

# The Lifeline Program

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## Missouri

*The Lifeline program is intended to provide qualifying low-income consumers with affordable voice service. This report is intended to provide relevant information as the Missouri Public Service Commission seeks input regarding the program.*

# The Lifeline Program

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## Contents

Executive Summary .....	3
<b>I. The Lifeline Program</b> .....	4
What is the Lifeline Program? .....	4
Statutory Authority for the Lifeline Program.....	4
A Brief History of the Lifeline Program .....	4
<b>II. Lifeline Program Administration</b> .....	6
Federal/State Partnership.....	6
Lifeline Program Funding .....	7
Eligible Telecommunications Carrier Status.....	7
<b>III. Consumer Eligibility for the Lifeline Program</b> .....	8
<b>IV. Lifeline Enrollment Methods</b> .....	9
Lifeline Enrollment Methods Used in Missouri.....	9
Lifeline Enrollment Methods Used in Other States .....	10
Databases.....	12
<b>V. Criticisms of the Lifeline Program</b> .....	13
<b>VI. Lifeline Program Reforms</b> .....	14
<b>VII. Lifeline Facts and Figures</b> .....	16
Lifeline Subscribers.....	16
Federal Lifeline Funding.....	17
State Comparisons of Federal Lifeline Funding .....	18
Missouri’s Portion of Federal Lifeline Funding.....	19
<b>VIII. Missouri USF Funding</b> .....	21
<b>VIII. Annual Verification of Lifeline Subscriber Eligibility</b> .....	23
Form 555 Results for 2012.....	23
Missouri’s Form 555 Results for 2012.....	23
Future annual verification efforts.....	24
<b>IX. Lifeline Program Effectiveness</b> .....	25
Voice Service Penetration Levels .....	25

# The Lifeline Program

---

Lifeline Service Participation Take Rates.....	26
<b>X. Recent State Actions Regarding the Lifeline Program.....</b>	<b>27</b>
State Legislation.....	27
State Commissions.....	28
<b>XI. Federal Compliance Efforts.....</b>	<b>30</b>
<b>XII. Compliance Efforts of Missouri USF Administrator and Missouri PSC Staff.....</b>	<b>33</b>
Conclusion.....	37

<b>Exhibit 1</b>	List of Companies Offering Lifeline Service in Missouri
<b>Exhibit 2</b>	Template Used by Missouri PSC Staff to Evaluate ETC Applications
<b>Exhibit 3</b>	Lifeline Subscriber Quantities for Missouri and Nationwide (2001-2013)
<b>Exhibit 4</b>	Lifeline Subscriber Quantities by State
<b>Exhibit 5</b>	Federal Lifeline Funding by State
<b>Exhibit 6</b>	Federal Lifeline Funding Support to Missouri ETCs (Oct. 2011 – March 2013)
<b>Exhibit 7</b>	Data Requests Sent to All Companies Offering Lifeline Service (June/July 2011)
<b>Exhibit 8</b>	Data Requests Sent to 15 Wireless Carriers (December 2011)

# The Lifeline Program

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## Executive Summary

The purpose of this report was originally two-fold: (1) to investigate the practices and procedures of company participation in the Lifeline program and (2) provide relevant information for revising Missouri Public Service Commission (PSC) rules related to the Lifeline program.<sup>1</sup> This report still serves these two purposes but the report has been expanded to provide additional relevant information and perspective.

This report begins by explaining basic information about the Lifeline program including how the program is administered and funded. Various Lifeline enrollment methods will be discussed as well as how states have taken different approaches to Lifeline. Lifeline program criticisms will be presented and what has been done to try and reform the program. National and state Lifeline subscriber quantities and associated funding for the Lifeline program will be identified as well as trends for these figures and a discussion of how the FCC intends to evaluate the effectiveness of the Lifeline program. Finally, the report discusses compliance efforts at the federal and state levels MoPSC Staff-specific efforts begin at Section XII of the report.

Although the Lifeline program has been in place for almost three decades the program is in transition. This report reviews the many recent changes to the Lifeline program to try and address problems within the program. Program reforms implemented so far, with more reforms to come, appear to be having an impact as fraudulent activities and inactive subscribers are weeded-out of the program. The FCC is claiming reforms saved \$200 million in 2012 with another \$400 million in 2013 and ultimately \$2 billion in savings by the end of 2014. States are evaluating their involvement with the program.

The Missouri PSC has a pending rulemaking regarding matters relating to the Lifeline program. In addition, Staff recommends the Missouri PSC also evaluate the purposes and goals of the Missouri Universal Service Fund. Industry and public input should be sought in helping the Missouri Public Service Commission make such basic policy decisions. A working docket and associated workshops can help address such issues.

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<sup>1</sup> These purposes were described in the Missouri PSC Staff's Motion to Open a Repository Docket in Case No. TO-2012-0364 filed on May 7, 2012. On October 5, 2012 Case No. TO-2012-0364 was closed after the Missouri Commission consolidated the case with Case No. TW-2012-0012. On December 14, 2012 the Missouri Commission closed Case No. TW-2012-0012.

# The Lifeline Program

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## I. The Lifeline Program

### *What is the Lifeline Program?*

The basic premise of the current Lifeline program is to ensure low-income consumers have affordable voice service.<sup>2</sup> Companies participating in the Lifeline program receive funding in order to offer a lower-priced voice service to qualifying low-income households. If a company participates in the Lifeline program the retail Lifeline service may simply be a monthly discount totaling up to \$12.75 on the consumer's monthly bill. On the other hand some wireless companies offer a free basic wireless phone with no monthly bill; however, this free wireless Lifeline service has a limited monthly usage allotment.<sup>3</sup> In order to participate in the Lifeline program a consumer must apply, meet eligibility criteria and agree to comply with certain on-going responsibilities and obligations.

### *Statutory Authority for the Lifeline Program*

The Lifeline program is authorized by federal and state statutes. The program was originally created in response to universal service principles established by Congress.<sup>4</sup> Most relevant among these principles is service should be available at "affordable" rates and that "consumers in all regions of the Nation, including low-income consumers...should have access to telecommunications and information services." Many states, including Missouri, later established statutes enabling additional funding for the Lifeline program.<sup>5</sup>

### *A Brief History of the Lifeline Program*

*1985:* The Lifeline program began in all states in 1985. In the beginning only incumbent local exchange companies participated in the Lifeline program.

*1996:* The passage of the federal Telecommunications Act of 1996 created the need for universal service programs including the Lifeline program to be more competitively neutral. In 1997 the Federal Communications Commission (FCC) adopted rules for competitive local

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<sup>2</sup> As will be explained in this report, federal efforts are currently exploring expanding the program to ensure low-income consumers also have affordable broadband service.

<sup>3</sup> 250 minutes is the typical monthly allotment for most Lifeline plans with no monthly bill. Additional usage blocks are available for a fee (i.e. lowest price increment is \$5.00 for 100 to 500 minutes while some companies offer unlimited usage for \$30 to \$50).

<sup>4</sup> See 47 U.S.C. § 254(b) for the list of universal service principles established by Congress.

<sup>5</sup> Section 392.248 RSMo.

## The Lifeline Program

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exchange companies (CLECs) to participate in universal service programs.<sup>6</sup> This FCC decision led to CLECs applying for the ability to participate in federal universal service programs. During the 2000 to 2004 time period the Missouri Commission ultimately granted such status to five CLECs.<sup>7</sup>

*2004:* Wireless carrier participation in universal service programs began in 2004 after the FCC issued a series of decisions allowing wireless carriers to participate in universal service programs.<sup>8</sup> The FCC also determined under certain conditions non-facilities based wireless providers could solely participate in the Lifeline program. In 2006 and 2007 the Missouri Commission granted the applications of three facility-based wireless carriers.<sup>9</sup> It was not until 2009 the Missouri Commission started granting applications for the limited purpose of receiving Lifeline support. These applications primarily involved non-facility-based wireless carriers whereby some of these carriers began offering free Lifeline service.

*2005:* The Missouri USF started providing support of \$3.50 per Lifeline subscriber to landline carriers.<sup>10</sup>

*2009:* The federal Lifeline program started experiencing tremendous overall growth primarily due to wireless Lifeline service. Landline Lifeline subscribership quantities began declining.

*2010:* Criticisms of the federal Lifeline program started to become more vocal typically describing the program as full of abuse, waste and fraud.

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<sup>6</sup> Report and Order; *In the Matter of Federal-State Joint Board on Universal Service* CC Docket No. 96-45; FCC 97-157; released May 8, 1997.

<sup>7</sup> These CLECs were primarily seeking status to receive federal high-cost USF funding; however, such status includes the ability to receive federal Lifeline funding.

<sup>8</sup> Memorandum Opinion and Order; *In the Matter of Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*; CC Docket No. 96-45; FCC 03-338, released January 22, 2004. Report and Order; *In the Matter of Federal-State Joint Board on Universal Service*; CC Docket No. 96-45; FCC 05-46, released March 17, 2005. Order; *In the Matter of Federal-State Joint Board on Universal Service; Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i)* CC Docket No. 96-45; FCC 05-165, released September 8, 2005.

<sup>9</sup> These wireless providers were primarily seeking status to receive federal high-cost USF funding; however, such status includes the ability to receive federal Lifeline funding.

<sup>10</sup> Order Granting Staff Motion; *In the Matter of an Investigation into Various Matters Relating to the Missouri Universal Service Fund*; Case No. TO-98-329; released March 17, 2005. This order established May 1, 2005 as the date for companies to begin billing customers the MoUSF surcharge to fund the MoUSF. In addition, companies could begin providing the \$3.50 discount to qualified consumers in June 2005. MoUSF disbursements began flowing to companies in July 2005.

# The Lifeline Program

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2012: The FCC initiated major reforms to the Lifeline program.

2013: The FCC initiates a pilot program to expand the Lifeline program to ensure low-income consumers have access to affordable broadband service. The purpose of the program is to analyze low-income consumer willingness to pay for various speeds and levels of broadband service. The FCC selected 14 broadband projects spanning 21 states for the pilot program.<sup>11</sup> The FCC authorized \$13.8 million for the broadband Lifeline pilot program whereby various subsidies ranging from \$5 to \$39.95 per month per subscriber will be explored.

## II. Lifeline Program Administration

### *Federal/State Partnership*

The Lifeline program is administered by the FCC in partnership with the states. The FCC has established basic rules for the Lifeline program.<sup>12</sup> Although the FCC has recently exerted greater authority by requiring all states to comply with certain requirements, this partnership arrangement still enables a state to determine issues relating to the Lifeline program.<sup>13</sup> Forty-two states, including Missouri, are currently classified as non-default states and maintain their own low-income program.<sup>14</sup> Two states will soon move from non-default to default status.<sup>15</sup> In addition, most states administer the application process for companies to receive funding for the Lifeline program.<sup>16</sup> In general, the Missouri Commission uses the rulemaking process to make

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<sup>11</sup> Order; WC Docket No. 11-42, *In the Matter of Lifeline and Link Up Reform Modernization*; DA 12-2045; released December 19, 2012. The Lifeline broadband pilot program is expected to begin February 1, 2013 and last 18 months. Missouri was not one of the 21 states selected for the Lifeline broadband pilot program.

<sup>12</sup> The FCC's Lifeline program rules are contained in Title 47, Part 54, Subpart E of the FCC's rules.

<sup>13</sup> Existing FCC rule § 54.416 (c) states, "States that mandate Lifeline support may impose additional standards on eligible telecommunications carriers operating in their states to ensure compliance with state Lifeline programs."

<sup>14</sup> Conversely eight states are classified as default states. The eight default states are: Delaware, Hawaii, Indiana, Iowa, Louisiana, New Hampshire, North & South Dakota. See FCC Notice of Proposed Rulemaking; WC Docket No. 11-42 *In the Matter of Lifeline and Link Up Reform and Modernization*; FCC 11-32; released March 4, 2011; page 8, ¶19.

<sup>15</sup> Colorado recently passed Senate Bill 194 repealing the state's Lifeline program and state fund and discussions with Colorado Public Utilities Commission Staff indicate the state will essentially become a default state. The Maine Public Utilities Commission issued Order Adopting Amended Rule and Statement of Factual and Policy Basis in Docket No. 2013-00221 on June 13, 2013 stating, "It is the view of the Commission that there is no longer any advantage to Maine consumers, financial or otherwise, for the Commission to administer the Lifeline or Link-Up programs or to designate ETCs solely for the purpose of qualifying for Lifeline, Link-Up, or other low-income support...."

<sup>16</sup> The FCC has established minimum ETC requirements but has allowed states to supplement these requirements as long as a state's additional requirements "...do not create burdens that thwart achievement of the universal

# The Lifeline Program

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adjustments to the Lifeline program whereby existing Missouri Commission rules relevant to the Lifeline program are contained in 4 CSR 240-31 and 4 CSR 240-3.570. These rules were initially established in 1998 and have since been revised on several occasions including a current pending rulemaking.<sup>17</sup>

## ***Lifeline Program Funding***

Funding for the Lifeline program is provided through the federal and Missouri universal service funds (USFs). Companies participating in the Lifeline program directly receive funding as a way for the company to remain whole for foregone revenues associated with providing Lifeline service. Monthly federal USF support is \$9.25 per subscriber and is available to both wireless and landline companies. Monthly Missouri USF support is \$3.50 per subscriber but is limited solely to landline companies. Consequently this arrangement in Missouri results in a total funding per Lifeline subscriber of \$12.75 for landline companies and \$9.25 for wireless companies.

Revenue for these funds is derived from percentage-based assessments applied to certain company voice service revenues which companies recover through separate surcharges on consumer bills. The federal USF is funded through an assessment of interstate voice services of both landline and wireless providers.<sup>18</sup> The Missouri USF is funded by an assessment of retail voice service net jurisdictional revenues of landline providers.<sup>19</sup> The FCC oversees the federal USF and Universal Service Administrative Company is under contract to manage the non-policy daily administrative responsibilities of the federal USF. In a similar manner the Missouri Universal Service Fund Board oversees the Missouri USF and Central Bank manages the daily operations of the Missouri USF.<sup>20</sup>

## ***Eligible Telecommunications Carrier Status***

Status as an eligible telecommunications carrier (ETC) enables a company to receive federal USF funding. ETC designation ensures the company meets certain qualifications and

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service reforms..." See ¶ 574 of FCC's Report and Order and Further Notice of Proposed Rulemaking; WC Docket No. 10-90, *In the Matter of Connect America Fund, et al.*; FCC 11-161; released November 18, 2011.

<sup>17</sup> The pending formal rulemaking is Case No. TX-2013-0324, *In the Matter of a Proposed Rulemaking to the Missouri Universal Service Fund*.

<sup>18</sup> The federal USF assessment was .169 (or 16.9%) for the first quarter 2013.

<sup>19</sup> The Missouri USF assessment was reduced from .0025 to .0017 (or 0.17%) as of July 1, 2013.

<sup>20</sup> The Missouri USF Board consists of the Missouri PSC Commissioners and one member from the Office of Public Counsel.



# The Lifeline Program

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requires commitments that it will comply with program requirements. A company needs to apply for ETC status. ETC applications are handled either by the FCC or state commission depending on the state and type of company. In Missouri ETC applications are handled by the Missouri PSC for both landline and wireless companies. At this time 69 companies have ETC designation and participate in the Lifeline program. **Exhibit 1** contains a current list of ETCs in Missouri.<sup>21</sup>

ETC requirements are identified in FCC and Missouri PSC rules.<sup>22</sup> During the past year the Missouri PSC Staff has requested additional relevant information about the ETC applicant including how the company intends to specifically comply with Lifeline program requirements. A pending Missouri PSC rulemaking proposes to codify the requirement for an ETC application to contain this additional information. **Exhibit 2** is the template currently used by the Missouri PSC Staff in evaluating ETC applications.

## III. Consumer Eligibility for the Lifeline Program

A consumer must apply to participate in the Lifeline program. The application process requires the consumer to understand certain requirements and provisions about the Lifeline program. In addition, the consumer must certify under penalty of perjury certain obligations. A Lifeline applicant must also provide proof of eligibility in a qualifying low-income program or meet certain household income levels.<sup>23</sup> All states must use, at a minimum, the following seven programs to enable consumers to qualify for the Lifeline program:<sup>24</sup>

- Missouri HealthNet (Medicaid)
- Supplemental Nutritional Assistance Program (food stamps)
- Supplemental Security Income
- Low-income Home Energy Assistance Program (LIHEAP)
- Federal Public Housing Assistance
- National School Free Lunch program
- Temporary Assistance for Needy Families (TANF)

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<sup>21</sup> The Missouri PSC's website at [www.psc.mo.gov](http://www.psc.mo.gov) maintains an up-to-date list of ETCs. The 69 companies are comprised of 43 incumbent local exchange companies and 26 CLECs and wireless providers.

<sup>22</sup> The relevant rules are contained in § 54.201-202 of the FCC's rules and 4 CSR 240-3.570 for the Missouri PSC.

<sup>23</sup> Missouri has always required a Lifeline applicant to provide proof of eligibility even though prior to the FCC's 2012 Lifeline reforms, not all states required a Lifeline applicant to provide proof of eligibility.

<sup>24</sup> Non-default states may expand upon this eligibility criteria (FCC Lifeline Reform Order ¶ 65); however, Missouri has always used these seven programs as eligibility criteria for the Lifeline program.

# The Lifeline Program

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All states must also allow a consumer to qualify for the Lifeline program if the consumer's household income is 135% or less of the federal poverty level.<sup>25</sup> The federal poverty guidelines change annually and are typically updated at the end of January. Listed below are the income thresholds reflecting 135% of the 2013 federal poverty levels:

Lifeline Income-Based Thresholds based on Household Size <sup>26</sup>								
1	2	3	4	5	6	7	8	Add'l
\$15,512	\$20,939	\$26,366	\$31,793	\$37,220	\$42,647	\$48,074	\$53,501	\$4,427

## IV. Lifeline Enrollment Methods

### *Lifeline Enrollment Methods Used in Missouri*

In Missouri all ETCs are required to use the same Lifeline enrollment form.<sup>27</sup> A consumer must submit to the ETC a completed Lifeline enrollment form along with acceptable proof of eligibility. The ETC will review the consumer's application and proof of eligibility. In addition, the ETC is expected to ensure the company is not already providing Lifeline benefits to the applicant.

