECURRING COST REIMBURSEMENT BEYOND DECEMBER 2016

In our comments, the Coalition stated that the Commission should extend the non-recurring cost reimbursement beyond December 2016 for a minimum of two years to help ensure ongoing success of the wireless LifeLine program.² An extension of two years will provide a degree of regulatory certainty that is needed to enable California LifeLine providers to develop service plan offerings and plan their budgets accordingly.³ This position was supported by Virgin Mobile,⁴ however, in its comments, the Office of Ratepayer Advocates (ORA) argues that the Commission should either not maintain the service connection charge reimbursement or limit it to reimbursements for the “true cost to wireless providers for service activation” and no more than twice annually per customer.⁵ This is because, ORA argues, the service activation costs are unknown and some wireless providers use the reimbursements to support refurbished devices for consumers.

The non-recurring cost reimbursements are already limited to no more than twice annually per subscriber. Further, wireless LifeLine service providers incur substantial connection and activation costs to conduct outreach and onboard LifeLine customers in California. These costs include (1) account acquisition, setup and training; (2) compliance and

² See Comments of California LifeLine Coalition on Connection/Activation Discounts and Workshops and Federal Communications Commission’s Third Report and Order in Rulemaking 11-03-013, R.11-03-013 at 2 (Oct. 11, 2016) (Coalition Comments).

³ *Id.*

⁴ Comments of Virgin Mobile USA, L.P. (U4327C) on The Assigned Commissioner and Administrative Law Judge’s Ruling Requesting Comments on Workshops and Federal Communications Commission’s Third Report and Order, R.11-03-013 (Oct. 11, 2016) (Virgin Mobile Comments).

⁵ See Opening Comments of the Office of Ratepayer Advocates on Assigned Commissioner and Administrative Law Judge’s Ruling Requesting Comments on Workshops and Federal Communications Commission’s Third Report and Order, R.11-03-013 at 23 (Oct. 11, 2016) (ORA Comments).

audit, including LifeLine database management; (3) order fulfillment labor; (4) network activation and provisioning; and (5) customer support and operational support systems. ORA recently issued data requests to LifeLine providers seeking answers to questions including these activation costs and so there is no basis for ORA's position that these costs are not substantial and potential impediments to LifeLine growth in California. The non-recurring cost reimbursement of \$39 should continue to be available to offset these costs, consistent with the Commission's decisions and orders. In addition, the non-recurring cost reimbursements should be available to offset the cost of providing smartphones to low-income Californians because consumers are increasingly turning to mobile communications and often struggle with affordability.

The Commission has previously noted the substantial growth in wireless enrollment that coincided with these non-recurring cost reimbursements in 2014 and early 2015 (e.g., 1,100 percent in April 2014, 19 percent in December 2014, 21 percent in January 2015 and 10 percent in June 2015). Conversely, the Commission also noted the declines in enrollments after the non-recurring cost reimbursement was discontinued (1.2 percent increase in September 2015 and 1.23 percent decrease in October 2015).⁶ A substantial reason for the success of the wireless LifeLine program in California is the ability of the wireless eligible telecommunications carriers (ETCs) to offer attractive LifeLine plans, often at no charge to the California LifeLine consumers, which are generally unavailable outside of California. Such offerings have been made possible in California by, and are dependent on, the combined streams of revenue available to providers from the federal Lifeline and California LifeLine programs, including the \$39 California

⁶ See Amended Scoping Memo, R.11-03-013, at 10-11, Dec. 24, 2015, available at: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M156/K748/156748214.PDF>.

LifeLine non-recurring cost reimbursements. The reimbursements should be extended beyond December 2016 for at least two years at a time.

