

***Lifeline Eligibility  
Verification – State  
Actions and Best Practices***

***NARUC Winter Committee Meeting  
Washington, D.C. – February 14, 2010***

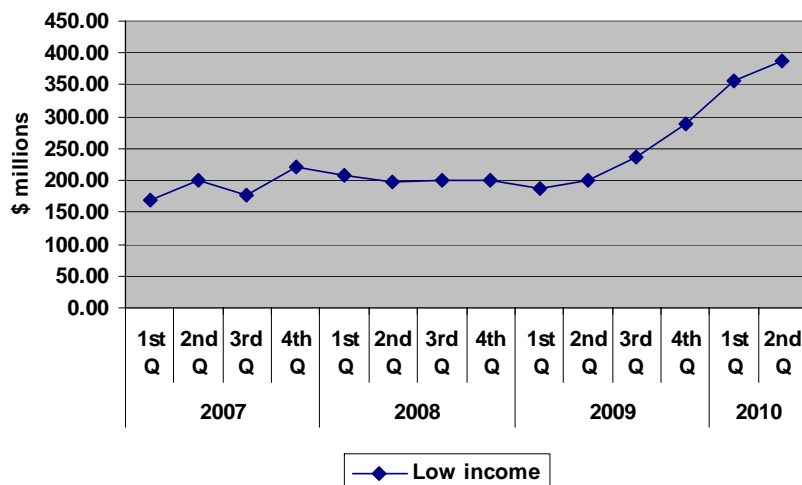
***Bob Casey, Florida Public Service Commission***

# *Disclaimer*

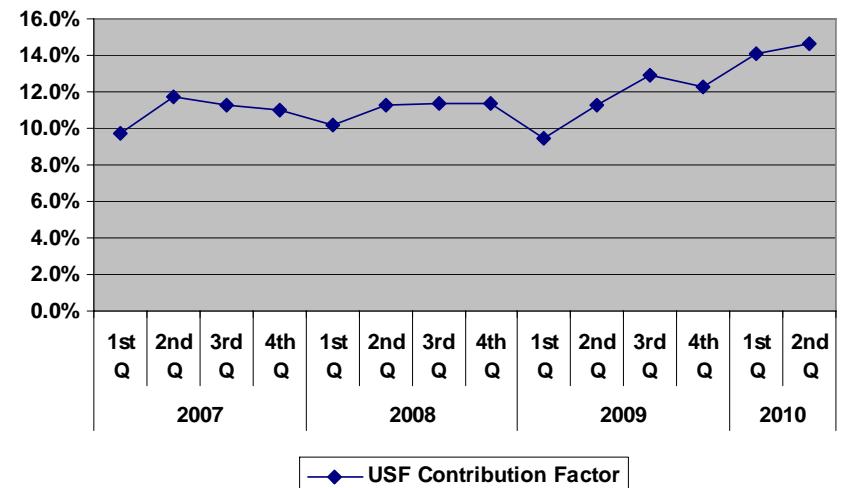
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# *The Federal Universal Service Low-Income Fund*

Universal Service Low-Income



USF Contribution Factor



# *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.
- According to Section 214(e)(1), 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. Further, 47 CFR 54.405(b) specifies that ETCs must publicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service.

# *State Responsibilities*

- The Code of Federal Regulations addresses a state commission's responsibilities related to an ETC designation:
- 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, so long as each additional requesting carrier meets the requirements of paragraph (d) of this section. 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.

# *Florida Lifeline Program*

- Self-Certification
- Automated On-Line Application
- Automatic Enrollment
- Income-Based Criteria Enrollment
- No "state fund" - \$3.50 credit provided by all ETCs
- 618,774 Lifeline subscribers as of June 2009 – 52.2% participation rate.

# *Self-Certification*

- Primarily for applicants who want to use a hard-copy Lifeline application to fax or mail in lieu of electronic applications.
- On February 8, 2005, the FPSC approved a proposal which allows Lifeline eligible customers to 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.
- On August 7, 2006, the FPSC ordered all ETCs to adopt the self-certification enrollment process.
- The self-certification form is available on the FPSC web site.

# *Automated On-Line Application*

- 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 participate in the automated enrollment process.