An ETC can use a variety of marketing methods to enroll consumers into the Lifeline program. These methods can be distinguished by how the consumer might receive or remit a Lifeline enrollment form, such as:

- Consumers fill out a Lifeline enrollment form and mail, fax or drop-off the completed form and proof of eligibility at the company's business office.
- Direct mail marketing. Some companies use direct mail marketing to a target audience informing them about the Lifeline service and how to apply.
- Company retail store. Some companies have their own retail store allowing consumers to walk in and sign-up.

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<sup>25</sup> This income-based eligibility criteria was implemented in Missouri effective June 1, 2012 after the FCC's 2012 reforms mandating all states to use, at a minimum, the income and program criteria used by federal default states. Some non-default states are currently using a broader income-based threshold. For instance Kansas applies a Lifeline eligibility income-based threshold of 150% of the federal poverty level.

<sup>26</sup> These thresholds reflect 135 % of the 2013 federal poverty levels as reflected in the following portion of USAC's web site <http://www.usac.org/li/telecom-carriers/step06/income-eligibility.aspx>.

<sup>27</sup> This form is available at: [http://psc.mo.gov/Telecommunications/Missouri\\_Universal\\_Service\\_Fund](http://psc.mo.gov/Telecommunications/Missouri_Universal_Service_Fund).

# The Lifeline Program

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- Retail stores. Some wireless companies offer Lifeline service through retail discount stores or convenience gas stations.
- Independent agents. Some companies employ independent agents who actively seek out potential applicants. These agents target locations frequented by low-income consumers or alternatively host events designed to attract low-income consumers. This method has been subject to some controversy. Companies vary in the supervision of independent agents.<sup>28</sup> The FCC recently issued an enforcement advisory reminding Lifeline providers they are liable if their agents or representatives violate Lifeline rules.<sup>29</sup> Stronger action is also contemplated as the FCC is currently considering a proposal banning the in-person distribution of handsets.<sup>30</sup>
- On-line enrollment. This method allows a consumer to electronically respond to a series of screen prompts to enroll in the Lifeline program. The consumer is also required to download a copy of proof of eligibility. This type of system also appears to be used by the independent agents or company representatives in helping applicants fill out the enrollment form. The agent or company representative will actually fill out the Lifeline enrollment form by typing the applicant's information into a portable computer or computer at the enrollment site. The agent will also read to the applicant, sometimes over the telephone, the various notices and acknowledgements required by the FCC and require the applicant to reveal proof of eligibility.

## *Lifeline Enrollment Methods Used in Other States*

States can have different methods for enrolling consumers into the Lifeline program, such as:

Coordinated Enrollment: Coordinated enrollment refers to an arrangement whereby a consumer can simultaneously apply to a qualifying program and the Lifeline program. Missouri does not offer coordinated enrollment although the FCC recommends coordinated enrollment as a best

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<sup>28</sup> Some companies require all Lifeline enrollment forms and scanned proof of eligibility be electronically routed to a centralized location where company officials (not the independent agent) ultimately determine whether the applicant meets Lifeline eligibility criteria.

<sup>29</sup> FCC Enforcement Advisory *Lifeline Providers are Liable if their Agents or Representatives Violate the FCC's Lifeline Program Rules*; DA 13-1435; Enforcement Advisory No. 2013-4; issued June 25, 2013. This advisory was simultaneously issued with an FCC Order issued in WC Docket No. 11-42; DA 13-1441; released June 25, 2013 whereby the FCC expresses concern some ETCs may be activating phones for consumers prior to fully verifying the eligibility of consumers.

<sup>30</sup> FCC Public Notice *Wireline Competition Bureau Seeks Comment on TracFone's Petition to Amend Lifeline Rules to Prohibit In-Person Distribution of Handsets to Prospective Customers*; WC Docket No. 11-42; DA 13-1109; released May 16, 2013. See also, section within this report on Criticisms of the Lifeline Program.

## The Lifeline Program

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practice for enrolling consumers in the Lifeline program.<sup>31</sup> Florida consumers can go through Florida's Department of Children and Families to enroll in certain low-income programs and also sign up for Lifeline service. Nebraska has a similar arrangement with the Nebraska Department of Health and Human Services. For these states coordinated enrollment is simply one way to enroll in the Lifeline program. Idaho is somewhat unique in that the only way for a consumer to enroll in the Lifeline program is through certain Idaho social service offices. If the applicant is determined to be eligible then the applicant's information is forwarded to the desired company whereby it is anticipated the applicant will be enrolled within 60 days.

A Third Party Determines if a Lifeline Applicant Meets Lifeline Eligibility Criteria: Some states essentially remove the ETC from the Lifeline enrollment process. In these states a third party receives a consumer's completed Lifeline enrollment form. Consequently, the third party ultimately determines if the consumer meets Lifeline eligibility criteria. This method is used by such states as:

- *California:* The California Commission has entered a contractual arrangement with Xerox. Consumers obtain an application form with a personal identification number from companies or alternatively fill out an online form at [www.californialifeline.com](http://www.californialifeline.com). Completed consumer Lifeline enrollment forms are ultimately routed to Xerox whereby Xerox reviews the consumer's application, proof of eligibility and also checks to see if the consumer is already receiving Lifeline support.
- *Vermont:* The Vermont Department For Children and Families receives all Lifeline enrollment forms and performs a check of state systems to determine if the applicant is eligible for Lifeline service. In addition this state agency ensures the applicant is not already receiving Lifeline benefits.
- *Texas:* Solix receives all Lifeline enrollment forms. Solix receives a monthly file from the Texas Health and Human Services Commission identifying Texas recipients of certain qualifying low-income programs. Solix determines applicant eligibility by checking this file or viewing acceptable proof of eligibility.
- *Oregon:* The Staff of the Oregon Public Utility Commission receives and reviews all Lifeline enrollment forms. The Oregon Staff can access the Department of Human Services databases to verify applicant eligibility. The Oregon Staff also employs a system named BIZAPPS to check for duplicate Lifeline support.
- *Utah:* The Utah LIHEAP Staff currently receives and processes Lifeline enrollment forms but only for landline carriers.<sup>32</sup> The same Lifeline form is used by all landline

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<sup>31</sup> FCC Report and Order and Further Notice of Proposed Rulemaking; WC Docket No. 11-42 et al; *In the Matter of Lifeline and Link Up Reform and Modernization*; FCC 12-11; released February 6, 2012 ("Lifeline Reform Order"); page 77, ¶ 174.

<sup>32</sup> After August 30, 2013 this responsibility will transfer from the Utah LIHEAP Staff to the Utah PSC Staff.

## The Lifeline Program

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carriers. In contrast wireless carriers are able to develop and use their own form whereby the wireless carrier receives and processes an applicant's Lifeline enrollment form.

- *Nebraska:* The Nebraska Staff currently receives and processes all Lifeline enrollment forms. All companies must use the same form. The Nebraska Staff accesses the state's Health and Human Services database to verify eligibility of certain state programs. The Nebraska Staff have also developed their own internal database to check for duplicates.

It should be mentioned that four of these states (California, Oregon, Texas and Vermont) have requested and recently received FCC approval to opt-out of the anticipated National Lifeline Accountability Database. The "opt-out" provision granted to these states essentially means the FCC finds that the state has its own similar system of preventing duplicate support and therefore does not have to participate in the NLAD.<sup>33</sup>

### *Databases*

A number of states use a state's database of participants of certain qualifying programs in order to help verify a Lifeline applicant's eligibility. Thirteen states currently use a database while six additional states anticipate providing database access to ETCs by the end of this year.<sup>34</sup> Database access, if provided to an ETC, is usually very limited and does not allow an ETC to peruse the database and gain access to sensitive consumer information. For example, systems typically will only indicate whether a consumer is within the database and only after the ETC inputs specific information about the consumer. An ETC instrumental in arranging limited database access in many other states has offered to help Missouri. The Missouri PSC Staff has met with officials with the Missouri Department of Social Services about enabling ETCs to have limited database access including the propriety of an ETC developing and paying for the database development but these efforts have stalled.

The FCC intends to establish a national database by the end of 2013 that companies could access to determine the eligibility of Lifeline applicants for the three most common qualifying programs.<sup>35</sup> The FCC has stated "...establishing a fully automated means for verifying

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<sup>33</sup> Technically the FCC has only given *conditional* approval to California and Vermont. The FCC has expressed the concern California's system does not access state databases to verify eligibility. (See FCC Order DA 13-329 issued March 4, 2013.) The FCC's concern about Vermont is it may take a month for Vermont's Department for Children and Families to inform a subscriber they have been successfully enrolled into the Lifeline program. (See FCC Order DA 13-230 released February 15, 2013.)

<sup>34</sup> The thirteen states are: Florida, New York, Illinois, Michigan, Oregon, Texas, Arkansas, Maryland, Wisconsin, Washington, South Carolina, Nebraska and Vermont. The six states (and anticipated dates for implementation) are: North Carolina (July 2013), Georgia (July 2013), Nevada (September 2013), Tennessee (September 2013), New Jersey (October 2013) and Pennsylvania (September 2013).

<sup>35</sup> According to the FCC the three most common qualifying programs are Medicaid, food stamps and SSI.

# The Lifeline Program

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consumers' initial and ongoing Lifeline eligibility from governmental data sources would both improve the accuracy and eligibility determinations, ensuring that only eligible consumers receive Lifeline benefits, and reduce burdens on consumers as well as ETCs..." To date, it remains unclear what progress, if any, has been made toward the development of this database.

## V. Criticisms of the Lifeline Program

The Lifeline program has been subject to a variety of criticisms. Some of these criticisms or recommendations are described below.

*United States Government Accountability Office (GAO):* The GAO issued a 2010 report regarding the Lifeline program.<sup>36</sup> This report contained three recommendations for the FCC:

- Develop specific performance goals of the program with quantifiable measures. The FCC's overarching goal for the program is to increase telephone subscribership among low-income consumers; however, the GAO found no observable measures to evaluate the success of the Lifeline program in meeting this goal.
- Conduct a robust risk assessment of the program. For instance, GAO noted how the program is subject to fraud and abuse where consumers might be receiving multiple Lifeline benefits. In addition, GAO's report expressed concern about free Lifeline service whereby a company can claim support without confirming the person is still using the phone.
- Implement a systematic process for considering the results of ETC audits and improper payment assessments in evaluating internal controls of the low-income program. GAO noted how USAC would perform audits of companies participating in the Lifeline program but the number and scope of these audits has been limited. More should be done to use audit results in evaluating the quantity, frequency and scope of these audits as well as modify how the program is administered.

*Media:* The media has been critical of the Lifeline program. For instance St. Louis, Missouri TV station KMOV produced several news stories highlighting problems with the Lifeline program.<sup>37</sup> Columbia, Missouri TV station KOMU ran a similar news clip suggesting abuses

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<sup>36</sup> U.S. Government Accountability Office Report to Congressional Requesters: *Improved Management Can Enhance FCC Decision Making for the Universal Service Fund Low-Income Program*; GAO-11-11; October 2010.

<sup>37</sup> [www.kmov.com](http://www.kmov.com). *Govt's supported cell phones winding up in wrong hands* (September 20, 2011), *Criminals target government funded cell phone program* (November 10, 2011); *News 4 investigation spurs major changes in*

# The Lifeline Program

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with the Lifeline program.<sup>38</sup> The February 11, 2013 edition of the Wall Street Journal ran a story “Millions Improperly Claimed U.S. Phone Subsidies”.<sup>39</sup> In May 2013 National Public Radio reported on a breach of sensitive Lifeline subscriber information.<sup>40</sup>

*Legislative:* Elected officials have expressed concerns about the Lifeline program. Most notably, Missouri Senator Claire McCaskill has questioned if enough is being done to address the scope of fraud, waste and abuse that may be occurring within the Lifeline program.<sup>41</sup> Legislation has also been introduced in the U.S. Congress regarding the Lifeline program. The most recent bill is H.R. 176 entitled “Stop Taxpayer Funded Cell Phones Act of 2011”.<sup>42</sup> This bill was introduced and referred to committee on January 4, 2013. If passed the bill specifically prevents wireless companies from participating in the Lifeline program. On April 25, 2013 the U.S. House Energy and Commerce Committee held a hearing “The Lifeline Fund: Money Well Spent?”<sup>43</sup>

## VI. Lifeline Program Reforms

In February 2012 the FCC released a decision containing many reforms to the Lifeline program.<sup>44</sup> Some of the more noteworthy reform measures include:

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*free cell phone program* (January 11, 2012), *Illinois company making millions off government cell phone program* (May 20, 2013).

<sup>38</sup> [www.komu.com](http://www.komu.com) April 29, 2013.

<sup>39</sup> See also February 18, 2013 Wall Street Journal article “Abuse Worries Grow on Phone Aid for Poor”.

<sup>40</sup> [www.npr.org](http://www.npr.org) “My Social Security Number is Posted Where?” On May 21, 2013 NPR’s Michel Martin interviewed Isaac Wolf a reporter for Scripps Howard News Service who was investigating the Lifeline program. Mr. Wolf indicated he was able to access the social security numbers, birth dates, home addresses and copies of nutrition assistance and welfare cards of 170,000 Lifeline subscribers. NPR’s web site also contains a responding statement from Dale Schmick, Chief Operating Officer of TerraCom and YourTel America.

<sup>41</sup> On December 9, 2011 Senator McCaskill sent a letter to FCC Chairman Julius Genachowski expressing specific concerns about the Lifeline program. On May 13, 2013 Senator McCaskill sent a letter to Gene Dodaro the Comptroller of the U.S. Government Accountability Office requesting the GAO evaluate recent FCC reforms to the Lifeline program. On June 11, 2013 Senator McCaskill sent a letter to FCC Acting Chair Mignon Clyburn saying “...it’s time to reevaluate the need for a subsidy for low-income Americans to access phone service...”

<sup>42</sup> The bill’s sponsor is Arkansas Representative Tim Griffin. The bill has 50 co-sponsors including Missouri Representative Billy Long. A similar bill (H.R. 3481) was introduced in November 18, 2011.

<sup>43</sup> A video of this hearing is available at <http://energycommerce.house.gov/hearing/lifeline-fund-money-well-spent>

<sup>44</sup>FCC Lifeline Reform Order; FCC 12-11, released February 6, 2012.

# The Lifeline Program

## FCC Lifeline Reforms

**Eliminate Link Up Support** (FCC Lifeline Reform Order ¶ 245): Link Up support provided up to \$30 to a company to help reduce initial non-recurring charges to a Lifeline subscriber. This support ceased April 2, 2012.

**Monthly federal support changed to uniform \$9.25** (FCC Lifeline Reform Order ¶ 54 -58): Federal Lifeline support was based on a three tier system that could vary between companies totaling up to \$10 per Lifeline subscriber. The FCC simplified federal Lifeline support to a uniform \$9.25 in a transition period occurring April 2, 2012 through July 31, 2012. This reform has the side-effect of eliminating the financial incentive for states to help fund the Lifeline program in order to maximize federal Lifeline funding.<sup>45</sup>

**Require annual verification of eligibility for all Lifeline subscribers** (FCC Lifeline Reform Order ¶ 136): Companies were always required to annually verify the continued eligibility of at least a portion of existing Lifeline subscribers; however, going forward companies are required to verify the continued eligibility of all Lifeline subscribers and de-enroll any subscriber failing to respond to the company's verification request.<sup>46</sup>

**Establish special requirements for "free" Lifeline service** (FCC Lifeline Reform Order ¶ 257): Beginning May 1, 2012 certain requirements were placed on Lifeline service offerings with no monthly bill (i.e., must de-enroll any subscriber not using the service during 60-day time period).

**Establish rule of one Lifeline discount per household** (FCC Lifeline Reform Order ¶69, 74 ): Codifies the one Lifeline discount per household requirement effective April 2, 2012.

**Require proof of eligibility from Lifeline applicants** (FCC Lifeline Reform Order ¶ 100 ): Although Missouri has always required proof of eligibility, many states allowed applicants to self-certify. Effective June 1, 2012 all states must require proof of eligibility from Lifeline applicants.

**Establish address requirements** (FCC Lifeline Reform Order ¶ 85, 87 ): A Lifeline applicant cannot provide a P.O. box for an address. If address is temporary then Lifeline applicant must verify address every 90 days.

**Create National Lifeline Accountability Database** (FCC Lifeline Reform Order ¶ 182 ): This database will be a national list of existing Lifeline subscribers. In an attempt to minimize duplicate benefits to the same household companies will be required to check this database before enrolling a Lifeline applicant into the program. USAC is developing this database and it is expected to be operational in late 2013.<sup>47</sup>

**Create National Lifeline Eligibility Database** (FCC Lifeline Reform Order ¶ 223 ): This database will be a national list of participants of the three most common Lifeline eligibility programs. Companies

<sup>45</sup> Under the former three tier system a state could receive more federal funding on a per Lifeline subscriber basis (up to \$1.75 more) if a state helps fund the Lifeline program.

<sup>46</sup> In 2012 the FCC required companies to recertify the eligibility of all Lifeline subscribers as reported in May 2012. Companies had until December 31, 2012 to complete the verification. In the future companies must verify the eligibility of all subscribers as reported in February. See FCC's Public Notice *Wireline Competition Bureau Provides Guidance Regarding the 2013 Lifeline Recertification Process*; WC Docket No. 11-42; DA 13-1188; released May 22, 2013.

<sup>47</sup> Five states (Arkansas, Louisiana, Maryland, Oklahoma and Washington) will start using the database by the fourth quarter of 2013 with all states (except Texas, Oregon, California, Vermont and Puerto Rico) going into production by the end of the first quarter of 2014, according to a June 19, 2013 webinar conducted by USAC and the FCC. A recording of this webinar is available at [www.usac.org](http://www.usac.org).



# The Lifeline Program

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would access this database in order to verify a consumer's eligibility to the Lifeline program. The database is supposed to be operational in late 2013; however, the Missouri PSC Staff is unaware of any status updates regarding the development of this database.

