



TURN

affordable utilities
livable communities

Value At Any Price? Lifeline Reform at the FCC

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NASUCA Resolution



- NASUCA: National Association of State Utility Consumer Advocates
 - Representatives from more than 40 states
- Adopted Resolution 2010-02, June 2010
 - Calling for reform of the Lifeline Program
 - Recognizes the importance of the Program
 - Changes in the Program
 - Economy means more demand by working poor
 - New technology means a different form of ETC
 - New ETCs mean different service offerings

NASUCA Resolution



– Problems with the program

- Outreach v. marketing (upselling, bundles)
- Unchecked growth in demand on the Fund
- Fraud
- State jurisdiction

The Lifeline program needs to “balance the maximum value for low-income customers with the costs imposed on all customers who pay for the Lifeline programs.”

Maximize Value



- Customer Choice
 - Keep up with new technologies
 - Forbearance v. Revise Rules
 - What role should market demand play?
- Increase Minimum Standards for ETCs
 - Concerns about discouraging new technology
 - Basic service different for each technology?
 - What happened to “reasonably comparable local usage?”
 - Will marketplace do this for you?

Maximize Value



- Less Restrictions on LL Subscribers
 - Don't limit end user in what they can purchase
 - Allow end user to purchase bundles **but protect basic service**
 - Require a stand alone basic service package for pricing and subsidy purposes, in addition to making this available to consumer
 - Apply discount to the basic service portion of the bill, full amount

Maximize Outreach



- ETCs are required to do outreach (47 C.F.R. §54.405)
 - Current guidelines “hamper” enforcement
 - Limit marketing hype
 - Third Parties
 - Joint Efforts like **Lifeline Across America**
- Hard to Reach
 - Rural
 - Homeless
 - Limited English speaking or disabled
 - No current communications services
- One-on-One marketing (incentives)
 - Use CBOs, other Social Service Agencies

Maximize Participation



- Make it Easy
 - Online
 - Automatic Enrollment/ Electronic Verification
 - CBO help with applications
- Expand Eligibility
 - Increase to 150% of poverty
 - Federal floor of standards
- Include Group Housing/Homeless
 - States need to work with group homes

Minimize Fraud



- Laundry List of Problems
 - Overcharging and Up-selling
 - Double-Dipping (same or different carriers)
 - Selling or lending phones
- Some states limited in ability to intervene
- Some ETCs not paying into state public purpose funds (unfair competitive advtg)
- Stricter Certification/Verification Processes
- Inactivity Report

Minimize Subsidy



- Growth of the Fund: Double Edged Sword
 - More ETCs, more choices, more participants
 - BUT
 - More demand for subsidy, higher surcharges
- 2005 Order, declined to analyze impact on the Fund. One carrier can't affect size??

Minimize Subsidy



- Rates deregulated
- Costs are unknown
- Subsidy capped at ILEC rate, but are carriers getting overpaid?
 - TracFone request to be paid full amount of potential subsidy
 - Budget Comm charging \$40 for basic service
 - No facilities to maintain, limited customer service if prepaid
- Calculate discount off of different number?

Conclusion



Are we ready to take on issues related to
broadband???!!!

State Jurisdiction

Subsidy Calculations

What is “basic service?”

Consumer protections