II. MOST COMMENTERS AGREE THAT THE COMMISSION SHOULD TRACK THE FCC'S RULES AND TIMING ON LIFELINE PROGRAM ELIGIBILITY AND DISCOUNT TRANSFER FREEZES TO BEST SUPPORT LOW-INCOME CALIFORNIANS AND MOST EFFICIENTLY ADMINISTER THE PROGRAM

While there is substantial agreement in the record that the Commission should track the federal rules and requirements for program eligibility and discount transfer freezes, some commenters failed to recognize the requirement that the Commission administer the 12-month broadband discount transfer freeze for at least the federal Lifeline program as soon as it is able as a condition of California's opt out of the National Lifeline Accountability Database (NLAD). Further, nearly all of the details regarding how the discount transfer freezes will be administered at the federal level by NLAD have been decided and the Commission should model the California discount transfer freeze on that federal process. Finally, in order to administer an effective discount transfer freeze, the Commission must improve the Administrator's front-end matching logic as discussed above.

A. Most Commenters Agree That the Commission Should Track the FCC's Rules and Timing on Eligibility and Discount Transfer Freezes

In our initial comments, the Coalition explained that federal rules do indeed apply to the Lifeline program in California and that the Commission should mirror those federal rules for both program eligibility and the discount transfer freezes.⁷ Aside from the fact that the Commission is required to follow federal rules pursuant to the Supremacy Clause,⁸ a

⁷ See Coalition Comments at 6-16.

⁸ See *id.* at 7.

Commission decision to not follow federal rules to administer the federal Lifeline program would unduly burden ETCs and consumers – by causing administrative challenges for ETCs and confusion and potentially reduced benefits for consumers seeking to continue the benefits of affordable communications service through the discounts offered by the combined federal Lifeline and California LifeLine programs.

Commenters generally support following federal rules and timing in California both with respect to eligibility qualifications and the implementation of a discount transfer freeze. Cox and TracFone expressed direct support for following the federal rules on eligibility programs in California⁹ and Virgin Mobile endorsed the Coalition’s comments in their entirety.¹⁰ The Small LECs advocated that the Commission “swiftly match its LifeLine program eligibility standards with that of the federal program”¹¹ and Consolidated argued that the Commission should “change its eligibility standards so that they are identical to the federal requirements.”¹²

⁹ See Comments of Cox California Telcom, LLC, dba Cox Communications (U5684C) on Assigned Commissioner and Administrative Law Judge’s Ruling Requesting Comments on Workshops and Federal Communications Commission’s Third Report and Order, Issuing Data Requests, Dated September 22, 2016, R.11-03-013 at 23 (Oct. 11, 2016) (Cox Comments); Comments of TracFone Wireless, Inc. (U4231C) to Assigned Commissioner and Administrative Law Judge’s Ruling Requesting Comments on Workshops and Federal Communications Commission’s Third Report and Order, Issuing Data Requests, R.11-03-013 at 2, 5 (Oct. 11, 2016) (TracFone Comments).

¹⁰ See Virgin Mobile Comments at 1.

¹¹ Opening Comments of Calaveras Telephone Company (U1004C), Cal-Ore Telephone Co. (U1006C), Ducor Telephone Company (U1007C), Foresthill Telephone Co. (U1009C), Happy Valley Telephone Company (U1010C), Hornitos Telephone Company (U1011C), Kerman Telephone Co. (U1012C), Pinnacles Telephone Co. (U1013C), The Ponderosa Telephone Co. (U1014C), Sierra Telephone Company, Inc. (U1016C), The Siskiyou Telephone Company (U1017C), Volcano Telephone Company (U1019C), Winterhaven Telephone Company (U1021C) (The "Small Lecs") on Assigned Commissioner and Administrative Law Judge's Ruling Requesting Comments on Workshops and Federal Communications Commission's Third Report and Order, Issuing Data Request, R.11-03-013 at 2-3 (Oct. 11, 2016) (Small LECs Comments).