**Phase-out funding for toll limitation service** (*FCC Lifeline Reform Order ¶ 234*): ETCs were required to offer toll limitation service at no charge but only about 5% of Lifeline subscribers optioned to have TLC. FCC changed this requirement to apply to only ETCs charging a fee for toll calls and also began phasing out TLC funding so it will be completely eliminated by 2014.<sup>48</sup>

**Require compliance plans from non-facilities based Lifeline-only ETCs** (*FCC Lifeline Reform Order ¶ 361-381*): Non-facility-based companies (i.e., wireless resellers) seeking ETC status for the purpose of solely receiving Lifeline support must now submit and obtain FCC approval for a compliance plan. A compliance plan essentially is a detailed plan on how the company intends to comply with the FCC's Lifeline rules.<sup>49</sup> In this regard this type of company seeking ETC status is initially scrutinized by both the FCC and by state commissions in non-default states.

The FCC anticipated these reforms will generate over \$200 million in savings in 2012 and \$2 billion over three years. A progress report issued by the FCC's Wireline Competition Bureau suggests the initial \$200 million savings target for 2012 has been met.<sup>50</sup>

## VII. Lifeline Facts and Figures

### *Lifeline Subscribers*

At the end of 2012 Lifeline subscribers totaled 16,126,760 nationally, including 246,183 in Missouri.<sup>51</sup> For comparative purposes Lifeline subscriber quantities ten years ago were 6,592,421 nationally and 35,319 for Missouri resulting in overall growth rates of 145% nationally and 597% for Missouri. **Exhibit 3** provides national and Missouri Lifeline subscriber quantities since 2000, while this information is charted below:

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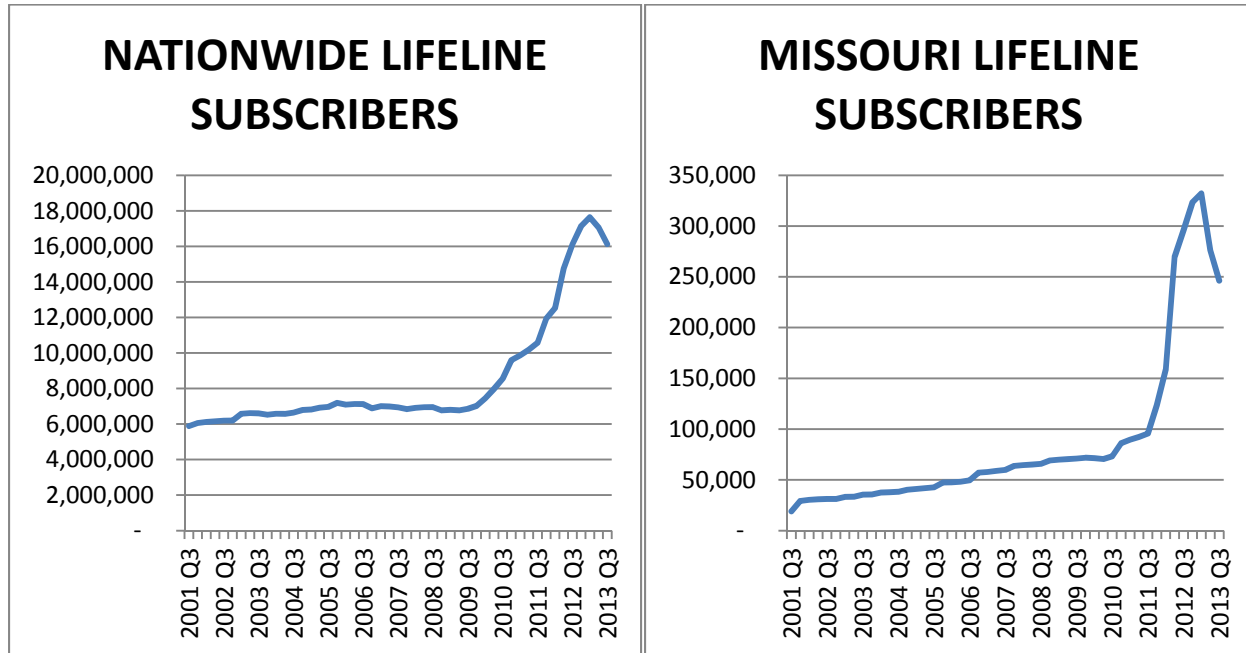
<sup>48</sup> Effective April 2012 TLS remained a requirement only for ETCs charging a fee for toll calls; however, funding was limited to \$3 per month per subscriber for the remainder of 2012. This funding will be reduced to \$2 in 2013 and eliminated and unavailable at the beginning of 2014. Monthly TLC funding averaged \$925,000 per month in 2011, \$557,000 in 2012 and is currently averaging approximately \$250,000 in 2013.

<sup>49</sup> FCC Public Notice *Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order*; WC Docket Nos. 09-197, 11-42; DA 12-314; released February 29, 2012. The FCC's website maintains a list of pending and approved compliance plans with links to these plans.

<sup>50</sup> Public Notice: *Wireline Competition Bureau Issues Final Report on Lifeline Program Savings Target*; DA 13-130; released January 31, 2013. This report indicates the FCC's Lifeline reform measures have exceeded the FCC's \$200 million savings target with a reported \$213 million in savings in 2012.

<sup>51</sup> These numbers reflect end of 2012. See [www.usac.org](http://www.usac.org). First select "Lifeline" portion of USAC's web site and then select "Funding Disbursement Search" under Resources and Tools followed by selecting "FCC Filings" which provide USAC's quarterly filings to the FCC. Lifeline subscriber quantities are contained in Appendix L108 *Lifeline Subscribership by State or Jurisdiction* of these quarterly reports.

## The Lifeline Program



The charts above indicate a recent decline in the number of Lifeline subscribers. March 2012 was the month with the highest number of Lifeline subscribers with 17,634,542 nationally and 332,159 for Missouri. The percentage change in Lifeline subscribership from March 2012 through December 2012 is -9% nationally and -26% in Missouri. As will be explained in this report a significant number of Lifeline subscribers were de-enrolled during 2012 for various reasons. At this time it remains unclear whether the recent decline in Lifeline subscribers will continue.

State rankings of Lifeline subscriber quantities are shown in [Exhibit 4](#). Among states California has the most Lifeline subscribers with 1,453,681 while Wyoming has the fewest with 1,395. Missouri's 246,183 Lifeline subscribers rank Missouri 23<sup>rd</sup> highest among states. These rankings are solely based on Lifeline subscriber quantities and are not adjusted on a per capita basis.

### ***Federal Lifeline Funding***

Federal USF Lifeline support for all states was \$2,187,851,157 in 2012.<sup>52</sup> This amount accounts for approximately 25 percent of all funding disbursed by the federal USF.<sup>53</sup> Federal

<sup>52</sup> Appendix LI07 of USAC's 3<sup>rd</sup> Quarter 2013 Filing; *Low Income Support Distributed by State in 2010 through 4Q 2012*.

<sup>53</sup> In 2012 the federal USF provided \$8.710 billion in funding for four basic programs: High Cost program (\$4.147 billion), Schools and Libraries program (\$2.218 billion), Lifeline program (\$2.189 billion) and Rural Health Care program (\$155 million). *Universal Service Administrative Company 2012 Annual Report*, page 47.

## The Lifeline Program

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USF Lifeline funding has significantly increased over the past several years as shown in the table below:

Year	Total Federal Lifeline Funding <sup>54</sup>
2007	\$823,276,568
2008	\$821,940,192
2009	\$1,026,144,993
2010	\$1,318,492,246
2011	\$1,783,398,473
2012	\$2,187,851,157

An analysis of monthly Lifeline disbursements for all states suggests Lifeline funding peaked in March 2012 whereby a total of \$197,875,230 was disbursed.<sup>55</sup> Since March 2012 monthly Lifeline disbursements have declined ten out of the last twelve months. During this most recent twelve month time period monthly Lifeline disbursements declined 30 percent from \$197,875,230 in March 2012 to \$138,472,725 in March 2013.

### *State Comparisons of Federal Lifeline Funding<sup>56</sup>*

Oklahoma receives the most federal USF Lifeline funding among all states with \$248,145,589 in 2012. Oklahoma might be considered somewhat unusual since the majority of this funding is for Lifeline service provided on tribal areas.<sup>57</sup> If states are ranked solely on the amount of federal USF Lifeline funding received for non-tribal areas then California receives the most support with \$162,028,409. At the other end Wyoming received the smallest amount of total federal USF funding in 2012 with \$357,263. Missouri is ranked 20<sup>th</sup> highest among states with a total of \$33,859,920 received in 2012 for federal USF Lifeline funding. State rankings for receiving federal Lifeline distributions are attached in [Exhibit 5](#).

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<sup>54</sup> Federal Lifeline funding for 2012, 2011 and 2010 is from Appendix LI07 of USAC's 3<sup>rd</sup> Quarter 2013 Filing to the FCC. Federal Lifeline funding for 2009, 2008 and 2007 is from Appendix LI07 of USAC's 2<sup>nd</sup> Quarter 2011 Filing to the FCC.

<sup>55</sup> Appendix LI06 of USAC's 3<sup>rd</sup> Quarter 2013 Filing. *Historical Data: Support Amounts Claimed by ETCs Each Month – January 1998 through March 2013*.

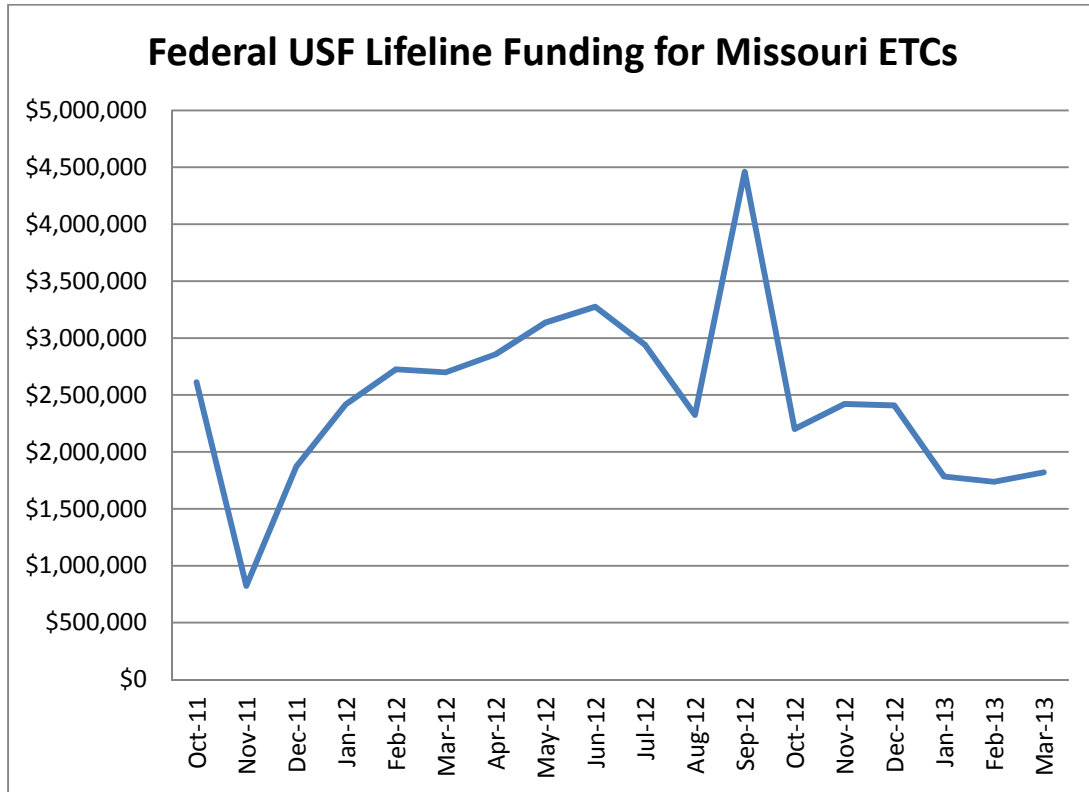
<sup>56</sup> Appendix LI07 of USAC's 3Q Filing to the FCC: Low Income Support Distributed by State in 2010 and through 4Q 2012.

<sup>57</sup> The federal USF provides additional funding for Lifeline service provided on tribal areas. For instance, monthly federal USF Lifeline support in tribal areas as that term is defined in 47 CFR § 54.400(e) can be an additional \$25 (or \$34.25 total) for a Lifeline subscriber. In addition the federal USF provides nonrecurring Link Up support to certain ETCs operating in tribal areas (ETCs receiving high-cost support receive LinkUp support but Lifeline-only ETCs do not.). Oklahoma received a total of \$248,145,589 in federal USF Lifeline support in 2012 whereas \$200,677,173 was for Lifeline service provided on tribal areas.

# The Lifeline Program

## Missouri's Portion of Federal Lifeline Funding

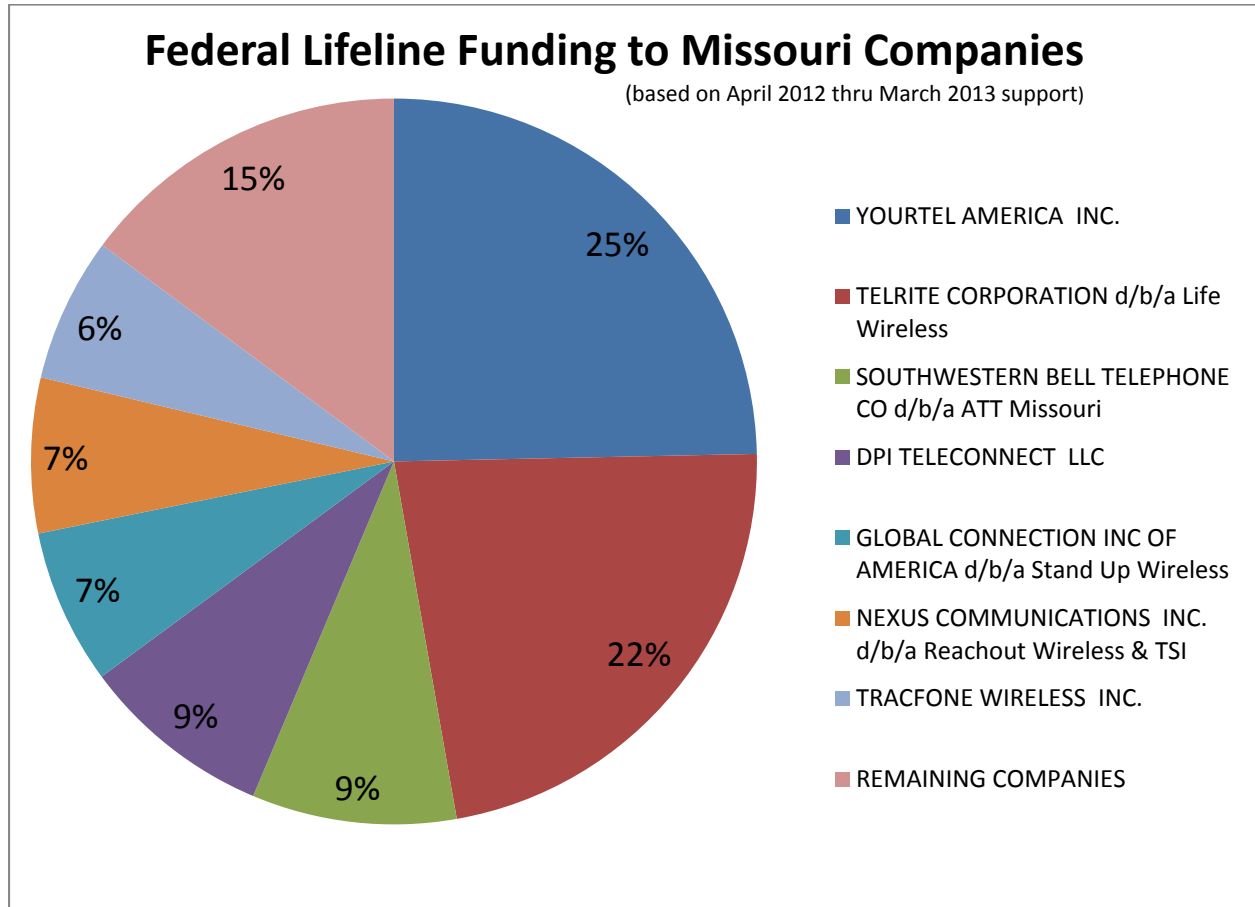
The chart below shows monthly federal USF Lifeline disbursements for companies providing Lifeline service in Missouri from October 2011 through March 2013:



As can be seen on this chart monthly disbursement amounts can be fairly erratic. In an attempt to gain a better understanding of why federal USF disbursements are erratic, USAC officials suggest a variety of reasons. For example disbursements to some carriers are made on a quarterly rather than monthly basis. The disbursement process also changed after October 2012 whereby fund disbursements are now based on a company's actual rather than projected Lifeline subscriber quantities.

Federal USF disbursement amounts to all Missouri ETCs from October 2011 through March 2013 is shown in [Exhibit 6](#). Seven out of sixty companies account for approximately 80% of Missouri's portion of federal USF support as shown below:

## The Lifeline Program



YourTel America, Inc. and Telrite Corp. d/b/a Life Wireless currently account for nearly half (47%) of Missouri's federal Lifeline support.<sup>58</sup> Although these two companies receive a relatively large amount of federal Lifeline funding in comparison to other companies their federal Lifeline support has declined.<sup>59</sup>

<sup>58</sup> YourTel America, Inc. is a Missouri corporation originally obtaining ETC status from the Missouri PSC as the Pager and Phone Company effective April 11, 2003 (Case No. CO-2003-0094). Lifeline Wireless is a Georgia corporation obtaining ETC status from the Missouri PSC effective November 20, 2010 (Case No. XO-2011-0062).

<sup>59</sup> Life Wireless received \$477,074 in March 2013 and averaged \$578,704 for the prior 12 months resulting in a decline of 18%. YourTel received \$279,174 in March 2013 and averaged \$694,022 for the prior 12 months for a decline of 60%.