# *Automatic Enrollment*

## *(Program-Based Eligibility)*

- "We agree with the Joint Board and encourage all states, including federal default states, to adopt automatic enrollment as a means of certifying that consumers are eligible for Lifeline/Link-Up." FCC 04-87 ¶ 25
- 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.
- The process entails the DCF client checking a "yes" or "no" box on the DCF web application stating an interest in receiving the Lifeline discounts on his or her telephone service. If the client answers in the affirmative, the applicant identifies their ETC telephone service provider from a drop-down box on the application and answers a few more questions.
- The DCF forwards to the FPSC on a daily basis the names and other relevant information of the clients approved for benefits and that have chosen to receive the Lifeline discounts. The FPSC computer electronically sorts the information by ETC and places the information on the same secure web site established for our automated enrollment process. The computer automatically sends an e-mail notice to the ETC that a Lifeline application is available for retrieval on the PSC confidential Web site.

# *Income Criteria Eligibility*

- “We adopt the Joint Board’s recommendation to require all states, including federal default states, to adopt certification procedures to document income-based eligibility for Lifeline/Link-Up enrollment.” (FCC 04-87 ¶ 28)
- By Florida statute, the Office of Public Counsel certifies and maintains claims submitted by a customer for Lifeline income eligibility for each local exchange telecommunications company that has more than 1 million access lines and that is designated as an eligible telecommunications carrier.
- There is pending legislation in Florida that would allow the Office of Public Counsel to certify income eligibility for wireless providers. (SB 814, HB 235)

# *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.

# *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

# *Should States Monitor ETCs?*

*(some comments received from states)*

- 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.

# *Potential Problems*

- Competitive LECs –
  - Facilities Requirement
  - Double dipping
  - Phantom customers
  - Out and Out Fraud
  
- Prepaid Wireless
  - No contact with customers
  - Random sampling

# *What does Florida do?*

- The FPSC is very proactive to insure accountability in the Federal Universal Service Program:
- 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 does Florida do?*

- Prepaid Wireless
  - Monitor USAC monthly disbursement database
  - 60-day Inactivity Report
  - Annual Verification
  - Computer Portal with Agency disbursing Food Stamps, Medicaid, etc

# USAC Disbursement Database

## (Florida – January 2010)

State	SPIN	Study Area	Name	Lifeline	Linkup	TLS	TOTAL Mo/Year
+	FL 143001561	210318	FRONTIER COMMUNICATIONS OF THE SOUTH LLC	\$2,004.00	\$10.00	\$0.00	\$2,014.00Jan/2010
+	FL 143001435	210328	VERIZON FLORIDA INC.	\$212,123.00	\$9,352.00	\$136.00	\$221,611.00Jan/2010
+	FL 143001438	210331	ITS TELECOMMUNICATIONS SYSTEMS	\$1,053.00	\$20.00	\$0.00	\$1,073.00Jan/2010
+	FL 143001439	210335	NORTHEAST FLORIDA TELEPHONE COMPANY	\$8,067.00	\$322.00	\$713.00	\$9,102.00Jan/2010
+	FL 143030766	210336	WINDSTREAM COMMUNICATIONS INC.	\$52,195.00	\$1,279.00	\$540.00	\$54,014.00Jan/2010
+	FL 143001441	210338	QUINCY TELEPHONE COMPANY (FLORIDA) DBA TDS	\$8,622.00	(\$42.00)	\$0.00	\$8,580.00Jan/2010
+	FL 143001444	210341	EMBARQ FLORIDA INC. FKA SPRINT	\$407,740.00	\$8,836.00	\$0.00	\$416,576.00Jan/2010
+	FL 143004824	215191	BELLSOUTH TELECOMMUNICATIONS INC.	\$1,484,894.00	\$132,798.00	\$2,563.00	\$1,620,255.00Jan/2010
+	FL 143019623	219001	NEXTEL PARTNERS INC.	\$132.00	\$0.00	\$0.00	\$132.00Jan/2010
+	FL 143030103	219003	TRACFONE WIRELESS INC.	\$4,449,896.00	\$0.00	\$0.00	\$4,449,896.00Jan/2010
+	FL 143032848	219004	FLATEL INC.	\$12,560.00	\$6,940.00	\$9,677.00	\$29,177.00Jan/2010
+	FL 143032385	219005	DPI TELECONNECT LLC	\$2,886.00	\$1,632.00	\$2,029.00	\$6,547.00Jan/2010
+	FL 143030627	219009	GANOCO INC.	\$39,660.00	\$52,952.00	\$31,797.00	\$124,409.00Jan/2010
+	FL 143028795	219010	MIDWESTERN TELECOMMUNICATIONS INC.	\$6,346.00	\$7,232.00	\$4,862.00	\$18,440.00Jan/2010
I	FL 143031863	219902	SPRINT SPECTRUM LP.	\$1,915.00	\$0.00	\$0.00	\$1,915.00Jan/2010
+	FL 143008900	219903	ALLTEL COMMUNICATIONS	\$142.00	\$22.00	\$0.00	\$164.00Jan/2010
+	FL 143017328	219904	KNOLOGY OF FLORIDA INC.	\$7,371.00	\$0.00	\$0.00	\$7,371.00Jan/2010
+	FL 143000887	219905	BUDGET PREPAY INC.	\$45,132.00	\$40,891.00	\$5,912.00	\$91,935.00Jan/2010