¹² Opening Comments of Consolidated Communications of California Company (U1015C) and Consolidated Communications Enterprise Services fka Surewest Televideo (U7261C) ("Consolidated") on Assigned Commissioner and Administrative Law Judge's Ruling Requesting Comments on Workshops and Federal Communications Commission's Third Report and Order, Issuing Data Requests, R.11-03-013 at 2 (Oct. 11, 2016) (Consolidated Comments).

Commenters shared concerns regarding the potential consequences should the Commission decide not to track federal Lifeline eligibility in California. Commenters expressed concern about losing federal funding,¹³ confusion among consumers,¹⁴ and “complicating providers’ intake processes and increasing the number of questions from consumers.”¹⁵ First, with respect to the loss of federal funding, several commenters, including the Joint Consumers, agree with the Coalition that if the Commission were to fail to match the federal eligibility criteria, the California LifeLine program should “cover” the federal subsidy to avoid reducing benefits for certain low-income Californians.¹⁶ Second, with respect to consumer confusion, AT&T correctly noted that “...significant consumer confusion...may result if the Commission does not modify program eligibility criteria to mirror the federal criteria” and consumers may be confused about “which discount they are eligible for when they first sign up for Lifeline benefits.”¹⁷ Third, with respect to the administrative burden on service providers, the Small LECs described the heart of the problem, which ties back to the resulting impact on consumers: “the complexity and burden of determining subscriber eligibility under two programs with distinct systems of eligibility is untenable for providers and will result in a high degree of

¹³ See Small LECs Comments at 7-8.

¹⁴ See *id.*

¹⁵ See Comments of AT&T on Assigned Commissioner and Administrative Law Judge’s Ruling Requesting Comments on Workshops and Federal Communications Commission’s Third Report and Order, Issuing Data Requests, R.11-03-013 at 7 (Oct. 11, 2016) (AT&T Comments).

¹⁶ See Coalition Comments at 11; Opening Comments of The Center for Accessible Technology, The Greenlining Institute, and The Utility Reform Network on the Proposed Decision of Commissioner Picker, R.11-03-013 at 7 (Oct. 11, 2016) (Joint Consumers Comments). (“The loss of federal subsidies will potentially more than double the cost of wireline and wireless service for California households in the eligibility ‘donut hole.’ This unexpected price increase threatens to undermine the Commission’s universal service and affordability goals, putting phone service out of reach for struggling families. To avoid this outcome, the Commission should provide supplemental funding to carriers to cover the loss of federal subsidies as those carriers then pass through the subsidy in the form [of] continued discounts on phone service.”).

¹⁷ See AT&T Comments at 7.

LifeLine customer confusion, dissatisfaction, and ultimately attrition.”¹⁸ On the other hand, commenters see significant value in tracking the federal Lifeline eligibility criteria and suggest that aligning the California LifeLine Program to the federal program will “avoid customer confusion, maximize federal funding, and ensure fiscal prudence.”¹⁹

The record also reflects substantial support for the Coalition’s position that the Commission must follow federal rules and administer discount transfer freezes. TracFone urged the Commission to follow federal rules for port freezes²⁰ and Consolidated suggested that following the federal port freeze rules is necessary “to retain the full benefits for California LifeLine consumers.”²¹ AT&T expanded on this concept, recommending that the Commission “mirror the federal port freeze requirements by incorporating the federal rule by reference, or alternatively, mirroring the federal rule.”²² Cox stated that the Commission should follow the federal 60-day port freeze for voice.²³ Finally, Virgin Mobile supported the Coalition’s comments in full.²⁴

The record is clear – commenters request that the Commission mirror federal rules on eligibility programs and discount transfer freezes to avoid reducing benefits for low-income consumers and customer confusion about which discount they can receive when signing up for the program in addition to easing what would become an administrative nightmare for service providers. Tracking the federal program will allow low-income Californians to leverage both

¹⁸ See Small CLECs Comments 7-8.

¹⁹ See Consolidated Comments at 1.

²⁰ See TracFone Comments at 2, 5, 17-18.

²¹ See Consolidated Comments at 3-4.