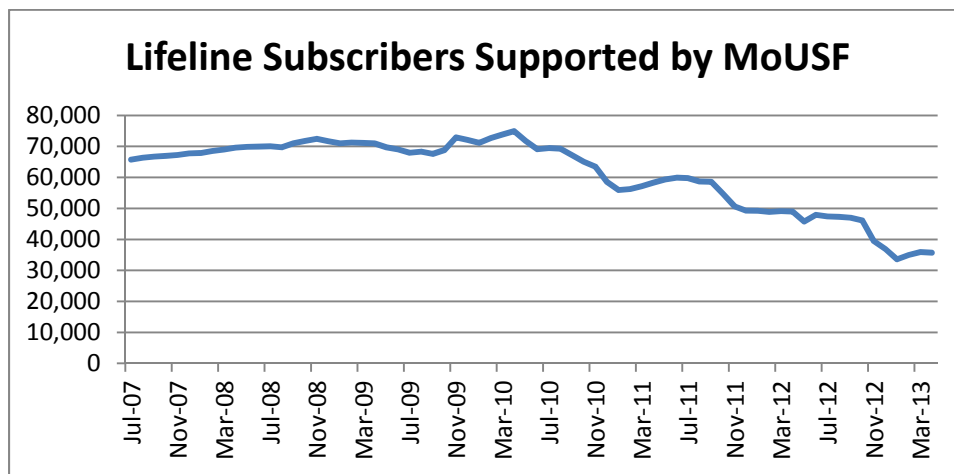
# The Lifeline Program

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## VIII. Missouri USF Funding

Missouri is one of 21 states with state funds providing support for the Lifeline program.<sup>60</sup> The Missouri USF provides funding for two programs: the Lifeline program and the Disabled program.<sup>61</sup> For both programs the Missouri USF, by statute, provides financial support to solely landline companies at the monthly rate of \$3.50 per subscriber. A total of 48 companies receive reimbursement from the Missouri USF.

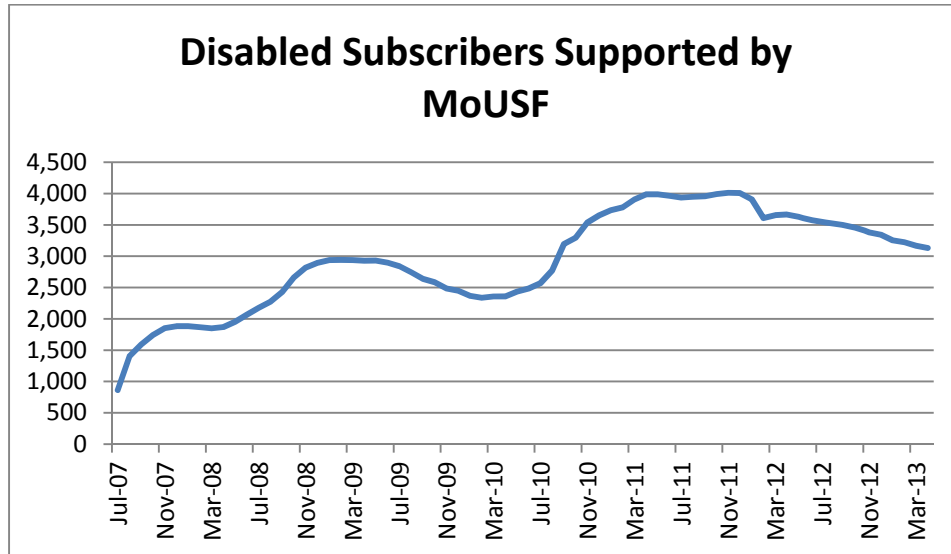
Subscriber quantities associated with Missouri USF funding have declined for both programs. The decline has been especially pronounced for the Lifeline program whereby the number of Lifeline subscribers reimbursed from the Missouri USF has basically been cut in half. The charts below show how the number of subscribers reimbursed from the Missouri USF has changed from July 2007 through April 2013:



<sup>60</sup> National Regulatory Research Institute's *Survey of State Universal Service Funds 2012*; Report No. 12-10; July 2012; page 6, Table 1. Alaska, California, Connecticut, Dist. Of Columbia, Idaho, Kansas, Kentucky, Missouri, Minnesota, Nebraska, New Mexico, New York, North Carolina, Oklahoma, Oregon, South Carolina, Texas, Utah, Vermont, Washington, Wisconsin. (Note: Missouri PSC Staff removed Colorado and Maine from NRRRI's list.)

<sup>61</sup> The disabled program is a separate program unique to Missouri and authorized by Section 392.248 RSMo allowing qualifying disabled consumers to receive discounted phone service. A consumer cannot participate in both the Lifeline and Disabled programs.

## The Lifeline Program



These charts show Lifeline subscribers reimbursed from the Missouri USF have declined 52% since peaking in April 2010 at 74,925 subscribers and by April 2013 were 35,899 subscribers. Disabled subscribers reimbursed from the Missouri USF have declined 22% since peaking in November 2011 at 4,012 subscribers and by April 2013 were 3,130 subscribers.

Declining subscriber quantities translates into corresponding declines in Missouri USF disbursements. The Missouri USF Fund Reserve balance was \$2,778,575 as of May 31, 2013. For March 2013 through May 2013 monthly receipts averaged \$198,542 while monthly support payments averaged \$134,429. Annual administrative costs are approximately \$84,750.<sup>62</sup> The Missouri USF assessment has been adjusted to keep pace with recent assessment reductions. For instance a Missouri USF assessment change occurred in April 1, 2012 and another subsequent reduction became effective July 1, 2013.<sup>63</sup>

<sup>62</sup> Each year approximately \$14,250 is paid for independent auditing and tax preparation services, \$45,000 for general administrative services; \$8,000 for banking services; \$5,500 for auditing services and \$12,000 for system management services. Rates are from two contracts (Contract No. C31206001 and Contract No. C311069001) awarded through a competitive bid process conducted through Missouri's Department of Purchasing.

<sup>63</sup> The Missouri USF assessment was reduced from .0029 to .0025 effective April 1, 2012 (Order Granting Intervention and Decreasing Assessment Rate; Case No. TO-2012-0257; *In the Matter of an Investigation into Various Issues Related to the Missouri Universal Service Fund*; issued February 1, 2012). On July 1, 2013 the Missouri USF assessment was reduced from .0025 to .0017 (Order Decreasing Assessment Rate; Case No. TO-2013-0397; *In the Matter of the Amount Assessed on Companies to Fund the Missouri Universal Service Fund*; issued March 6, 2013).

## VIII. Annual Verification of Lifeline Subscriber Eligibility

One of the FCC's reforms issued in its 2012 Lifeline Reform Order is for an ETC to annually verify the continued eligibility of all Lifeline subscribers.<sup>64</sup> Therefore, this past year companies were required to verify the continued eligibility of all Lifeline subscribers reported on the company's May 2012 Form 497.<sup>65</sup> Companies were essentially given the remainder of 2012 to obtain verification from these Lifeline subscribers. Verification can be simply self-certification without the need for the subscriber to submit proof of eligibility. A subscriber is de-enrolled from the program if the subscriber fails to respond to a company's request for verification of eligibility.<sup>66</sup>

### *Form 555 Results for 2012*

A company reports the results of its annual verification effort to the FCC, USAC and the applicable state commission using FCC Form 555.<sup>67</sup> A review of Form 555 results indicates a significant number of Lifeline subscribers have been de-enrolled. The FCC reported, "Based on results from the FCC Forms 555 submitted by ETCs, and analysis from USAC, the Bureau reports that 29% of all subscribers that were enrolled in the program in June 2012 have been de-enrolled from the program."<sup>68</sup> De-enrollment was due to the subscriber's failure to respond to the company's verification attempt or if the subscriber indicated they were no longer eligible. The FCC projects this recertification requirement alone will save \$400 million in 2013.

### *Missouri's Form 555 Results for 2012*

The following table is a summary of Missouri's Form 555 results:

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<sup>64</sup> Prior to this Lifeline reform provision a random sample of Lifeline subscribers could be conducted using the FCC's prescribed formula for determining sample size. If a company's results produced a rate of ineligibility exceeding a certain threshold then a company must take a census of all Lifeline subscribers.

<sup>65</sup> FCC Form 497 is the form an ETC files with USAC to report Lifeline subscriber quantities and in turn receive federal Lifeline funding.

<sup>66</sup> A consumer can immediately re-apply to the Lifeline program if de-enrolled.

<sup>67</sup> A link to Form 555 and instructions can be found on the FCC's web at [www.fcc.gov/forms](http://www.fcc.gov/forms).

<sup>68</sup> FCC Public Notice; *Wireline Competition Bureau Announces Results of the 2012 Annual Lifeline Recertification Process*; WC Docket No. 22-42; DA 13-872; released April 25, 2013.



## The Lifeline Program

<b>Missouri's 2012 Overall Form 555 Recertification Results</b> (61 Companies Submitted Form 555) <sup>69</sup>							
A	B	C	D	E	F	G	H
Subscribers on May Form 497	Lines to Resellers	Subscribers Contacted	Subscribers Responding	Non-Responders (E=C-D)	Responses "No longer eligible"	De-enrolled due to non-response or ineligible (G=E+F)	Subscribers de-enrolled prior to recertification attempt
356,023	392	209,320	116,215	93,112	2,090	95,195	151,107

Overall results for Missouri indicate there were 356,023 Lifeline subscribers in Missouri as reported on May 2012 Form 497 forms. A significant number of these subscribers de-enrolled from the program prior to the company's verification attempt leaving 209,320 Lifeline subscribers contacted to verify continued eligibility. Companies de-enrolled 95,195 Missouri Lifeline subscribers because they failed to respond or indicated they were no longer eligible. Consequently 45% (95,195 / 209,320) of the Lifeline subscribers in Missouri that were contacted to verify continued eligibility were de-enrolled because the subscriber either failed to respond or responded they were no longer eligible for the Lifeline program. Missouri USF disbursements were impacted by this recertification effort because 21,341 of the 95,195 de-enrolled Lifeline subscribers were served by landline companies receiving Missouri USF support.

FCC Form 555 also requires a company offering a free Lifeline service to identify the number of Lifeline subscribers de-enrolled each month during the 2012 calendar year due to non-usage. A total of eight wireless companies offering free Lifeline service reported a total of 151,640 Lifeline subscribers in Missouri were de-enrolled in 2012 due to non-usage.<sup>70</sup>

### ***Future annual verification efforts***

Beginning in 2013 ETCs have the option of having USAC verify the eligibility of existing Lifeline subscribers.<sup>71</sup> USAC has provided a brief explanation of how it intends to

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<sup>69</sup> Results are on file in the Missouri PSC's Electronic Filing and Information System under Non-Case Related Query as a "Annual USF Certification" submission. Some companies filed results on a confidential basis at both the state and federal levels. The FCC is denying such confidential classification (i.e., Order; WC Docket No. 11-42; *In the Matter of Request for Confidential Treatment of Nexus Communications, Inc.* Filing of FCC Form 555; DA 13-871; released April 29, 2013); however, according to FCC Staff this decision is being appealed.

<sup>70</sup> De-enrollments due to non-usage are reported in Column N of Form 555. A subscriber de-enrolled due to non-usage in Column N would also be reflected in Column H (subscribers de-enrolled prior to a company's recertification attempt) if the subscriber's de-enrollment occurred between June 2012 and the date a company decided to contact customers for the annual verification attempt.

<sup>71</sup> FCC Lifeline Reform Order, ¶133.

# The Lifeline Program

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conduct the verification effort.<sup>72</sup> If an ETC wants USAC to handle the annual verification effort then ETCs had to provide notice to USAC by June 21, 2013. An ETC making this election must then provide USAC a list of the company's Lifeline subscribers containing the subscribers, name, address, telephone number, date of birth and last four digits of the subscriber's social security number. USAC plans to mail each subscriber a letter explaining the recertification process and how the subscriber may confirm his or her eligibility. USAC intends to allow three methods for a consumer to verify eligibility.<sup>73</sup> USAC projects to complete the process and provide sufficient information to the company in order for the company to complete Form 555. At this time USAC has not released a list of ETCs electing the option for USAC to verify the eligibility of Lifeline subscribers.

## IX. Lifeline Program Effectiveness

### *Voice Service Penetration Levels*

The FCC adopted in its Lifeline Reform Order the goal "...ensuring the availability of voice service for low-income Americans..."<sup>74</sup> The FCC intends to monitor the progress of meeting this goal by making a comparison of voice service penetration levels of low-income households and the next-highest income bracket. If the difference between penetration levels is narrowed then the FCC considers the program successful. At this time the FCC has not provided any additional information about how it intends to make this comparison. Nevertheless, various reports already provide some information regarding voice service penetration levels. According to the FCC the voice service penetration level for July 2012 was 96.1% based on 117 million households having voice service out of 121.7 million households.<sup>75</sup> This penetration level has steadily increased over the years. For comparison purposes the voice service penetration level for November 1983 was 91.4%.

This same FCC report provides household telephone penetration by income. Although current tracking does not correspond to federal poverty levels this type of information may be

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<sup>72</sup> *Public Notice Wireline Competition Bureau Provides Guidance Regarding the 2013 Lifeline Recertification Process*; WC Docket No. 11-42; DA 13-1188; released May 22, 2013.

<sup>73</sup> USAC intends to enable a consumer to recertify eligibility through the following three ways: 1. A consumer call a toll-free number and recertify through an inter-active voice response system. 2. A consumer can recertify through a website maintained by USAC. 3. A consumer can sign a form provided by USAC and mail it to USAC.

<sup>74</sup> FCC Lifeline Reform Order. ¶27-32.

<sup>75</sup> *FCC Universal Service Monitoring Report*; CC Docket No. 98-202; (Data Received Through October 2012); Table 3.1; released March 2013.

## The Lifeline Program

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relevant for the FCC's analysis of progress in meeting its stated goal of enduring the availability of voice service for low-income Americans. Household telephone penetration by income for 2012 is shown below:

Household Telephone Penetration by Income (2012) <sup>76</sup>						
	\$9,999 or less	\$10,000 to \$19,000	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 or more	All Households
All States	92%	95.3%	96.9%	97.8%	98.3%	95.9% <sup>77</sup>
Missouri	93%	97.2%	98.6%	98.4%	98.9%	96.8%

Conceptually the FCC wants lower income levels to have similar telephone penetration levels as higher income levels. Missouri's household telephone penetration level is generally higher than the overall national average. Overall household telephone penetration rates range from 92.9% (Indiana) to 98.9% (Oregon). Among households with an income level of \$9,999 or less household telephone penetration levels range from 84.6% (Tennessee) to 97.9% (Oklahoma).

### *Lifeline Service Participation Take Rates*

Not included in the FCC's measures for determining effectiveness of the Lifeline program is the tracking of participation or take rates of the Lifeline program. These rates reflect the ratio of households participating in the Lifeline program to total households eligible for the Lifeline program. From 2005 through 2011 USAC annually attempted to produce a map showing the Lifeline program participation rates for each state.<sup>78</sup> USAC openly acknowledged the difficulty in determining participation rates for USAC states, "...the methodology employed to create this map involves several estimates, assumptions, simplifications, and omissions. Therefore, the rates generated on this map should be treated as estimates only." USAC's last map of participation rates for each state was for 2011 whereby Missouri's participation rate is within the 20% to 50% range. One of the difficulties of calculating participation rates is determining the number of households eligible for Lifeline service. Nevertheless, USAC's estimate for the participation rate of Missouri may be a broad but reasonable estimate. For example Missouri's Department of Social Services reports 893,976 people were enrolled in Missouri HealthNet services in 2012.<sup>79</sup>

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<sup>76</sup> FCC Universal Service Monitoring Report; Table 3.8.

<sup>77</sup> The FCC indicates this number may differ from previously stated 96.1% due to sampling differences.

<sup>78</sup> See <http://www.usac.org/li/about/getting-started/participation-rate.aspx> .

<sup>79</sup> <http://dss.mo.gov/mis/qfact.htm>

## X. Recent State Actions Regarding the Lifeline Program

State legislatures and state commissions are re-examining a state's role in administering the Lifeline program or are making decisions affecting the Lifeline program. This section attempts to identify some, but not all, activity within the past six months. Overall state action is mixed. Some states are becoming more involved with the Lifeline program while other states are becoming less involved.

### *State Legislation*

- *Indiana:* Senate Bill No. 492 repeals statutes relating to the Indiana Lifeline Assistance Program. The legislation is more of a formality since Indiana is a default state that never created a state fund for the Lifeline program.
- *Colorado:* Senate Bill No. 194 repeals the state's Lifeline program and state funding of the Lifeline program. According to Colorado PSC Staff the state will essentially become a default state on July 1, 2013.
- *Idaho:* The Idaho Legislature reduced the state's monthly contribution from \$3.50 to \$2.50 effective July 1, 2013.<sup>80</sup>
- *Nevada:* Senate Bill No. 498 requires the Nevada Public Utilities Commission to use a competitive bid process to select an administrator for the purpose of certifying the eligibility of Lifeline subscribers. The administrator is expected to interface with the National Lifeline Accountability Database. Therefore this bill will require the administrator rather than the ETC to determine whether a consumer meets Lifeline eligibility requirements.
- *Oklahoma:* House Bill 2165 ensures ETCs collect and maintain reliable records regarding initial and continued eligibility of Lifeline services as well as prevent duplicate Lifeline support.

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<sup>80</sup> See Idaho Public Utilities Commission Order No. 32737; *In the Matter of the Surcharge for the Idaho Telecommunications Service Assistance Program* Case No. GNR-T-13-03; released April 12, 2013.

# The Lifeline Program

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## State Commissions

- *Maine*: The Maine Public Utilities Commission recently decided to no longer administer the Lifeline program. This decision also includes no longer addressing ETC applications for Lifeline-only ETC applicants.<sup>81</sup>
- *Utah*: The Utah State Legislature has asked the Utah Public Service Commission to gather information and provide options for reforming Utah's USF. A report was drafted on April 25, 2013 and comments are being solicited. At this time the draft report appears solely focused on Utah USF high-cost support and contains wide-ranging options from expanding to eliminating the Utah USF.<sup>82</sup>
- *Indiana*: The Indiana Utility Regulatory Commission is investigating TerraCom, Inc.'s participation in the Lifeline program.<sup>83</sup> The Indiana Commission has observed the company's rapid growth as well as the recent FCC decision for the company to repay the Lifeline program \$416,000 plus interest for duplicative payments in Oklahoma.
- *Massachusetts*: The Massachusetts Department of Telecommunications and Cable opened a docket inviting comment on the following topics: (1) compliance with existing Department requirements; (2) annual ETC certifications and other reporting obligations; (3) expansion of Lifeline eligibility criteria; (4) outreach, consumer safeguards, and service quality issues; and (5) other reasonably related matters.<sup>84</sup>

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<sup>81</sup> Maine Public Utilities Commission *Order Adopting Amended Rule and Statement of Factual and Policy Basis*; Docket No. 2013-00221; issued June 13, 2013.

