

**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
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109

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**Reply Comments of the  
Regulatory Commission of Alaska**

Date: May 25, 2011

Robert M. Pickett, Chairman

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**Reply Comments of  
the Regulatory Commission of Alaska**

The Regulatory Commission of Alaska (RCA) appreciates the opportunity to file reply comments in response to the FCC11-32 *Notice of Proposed Rulemaking* (NPRM) concerning reform of the Lifeline and Link Up programs.<sup>1</sup> The RCA has reviewed comments filed in response to the NPRM and we take this opportunity to reply in support of comments filed by Alaska carriers and other state commissions.

**Introduction**

We appreciate the FCC's recognition of the unique problems faced by low income residents of Alaska as evidenced by the proposals for Lifeline provisions addressing tribal lands.<sup>2</sup> As we noted in our comments on the Connect America Fund (CAF), the costs of providing basic telephone service in the state are

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<sup>1</sup> Lifeline and Link Up Reform and modernization *Universal Service Reform, Mobility Fund*, Notice of Proposed Rulemaking, WT Docket No. 10-208, released October 14, 2010 (NPRM).

<sup>2</sup> NPRM at Section V.B.

extremely high due to extreme weather conditions, lack of roads, communities with small populations separated by vast distances, geography and other factors.<sup>3</sup> These same conditions lead to costs of living that are significantly higher than those in almost any other rural area of the nation for Alaska residents, particularly for individuals in rural areas.

In many rural Alaska communities, food supplies, construction materials and fuel must be flown in or barged in because of the lack of any other form of year round transportation. Generally utility services comprise a substantial proportion of costs especially for low income households. For instance, electricity rates can vary from 12¢ per kWh in Anchorage to 60¢ per kWh in Manley Hot Springs;<sup>4</sup> heating fuel prices can vary from \$3 per gallon in Anchorage to \$10 per gallon in Arctic Village.<sup>5</sup> A recent survey of retail gasoline prices in the state showed a low price of \$4.28 per gallon in the Gulf Coast region and a high of \$10 per gallon in Interior Alaska.<sup>6</sup> Food and housing expenses are also a significant portion of living expenses. Against this backdrop, the Lifeline and Link Up Fund has enabled growing numbers of low income Alaskans to have access to basic

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<sup>3</sup> Comments of the Regulatory Commission of Alaska filed into WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, on April 18, 2011, particularly Exhibit 1.

<sup>4</sup> 2009 Sample Monthly Rates, Regulatory Commission of Alaska Utility Statistics.

<sup>5</sup> 2011 Alaska Economic Trends, Department of Labor and Workforce Development.

<sup>6</sup> Current Community Conditions: Fuel Prices Across Alaska, January 2011 update, published by the Alaska Department of Commerce, Community, and Economic Development.

telecommunications services. In March of 2009, 91.9 percent of low income Alaska households had telephone service.<sup>7</sup>

In general, Alaska ETCs and competitive ETCs are doing an effective job of advertising and offering Lifeline services throughout their service areas. We credit the success of our Lifeline program in part to the availability of Enhanced Lifeline funding and we urge the FCC to continue this funding for Alaska ETCs and their subscribers. We address a number of the NPRM proposals below.

**Modifications to the Lifeline and Link Up programs should not alter current eligibility of Alaska consumers for Tier 4 Enhanced Lifeline funding**

Alaska Native peoples live throughout the state, and the service areas of Alaska telecommunications providers include the populated areas of the state. The state of Alaska, through the Regulatory Commission of Alaska ensures that the public convenience and necessity is met regarding intrastate telecommunications services throughout the state. Under the current Lifeline program, all eligible low income consumers in Alaska qualify for Tier 4 Enhanced Lifeline support.<sup>8</sup> Alaska providers have been diligent in advertising and offering Lifeline support throughout the state. Therefore, we urge the FCC to be cautious in its efforts to refine eligibility rules for residents of tribal lands, so that it does not

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<sup>7</sup> Wireline Competition Bureau Report of Telephone Penetration Rates by Income by State, released May 2010. The 91.9 percent applies to consumers with annual income levels less than \$10,000.