²² See AT&T Comments at 20-22.

²³ See Cox Comments at 23.

²⁴ See Virgin Mobile Comments at 1.

federal and state support to access affordable communications services without undue confusion and avoid unnecessary administrative burdens on service providers.

B. Some Commenters Misunderstand the Requirement to Implement a 12-Month Discount Transfer Freeze

While most commenters agree that the Commission should track the FCC's discount transfer freeze rules and timing, some commenters have taken the mistaken position that the Commission is not obligated to administer the federal 12-month broadband discount transfer freeze for the federal Lifeline program. On the contrary, the Commission petitioned the FCC to opt out of the NLAD and in the process agreed to take on the duplicates database role in California for the federal Lifeline program. Therefore, the Commission is required to administer the 60-day voice and the 12-month broadband discount transfer freezes.²⁵

There is some confusion reflected in the comments about the Commission's role with respect to the federal Lifeline program, support for broadband services and the National Verifier. Some parties argue that administering a 12-month discount transfer freeze for broadband Lifeline in California would be premature because California does not support standalone broadband services with state funds and/or because the National Verifier has not yet been developed and begun determining eligibility for federal Lifeline services in California.²⁶ However, both of these arguments are erroneous.

²⁵ Those will be effective as of December 2, 2016 for the federal Lifeline program.

²⁶ See Cox Comments at 23 (stating that "broadband Internet access service (BIAS) is not a service available under the California LifeLine program today, and as such, there is no need for the Commission to consider" the 12-month discount transfer freeze until California decides whether it will support BIAS); Small LECs Comments at 29 ("It is premature to determine the specifics of how California will implement any broadband discounts. First, California should determine whether it will expand the program in this respect, then work through any necessary statutory changes, and then turn to implementation issues."); Joint Consumer Comments at 15-16 ("the FCC appears to require that all state programs must participate at some level in the National Verifier system and, as a result, California might now be subject to the requirement to implement a benefit transfer freeze for federal discounted services")

As an initial matter, the California LifeLine program does support bundled wireless voice and broadband service offerings that meet the 1,000 minimum voice minutes requirement.

Whether or not the California LifeLine program supports standalone broadband is irrelevant to the Commission's obligation to administer the 12-month discount transfer freeze for broadband Lifeline services that will be supported by the federal Lifeline program. Further, whether the California Administrator or the National Verifier determines eligibility for federal Lifeline and/or California LifeLine service is irrelevant to the 12-month broadband discount transfer freeze that must be administered through the applicable duplicates database (in most states that is the NLAD, but in California the Administrator has that role).

The Commission has dual roles with respect to the California LifeLine and the federal Lifeline programs. The Commission has full autonomy over the California LifeLine program and can choose what services to support, how eligibility will be determined and whether and when to implement discount transfer freezes, subject to the requirements of California law (including the law requiring the Commission to adopt a portability freeze rule by January 15, 2017²⁷). However, the Commission also has a role in administering the federal Lifeline program pursuant to federal rules. The Commission designates ETCs to provide federal Lifeline service and the Commission chose to opt out of the NLAD and agreed to take on the duplicate detection role in California for the federal Lifeline program and implement a process that is at least as robust as the process established by the FCC. Therefore, the California duplicates database must

and “[i]t appears that the state will only be obligated to implement a freeze for federal discounts if and when the Commission links into the National Verifier system.”).

²⁷ An act to add Section 878.5 to the Public Utilities Code relating to telecommunications, 2016 Cal. Stats. ch. 577 (Sept. 24, 2016) (California Discount Transfer Freeze Law).

have the same essential functions as the NLAD, including administering the discount transfer limits in the federal rules in California.