<sup>82</sup> Utah Division of Public Utilities Department of Commerce Draft Report; *In the Matter of the Consideration of Potential Changes in the Regulation of the Utah Universal Public Telecommunications Service Support Fund, in Response to Recent Changes in the Federal Universal Service Program*; Docket No. 12-999-10; April 5, 2013. According to the report wireless carriers contribute to the Utah USF but only ILECs receive Utah USF Lifeline funding.

<sup>83</sup> Indiana Utility Regulatory Commission Order of the Commission; Case No. 44332 *In the Matter of the Indiana Utility Regulatory Commission's Investigation of Terracom, Inc. and its Compliance with the Orders of this Commission*; issued April 17, 2013.

<sup>84</sup> Massachusetts Department of Telecommunications and Cable *Order Opening Investigation*; D.T.C. 13-4; issued April 1, 2013.

## The Lifeline Program

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- *California*: The California Public Utilities Commission issued a Scoping Memo seeking comment on a variety of issues relating to the Lifeline program including subsidy amounts, service and pricing requirements, and potential program expansion.<sup>85</sup> A series of public hearings are being held through August 13, 2013 to gather public input.
- *Kansas*: The Kansas Corporation Commission has opened a general investigation of the impact of the FCC's Lifeline reforms on Kansas Lifeline subscribers including other Lifeline policy issues and the appropriate amount of the Kansas Lifeline Service Program credit.<sup>86</sup>
- *Georgia*: The Georgia Public Service Commission initially adopted rules requiring an ETC to charge a Lifeline subscriber at least \$5.00 per month and require any Lifeline plan to include a minimum of 500 minutes of use per month; however, these rules have been put on an indefinite hold.<sup>87</sup>
- *Texas*: The Texas Public Utility Commission decided ETC applicants who are wireless resellers should seek ETC designation directly from the FCC rather than the Texas Commission.<sup>88</sup>
- *Oklahoma*: The Oklahoma Corporation Commission adopted rules affecting the Lifeline program in two recent separate rulemakings.<sup>89</sup> These rulemakings established additional requirements for wireless ETCs such as prohibiting the enrollment of Lifeline subscribers at outdoor mobile marketing locations, use a third party verification system in order to

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<sup>85</sup> Public Utilities Commissions of the State of California *Assigned Commissioner Ruling and Scoping Memo*; Rulemaking 11-03-013 Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (Lifeline) Program; April 10, 2013.

<sup>86</sup> Kansas Corporation Commission *Order Opening General Investigation*; Docket No. 13-GIMT-597-GIT; In the Matter of a General Investigation to Review the Kansas Lifeline Service Program (KLSP) to Determine the Impact of the Increase in the Statewide Affordable Residential Rate for Rural Local Exchange Carriers to Their Lifeline Subscribers and Whether the \$7.77 Monthly Credit Should be Modified; April 17, 2013.

<sup>87</sup> The Georgia Commission originally adopted the rule January 15, 2013; however, the rule never went into effect. On June 18, 2013 the Georgia Commission decided to put an indefinite hold on the proposals to evaluate the effectiveness of the database under development by the Georgia Department of Human Services and expected to become operational in July 2013.

<sup>88</sup> Texas Public Utility Commission *Order Adopting Amendment to §26.418 As Approved at the November 16, 2012 Open Meeting*; Project No. 40561; November 21, 2012.

<sup>89</sup> Oklahoma Corporation Commission *Agency Rule Reports* for Cause Nos. RM 201200012 and RM 201200013 issued March 25, 2013.

# The Lifeline Program

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verify the Lifeline customer as a valid customer, and require a minimum of 1,000 minutes per month.

## **XI. Federal Compliance Efforts**

Companies participating in the Lifeline program have an obligation to ensure multiple Lifeline benefits are not provided to the same household. For example, one of the FCC's reforms included a specific requirement for ETCs to search their own internal records to see if Lifeline service is already provided to someone at the same residential address.<sup>90</sup> If a company suspects multiple Lifeline benefits are being provided to a household then each subscriber at the address must attest to being a member of a separate household at the address. During the past few years the FCC has issued various reminders to companies about this requirement.<sup>91</sup>

USAC and the FCC have been active to try and ensure companies and consumers comply with Lifeline program requirements. These compliance efforts are briefly described below:

USAC's basic audit and assessment programs<sup>92</sup>: The Beneficiary and Contributor Audit Program (BCAP) and the Payment Quality Assurance Program (PQAP) are intended to help preserve the integrity of universal service programs.

The BCAP is as an audit conducted in accordance with generally accepted government auditing standards. In auditing Lifeline program compliance USAC will analyze various company documents to ensure the company's federal Lifeline support amounts are accurate. USAC will also obtain a company's billing system report and subscriber listing to make this verification. In addition USAC will attempt to ensure the company has adequate documentation to ensure subscribers were eligible to receive Lifeline discounts. Subscriber bills will also be analyzed to ensure federal USF support has been passed on to the consumer.

The PQAP is relatively new high-level assessment program. Companies selected are required to provide requested documents and information within ten business days. For the low income program this information can include: subscriber listing, initial subscriber enrollment forms, one-per-household forms, confirmation no service deposit is collected, and so forth.

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<sup>90</sup> FCC Lifeline Reform Order ¶78.

<sup>91</sup> FCC Public Notice; *Wireline Competition Bureau Reminds Eligible Telecommunications Carriers of their Obligation to Eliminate Duplicative Lifeline Support*; WC Docket Nos. 11-42 et al; DA 12-1625; released October 11, 2012. See also FCC Public Notice FCC Enforcement Advisory; DA 11-1971 released December 5, 2011.

<sup>92</sup> More detailed information about USAC's audits can be found on USAC's web site. In particular, see <http://www.usac.org/li/about/program-integrity/audits.aspx>

## The Lifeline Program

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In-Depth Data Validations (*a.k.a.*: “*Duplicate Scrubbing*”): In June 2011 the FCC directed USAC to start conducting state-specific in-depth data validations (IDVs) in order to detect duplicative Lifeline support to the same individual.<sup>93</sup> USAC’s IDV process essentially has multiple carriers within a state to provide USAC with up-to-date subscriber lists. USAC organizes the information in various ways to try and identify situations where a household might be receiving multiple Lifeline benefits.<sup>94</sup> If USAC determines the same household is receiving multiple Lifeline benefits then USAC determines the “default ETC” for the household and USAC sends a letter to the affected subscriber.<sup>95</sup> This process ultimately ensures only one Lifeline benefit is provided to a household. To date, USAC has conducted six phases of IDVs involving 23 states claiming this effort has resulted in \$45 million in savings for the Lifeline program.<sup>96</sup> Missouri was included in USAC’s Phase IV IDV and the FCC reported 20,500 letters were mailed in Missouri.<sup>97</sup>

FCC Enforcement Actions: The FCC is taking action against companies and consumers for violating Lifeline program rules. For example, two companies recently agreed to pay more than \$1 million to resolve an FCC investigation into whether the customers of these companies had received duplicate Lifeline support in Oklahoma.<sup>98</sup> In another instance the FCC and the Department of Justice reached a \$1,556,075 settlement in 2011 involving a company signing up subscribers who did not qualify for the Lifeline program.<sup>99</sup> The FCC has also cited many consumers for violating the one Lifeline discount per household requirement.<sup>100</sup> These citations

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<sup>93</sup> Report and Order; *In the Matter of Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, et al; FCC 11-97; released June 21, 2011.

<sup>94</sup> As an example USAC will analyze whether the same subscriber name and address is listed by more than one provider. In addition, USAC will analyze whether different names are listed at the same address.

<sup>95</sup> USAC’s IDV process is described in June 21, 2011 letter from Sharon E. Gillett (Chief of the FCC’s Wireline Competition Bureau) to D. Scott Barash (Acting Chief Executive Officer of USAC). DA 11-1082.

<sup>96</sup> FCC Public Notice. Wireline Competition Bureau Issues Final Report on Lifeline Program Savings Target, WC Docket No. 11-42; DA 13-130; released January 31, 2013.

<sup>97</sup> FCC Update. *FCC Releases Results of Latest Review of Lifeline Program Reforms to Cut Waste, Fraud & Abuse: 135,000 more Duplicate Subscriptions to be Eliminated, Generating \$15 Million of Savings*; released May 16, 2012.

<sup>98</sup> FCC News Release “Two Oklahoma Lifeline Providers to Pay More than \$1 Million to Resolve FCC Investigation”; released February 26, 2013. The case involved two affiliated companies: TerraCom, LLC and YourTel America, Inc. The settlement also involves a compliance plan governing their receipt of Lifeline funds for the next three years.

<sup>99</sup> United States ex rel. Napoleon v. Alaska Digitel et al., No. 3:08CV66-JWS(D.Ak.) See February 22, 2011 press release issued by the U.S. Department of Justice.

<sup>100</sup> As an example see Citation and Order, File No. EB-13-IH-0409 *In the Matter of W Hoy Illegal Receipt of Duplicate Lifeline Support*; DA 13-665; released April 11, 2013.



## The Lifeline Program

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instruct the consumer to cease and desist from applying for-or receiving- more than one Lifeline-supported phone service. In addition, these citations indicate the consumer should have received a letter from the Universal Service Administrative Company directing him/her to choose a single Lifeline service provider and explaining that he/she will no longer receive benefits for more than one Lifeline-supported phone service. The FCC's Citation and Order informs the consumer that if he/she continue to violate the one Lifeline benefit per household requirement then the FCC may impose monetary fines of up to \$16,000 for each violation and up to \$112,500 for a single continuing violation.

Lifeline Fraud Hot Line: The FCC wants to make it easier to report Lifeline fraud. Consumers can anonymously report Lifeline fraud directly to the FCC by calling 1-855-455-8477 or via email at [Lifeline@fcc.gov](mailto:Lifeline@fcc.gov) .

Independent Audit Requirement for Companies Receiving Large Lifeline Disbursements: The FCC adopted a new requirement for an independent audit to be conducted once every two years for any ETC providing Lifeline service and drawing \$5 million or more in the aggregate on an annual basis.<sup>101</sup> The company is responsible for hiring an independent auditing firm. The FCC requires the independent auditor to meet certain specifications such as be a licensed certified public accounting firm and conduct audits consistent with GAGAS standards. The independent auditing must conduct the audit consistent with guidelines established by USAC. The FCC has directed any final audit reports be provided to the FCC, USAC and relevant state commission within 30 days of issuance and such reports may not be considered confidential. To date, the Missouri PSC has yet to receive a report issued by an independent auditor. Consequently it remains unclear whether any company has completed such an audit or has simply not provided a copy of the audit report to the Missouri PSC.

Requirement for USAC to Audit New ETCs: The FCC has directed USAC to audit new companies receiving ETC status for the first time.<sup>102</sup> The audit should occur within the first twelve months the ETC begins receiving federal USF support. The FCC has given USAC the discretion "...to conduct a desk audit, rather than a full-blown audit..." The purpose of the audit is to assess an ETC's compliance with the FCC's Lifeline requirements and the company's internal controls regarding these requirements.

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<sup>101</sup> FCC Lifeline Reform Order; ¶ 291, page 127-128. See also FCC rule § 54.420(a).

<sup>102</sup> FCC Lifeline Reform Order; ¶ 289, page 127. See also FCC rule § 54.420(b).

### **XII. Compliance Efforts of Missouri USF Administrator and Missouri PSC Staff**

Missouri USF Administrator Annual Audits: The Missouri USF Administrator is contractually required to annually audit up to twenty companies. These audits are comprised of two groups. One group consists of companies solely submitting payments into the fund whereas the Missouri USF Administrator is attempting to ensure these companies are appropriately remitting Missouri USF assessments. The other group is comprised of companies submitting payments to the Missouri USF and receiving Missouri USF support payments. For this group the Missouri USF Administrator is also ensuring these companies are appropriately remitting Missouri USF assessments as well as ensuring these companies are claiming and receiving correct Missouri USF support amounts. In general, irregularities discovered by these audits have primarily pertained to company payments into the MoUSF. The Missouri PSC Staff and Missouri USF Administrator collectively work together with companies to resolve irregularities. Few, if any, issues have been revealed for companies receiving support from the MoUSF.

Random Sampling of Lifeline Application Forms (2009): In the Fall of 2009, MoPSC Staff contacted all the companies receiving Missouri USF funding and asked for a list of existing Lifeline subscribers in alphabetical order based on the subscriber's last name. Companies were instructed to provide a copy of the signed application form for the second subscriber in each group of 100 subscribers as shown in this list.<sup>103</sup> A total of 666 enrollment forms were obtained. Staff organized the information from these forms into a list showing the subscriber's name and the program(s) qualifying Lifeline program. This list was then provided to the Missouri Department of Social Services for independent verification.

The Missouri Department of Social Services is able to verify eligibility for four Lifeline qualifying programs: Missouri HealthNet, SNAP, LIHEAP and Temporary Assistance for Needy Families. The Missouri Department of Social Services does not maintain databases for these federal programs: Supplemental Security Income, Federal Public Housing Assistance, National School Free Lunch program. Among the 666 enrollment forms 88 forms were for subscribers solely qualifying under federal programs leaving 578 enrollments for the Missouri Department of Social Services to verify. The Missouri Department of Social Services was able to verify active eligibility for 431 out of the 578 subscribers (or 75%). The remaining 147

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<sup>103</sup> For instance if a company had 456 Lifeline subscribers then the company provided a copy of the enrollment form for Subscriber Nos. 2, 102, 202, 302 and 402 from this list.

## The Lifeline Program

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subscribers were either not in the state's database system or had a social security number issue.<sup>104</sup> The Missouri PSC Staff instructed companies serving these subscribers to de-enroll the subscriber unless the subscriber could produce adequate proof of eligibility.

Data Requests (June 2011-December 2011): The Missouri PSC Staff issued two groups of data requests. **Exhibit 7** is the initial set of 33 data requests sent in June 2011 to all companies offering Lifeline service in Missouri. This set of data requests asked for information/documentation relating to Lifeline applications, Lifeline service, Lifeline wholesale arrangements, the annual verification process of verifying a Lifeline subscriber's continued eligibility, complaints/investigations and financial. Sixty companies responded to the data requests. One of the main issues revealed from this exercise was that 26 companies were using an unauthorized form. Some companies also were using unfamiliar names rather than the name of the entity granted ETC status by the Missouri PSC.<sup>105</sup> For 11 companies it was difficult to review the consumer bill to determine if all Lifeline discounts were flowing to the subscriber. One wireless company had signed up consumers to the Lifeline program using eligibility from the disabled program.<sup>106</sup> All of these issues were either resolved, or remain the subject of settlement discussions.

**Exhibit 8** is a second set of 10 data requests sent in December 2011 to 15 wireless carriers after Missouri Senator Claire McCaskill sent a December 9, 2011 letter to FCC Chairman Julius Genachowski expressing concerns about free wireless Lifeline phone offerings. This set of data requests attempted to gather basic information regarding free wireless Lifeline service including the company's reaction to Senator McCaskill's letter. Data request responses are on file in the Commission's Electronic Filing and Information System in various file numbers as identified in this exhibit.

Analysis of Company Enrollments for a One-Month Time Period (May 2012 through June 2013): The MoPSC Staff requested and obtained copies of a company's Lifeline enrollment forms for a specified one-month time period. Eleven companies were selected based on significant Lifeline subscriber growth or direction by upper Missouri PSC management.<sup>107</sup>

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<sup>104</sup> For 34 of these 147 subscribers an issue surfaced whereby the subscriber's social security number did not correspond with the name in the Missouri Department of Social Services database.

<sup>105</sup> Companies described such an arrangement as using a "brand name". The FCC appears to condone the use of brand names as suggested by the FCC's Lifeline Reform Order ¶ 296 and FCC rule § 54.422(a); however, the Missouri PSC Staff has concerns with such an arrangement, which are addressed in the proposed rulemaking in Case No. TX-2013-0324.

<sup>106</sup> The wireless company was required to return approximately \$129,000 in federal USF support.

<sup>107</sup> The eleven companies were Cintex Wireless, Cricket, SafeLink Wireless, TAG Mobile, Stand Up Wireless, Access Wireless, ReachOut Wireless, Life Wireless, YourTel, AT&T and CenturyLink.

# The Lifeline Program

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Staff's review of enrollment forms found no significant issues for three of the eleven companies. For the other eight companies Staff's observations can be generally grouped into the following three categories:

1. Failure to Use a MoUSF Board-approved Lifeline enrollment form.
2. Failure to Adequately Fill Out the Form.
3. Failure/Unclear if Company Representative Verified Proof of Eligibility.

Failure to use a MoUSF Board-approved Lifeline enrollment form was an issue for seven companies. The extent of this failure varies among these companies. Some companies were using multiple versions of the Lifeline enrollment form. For example, Staff observed one company was using twelve different versions of the enrollment form whereby none of the versions was the MoUSF Board-approved form. Two other companies were using three different versions of an enrollment form. One of the more significant observed modifications is one company listed additional programs to qualify for the Lifeline program not authorized by the MoPSC.<sup>108</sup> Another company's form was unclear if it included the income-based eligibility criteria of 135% of the federal poverty level. Forms for some companies did not appear to include all the FCC required notices. Three companies submitted phone call recordings.<sup>109</sup> One company submitted two enrollments using a form from another state but involving Missouri applicants. Form modifications that might be considered insignificant were cosmetic-type changes. Staff observed one enrollment form was in Spanish.

Failure to adequately fill out the enrollment form was a second general observation for four companies. This type of issue pertained to instances whereby requested information was not supplied and appears to be ignored. The absence of critical information seems isolated to a small subset of enrollments; however, listed below is a list of observed items:

- Lack of customer signature.
- Failure to identify the applicant's qualifying program.
- Failure to indicate if address was a temporary address.
- Failure to provide complete address (i.e., no city or state).
- Failure to provide applicant's full name (i.e., might provide only the customer's first or last name).