# 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.

# *Computer Portal for ETCs*

- “We agree with the Joint Board that an on-line verification process, where states can obtain and provide data to allow ETCs real-time access to a database of low-income assistance program participants or income reports, could be a quick, easy, and accurate solution.” (FCC 04-87, ¶ 36)
- In 2008, the FPSC and the Florida Department of Children and Families began working on the concept of a computer portal which would allow ETCs to verify Lifeline applicants are enrolled in a participating eligible program.

# *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.
- 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).
- Final Portal testing is being done February 12-19.
- Initial capacity will be 1,000 checks per day.

LIFELINE AND LINK UP WORKSHEET

USAC Service Provider Identification Number (1) \_\_\_\_\_ Serving Area (2) \_\_\_\_\_

<p>(3)</p> <p>Company Name: _____</p> <p>Mailing Address: _____</p> <p>_____</p> <p>Contact Name: _____</p> <p>Telephone Number: _____</p> <p>Fax Number: _____</p> <p>E-mail Address: _____</p>	<p>(4)</p> <p>a) Submission Date _____</p> <p>b) Data Month _____</p> <p>c) Type of filing (Check one): Original <input type="checkbox"/> Revision <input type="checkbox"/></p> <p>d) State Reporting _____</p>
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Lifeline	# Lifeline Subscribers (a)	x	Lifeline Support/ Subscriber (b)*	=	Total Lifeline Support (c)
Tier 1 Low-Income Subscribers receiving federal Lifeline Support (5)	_____	x	\$ _____	=	\$ _____
Tier 2 Low-Income Subscribers receiving federal Lifeline Support (6)	_____	x	\$ _____	=	\$ _____
Tier 3 Low-Income Subscribers receiving federal Lifeline Support (7)	_____	x	\$ _____	=	\$ _____
Tier 4 Low-Income Subscribers receiving federal Lifeline Support (8)	_____	x	\$ _____	=	\$ _____

Check box to the right if partials or pro rata amounts are used. Indicate dollar amount, if applicable, on line 9.  \$ \_\_\_\_\_ (9)

NOTE: (Do not include partials or pro rata amounts on lines 5 - 8 above)

Total federal Lifeline support claimed (Sum of lines 5c, 6c, 7c, 8c & 9) \$ \_\_\_\_\_ (10)

\* For multiple rates, use an average amount

Link Up	Non-Tribal (a)	Tribal (b)	Total Link Up (c)
Number of Connections waived (11)	_____	_____	
Charges waived per Connection (12) *\$ _____ (\$30)		\$ _____ (\$100 max)	
Total Connection charges waived (13)	\$ _____	\$ _____	
Deferred Interest (14)	\$ _____	\$ _____	
Total Link Up dollars waived (15)	\$ _____ +	\$ _____ =	\$ _____ (15c)

\* For multiple rates, use an average amount

Toll-Limitation Services (TLS)			
Incremental cost of providing TLS (16)	\$ _____	Total TLS dollars claimed	\$ _____ (18)
Number of subscribers for whom TLS initiated (17)	_____		

<b>ETC Payment (19)</b>			
Total Lifeline \$ _____	Total TLS \$ _____		
Total Link Up \$ _____			
Total Dollars		\$ _____	

If you have any questions, please call USAC at (866) 873(USF)-4727 Toll Free

# *USAC Recommendations to the FCC*

*(February 28, 2008 Letter)*

- Provide additional documentation with Form 497.
- All ETCs provide a list of Lifeline subscribers each month.
- Incumbent ETCs that resell Lifeline service to an ETC would provide a list of resold accounts.
- USAC could compare the lists for duplications.

# *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, 40 states and the District of Columbia are members.
- Our first conference call was January 28<sup>th</sup>.
- 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.

# 2010 NARUC Winter Committee Meetings Washington, D.C.





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# *Questions?*



# *Thank you!*

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