If California had not opted out of the NLAD, then the NLAD would administer the 60-day voice and 12-month broadband discount transfer freezes for federal Lifeline services in California, but California agreed to take on that role instead. At this point the Commission can either administer the federal discount transfer freezes for the federal Lifeline program (and we assert it should do the same for the state LifeLine program for the reasons described in our Coalition Comments) or it can opt back into the NLAD as Puerto Rico recently did. But the Commission cannot retain the duplicate database role and refuse to administer the applicable federal rules.

Finally, the federal discount transfer freezes reflect a policy decision by the FCC that supporting longer and more robust relationships between Lifeline service providers and low-income customers will allow service providers to offer improve service offerings and provide the devices that are not supported by the Lifeline program, but are critical to its success.²⁸ In addition, the FCC required that if service providers do provide a device to Lifeline customers, they must all be Wi-Fi capable and an increasing number must be hotspot-capable, which permits the user to tether other devices such as laptops and tablets to the broadband service available on the handset.²⁹ These device requirements were intended to help to close the “homework gap” that makes keeping up with after school assignments so difficult for low-

²⁸ See Coalition Comments at 16-17.

²⁹ See 47 C.F.R. § 54.408(f); Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund, WC Docket Nos. 11-42, 09-197, 10-90, Third Report and Order, Further Report and Order, and Order an Reconsideration, ¶¶ 367-78 (rel. Apr. 27, 2016) (Lifeline Modernization Order).

income children without broadband Internet at home.³⁰ If the Commission were to refuse to follow federal rules and administer the 12-month broadband discount transfer freeze, it would jeopardize the low-income consumer benefits sought by the FCC in adopting the rules.

C. Nearly All of the Specifics on How the Federal Discount Transfer Freezes Will Work Have Been Decided by the FCC and USAC

As discussed in the Coalition's comments, nearly all of the specifics regarding how the discount transfer freezes will be administered at the federal level through the NLAD have been decided. Both the 60-day voice and 12-month broadband discount transfer freezes will be effective on December 2, 2016.³¹ ETCs will be required to identify the applicable service plan for each subscriber (e.g., broadband minimum service standard plan or voice minimum service standard plan)³² and provide a service initiation date in the NLAD. Subscribers will not be permitted to switch Lifeline broadband service providers for 12 months and will not be permitted to switch Lifeline voice service providers for 60 days.³³ The transfer limit starts at the subscriber's service initiation date in the NLAD and, depending on the selected service type, extends for 12 months or 60 days.³⁴

³⁰ *See id.*

³¹ *See* Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund, 81 Fed. Reg. 67922 (Oct. 3, 2016) (to be codified at 47 C.F.R. pt. 54).

³² If a subscriber receives a plan that complies with both the voice minimum service standard and the broadband minimum service standard (i.e., a plan with at least 500 MB and 500 minutes in 2016-17), a 12-month port freeze will apply. Which freeze applies is not left to the consumer or to the service provider to decide, but has been determined by USAC's interpretation of the FCC's rules and the Lifeline Modernization Order. *See* USAC LI Program News sent Oct. 5, 2016, *available at* <http://www.usac.org/li/about/outreach/newsletters/2016/Q3.aspx>. The California Administrator should have ETCs similarly identify subscriber plans in order to administer the port freezes accurately. *See* September ACR, Section 4.1, Q15.

³³ *See* 47 C.F.R. § 54.411.

³⁴ *See* Lifeline Modernization Order n. 968.

USAC has stated that the service initiation date for pre-existing voice Lifeline subscribers that switch to a Lifeline broadband service before December 2, 2016 will be December 2, 2016 and the discount transfer freeze will run for 12 months from that date.³⁵ However, the 60-day voice discount transfer freeze (which has long been part of the NLAD) begins on the current service initiation date found in NLAD, even if that date is prior to December 2, 2016 and runs for 60 days.³⁶ Any ETC attempting to enroll a subscriber that remains in a discount transfer freeze period will be informed in real-time through the NLAD “verify” call and the ETC will know that it cannot enroll the subscriber, unless one of four exceptions apply.³⁷ During the 60 days or 12 months of the applicable discount transfer freeze, any subscriber that de-enrolls for any reason (e.g., non-usage, failure to recertify) can only re-enroll with the same service provider during the freeze period and cannot switch to another Lifeline service provider unless one of the section 54.411(c) exceptions can be demonstrated. After the 60 days are up for voice subscribers and the 12 months are up for broadband subscribers, the subscriber is free to switch providers because NLAD will not block a discount transfer at that time. The Commission should take note of these processes that have been decided and established, and model its discount transfer freeze administration after the federal process.