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<sup>108</sup> For example one company's form listed the following unauthorized programs: Veterans Administration Benefits, Social Security Disability Benefits, Missouri State Blind Pension and Missouri State Supplemental Payments.

<sup>109</sup> One company submitted five recordings, a second company submitted six recordings and a third company submitted twelve recordings.

## The Lifeline Program

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- Failure to provide DCN number.<sup>110</sup>
- Failure to provide Name on Voice Service account.
- Failure to provide contact number.

The third general observation for seven companies pertained to whether a company official verified eligibility by seeing proof of eligibility. This observation generally left blank the “Company use only” section of the form whereby a company official is expected to sign and date the form as seeing adequate proof of eligibility. Further investigation revealed some companies have a separate process for documenting proof of eligibility and those companies store proof of eligibility as a separate record. In another instance, a company official appears to have written elsewhere on the form as seeing proof of eligibility.

Testing of On-Line Enrollment Systems (April/May 2013): A few companies offer on-line enrollment whereby an applicant can enroll in the Lifeline program by electronically responding to a series of on-line screen prompts and downloading proof of eligibility.<sup>111</sup> The Missouri PSC Staff tested on-line enrollment systems by attempting to sign up for Lifeline service but intentionally downloading a blank sheet of paper as proof of eligibility.<sup>112</sup> Ten companies appear to have on-line enrollment systems.<sup>113</sup> Staff was unable to test on-line enrollment systems for four companies due to lack of service to the area.<sup>114</sup> Staff’s tests of the other six companies are admittedly limited but ultimately no company initiated Lifeline service as a result of Staff’s attempt to enroll in the program.

In Staff’s opinion, some on-line enrollment systems work better than others. An issue observed for two systems is certain pop-up windows had incorrect lists of qualifying Lifeline programs. Staff was able to initiate the on-line enrollment process for six companies. The systems for three companies blocked Staff from completing the enrollment process; however, the

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<sup>110</sup> DCN refers to Department Client Number which is a Missouri-specific number assigned to a consumer similar to a social security number. DCN is assigned to a consumer by the Missouri Department of Social Services if the consumer participates in Missouri HealthNet, LIHEAP, food stamps and TANF.

<sup>111</sup> On-line enrollment does not refer to the ability to download a form and then mail or fax it to the company.

<sup>112</sup> A Missouri PSC Staff member’s actual name and address were used. If asked for contact number or email address, Staff provided their MoPSC telephone number and email address. A fake four digit Social Security number was used. A blank sheet of paper was submitted for proof of eligibility.

<sup>113</sup> Assurance Wireless; Budget Mobile; Q-Link Wireless, LLC; Assist Wireless, LLC; Easy Wireless; Stand Up Wireless; Surety Wireless; Reachout Wireless; Safelink Wireless and YourTel America, Inc.

<sup>114</sup> Most on-line enrollment systems ask for the applicant’s zip code in order to determine service availability. For this test Staff tried four zip codes: 65109 (Jefferson City), 63101 and 63138 (St. Louis) and 64106 (Kansas City).

## The Lifeline Program

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stoppages seemed more reflective of system malfunctions.<sup>115</sup> Staff was able to complete the on-line enrollment process for three companies. Two of these companies conducted appropriate follow-up by subsequently mailing a letter indicating proof of eligibility needed to be submitted in order to complete the process. The third company whereby Staff completed the enrollment process provided a confirmation receipt saying, “Congratulations! You have successfully signed up for [Company Name] phone service, the best value in phone service available today!” After at least a month no follow-up, subsequent correspondence or phone was ever provided by this company.

### Conclusion

This report attempts to provide information regarding the Lifeline program. Significant reforms have already been made to the program to try and curb waste, fraud and abuse. The FCC is claiming these reforms have saved the program over \$200 million in 2012. The requirement for a company to annually certify the eligibility of all Lifeline subscribers had a dramatic impact on Lifeline subscriber quantities. The FCC projects this recertification requirement alone will save an additional \$400 million in 2013. Additional reforms are planned for the program and await implementation while a variety of Lifeline program compliance efforts are being conducted at both the federal and state levels.

State commissions and legislatures are reviewing state USF programs. At this time state efforts are mixed. Regardless, the Lifeline program is expected to continue and may even be expanded to include discounted broadband service to qualifying low-income consumers. Staff recommends the Missouri Public Service Commission evaluate the purposes and goals of the Missouri Universal Service Fund. Staff further recommends the Missouri Commission seek industry and consumer input in order to help make basic policy decisions regarding the Lifeline program.

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<sup>115</sup> The systems for two companies rejected the applicant’s address information even though the Missouri PSC Staff used their actual name and home address. A third company’s system without explanation repeatedly locked-up at a certain point in the enrollment process.

**Companies Offering Lifeline Service in Missouri**

Company	Contact Number	Web Site	Lifeline	
			Wireless	Landline
Aegis Telecom, Inc. d/b/a Off the Hook Telecom	855-574-2035	<a href="http://applyforlifeline.wix.com/offhook#">http://applyforlifeline.wix.com/offhook#</a>	X	
Alma Telephone	888-371-6821	<a href="http://almanet.net">http://almanet.net</a>		X
Assist Wireless, LLC	855-420-2449	<a href="http://www.assistwireless.com">www.assistwireless.com</a>	X	
Assurance Home Phone Services, Inc. d/b/a Surety Wireless	855-574-2034	<a href="http://applyforlifeline.wix.com/surety2">http://applyforlifeline.wix.com/surety2</a>	X	
AT&T Missouri	800-288-2020	<a href="http://www.att.com">www.att.com</a>		X
Blue Jay Wireless, LLC	855-425-8529	<a href="http://www.bluejaywireless.com">www.bluejaywireless.com</a>	X	
Boomerang Wireless, LLC d/b/a enTouch Wireless	866-488-8719	<a href="http://www.boomerang-wireless.com">www.boomerang-wireless.com</a>	X	
BPS Telephone	800-785-8630	<a href="http://www.bpstelephone.com">www.bpstelephone.com</a>		X
Budget PrePay, Inc.	888-424-5588	<a href="http://www.budgetphone.com">www.budgetphone.com</a>		X
Budget PrePay, Inc. d/b/a Budget Mobile	888-777-4007	<a href="http://www.budgetmobile.com">www.budgetmobile.com</a>	X	
CenturyLink of Missouri	800-407-5411	<a href="http://www.centurylink.com">www.centurylink.com</a>		X
CenturyLink of Northwest Arkansas	800-407-5411	<a href="http://www.centurylink.com">www.centurylink.com</a>		X
Chariton Valley Telecom Corporation	800-769-8731	<a href="http://www.cvalley.net">www.cvalley.net</a>		X
Chariton Valley Telephone	800-769-8731	<a href="http://www.cvalley.net">www.cvalley.net</a>		X
Choctaw Telephone	877-850-7360	<a href="http://mokandial.net/Choctaw_Telephone_Co.html">mokandial.net/Choctaw_Telephone_Co.html</a>		X
Citizens Telephone	800-321-4282	<a href="http://www.ctcis.net">www.ctcis.net</a>		X
Craw-Kan Telephone	800-362-0316	<a href="http://web.ckt.net">http://web.ckt.net</a>		X
Cricket Communications, Inc.	800-274-2538	<a href="http://www.mycricket.com">www.mycricket.com</a>	X	
Easy Telephone Service Co. d/b/a Easy Wireless	855-574-2036	<a href="http://www.myeasywireless.com">www.myeasywireless.com</a>	X	
Ellington Telephone	800-392-8111	<a href="http://www.mccormacksolutions.com">www.mccormacksolutions.com</a>		X
Embarq Missouri d/b/a CenturyLink	800-407-5411	<a href="http://www.centurylink.com">www.centurylink.com</a>		X
ExOp of Missouri, Inc. d/b/a FairPoint Communications	866-984-2001	<a href="http://www.fairpoint.com">www.fairpoint.com</a>		X
Fairpoint Communications, Missouri, Inc.	866-984-2001	<a href="http://www.fairpoint.com/residential">http://www.fairpoint.com/residential</a>		X
Farber Telephone	573-249-9800	<a href="http://www.ftco.net">www.ftco.net</a>		X
Fidelity Communications Services 1, Inc.	573-468-1245	<a href="http://www.fidelitycommunications.com">www.fidelitycommunications.com</a>		X
Fidelity Telephone	573-468-1245	<a href="http://www.fidelitycommunications.com">www.fidelitycommunications.com</a>		X
Global Connection Inc. of America d/b/a Stand Up Wireless	800-544-4441	<a href="http://www.standupwireless.com">www.standupwireless.com</a>	X	
Goodman Telephone	417-364-7214	<a href="http://sgotelco.com">http://sgotelco.com</a>		X
Granby Telephone	417-472-6211	<a href="http://gtcbroadband.net">http://gtcbroadband.net</a>		X
Grand River Mutual Telephone	800-451-2301	<a href="http://www2.grm.net/">http://www2.grm.net/</a>		X
Green Hills Telecommunications Services	800-846-3426	<a href="http://www.greenhills.net">www.greenhills.net</a>		X
Green Hills Telephone	800-846-3426	<a href="http://www.greenhills.net">www.greenhills.net</a>		X
Holway Telephone	660-935-2211	<a href="http://www.abmissouri.com">www.abmissouri.com</a>		X
IAMO Telephone	888-582-3232	<a href="http://www.iamotelephone.com">www.iamotelephone.com</a>		X
iwireless, LLC d/b/a Access Wireless	866-594-3644	<a href="http://www.iwirelesshome.com">www.iwirelesshome.com</a>	X	
Kingdom Telephone	800-487-4811	<a href="http://www.ktis.net/phone_services.php">www.ktis.net/phone_services.php</a>		X
KLM Telephone	417-395-2121	<a href="http://www.abmissouri.com">www.abmissouri.com</a>		X
Lathrop Telephone	816-528-4211	<a href="http://www2.grm.net/">http://www2.grm.net/</a>		X
Le-Ru Telephone	866-628-3844	<a href="http://www.leru.net">http://www.leru.net</a>		X
Mark Twain Communications Company	660-423-5211	<a href="http://portal.marktwain.net">http://portal.marktwain.net</a>		X
Mark Twain Rural Telephone	660-423-5211	<a href="http://portal.marktwain.net">http://portal.marktwain.net</a>		X
McDonald County Telephone	417-223-4313	<a href="http://www.olemac.net">www.olemac.net</a>		X
Mid-Missouri Telephone	660-834-3311	<a href="http://www.otelcomidmo.com">www.otelcomidmo.com</a>		X
Miller Telephone	417-452-3201	<a href="http://www.millertel.net">www.millertel.net</a>		X
Missouri RSA No. 5 Partnership	800-769-8731	<a href="http://www.cv4g.com">www.cv4g.com</a>	X	
MoKan Dial	800-758-1715	<a href="http://www.mokandial.net">www.mokandial.net</a>		X
New Florence Telephone	573-835-2997	<a href="http://www.directcom.com/newflorence/index.html">www.directcom.com/newflorence/index.html</a>		X
New London Telephone	888-225-5837	<a href="http://www.tdstelecom.com">www.tdstelecom.com</a>		X
Nexus Communications, Inc. d/b/a Reachout Wireless	877-870-9444	<a href="http://www.reachoutmobile.com">www.reachoutmobile.com</a>	X	
Northeast Missouri Rural Telephone	800-224-6179	<a href="http://www.nemr.net">www.nemr.net</a>		X
Northwest Missouri Cellular	800-331-6341	<a href="http://www.nwmccl.com">www.nwmccl.com</a>	X	
Orchard Farm Telephone	888-225-5837	<a href="http://www.tdstelecom.com">www.tdstelecom.com</a>		X
Oregon Farmers Mutual Telephone	660-446-3391	<a href="http://www.ofmlive.net">www.ofmlive.net</a>		X
Ozark Telephone	417-475-2211	<a href="http://sgotelco.com">http://sgotelco.com</a>		X
Peace Valley Telephone	417-277-5550	<a href="http://www.pvbroadband.com">www.pvbroadband.com</a>		X
Q-Link Wireless, LLC	855-754-6543	<a href="http://www.qlinkwireless.com">www.qlinkwireless.com</a>	X	
Rock Port Telephone	660-744-5311	<a href="http://www.rpt.coop/">http://www.rpt.coop/</a>		X
Seneca Telephone	417-776-2247	<a href="http://sgotelco.com">http://sgotelco.com</a>		X
Spectra Communications Group, LLC d/b/a CenturyLink	800-407-5411	<a href="http://www.centurylink.com">www.centurylink.com</a>		X
Steelville Telephone	573-775-2111	<a href="http://www.steelvilletelephone.com">www.steelvilletelephone.com</a>		X
Stoutland Telephone	888-225-5837	<a href="http://www.tdstelecom.com">www.tdstelecom.com</a>		X
Telrite Corp. d/b/a Life Wireless	888-543-3620	<a href="http://www.lifewireless.com">www.lifewireless.com</a>	X	
T-Mobile Central, LLC	614-478-5127	<a href="http://www.t-mobile.com">www.t-mobile.com</a>	X	
TracFone Wireless, Inc. d/b/a SafeLink Wireless	800-SafeLink	<a href="http://www.safelinkwireless.com">www.safelinkwireless.com</a>	X	
Unity Telecom, LLC	855-864-8999	<a href="http://www.unitytelecom.com">www.unitytelecom.com</a>	X	X
USCOC of Greater Missouri, LLC d/b/a US Cellular	888-944-9400	<a href="http://www.uscellular.com">www.uscellular.com</a>	X	
Virgin Mobile USA, L.P. d/b/a Assurance Wireless brought to you by Virgin Mobile	888-321-5880	<a href="http://www.assurancewireless.com">www.assurancewireless.com</a>	X	
Windstream Iowa Communications, Inc.	800-347-1991	<a href="http://www.windstream.com">www.windstream.com</a>		X
Windstream Missouri, Inc.	800-347-1991	<a href="http://www.windstream.com">www.windstream.com</a>		X
YourTel America, Inc.	855-299-9990	<a href="http://www.yourtelamerica.com">www.yourtelamerica.com</a>	X	X

**MEMORANDUM**

To: Official Case File  
 Case No. [Case number]  
 Company Name: [company's full name]

From: [Staff name]  
 Telecommunications Unit

John Van Eschen (date)                      Cully Dale (date)  
 Telecommunications Unit                      Staff Counsel's Office

Subject: Staff's Recommendation to Grant ETC Status

Date: [date]

<b>Date ETC application was filed:</b>	
--	--

<b>Full name of Applicant:</b>	
--------------------------------	--

The Commission Staff (Staff) has reviewed the Company's ETC application and responses to Staff data requests.

<b>Basic Information Regarding Applicant</b> <i>(check as appropriate)</i>				
<b>Applicant's technology is:</b>	Landline	<input type="checkbox"/>	Wireless	<input type="checkbox"/>
<b>Applicant meets facility-based requirements?</b>	Facility-Based	<input type="checkbox"/>	Reseller	<input type="checkbox"/>
<b>If reseller, FCC has approved Lifeline compliance plan?</b>	Yes	<input type="checkbox"/>	Not applicable	<input type="checkbox"/>
<b>Applicant's Lifeline service fees:</b>	Monthly Fee	<input type="checkbox"/>	Free	<input type="checkbox"/>

In Staff's opinion the Company has adequately met all ETC application requirements identified in Attachment A. Staff recommends the Commission grant ETC status to the Company, applicable only to the full name of the applicant as indicated above. The Staff further recommends the Commission's order also indicate the ETC designation is subject to the following information

<b>Purpose for Receiving ETC Status</b>	<i>(check "X" as appropriate)</i>
Solely for the purpose of receiving Lifeline support.	<input type="checkbox"/>
Purpose of receiving Lifeline and high-cost support.	<input type="checkbox"/>

<b>Proposed Service Area</b>	
State-wide	<input type="checkbox"/>
Other <i>(describe)</i>	<input type="checkbox"/>

<b>If ETC status is granted should applicant be authorized by the MoUSF</b>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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<b>Board to receive MoUSF support?</b>				
--	--	--	--	--

Checklist Items		Citation				
Basic Application Requirements	<p>Complies with application requirements in 4 CSR 240-2.060 specifically:</p> <ul style="list-style-type: none"> <li>• Proper authorization from Missouri Secretary of State.</li> <li>• Contact information.</li> <li>• Provides statement indicating whether applicant has any pending action of final unsatisfied judgments against them by a state or federal agency or court involving customer service or rates within past 3 years.</li> <li>• Signed affidavit that verifies all information is true, accurate &amp; correct in the application.</li> </ul>					
	<p><b>Is the applicant already certificated or registered by the Missouri PSC to provide local voice service in Missouri?</b> (check "X" in appropriate box below)</p>					
	<input type="checkbox"/>	<p><b>Yes.</b> If yes, the applicant must be compliant in:</p> <ul style="list-style-type: none"> <li>• Paying MoUSF assessment.</li> <li>• Paying MoPSC assessment.</li> <li>• Paying Relay MO assessment.</li> <li>• Annual report submissions.</li> </ul>				
	<input type="checkbox"/>	<p><b>No,</b> the applicant is not certificated or registered by the Missouri PSC.</p>				
	<p><b>Has the Missouri PSC already granted ETC status to the company?</b></p>					
<input type="checkbox"/>	<p><b>Yes.</b> If yes, cite the case and in space below explain the current ETC status of the company:</p>					
<input type="checkbox"/>	<p><b>No,</b> the applicant is not previously received ETC status from the Missouri PSC.</p>					
Disciplinary History	<p>Identifies any individual or entity having a 10% or more ownership interest in the applicant, and all managers, officers and directors or any person exerting managerial control over applicant's day-to-day operations, policies, service offerings and rates.</p>					
	<p><b>Does the Applicant share common ownership or management with other companies?</b> (check appropriate box below)</p>					
	<input type="checkbox"/>	<p><b>Yes</b></p>				
	<input type="checkbox"/>	<p><b>No</b></p>				
<p><b>If yes, provide the following information:</b></p> <table border="1"> <thead> <tr> <th>Companies with common ownership or management:</th> <th>Indicate if identified company has ever received federal or state USF funding.</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>•</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>•</li> </ul> </td> </tr> </tbody> </table>		Companies with common ownership or management:	Indicate if identified company has ever received federal or state USF funding.	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	
Companies with common ownership or management:	Indicate if identified company has ever received federal or state USF funding.					
<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>					
<p><b>Have any matters been brought forth within the last ten years by any state, federal regulatory or law enforcement agency against the applicant or against any person or</b></p>						

