

*Consumer Issues  
&  
ETC Designation*

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# *Disclaimer*

- *Statements or Opinions expressed by me may or may not reflect positions of the Florida Public Service Commission.*
- *Only the Florida Public Service Commission can reflect official policy and statements on behalf of Florida.*

# *ETC Designation*

- Pursuant to federal statute, state commissions have the primary responsibility to designate providers as ETCs.
- Designation as an ETC is required in order for a provider to be eligible to receive monies from the federal USF.
- A common carrier designated as an ETC must offer and advertise the services supported by the federal Universal Service mechanisms throughout its designated service area.

# *State Responsibilities*

- Upon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission.
- Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the state commission shall find that the designation is in the public interest.
- To qualify as an ETC, a carrier must provide nine services identified in 47 CFR 54.101.

# *Lifeline Certification*

## Program-Based Eligibility

- Current rules require self-certification, under penalty of perjury, for the federal default states.
- States operating their own Lifeline /Link-Up programs are allowed to devise more strict measures as they deem appropriate.

## Income-based Eligibility

- All states, including federal default states, must adopt certification procedures to document income-based eligibility for Lifeline/Link-Up enrollment.

# *Florida Lifeline Program*

- Self-Certification
- Automated On-Line Application
- Automatic Enrollment
- Income-Based Criteria Enrollment
- Lifeline Verification – Computer Portal
- No “state fund” - \$3.50 credit provided by all ETCs
- 663,412 Lifeline subscribers as of June 2010  
– 56% participation rate. (12.7% in 2006)

# *Self-Certification*

*(Program-Based Eligibility)*

- Eligible consumers sign a document certifying “under penalty of perjury” that the customer participates in one of the Florida Lifeline eligible programs and identifying the qualifying program.
- The self-certification form is available on the FPSC web site.

# *Automated On-Line Application*

## *(Program-Based Eligibility)*

- In 2006, in an effort to further simplify Lifeline enrollment, the FPSC created a direct link to a Lifeline application located on our Web site. The electronic application process allows consumers the opportunity to complete a Lifeline application online and submit it by hitting one button. Once submitted, the system forwards an automatic e-mail informing the appropriate ETC that a Lifeline application is available for retrieval through our secure database. The ETC retrieves the application and enrolls the consumer in Lifeline.
- All ETCs in Florida must participate in the automated enrollment process.

# *Automatic Enrollment*

## *(Program-Based Eligibility)*

- In 2006, the FPSC and the Florida Department of Children and Family Services (DCF) developed a process whereby potential Lifeline customers, once certified through a DCF program (Food Stamps, Medicaid), could automatically receive Lifeline discounts.
- The automatic enrollment process is seamless for the applicant from filling out the DCF Web application to receiving Lifeline discounts.

# *Income Criteria Eligibility*

- By Florida statute, the Office of Public Counsel certifies and maintains claims submitted by a customer for Lifeline income eligibility (150% of FPG) for each local exchange telecommunications company that has more than 1 million access lines and that is designated as an eligible telecommunications carrier.
- On June 3, 2010, the Governor approved legislation in Florida that allows the Office of Public Counsel to certify income eligibility for wireless providers.

# *Lifeline Verification*

- All states, including federal default states, are required to establish procedures to verify consumers' continued eligibility for the Lifeline Link-Up program under both program and income-based eligibility criteria

# *Computer Portal (Web Services Interface) for ETCs*

- In 2008, the FPSC and the Florida Department of Children and Families (DCF) began working on the concept of a computer portal which would allow ETCs to verify Lifeline applicants are enrolled in a participating eligible program.
- ETCs must register with the DCF and test their computer interfaces.

# *How the Portal Works*

- The ETC enters the first and last names of the persons, the last four digits of their social security number and their date of birth (DOB).
- DOB will only be used if First Name does not match. DOB will be used to match with Last name and last 4 digits of SSN.
- DCF's computer will provide information as to whether that person is or is not participating in a qualifying Lifeline program (without identifying the program).
- It can be real-time, or sent in a batch file.
- The Portal testing has been completed and all Florida ETCs were notified of its availability July 2, 2010.

# *Potential Issues*

- Competitive LECs –
  - Facilities Requirement
  - Double dipping
  - Phantom customers
  - Out and Out Fraud
  
- Prepaid Wireless
  - No contact with customers
  - Random sampling
  
- Consumers
  - Lifeline customers receiving two Lifeline credits in one household...one wireline and one wireless.

# *Should States Monitor ETCs?*

*(some comments received)*

- It's a Federal Program, why should we care?
- Our Commission wants more Lifeline customers, so we are approving all ETC applicants.
- The FCC is not doing anything, why should we?
- We don't have the staff to evaluate or monitor ETCs effectively.
- Since we don't have a state universal service fund, our state has no money at stake.

# *What can we do?*

## ■ For Competitive ETCs

- Monitor USAC monthly disbursement database.
- Send data requests to ETCs asking for number of Lifeline customers and how many served through resale and how many served by their own facilities.
- Obtain Form 497s filed by the ETC showing how many lines were claimed at USAC.
- Subpoena underlying ILEC asking for total number of resale Lifeline lines and total number of UNE lines leased by the competitive ETC.
- Compare the number of lines claimed at USAC to actual lines.

# *What can we do?*

- Prepaid Wireless
  - Monitor USAC monthly disbursement database
  - 60-day Inactivity Report
  - Annual Verification
  - Computer Portal (*Web Services Interface*) with Agency disbursing Food Stamps, Medicaid, etc
  
- Two Lifeline credits – one household

# Prepaid Wireless Verifications

- 2<sup>nd</sup> Quarter 2009 - Customer base 390,674
  - 21,444 removed due to 60-day inactivity (5.49%)
- 3<sup>rd</sup> Quarter 2009 - Customer base 413,913
  - 33,055 removed due to 60-day inactivity (7.99%)
  - 12,730 removed due to annual verification (3.08%)
  - 4,294 voluntarily removed (1.04%)
- Total removed for 2 quarters – 71,523 customers x \$10 = \$715,230/month x 12 = \$8,582,760 in USF funds saved over a six-month period.

# *ETC State Coordinating Group*

- In January of this year, an ETC state coordinating group was formed to share information and educate PSC staff of all states.
- To date, 42 states and the District of Columbia are members.
- Periodic conference calls.
- E-mails are exchanged on a daily basis.

# *In Conclusion...*

## *What can we do?*

- Be proactive.
- Monitor the USAC low-income disbursement database – know how much money is coming to your state each month.
- Monitor the ETCs in your state – look for red flags which may lead to potential problems.
- Implement safeguards to protect the integrity of the Universal Service program.
- Share Information regarding ETC petitions or problems encountered with ETCs.
- Recognize that states and the FCC are partners in preventing fraud, waste, and abuse of the Federal USF.
- Change the attitude regarding the Federal USF – consumers in every state pay into the fund.

# *Questions?*



*Thank you!*

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