D. The Commission Must Improve the Administrator’s Front-End Matching Logic to Successfully Implement the Discount Transfer Freeze

In our comments, the Coalition stated that to be as robust as the NLAD, the California Administrator must improve its front-end duplicate detection logic before it can provide reliable

³⁵ See USAC LI Program News sent Oct. 5, 2016, *available at* <http://www.usac.org/li/about/outreach/newsletters/2016/Q3.aspx>.

³⁶ See *id.*

³⁷ See 47 C.F.R. § 54.411(c).

real-time information and administer the discount transfer freeze effectively, as the NLAD will.³⁸ LifeLine providers that enroll applicants in real-time must know in real-time whether an applicant is subject to a discount transfer freeze so that they do not attempt to enroll the applicant and provision a handset only to find out days later that the applicant is subject to a discount transfer freeze and must be denied LifeLine service.

Specifically, the Commission should make the following improvements to achieve at least a 99% success rate in its front-end matching:

- change the existing logic (not add to the existing logic);
- include more factors in the matching logic than what is currently included (name, address, phone number), such as combinations of first name, last name, address, city, state, zip code, date of birth and/or the last four digits of social security number);
- remove the 100% name match requirement;
- require wireline providers to provide subscribers' last four digits of their social security number and date of birth at the time of enrollment;
- conduct the Lexis Nexis dip in real-time at the front end of the enrollment process; and
- work with the Administrator to continually improve the matching logic and not wait for or rely on rulemaking proceedings to drive the need for additional improvements.

These improvements will allow the Administrator to provide real-time information to service providers during the enrollment process, including regarding applicability of any discount transfer fees, before the applicant walks away from the enrollment, often with a wireless handset that will end up being deactivated.

While there is substantial agreement in the record that the Commission should track the federal rules and requirements for program eligibility and discount transfer freezes, some commenters failed to recognize the requirement that the Commission administer the 12-month

³⁸ See Coalition Comments at 14.

broadband discount transfer freeze for at least the federal Lifeline program as soon as it is able as a condition of California's opt out of the NLAD. Further, nearly all of the details regarding how the discount transfer freezes will be administered at the federal level by NLAD have been decided and the Commission should model the California discount transfer freeze on that federal process. Finally, in order to administer an effective discount transfer freeze, the Commission must improve the Administrator's front-end matching logic as discussed above.

III. TO RETAIN THE INTEGRITY OF DISCOUNT TRANSFER LIMITS THE COMMISSION SHOULD DESIGN DISCOUNT TRANSFER FREEZE EXCEPTIONS AS DISPUTE RESOLUTIONS REQUIRING THAT CUSTOMERS PROVIDE DOCUMENTATION AND FIRST CONTACT THEIR EXISTING PROVIDER TO RESOLVE ISSUES

The FCC has recognized the value in protecting Lifeline service provider relationships with Lifeline subscribers through discount transfer freezes, including reducing waste and perceptions of fraud in the program from constant subscriber "flipping" and improved service offerings and equipment. The FCC and USAC also recognize that in order to protect the integrity of the discount transfer freezes, the exceptions to those freezes should be limited and rarely used.³⁹ USAC has proposed that applicants seeking to transfer their Lifeline discount pursuant to one or more of the four exceptions in the rules would need to provide documentation in support of the exception. The Commission should similarly require documentation to support any exception to the discount transfer freezes, and should also require subscribers to contact their current service provider to attempt to resolve issues before transferring the discount.