<b>Service Provisioning</b>	<b>entity that holds more than 10% ownership interest in the applicant?</b> <i>(check appropriate box below)</i>											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="padding: 5px;"><b>No.</b></td> </tr> <tr> <td style="padding: 5px;"><b>Yes.</b> If yes, provide below the following information for each matter (date, agency and general description of the matter):</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> <li>•</li> </ul> </td> </tr> </table>		<b>No.</b>	<b>Yes.</b> If yes, provide below the following information for each matter (date, agency and general description of the matter):	<ul style="list-style-type: none"> <li>•</li> </ul>							
		<b>No.</b>										
<b>Yes.</b> If yes, provide below the following information for each matter (date, agency and general description of the matter):	<ul style="list-style-type: none"> <li>•</li> </ul>											
<b>Adequately explains the applicant’s proposed service.</b> Basic service characteristics:												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; padding: 5px;"><i>(check applicable boxes)</i></td> <td style="width: 35%; text-align: center; padding: 5px;"><b>Wireless</b></td> <td style="width: 35%; text-align: center; padding: 5px;"><b>Landline</b></td> </tr> <tr> <td style="padding: 5px;"><b>No charge</b></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;"><b>Monthly Fee</b></td> <td></td> <td></td> </tr> </table>	<i>(check applicable boxes)</i>	<b>Wireless</b>	<b>Landline</b>	<b>No charge</b>			<b>Monthly Fee</b>				
<i>(check applicable boxes)</i>	<b>Wireless</b>	<b>Landline</b>										
<b>No charge</b>												
<b>Monthly Fee</b>												
	<b>If applicant intends to offer a free wireless Lifeline service the applicant has adequately explained:</b> <ul style="list-style-type: none"> <li>• How the company will ensure USF is not received until the subscriber activates the service.</li> <li>• How the company will ensure support will only be received if the subscriber has used the service sometime during a 60 consecutive day time period.</li> <li>• Subscriber will be de-enrolled if fails to use the service for 60 consecutive days.</li> </ul>											
	<b>Applicant’s proposed service area is adequately described.</b>											
	<b>Does the applicant qualify as a facility-based provider?</b>											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="padding: 5px;"><b>Yes.</b> If yes, describe general facilities:</td> </tr> <tr> <td style="padding: 5px;"><b>No.</b> If no then ensure:</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> <li>• FCC has <u>approved</u> company’s compliance plan.</li> <li>• Applicant has ensured customers will have access to 911 services.</li> </ul> </td> </tr> </table>		<b>Yes.</b> If yes, describe general facilities:	<b>No.</b> If no then ensure:	<ul style="list-style-type: none"> <li>• FCC has <u>approved</u> company’s compliance plan.</li> <li>• Applicant has ensured customers will have access to 911 services.</li> </ul>							
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	<b>Advertising commitments.</b> <ul style="list-style-type: none"> <li>• Provides a statement certifying the company will advertise the availability of its supported service.</li> <li>• Provides reasonable explanation of how the applicant will advertise.</li> <li>• If advertising by direct mail the company has provided a reasonable explanation of how it will target these mailings.</li> <li>• <b>Were Missouri-specific advertising examples provided?</b></li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="padding: 5px;"><b>Yes</b></td> </tr> <tr> <td></td> <td style="padding: 5px;"><b>No</b></td> </tr> </table>		<b>Yes</b>		<b>No</b>							
	<b>Yes</b>											
	<b>No</b>											

	Demonstrates can remain functional in emergency situations.							
	Provides statement will satisfy applicable consumer protection, consumer privacy and service quality standards and provides a reasonable list of applicable standards. <i>(Wireless applicants must agree to comply with Cellular and Internet Assoc.'s Consumer Code for Wireless Service.)</i>							
	<b>Will applicant maintain information about service provisioning and rates in a</b> <i>(check appropriate box below):</i>							
	<table border="1"> <tr> <td><b>Tariff</b></td> <td></td> </tr> <tr> <td><b>Informational Filing</b></td> <td></td> </tr> <tr> <td><b>Website</b> <i>(indicate website)</i></td> <td></td> </tr> </table>	<b>Tariff</b>		<b>Informational Filing</b>		<b>Website</b> <i>(indicate website)</i>		
<b>Tariff</b>								
<b>Informational Filing</b>								
<b>Website</b> <i>(indicate website)</i>								
	Provides a reasonable explanation of: <ul style="list-style-type: none"> <li>• How the applicant intends to provide service throughout the proposed service area, including whereby the applicant lacks facilities or network coverage.</li> <li>• How service will be provided in a timely manner to requesting customers.</li> </ul>							
	Commits to maintain a record of complaints, including an agreement to make such records available upon request to the commission staff.							
	Commits to remit required, collected 911 revenues to local authorities.							
	Provides a reasonable demonstration the applicant is financially viable and technically capable of providing voice telephony service.							
	<b>Does the applicant intend to provide access to directory assistance services, operator services and interexchange services?</b>							
	<table border="1"> <tr> <td></td> <td><b>Yes</b></td> </tr> <tr> <td></td> <td><b>No</b></td> </tr> </table>		<b>Yes</b>		<b>No</b>			
	<b>Yes</b>							
	<b>No</b>							
<b>Lifeline/Disabled Program Compliance</b>	Certifies all Lifeline funding will flow through to the subscriber.							
	Commits to conduct business only through the name identified in the application and will not use any additional service or brand names. <i>(If company's name includes a d/b/a name then the company can either use the company's full name and/or the d/b/a name. For instance "ABC Company d/b/a Company W" can use that full name or simply "Company W". The company cannot solely use the parent name "ABC Company" or a name different from d/b/a name.)</i>							
	Commits to comply with all requirements associated with the Lifeline program contained in 47 CFR Part 54 Subpart E.							
	Commits to comply with all Lifeline requirements established by the Missouri PSC even if solely funded by federal USF.							
	<b>Will the applicant seek support from the MoUSF?</b> <i>(check appropriate box below)</i>							
	<table border="1"> <tr> <td></td> <td><b>Yes.</b> If yes, ensure applicant only seeks MoUSF for landline service.</td> </tr> <tr> <td></td> <td><b>No.</b></td> </tr> </table>		<b>Yes.</b> If yes, ensure applicant only seeks MoUSF for landline service.		<b>No.</b>			
		<b>Yes.</b> If yes, ensure applicant only seeks MoUSF for landline service.						
	<b>No.</b>							
<b>Does applicant intend to participate in the Disabled program?</b> <i>(check appropriate box below)</i>								

	<b>Yes.</b> If yes, ensure applicant only seeks MoUSF for landline service.	
	<b>No.</b>	
Adequately demonstrates how the applicant will ensure that the full amount of Lifeline or Disabled support will be passed through to the qualifying low-income consumer.		
Commits to use only a board approved Lifeline or Disabled application form.		
Adequately explains how the applicant will initiate Lifeline or Disabled service to a subscriber. Explanation should include how company will ensure: <ul style="list-style-type: none"> <li>• The subscriber meets eligibility requirements.</li> <li>• The subscriber's identity and address are correct.</li> <li>• Only one Lifeline or Disabled discount is provided to a household.</li> </ul>		
Adequately explains how the applicant intends to annually verify a customer's continued eligibility for the Lifeline or Disabled program, including what action will be taken if a subscriber fails to adequately respond or is no longer eligible for support.		
<b>Use of independent contractors to sign-up Lifeline subscribers</b> ( <i>check appropriate box below</i> ):		
Intends to use independent contractors to sign-up Lifeline subscribers. If so then applicant also commits to take full responsibility for these contractors.		
Does not intend to use independent contractors.		
Adequately demonstrates how it will monitor its employees, agents or contractor to ensure they comply with all applicable laws and rules concerning Lifeline or Disabled Programs.		
Commits to notify the commission of any changes to company contact information.		
Provides statement the applicant complies with all reporting and assessment requirements (if certificated or registered with the commission).		
Provides statement the applicant is compliant with contribution obligations to the FUSF.		
<b>FCC waivers</b> ( <i>check appropriate box below</i> ):		
Applicant has obtained waivers from FCC of certain ETC requirements and provided a copy of the FCC's decision.		
Applicant has not sought any waivers from the FCC regarding ETC requirements.		

Additional requirements if seeking ETC status to receive federal high-cost support	Staff Review				
Commits to comply with all requirements in 47 CFR Part 54, Subpart C.					
Provides adequate explanation of how granting ETC status is in the public interest.					
Provides a five-year plan describing specific proposed improvements or upgrades to the applicant's network throughout its proposed service area including detailed descriptions of any construction plans with start/end dates, populations affected by the construction plans, existing tower site locations for wireless cell towers, estimated budget amounts, as well as demonstrates the universal service support shall be used to improve coverage, service quality or capacity throughout the Missouri service area.					
Provides a detailed map of coverage area before and after improvements and in the case of wireless providers, a map identifying existing cell tower site locations.					
Provides the specific geographic areas where improvements will be made.					
Provides the projected start date and completion date for each improvement.					
Provides the estimated amount of investment for each project that is funded by high-cost support.					
Provides a reasonable estimate of the population that will be served as a result of the improvements.					
<p><b>Does the applicant believe that service improvements in a particular wire center or census block are not needed?</b> <i>(check appropriate box below)</i></p> <table border="1" data-bbox="74 877 1167 1104"> <tr> <td data-bbox="74 877 191 1066"></td> <td data-bbox="191 877 1167 1066"> <p><b>Yes.</b> If yes, then applicant must:</p> <ul style="list-style-type: none"> <li>• Provide a reasonable explanation for determining why service improvements are not needed for this area.</li> <li>• Demonstrate how funding will otherwise be used to further the provision of supported services in the area.</li> </ul> </td> </tr> <tr> <td data-bbox="74 1066 191 1104"></td> <td data-bbox="191 1066 1167 1104"><b>No.</b></td> </tr> </table>		<p><b>Yes.</b> If yes, then applicant must:</p> <ul style="list-style-type: none"> <li>• Provide a reasonable explanation for determining why service improvements are not needed for this area.</li> <li>• Demonstrate how funding will otherwise be used to further the provision of supported services in the area.</li> </ul>		<b>No.</b>	
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	<b>No.</b>				
Provides adequate statement that the proposed plans would not otherwise occur absent the receipt of high-cost support and that such support will be used in addition to any expenses the ETC would normally incur.					
Provides a reasonable plan outlining the method for handling unusual construction or installation charges.					
Provides adequate statement the applicant will use the support only for the provision, maintenance and upgrading of facilities and services for which the support is intended.					
Provides adequate & reasonable description of how the applicant intends to monitor the company's quality of service.					
Provides adequate & reasonable description of how the applicant intends to monitor the company's timeliness of providing service.					
Provides adequate & reasonable description of how the applicant intends to monitor the company's timeliness of restoring out-of-service conditions.					
Provides adequate & reasonable description of how the applicant intends to monitor the company's the amount of trouble experienced with the applicant's service.					
Provides adequate & reasonable description of how the applicant intends to monitor the company's amount of outages experienced with the applicant's service.					

### Lifeline Subscribers

Year/Quarter	MISSOURI	NATIONWIDE
2001 Q3	18,980	5,886,779
2001 Q4	29,289	6,051,942
2002 Q1	30,379	6,115,090
2002 Q2	30,893	6,158,579
2002 Q3	31,059	6,191,543
2002 Q4	31,059	6,194,776
2003 Q1	33,140	6,576,068
2003 Q2	33,322	6,615,472
2003 Q3	35,319	6,592,421
2003 Q4	35,603	6,526,237
2004 Q1	37,373	6,580,310
2004 Q2	37,815	6,571,136
2004 Q3	38,198	6,637,817
2004 Q4	40,235	6,788,979
2005 Q1	41,036	6,815,977
2005 Q2	41,782	6,917,422
2005 Q3	42,620	6,969,085
2005 Q4	47,312	7,190,221
2006 Q1	47,507	7,091,234
2006 Q2	48,174	7,129,706
2006 Q3	49,508	7,119,506
2006 Q4	57,136	6,885,347
2007 Q1	57,798	7,006,194
2007 Q2	58,824	6,981,164
2007 Q3	59,789	6,937,516
2007 Q4	63,792	6,843,979
2008 Q1	64,478	6,916,212
2008 Q2	65,068	6,946,778
2008 Q3	65,816	6,947,355
2008 Q4	69,092	6,767,623
2009 Q1	69,975	6,796,129
2009 Q2	70,378	6,767,926
2009 Q3	70,983	6,853,648
2009 Q4	71,846	7,020,854
2010 Q1	71,345	7,450,445
2010 Q2	70,518	7,972,295
2010 Q3	73,154	8,556,525
2010 Q4	86,144	9,593,020
2011 Q1	89,619	9,861,240
2011 Q2	92,328	10,178,116
2011 Q3	95,588	10,580,336
2011 Q4	123,661	11,939,488
2012 Q1	158,832	12,529,858
2012 Q2	269,569	14,758,134
2012 Q3	295,821	16,124,713
2012 Q4	323,525	17,140,669
2013 Q1	332,159	17,634,542
2013 Q2	276,200	17,057,347
2013 Q3	246,183	16,126,760

Universal Service Administrative Company  
Lifeline Subscribers by State or Jurisdiction  
January 2012 to December 2012

STATE OR JURISDICTION	2012 (12 MO) NON-TRIBAL	2012 (12 MO) TRIBAL	2012 (12 MO) TOTAL
CALIFORNIA	1,453,085	596	1,453,681
NEW YORK	1,263,266	7	1,263,273
GEORGIA	980,780	0	980,780
FLORIDA	961,891	5	961,896
TEXAS	946,784	37	946,821
OHIO	891,121	0	891,121
ILLINOIS	737,428	0	737,428
OKLAHOMA	3,530	664,109	667,639
MICHIGAN	626,878	226	627,104
NORTH CAROLINA	577,383	0	577,383
PENNSYLVANIA	562,496	0	562,496
LOUISIANA	548,434	0	548,434
MARYLAND	508,914	0	508,914
TENNESSEE	426,147	0	426,147
NEW JERSEY	378,271	0	378,271
PUERTO RICO	333,224	0	333,224
ARKANSAS	332,808	4	332,812
MASSACHUSETTS	316,139	0	316,139
ALABAMA	296,591	42	296,633
SOUTH CAROLINA	274,011	110	274,121
VIRGINIA	261,458	0	261,458
KENTUCKY	255,421	0	255,421
MISSOURI	246,169	14	246,183
WASHINGTON	208,280	9,103	217,383
INDIANA	213,671	0	213,671
MISSISSIPPI	211,822	14	211,836
ARIZONA	154,436	48,190	202,626
WISCONSIN	186,021	671	186,692
NEVADA	134,452	858	135,310
WEST VIRGINIA	117,734	0	117,734
CONNECTICUT	117,667	0	117,667
IOWA	89,936	1	89,937
MAINE	83,972	267	84,239
RHODE ISLAND	82,934	0	82,934
MINNESOTA	77,888	1,177	79,065
KANSAS	78,194	10	78,204
OREGON	67,458	340	67,798
NEW MEXICO	39,665	24,632	64,297
DISTRICT OF COLUMBIA	54,671	0	54,671
ALASKA	0	48,982	48,982
UTAH	42,197	1,005	43,202
DELAWARE	40,196	0	40,196
COLORADO	34,131	0	34,131
NEW HAMPSHIRE	25,903	0	25,903
IDAHO	18,060	423	18,483
VERMONT	17,803	0	17,803
NEBRASKA	11,197	340	11,537
NORTH DAKOTA	6,740	2,013	8,753
MONTANA	3,279	4,809	8,088
SOUTH DAKOTA	4,800	1,720	6,520
HAWAII	3,431	88	3,519
GUAM	3,470	0	3,470
NORTHERN MARIANA IS	2,100	0	2,100
WYOMING	1,330	65	1,395
AMERICA SAMOA	672	0	672
VIRGIN ISLANDS	563	0	563
<b>NATIONAL TOTALS</b>	<b>15,316,902</b>	<b>809,858</b>	<b>16,126,760</b>

The data above reflects the total number of Lifeline subscribers at the end of 4th Quarter 2012. Beginning with the 2Q2012 filing, a snapshot of data is used to report the subscribers for the periods reported in LI08. Prior to that time, the Lifeline subscribers numbers reported in LI08 were averaged over several months.



