



Federal Communications Commission
Washington, D.C. 20554

January 21, 2011

Richard A. Belden
Chief Operating Officer
Universal Service Administrative Company
2000 L St., N.W., Suite 200
Washington, DC 20036

Dear Mr. Belden:

This letter responds to informal guidance USAC has sought on how to resolve duplicate Lifeline claims, whereby more than one eligible telecommunications carrier (ETC) seeks support from USAC for the same eligible consumer or household.¹ This question was raised in the *Alltel Low-Income Audit Appeal*² and in subsequent discussions with USAC regarding the requirement, set forth in Commission orders, that eligible consumers may seek low-income support only for a single telephone line in their principal residence.³ The Wireline Competition Bureau sought comment on this issue in the *Alltel Audit Public Notice*.⁴ Based on the relevant legal authority as well as the comments filed in the Alltel Audit proceeding, we direct USAC to take specific steps to resolve duplicate claims for Lifeline support.

When it implemented the Lifeline program, the Commission determined that “qualifying subscribers may receive assistance for a single telephone line in their principal residence.”⁵ This requirement is commonly referred to as the “one-per-household rule” for Lifeline support. To ensure compliance with this requirement, some ETCs require consumers applying for Lifeline

¹ See Request for Review by Verizon/Alltel Management Trust of Decision of the Universal Service Administrator, WC Docket No. 03-109 (filed Oct. 5, 2009) (*Alltel Low-Income Audit Appeal*) at Exhibit 3 (USAC Audit Finding #4, which found that Alltel sought Lifeline reimbursement for subscribers claimed on other carriers’ Forms 497).

² See *Alltel Low-Income Audit Appeal*; see also Request for Review by Verizon/Alltel Management Trust of Decision of the Universal Service Administrator, WC Docket No. 03-109, Errata (filed Oct. 6, 2009).

³ *Lifeline and Link-Up*, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302, 8306, para. 4 (2004) (specifying that support for Lifeline subscribers is for “a single telephone line in their principal residence”); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8957, para. 341 (1997) (*Universal Service First Report and Order*).

⁴ See *Comment Sought on Verizon/Alltel Management Trust Request for Review of a Decision of the Universal Service Administrative Company Against Alltel Corporation Concerning Audit Findings Relating to the Low-Income Program*, WC Docket No. 03-109, Public Notice, 24 FCC Rcd 14745 (Wireline Comp. Bur. 2009) (*Alltel Audit Public Notice*).

⁵ See *Lifeline and Link Up*, 19 FCC Rcd at 8306, para. 4; *Universal Service First Report and Order*, 12 FCC Rcd at 8957, para. 341.

support to certify that they do not already receive Lifeline benefits at their current residential address.⁶ While Commission orders clearly set forth the “one-per-household” requirement, it is difficult for ETCs to make an independent determination that a subscriber is receiving only one Lifeline. There is no comprehensive database in place for ETCs to determine whether an eligible consumer is enrolled in Lifeline with another ETC, and ETCs are not in the position to share customer information with one another. ETCs therefore lack the data needed to prevent the occurrence of duplicate Lifeline claims.⁷

Further, Commission orders and rules do not provide ETCs and USAC with a process to follow when they learn that a customer has received duplicate Lifeline support.⁸ In the past, when USAC determines a customer has received duplicate support, its practice has been to inform both ETCs of the issue and direct them to resolve the conflict.⁹ Under this approach, ETCs may lack the incentive to resolve such conflicts, as neither carrier is likely to willingly forego Lifeline support for an enrolled subscriber. For these reasons, this administrative practice may not be effective in reducing the number of claims for duplicate Lifeline support or swiftly remedy known cases of duplicate support.

⁶ See, e.g., *Alltel Low-Income Audit Appeal* at Exhibit 6 (Alltel Wireless Lifeline Application and Eligibility Certification Form); AT&T Lifeline and Link Up Assistance Applications, <http://www.wireless.att.com/learn/articles-resources/community-support/lifeline-link-up.jsp> (last visited Jan. 18, 2011); GCIA Michigan Lifeline Application, http://lifelinemi.com/michigan_lifeline_form.pdf (last visited Jan. 18, 2011).