<sup>8</sup> In the *Twelfth Report and Order, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, 15 FCC Rcd 12,208 (2000) ( Tribal Order), the FCC definition of tribal lands included Alaska Native Regions established pursuant to the Alaska Native Claims Settlement Act which encompasses all of Alaska.

inadvertently change the current eligibility status of Alaska consumers for Tier 4 Enhanced Lifeline support.<sup>9</sup>

**The Lifeline program should strike a balance between the interests of low income consumers and contributing consumers**

The NPRM outlined important goals of the Lifeline program, which included, (1) ensuring that low-income consumers have access to supported services at just, reasonable, and affordable rates, and (2) ensuring that federal universal service policies provide support that is sufficient, but not excessive.<sup>10</sup> We believe that these goals can be met with an appropriate balance between the interests of low income consumers and the interests of those consumers who contribute to the Universal Service Fund (USF). The Lifeline program should reflect its title and establish a communications lifeline for low income consumers to emergency and medical services, to community, and to family. The services offered under the Lifeline program should be basic, but sufficient to provide a reasonable value to eligible consumers.

In general, we echo comments submitted by AARP that the goal of the Lifeline program should be to provide maximum value to both those customers who pay for the program and those who receive its benefits.<sup>11</sup> A sufficient level of support recognizes that consumers depend on quality service, as well as service

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<sup>9</sup> NPRM at Section V.B.

<sup>10</sup> NPRM at ¶¶36 and ¶¶37.

<sup>11</sup> *Comments of AARP in Response to the Notice of Proposed Rulemaking on the Lifeline and Link Up Reform and Modernization* filed into WC Docket No. 11-42, CC Docket No. 96-45, WC Docket No. 03-109 on April 21, 2001. (AARP Comments)

they can use when needed. As AARP notes, availability of a telephone is of little value if it is not accompanied by a reasonable amount of usable minutes at a price a consumer can afford.<sup>12</sup> The goals of the Lifeline program can best be achieved, and opportunities for abuse can be reduced, when carriers that receive public funding are required to meet minimum service standards.

**Carriers participating in the Lifeline and Link Up programs should be subject to ETC requirements**

We join with other state commissions in opposing AT&T's proposal to allow providers of voice and broadband Internet access service to receive low income funding and to provide Lifeline discounts to qualifying households without being designated as ETCs.<sup>13</sup> If ties to existing Section 214 requirements are eliminated, providers would no longer be required to offer and to advertise the availability of Lifeline throughout their service areas.<sup>14</sup> If ETC designation were eliminated as a requirement to access low income support, participating carriers would no longer be accountable to the states for compliance with rules governing Lifeline service.

It is unclear how allowing carriers broad discretion to provide Lifeline discounts would lead to eligible consumers in high cost areas receiving access to reliable and quality basic telephone or broadband service. Allowing carriers to access public funding without establishing strict requirements for that access is a

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<sup>12</sup> AARP Comments at 4.

<sup>13</sup> NPRM at ¶310.

<sup>14</sup> 47 U.S.C. § 214 (e)(1).

recipe for waste, fraud and abuse in the program and is in direct conflict to the purpose of this NPRM.

The Section 214 ETC requirements were established to ensure that all customers have an opportunity to benefit from universal service offerings. As noted earlier, we believe that carriers that receive public funding should be required to provide reliable, high quality service of value to eligible subscribers throughout a carrier's service area. ETC designation provides criteria to ensure providers are capable and committed to this end.

**Minimum service standards will not deter carriers from seeking ETC designation**

We support adoption of minimum service standards that do not diminish our current state requirements.<sup>15</sup> Minimum service standards for ETCs would help ensure that eligible Lifeline subscribers receive adequate service. Standards for quality service are always in the public interest, even where competition exists.