³⁹ The exceptions in section 54.411(c) are (1) The subscriber moves their residential address; (2) The subscriber's current provider ceases operations or otherwise fails to provide service; (3) The provider has imposed late fees for non-payment greater than or equal to the monthly end-user charge for the supported service; or (4) The subscriber's current provider is found to be in violation of the Commission's rules during the 12 month period and the subscriber is impacted by such violation.

First, the Commission and Administrator should not simply accept an applicant's statement that he or she has changed address or that another freeze exception applies. The applicant should be required to submit documentation at least to the Administrator to demonstrate that an address change has occurred. For NLAD purposes, USAC is referring to the types of documentation that would be acceptable to demonstrate an address change as "R Codes."⁴⁰ The other exceptions will also require documentation that will be reviewed on a case-by-case basis.⁴¹ The Commission should use the same types of documentation as are acceptable at the federal level. In the special circumstance of homeless LifeLine subscribers, the subscriber should be required to either provide documentation of address change (such as a letter from a shelter or social services agency indicating that the homeless individuals are permitted to use this address for receipt of mail and residential purposes) or complete an additional form attesting to the address change (something like an Independent Economic Household worksheet).

Further, in almost all instances where a subscriber wishes to assert an exception to transfer service providers within a discount transfer freeze period, all parties would benefit from the subscriber having an initial conversation with his or her service provider. If a subscriber is changing addresses, he or she may only need to confirm that the service can be transferred to that address (for wireline services) or will work well at the new address (for wireless services). If the subscriber believes that the service provider is failing to provide service, the service provider may be able to address issues with the handset or otherwise resolve the service issue. If the late fee exception or the rule violation exception potentially applies, the service provider and

⁴⁰ See USAC Webinar Presentation at 20 (Oct. 13, 2016), attached as **Exhibit A**. The "R Codes" include an unexpired driver's license, utility bill issues within the past 60 days and government assistance program documents issues within the last 60 days.

⁴¹ See *id.* at 21.

subscriber may be able to come to a resolution on reducing the late fees or better understand the impact of any rule violation on the subscriber and potentially resolve it. If the issue cannot be resolved based on these discussions with the service provider, the service provider should have the ability to release the subscriber from the discount transfer freeze so that the subscriber can immediately go seek out an alternate provider.

CONCLUSION

A substantial reason for the success of wireless LifeLine is the ability of the wireless ETCs to offer attractive LifeLine plans, often at no charge to the California LifeLine consumers, which are generally unavailable outside of California. Such offerings have been made possible in California by, and are dependent on, the combined streams of revenue available to providers from the federal Lifeline and California LifeLine programs, including the \$39 California LifeLine non-recurring cost reimbursements.

In addition, the commenters generally agree that the Commission should track federal rules and timing with respect to LifeLine eligibility and discount transfer freezes to avoid losing federal funding, confusing low-income Californians and imposing difficult administrative burdens on service providers. Despite some confusion in the record regarding the impact of California's support for standalone broadband or the timing of the National Verifier, which are both irrelevant, the Commission is required to administer the 60-day voice and the 12-month broadband discount transfer freezes for the federal Lifeline program. This is because the Commission petitioned the FCC to opt out of the NLAD and in the process agreed to take on the duplicates database role in California for the federal Lifeline program.

In addition, nearly all of the details regarding how the discount transfer freezes will be administered at the federal level by NLAD have been decided and the Commission should model

the California discount transfer freeze on that federal process. Finally, in order to administer an effective discount transfer freeze, the Commission must improve the Administrator's front-end matching logic as discussed above.

Finally, the Commission should protect the integrity of the discount transfer freezes by requiring documentation to support any exception to the discount transfer freezes, and requiring subscribers to contact their current service provider to attempt to resolve issues before transferring their discount.

Respectfully submitted this 19th day of October 2016.



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