⁷ See 47 U.S.C. § 222(c) (setting forth limitations on telecommunications carriers’ use of customer network proprietary information); *Request for Review by Verizon/Alltel Management Trust of Decision of Universal Service Administrator*, WC Docket No. 03-109, Comments of Verizon and Verizon Wireless, at 6 (filed Jan. 29, 2010) (stating that “a better solution in instances where a program beneficiary is inappropriately receiving subsidized Lifeline service from more than one provider would be for USAC to determine if there was a violation of program rules and, if appropriate, to seek recovery of funding from the party responsible for the violation”); *Request for Review by Verizon/Alltel Management Trust of Decision of Universal Service Administrator*, WC Docket No. 03-109, Reply Comments of AT&T Inc., at 4 (filed Feb. 23, 2010) (recommending that “[i]n the event that a low-income consumer is obtaining multiple Lifeline discounts from several ETCs and those ETCs each obtained a certification from the subscriber in question, then it seems appropriate for the Commission to direct any subsequent inquiry to the subscriber, not the ETCs”); see also *Federal-State Joint Board on Universal Service, Lifeline and Link Up*, CC Docket No. 96-45, WC Docket No. 03-109, Comments of Verizon and Verizon Wireless, at 5 (filed July 15, 2010) (stating that “collaboration by providers that compete directly with each other in a particular market raises many concerns including, but not limited to, potential antitrust problems and potential tension with the customer proprietary network information privacy requirements Moreover, choosing a provider is solely the right and responsibility of the Lifeline beneficiary”); *Federal-State Joint Board on Universal Service, Lifeline and Link Up*, CC Docket No. 96-45, WC Docket No. 03-109, Comments of AT&T Inc., at 13 (filed July 15, 2010) (same).

⁸ See *Federal-State Joint Board on Universal Service, Lifeline and Link Up*, CC Docket No. 96-45, WC Docket No. 03-109, Comments of Public Service Commission of the District of Columbia, at 6 (filed July 15, 2010) (stating that “[t]he Joint Board should make it clear that no person is entitled to two Lifeline service accounts, even if the technology used is different Such notice would be more effective, however, if the ETC could also identify a Commission-imposed sanction for willful violation of the rule, such as a bar from receiving future wireless and wireline Lifeline service discounts”).

⁹ See *Alltel Low-Income Audit Appeal* at Exhibit 3.

When a duplicate claim is uncovered¹⁰, we direct USAC to notify the ETCs involved and direct those ETCs to stop including the duplicate subscribers among the subscribers claimed for Lifeline support on the form 497. USAC shall inform the ETCs at issue in writing and direct them to notify the customer by phone, and in writing where possible, that he or she has 30 days to select one Lifeline provider or face de-enrollment from the program. Once the customer selects a Lifeline provider by signing a new certification, the chosen ETC must notify USAC and the ETC who had previously served the customer of the customer's selection. Once the chosen ETC notifies USAC and the competing ETC of the customer's choice, the selected ETC may seek reimbursement for the customer, while the other ETC must de-enroll the customer from its Lifeline service and may not seek reimbursement for that customer going forward.¹¹ In instances where multiple customers in a single household are receiving support from two or more ETCs, USAC should direct the ETCs to educate the subscribers on the Commission's "one-per-household" requirement and require the subscribers to make a single Lifeline provider selection for the household or they will be de-enrolled from the program. We believe this approach will not only protect the fund against waste, fraud and abuse upon a finding of duplicate support, but would also provide an incentive for ETCs to better educate their customers about the Lifeline program, and increase their due diligence prior to initiating service to a low-income consumer.

If you have any questions regarding this letter, please do not hesitate to contact me at 202-418-1500.

Sincerely,

Sharon E. Gillett
Chief
Wireline Competition Bureau

¹⁰ Please note that this letter is intended to address only those situations where a subscriber seeks Lifeline discounts from multiple ETCs. The guidance given herein does not extend to cases where a household receives more than one Lifeline-supported service from a single ETC.

¹¹ A customer may choose to enroll in the non-chosen ETC's Lifeline program at a later point in time. In other words, just because an ETC loses a customer once does not mean that they may never serve the customer again.