In Alaska, we have set a minimum standard of 500 minutes of local usage per month for competitive ETC offerings and for Lifeline offerings.<sup>16</sup> Our minimum standards have not deterred companies from seeking ETC status in high cost and hard to serve areas of Alaska.<sup>17</sup> Rather, minimum service standards help ensure that Lifeline providers are committed to and capable of providing quality

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<sup>15</sup> NPRM at Section IX.A.3.

<sup>16</sup> 3 AAC 53.410(a)(14)(A) and 3 AAC 53.410(a)(15)(A).

<sup>17</sup> NPRM at ¶254.

service to low income consumers in line with ETC requirements. Minimum service standards are consistent with the goals of the Lifeline program and may potentially deter those who would abuse the program or offer a substandard service in return for access to public funding.

**The FCC should preserve, and Lifeline providers should comply with, minimum service requirements for voice services**

The FCC has acknowledged the critical importance of voice service in relation to public safety and health, as evidenced by its goal of preserving and advancing the availability of voice service for low-income Americans.<sup>18</sup> In pursuit of this goal, the FCC should retain minimum standards for voice service as the Lifeline program is modernized. If broadband is added as a supported service, it is important to ensure that carriers who receive public funding continue to provide subscribers with reliable, high quality voice service.

We oppose any proposal to redefine or eliminate currently supported services that would lead to lower standards for voice service than what we have today. “Voice telephony” is a nebulous term and its adoption as a definition for Lifeline voice services could result in equally ill-defined voice services for low income consumers in high cost, remote areas such as Alaska.<sup>19</sup> Redefinition of supported voice service is not justified by the FCC’s proposal to reform the Lifeline and Link Up programs to include support for broadband.

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<sup>18</sup> NPRM at ¶34.

<sup>19</sup> NPRM Section IX.A.1.



Continued reliable voice communication services are essential to all Alaskans, particularly when accessing emergency services, which may be more difficult to provide over broadband. The current “local usage” requirement gives voice telephony meaning in regard to wireless Lifeline services. It is not clear whether existing voice service requirements would be preserved under the proposed “voice telephony” definition, especially in the case of hard to serve customers. Carrier obligations to provide voice service to Lifeline subscribers must be clearly stated and unambiguous.

**Lifeline subscribers should pay a minimum amount for Lifeline services and should be de-enrolled under certain circumstances**

Lifeline subscribers in Alaska, as recipients of Tier 4 Enhanced Lifeline support pay a minimum fee of \$1 per month for service.<sup>20</sup> A required monthly payment in some amount for Lifeline service has certain advantages that may reduce waste, fraud and abuse of the program. While a minimum payment for Lifeline service may need to be more than \$1 if broadband is added as a supported USF service, a monthly payment may help discern the value a subscriber places on the service.

Lifeline subscribers who do not respond to requests for verification of eligibility should be de-enrolled from the program. While we have not designated prepaid wireless Lifeline-only ETCs in Alaska, it is reasonable to require such carriers to de-enroll Lifeline customers if they have not used their service for a

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<sup>20</sup> 47 C.F.R. § 54.403(a)(4)(i)

period of 60 days as proposed in the NPRM.<sup>21</sup> However, subscribers of post paid Lifeline services should not be subject to a “no use” rule. Post paid Lifeline subscribers receive and pay a monthly billing which indicates their desire for continued service whether or not the service is actually used. It makes better sense to require de-enrollment of post paid Lifeline subscribers if they have not paid their monthly bill within a specific period of time, assuming that payment of a minimum amount is required and payment may not be waived by the ETC.

**Lifeline subscribers should receive one discount to apply to one service or to a bundle having a voice component**

A subscriber participating in the Lifeline program should receive one discount that applies to only one service at a time. If broadband is added as a supported service, it may be reasonable to allow a Lifeline discount to be applied to bundled services that include a voice and a broadband component. The Lifeline discount should be limited to a standard amount and ETCs must be diligent in assessing a customer’s ability to pay any increased costs for a package deal. On one hand we hesitate to allow a Lifeline customer to obtain services that non-Lifeline subscribers may deem unaffordable, and on the other hand, we recognize that Lifeline customers may gain greater value through the service if they can apply discounts to a bundle.

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<sup>21</sup> NPRM at ¶82.

## **A cap on Lifeline/Link Up support is premature at this time**

The FCC seeks comment on its proposal to cap the Lifeline program funding at the 2010 disbursement level of \$1.3 billion.<sup>22</sup> We join with those commentators who assert that a cap on the program at this point in time is premature.<sup>23</sup> A cap on the Lifeline program should be delayed until the impact of other proposed reforms designed to mitigate waste, fraud and abuse in the program can be fully assessed.

We are concerned that a cap on Lifeline funding would result in the arbitrary denial of services to eligible consumers, which is in direct conflict with the purpose and goals of the program. The sheer volume of questions raised by the FCC regarding how a cap on the Lifeline program should be applied indicates that a fair and nondiscriminatory way of implementing a cap will be difficult to achieve.<sup>24</sup> Procedures for assessing which consumers should receive Lifeline benefits under a cap would likely increase the administrative costs of the program, a result we strongly oppose.

As noted in the NPRM, the current Lifeline program is already constrained, because only low income people meeting eligibility criteria may participate in the program and the amount of support per person is limited.<sup>25</sup> We support the

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<sup>22</sup> NPRM at ¶145.

<sup>23</sup> *Comments of the Nebraska Public Service Commission* filed into WC Docket No. 11-42, CC Docket No. 96-45, WC Docket No. 03-109 on April 21, 2011 at page 7; AARP Comments at 4-5;

<sup>24</sup> NPRM at ¶145-149.

<sup>25</sup> NPRM at ¶144.

concept that the FCC first take steps to eliminate waste, fraud and abuse in the current program and re-evaluate the need to cap funding at a later date.

### **Tribal lands should be exempt from any cap on the Lifeline Fund**

If a Lifeline fund cap is ultimately imposed, we support an exemption for tribal lands.<sup>26</sup> As noted by the State of Alaska in its comments, Alaska rural low income consumers face substantially higher costs of living than most areas of the lower 48 states.<sup>27</sup> Utility and energy costs are extremely high especially in this time of very high fuel costs. A cap on the Lifeline support could potentially exclude eligible Alaska consumers from the program and may cause current subscribers to de-enroll, if discounts decreased and resulting consumer costs were to increase. Progress made in making telecommunications available to low income consumers throughout the state could be forfeit under a Lifeline cap. We urge the FCC to delay action on a cap until the effects of reforms can be assessed.

### **Individual states should retain the authority to establish rules for administering key aspects of the Lifeline program**

We do not oppose the implementation of basic national Lifeline eligibility criteria, as long as states retain the authority to add state specific program eligibility criteria. The current rules governing the Lifeline and Link Up programs in Alaska already incorporate the federal default Lifeline eligibility criteria and

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<sup>26</sup> NPRM at ¶146.

<sup>27</sup> *Comments of the State of Alaska* filed into WC Docket No. 11-42, CC Docket No. 96-45, WC Docket No. 03-109 on May 10, 2011. (State of Alaska Comments)

tribal lands criteria. We also allow eligibility determinations to be made using additional income based, federal or state administered social service assistance programs.<sup>28</sup>

Alaska ETCs currently advertise the availability of Lifeline service and enroll customers directly. The ETCs perform verification of eligible customers through an annual random sampling process, that requires customer self certification or written documentation of program eligibility.

Our Lifeline and Link Up program procedures have worked effectively to extend Lifeline and Link Up benefits to a significant number of Alaska consumers. States are most familiar with the unique characteristics of their populations and providers. We urge the FCC to continue to allow states the discretion to establish rules governing key aspects of the Lifeline and Link Up programs, including eligibility, enrollment, and ongoing verification of eligibility.

### **The FCC should not mandate coordinated enrollment in the Lifeline and Link Up Programs**

The FCC seeks comment on whether it should mandate coordinated enrollment that would allow consumers to enroll in the Lifeline and Link Up programs at the same time they enroll in a qualifying public assistance program.<sup>29</sup> We oppose a federal mandate for states to implement coordinated enrollment, but encourage the FCC to share any data it receives on the costs other states have incurred in implementing coordinated enrollment.

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<sup>28</sup> 3 AAC 53.390(a) and (b).

<sup>29</sup> NPRM at ¶ 204.

We do not have authority to require state social service agencies to expand their programs to enroll consumers in the Lifeline and Link Up program. Coordinated enrollment in Alaska would require an incredible amount of coordination between various different state agencies and might even require legislative action to produce such coordination. We have concerns regarding the amount of funding that would be needed to support such a program. Comments already submitted on this NPRM indicate that the state of Alaska is unable to absorb the administrative costs of such a program.<sup>30</sup> We support coordinated enrollment only as a recommended best practice that would allow those states having appropriate resources to adopt the practice.

**Lifeline enrollment and certification obligations should not be shifted to the states**

We oppose any proposal that shifts the responsibility for enrolling, certifying, and verifying eligibility of Lifeline customers to individual states. Carriers currently participating in the program receive discounts for providing Lifeline service that they are required to pass through to consumers.<sup>31</sup> Carriers are not required to report their costs for providing these Lifeline services.

Carriers participating in the Lifeline and Link Up programs should retain the responsibility for determining and verifying eligibility in the programs and enrolling customers unless they are willing to show that the costs to do so are overly burdensome. Carriers have the relationships with customers that enable

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<sup>30</sup> State of Alaska Comments at page 2.

<sup>31</sup> 47 C.F.R. § 53.403(a)(4)(ii).

them to perform the Lifeline administration duties, while maintaining the privacy of customer information. The FCC should not assume that the states can take over the administration of the Lifeline program, especially without funding dedicated to that purpose. An unfunded mandate will impose financial burdens on state resources and would impede rather than help the Lifeline program.

**Mandatory consumer outreach requirements are not necessary at this time in Alaska**

The FCC seeks comment on a proposal to impose specific consumer outreach requirements on ETCs.<sup>32</sup> We oppose implementation of mandatory requirements at this time. Alaska ETCs advertise the availability of Lifeline and Link Up support throughout their study areas in compliance with ETC designation requirements.<sup>33</sup> Additionally, our Consumer Protection Section participates in community outreach activities on a regular basis. Outreach activities include exhibits at the annual Alaska Youth and Elders Convention and participation in AARP Alaska’s Consumer Protection Workshops.<sup>34</sup> We also provide information on Lifeline availability to other state agencies involved with assistance to low income consumers.

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<sup>32</sup> NPRM at ¶235.

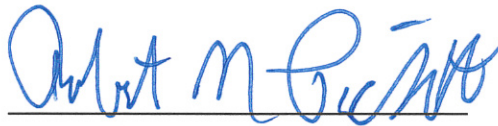
<sup>33</sup> Information is disseminated on websites, and through newspaper publications, postings in community buildings and billing inserts.

<sup>34</sup> Between 2007 and 2010, such workshops were held in Anchorage, Juneau, Fairbanks, Barrow, Bethel, Chickaloon, Dillingham, Haines, Homer, Kenai, Palmer, Soldotna, Valdez, Wasilla and Wrangell.

## Conclusion

Lifeline service is important to many low income consumers in Alaska and has increased telephone adoption rates in the state. The estimated 2010 Lifeline participation rates compiled by the Universal Service Administration Company indicate Alaska ranks among states having the highest Lifeline participation rates.<sup>35</sup> We appreciate the FCC's action to improve the Lifeline program and to reduce instances of waste, fraud and abuse. We encourage the FCC to recognize the unique characteristics of Alaska and be mindful that adopted reforms do not inadvertently reduce the effectiveness of the Lifeline/Link Up program in the state.

RESPECTFULLY SUBMITTED this 25<sup>th</sup> day of May, 2011

A handwritten signature in blue ink, reading "Robert M. Pickett", is written over a horizontal line.

Regulatory Commission of Alaska  
Robert M. Pickett, Chairman

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<sup>35</sup>

usac.org Lifeline Participation Data