STATE or JURISDICTION	2010 LIFELINE NON-TRIBAL	2010 LIFELINE TRIBAL	2010 LINKUP NON-TRIBAL	2010 LINKUP TRIBAL	2010 TLS	2010 TOTAL
ALABAMA	\$31,749,407	\$2,566	\$5,494,067	\$0	\$4,408,318	\$41,654,358
ALASKA	\$8,612,095	\$17,917,010	\$56	\$72,232	\$60,824	\$26,662,217
AMERICAN SAMOA	\$66,216	\$0	\$810	\$0	\$0	\$67,026
ARIZONA	\$8,467,424	\$12,159,579	\$69,595	\$161,730	\$49,938	\$20,908,266
ARKANSAS	\$8,750,198	\$196	\$3,173,537	\$0	\$516,917	\$12,440,848
CALIFORNIA	\$171,480,735	\$36,021	\$4,861,295	\$96	\$136,032	\$176,514,179
COLORADO	\$2,305,811	\$764	\$32,852	\$0	\$4,318	\$2,343,745
CONNECTICUT	\$8,186,929	\$0	\$29,217	\$0	\$137	\$8,216,283
DELAWARE	\$1,790,295	\$0	\$1,602	\$0	\$24	\$1,791,921
DISTRICT OF COLUMBIA	\$1,885,864	\$0	\$47,878	\$0	\$12	\$1,933,754
FLORIDA	\$82,766,763	\$75	\$3,652,616	\$0	\$2,183,657	\$88,603,111
GEORGIA	\$45,790,238	\$0	\$4,002,092	\$0	\$94,221	\$49,886,551
GUAM	\$279,600	\$0	\$9,698	\$0	\$0	\$289,298
HAWAII	\$582,474	\$0	\$10,710	\$0	\$363	\$593,547
IDAHO	\$3,301,383	\$172,060	\$37,088	\$117	\$7,247	\$3,517,895
ILLINOIS	\$29,621,577	\$0	\$5,390,743	\$0	\$377,874	\$35,390,194
INDIANA	\$4,039,540	\$0	\$198,832	\$0	\$4,658	\$4,243,030
IOWA	\$3,782,121	\$258	\$71,666	\$0	\$7,209	\$3,861,254
KANSAS	\$3,881,152	\$2,040	\$533,003	\$0	\$93,932	\$4,510,127
KENTUCKY	\$9,261,588	\$0	\$1,641,994	\$0	\$1,261,089	\$12,164,671
LOUISIANA	\$24,085,895	\$0	\$8,790,591	\$0	\$3,236,836	\$36,113,322
MAINE	\$8,083,143	\$64,647	\$164,330	\$1,187	\$5,229	\$8,318,536
MARYLAND	\$9,823,528	\$0	\$1,399,572	\$0	\$271	\$11,223,371
MASSACHUSETTS	\$25,930,171	\$0	\$4,483	\$0	\$563	\$25,935,217
MICHIGAN	\$51,820,019	\$56,346	\$3,769,515	\$281	\$491,274	\$56,137,435
MINNESOTA	\$5,972,950	\$332,029	\$63,099	\$1,974	\$4,620	\$6,374,672
MISSISSIPPI	\$10,207,160	\$5,450	\$3,008,907	\$0	\$380,125	\$13,601,642
MISSOURI	\$9,832,037	\$1,521	\$850,084	\$65	\$155,643	\$10,839,350
MONTANA	\$1,773,336	\$1,963,720	\$13,197	\$13,969	\$4,443	\$3,768,665
NEBRASKA	\$1,739,947	\$84,664	\$23,768	\$34	\$11,869	\$1,860,282
NEVADA	\$3,068,825	\$22,524	\$65,661	\$724	\$760	\$3,158,494
NEW HAMPSHIRE	\$1,503,568	\$0	\$6,917	\$0	\$60	\$1,510,545
NEW JERSEY	\$23,229,317	\$0	\$1,696,858	\$0	\$1,261	\$24,927,436
NEW MEXICO	\$8,055,826	\$5,527,907	\$64,659	\$55,273	\$25,464	\$13,729,129
NEW YORK	\$95,736,224	\$1,287	\$88,012	\$0	\$7,239	\$95,832,762
NORTH CAROLINA	\$54,482,653	\$702	\$3,121,918	\$0	\$2,498,402	\$60,103,675
NORTH DAKOTA	\$1,834,374	\$763,662	\$16,350	\$7,210	\$1,628	\$2,623,224
NORTHERN MARIANA IS	\$168,235	\$0	\$12,810	\$0	\$0	\$181,045
OHIO	\$58,895,001	\$0	\$786,749	\$0	\$227,472	\$59,909,222
OKLAHOMA	\$20,102,035	\$48,587,381	\$49,835	\$9,407,743	\$3,086,760	\$81,233,754
OREGON	\$5,617,050	\$39,318	\$67,565	\$160	\$8,457	\$5,732,550
PENNSYLVANIA	\$34,407,840	\$0	\$600,095	\$0	\$3,626	\$35,011,561
PUERTO RICO	\$39,249,085	\$0	\$811,875	\$0	\$0	\$40,060,960
RHODE ISLAND	\$3,028,951	\$0	\$7,152	\$0	\$419	\$3,036,522
SOUTH CAROLINA	\$7,925,064	\$7,271	\$2,226,492	\$0	\$770,832	\$10,929,659
SOUTH DAKOTA	\$1,198,894	\$996,496	\$9,968	\$4,043	\$859	\$2,210,260
TENNESSEE	\$40,170,110	\$0	\$2,347,699	\$0	\$240,341	\$42,758,150
TEXAS	\$93,220,576	\$3,205	\$5,049,929	\$20	\$1,849,112	\$100,122,842
UTAH	\$3,439,232	\$231,834	\$35,297	\$2,805	\$15,446	\$3,724,614
VERMONT	\$2,532,715	\$0	\$18,900	\$0	\$1,252	\$2,552,867
VIRGIN ISLANDS	\$82,748	\$0	\$302	\$0	\$0	\$83,050
VIRGINIA	\$21,359,766	\$0	\$36,878	\$0	\$230	\$21,396,874
WASHINGTON	\$12,460,914	\$3,616,859	\$529,868	\$63,661	\$22,261	\$16,693,563
WEST VIRGINIA	\$5,251,097	\$0	\$536,702	\$0	\$490	\$5,788,289
WISCONSIN	\$12,906,805	\$227,067	\$1,788,300	\$4,475	\$36,091	\$14,962,738
WYOMING	\$393,394	\$53,711	\$6,008	\$261	\$320	\$453,694
<b>TOTALS</b>	<b>\$1,126,189,895</b>	<b>\$92,878,170</b>	<b>\$67,329,696</b>	<b>\$9,798,060</b>	<b>\$22,296,425</b>	<b>\$1,318,492,246</b>

NOTE:

These dollars represent submitted claims to USAC for the time period January 2010 through December 2010, including true-ups reported to date.

For data prior to 2010 see LI07 of USAC's 2Q2011 FCC Quarterly Filing.

STATE or JURISDICTION	2011 LIFELINE NON-TRIBAL	2011 LIFELINE TRIBAL	2011 LINKUP NON-TRIBAL	2011 LINKUP TRIBAL	2011 TLS	2011 TOTAL
ALABAMA	\$35,558,732	\$2,657	\$1,896,062	\$0	\$1,239,874	\$38,697,325
ALASKA	\$8,179,469	\$17,395,661	\$37	\$69,577	\$51,431	\$25,696,175
AMERICAN SAMOA	\$68,989	\$0	\$630	\$0	\$0	\$69,619
ARIZONA	\$9,782,930	\$13,001,468	\$107,047	\$167,770	\$34,436	\$23,093,651
ARKANSAS	\$30,350,221	\$244	\$11,736,343	\$0	\$109,682	\$42,196,490
CALIFORNIA	\$158,721,328	\$43,828	\$4,540,521	\$20	\$91,969	\$163,397,666
COLORADO	\$2,161,254	\$600	\$28,413	\$0	\$3,676	\$2,193,943
CONNECTICUT	\$11,534,539	\$0	\$19,938	\$0	\$70	\$11,554,547
DELAWARE	\$3,263,321	\$0	\$1,062	\$0	\$16	\$3,264,399
DISTRICT OF COLUMBIA	\$3,488,013	\$0	\$62,179	\$0	\$4	\$3,550,196
FLORIDA	\$111,478,147	\$648	\$937,475	\$0	\$565,428	\$112,981,698
GEORGIA	\$73,471,039	\$0	\$8,676,238	\$0	\$98,347	\$82,245,624
GUAM	\$248,127	\$0	\$34,149	\$0	\$0	\$282,276
HAWAII	\$521,806	\$0	\$8,813	\$0	\$319	\$530,938
IDAHO	\$3,071,925	\$197,713	\$26,564	\$186	\$5,932	\$3,302,320
ILLINOIS	\$56,906,111	\$0	\$13,992,215	\$0	\$144,352	\$71,042,678
INDIANA	\$9,281,670	\$0	\$141,345	\$0	\$3,521	\$9,426,536
IOWA	\$5,099,104	\$114	\$386,846	\$0	\$6,599	\$5,492,663
KANSAS	\$5,959,048	\$1,844	\$1,225,433	\$0	\$59,859	\$7,246,184
KENTUCKY	\$8,403,107	\$0	\$471,005	\$0	\$350,120	\$9,224,232
LOUISIANA	\$79,037,458	\$0	\$22,695,313	\$0	\$931,326	\$102,664,097
MAINE	\$10,721,592	\$46,843	\$434,007	\$1,203	\$3,859	\$11,207,504
MARYLAND	\$33,104,396	\$0	\$11,659,023	\$0	\$238	\$44,763,657
MASSACHUSETTS	\$29,824,608	\$0	\$3,369	\$0	\$456	\$29,828,433
MICHIGAN	\$62,865,337	\$59,302	\$2,476,349	\$343	\$408,740	\$65,810,071
MINNESOTA	\$5,611,393	\$271,048	\$47,723	\$1,723	\$4,280	\$5,936,167
MISSISSIPPI	\$29,568,804	\$4,800	\$3,680,133	\$0	\$442,392	\$33,696,129
MISSOURI	\$21,853,644	\$1,129	\$6,514,240	\$45	\$94,254	\$28,463,312
MONTANA	\$1,675,125	\$1,938,015	\$9,837	\$16,622	\$4,221	\$3,643,820
NEBRASKA	\$1,521,560	\$81,982	\$15,504	\$17	\$8,141	\$1,627,204
NEVADA	\$5,781,063	\$24,300	\$999,537	\$573	\$978	\$6,806,451
NEW HAMPSHIRE	\$2,185,768	\$0	\$3,516	\$0	\$60	\$2,189,344
NEW JERSEY	\$40,221,705	\$0	\$1,080,963	\$0	\$1,040	\$41,303,708
NEW MEXICO	\$7,772,279	\$5,808,456	\$130,604	\$74,471	\$21,736	\$13,807,546
NEW YORK	\$130,463,141	\$1,291	\$96,745	\$0	\$247,597	\$130,808,774
NORTH CAROLINA	\$66,233,100	\$859	\$1,184,307	\$0	\$654,659	\$68,072,925
NORTH DAKOTA	\$1,615,326	\$512,958	\$12,668	\$5,985	\$1,458	\$2,148,395
NORTHERN MARIANA IS	\$222,721	\$0	\$13,618	\$0	\$0	\$236,339
OHIO	\$75,414,048	\$0	\$1,286,326	\$0	\$569,926	\$77,270,300
OKLAHOMA	\$27,689,509	\$74,690,511	\$-225,657	\$21,138,341	\$3,473,369	\$126,766,073
OREGON	\$6,629,201	\$33,761	\$37,893	\$50	\$7,466	\$6,708,371
PENNSYLVANIA	\$44,276,894	\$0	\$407,686	\$0	\$3,099	\$44,687,679
PUERTO RICO	\$56,752,113	\$0	\$2,049,997	\$0	\$0	\$58,802,110
RHODE ISLAND	\$3,221,205	\$0	\$331,346	\$0	\$295	\$3,552,846
SOUTH CAROLINA	\$12,686,410	\$8,503	\$754,260	\$0	\$368,179	\$13,817,352
SOUTH DAKOTA	\$907,683	\$354,470	\$7,030	\$1,350	\$649	\$1,271,182
TENNESSEE	\$48,206,091	\$0	\$947,584	\$0	\$192,635	\$49,346,310
TEXAS	\$93,828,648	\$2,785	\$3,470,150	\$0	\$844,227	\$98,145,810
UTAH	\$3,751,315	\$224,290	\$26,491	\$3,501	\$13,173	\$4,018,770
VERMONT	\$2,294,974	\$0	\$18,985	\$0	\$986	\$2,314,945
VIRGIN ISLANDS	\$111,704	\$0	\$1,232	\$0	\$0	\$112,936
VIRGINIA	\$29,482,289	\$0	\$31,302	\$0	\$239	\$29,513,830
WASHINGTON	\$18,741,179	\$3,157,106	\$691,738	\$42,712	\$18,245	\$22,650,980
WEST VIRGINIA	\$12,609,095	\$0	\$2,229,894	\$0	\$412	\$14,839,401
WISCONSIN	\$18,327,341	\$209,839	\$2,121,044	\$3,078	\$11,115	\$20,672,417
WYOMING	\$353,153	\$46,969	\$3,581	\$179	\$243	\$404,125
<b>TOTALS</b>	<b>\$1,523,110,752</b>	<b>\$118,123,994</b>	<b>\$109,540,653</b>	<b>\$21,527,746</b>	<b>\$11,095,328</b>	<b>\$1,783,398,473</b>

NOTE:

These dollars represent submitted claims to USAC for the time period January 2011 through December 2011, including true-ups reported to date.

For data prior to 2010 see LI07 of USAC's 2Q2011 FCC Quarterly Filing.

STATE or JURISDICTION	2012 LIFELINE NON-TRIBAL (12 MO)	2012 LIFELINE TRIBAL (12 MO)	2012 LINKUP NON-TRIBAL (12 MO)	2012 LINKUP TRIBAL (12 MO)	2012 TLS (12 MO)	2012 TOTAL (12 MO)
OKLAHOMA	\$32,715,307	\$200,677,173	\$7,433	\$11,757,083	\$2,988,593	\$248,145,589
CALIFORNIA	\$162,028,409	\$72,994	\$1,897,470	\$55	\$77,547	\$164,076,475
NEW YORK	\$141,741,940	\$1,392	\$20,855	\$0	\$210,529	\$141,974,716
GEORGIA	\$122,539,783	\$0	\$5,502,298	\$0	\$149,121	\$128,191,202
FLORIDA	\$118,080,385	\$1,920	\$94,154	\$0	\$156,131	\$118,332,590
OHIO	\$110,606,731	\$0	\$307,446	\$0	\$295,787	\$111,209,964
LOUISIANA	\$103,412,161	\$0	\$4,104,598	\$0	\$406,496	\$107,923,255
TEXAS	\$100,345,710	\$7,193	\$673,319	\$20	\$411,641	\$101,437,883
ILLINOIS	\$92,168,750	\$0	\$3,807,878	\$0	\$71,889	\$96,048,517
MARYLAND	\$72,700,775	\$0	\$5,542,170	\$0	\$133	\$78,243,078
NORTH CAROLINA	\$68,226,896	\$0	\$232,631	\$0	\$182,819	\$68,642,346
MICHIGAN	\$66,687,822	\$67,543	\$553,305	\$297	\$168,461	\$67,477,428
ARKANSAS	\$54,471,110	\$693	\$3,394,762	\$0	\$18,662	\$57,885,227
PENNSYLVANIA	\$56,276,316	\$0	\$168,199	\$0	\$2,439	\$56,446,954
TENNESSEE	\$48,580,781	\$0	\$144,234	\$0	\$103,375	\$48,828,390
NEW JERSEY	\$46,419,714	\$0	\$212,978	\$0	\$862	\$46,633,554
PUERTO RICO	\$41,270,698	\$0	\$551,471	\$0	\$0	\$41,822,169
ALABAMA	\$39,372,212	\$5,802	\$463,415	\$0	\$660,477	\$40,501,906
MASSACHUSETTS	\$38,210,436	\$0	\$55	\$0	\$416	\$38,210,907
MISSOURI	\$32,693,626	\$1,671	\$1,083,941	\$0	\$80,682	\$33,859,920
ARIZONA	\$16,375,207	\$15,987,550	\$29,218	\$106,551	\$11,924	\$32,510,450
MISSISSIPPI	\$31,504,117	\$5,220	\$378,978	\$0	\$277,701	\$32,166,016
VIRGINIA	\$32,005,675	\$0	\$1,823	\$0	\$605	\$32,008,103
KENTUCKY	\$25,566,788	\$0	\$2,677,722	\$0	\$125,591	\$28,370,101
WASHINGTON	\$23,598,417	\$3,330,208	\$123,275	\$28,449	\$14,809	\$27,095,158
SOUTH CAROLINA	\$24,129,019	\$12,778	\$71,060	\$78	\$104,261	\$24,317,196
ALASKA	\$4,532,272	\$18,149,718	\$55	\$57,056	\$40,827	\$22,779,928
INDIANA	\$18,982,759	\$0	\$26,832	\$0	\$1,004	\$19,010,595
WEST VIRGINIA	\$18,146,440	\$0	\$528,632	\$0	\$260	\$18,675,332
WISCONSIN	\$18,212,062	\$220,951	\$127,867	\$3,102	\$1,538	\$18,565,520
NEVADA	\$14,316,491	\$89,559	\$1,026,268	\$645	\$761	\$15,433,724
NEW MEXICO	\$6,922,289	\$7,387,560	\$41,093	\$58,144	\$18,164	\$14,427,250
CONNECTICUT	\$13,965,324	\$0	\$3,540	\$0	\$11	\$13,968,875
MAINE	\$12,299,425	\$50,446	\$221,354	\$772	\$6,795	\$12,578,792
IOWA	\$10,114,580	\$267	\$261,437	\$0	\$5,060	\$10,381,344
KANSAS	\$9,544,730	\$1,682	\$379,252	\$0	\$38,018	\$9,963,682
MINNESOTA	\$9,024,592	\$290,335	\$299,310	\$1,201	\$3,356	\$9,618,794
RHODE ISLAND	\$8,512,094	\$0	\$605,259	\$0	\$189	\$9,117,542
OREGON	\$6,892,772	\$52,337	\$7,371	\$0	\$5,892	\$6,958,372
DISTRICT OF COLUMBIA	\$5,005,216	\$0	\$53	\$0	\$0	\$5,005,269
UTAH	\$4,605,768	\$284,154	\$5,940	\$2,553	\$11,874	\$4,910,289
DELAWARE	\$4,511,402	\$0	\$504	\$0	\$12	\$4,511,918
MONTANA	\$1,133,492	\$1,809,773	\$1,955	\$21,653	\$18,238	\$2,985,111
IDAHO	\$2,685,325	\$192,020	\$6,176	\$42	\$4,347	\$2,887,910
NEW HAMPSHIRE	\$2,822,462	\$0	\$732	\$0	\$49	\$2,823,243
COLORADO	\$2,732,649	\$745	\$5,603	\$0	\$3,062	\$2,742,059
VERMONT	\$2,105,443	\$0	\$3,519	\$0	\$957	\$2,109,919
NORTH DAKOTA	\$1,259,849	\$635,440	\$3,001	\$7,820	\$1,098	\$1,907,208
NEBRASKA	\$1,362,655	\$92,930	\$2,557	\$17	\$3,421	\$1,461,580
SOUTH DAKOTA	\$752,955	\$396,733	\$1,450	\$1,717	\$360	\$1,153,215
HAWAII	\$427,645	\$10,876	\$1,921	\$0	\$281	\$440,723
GUAM	\$351,594	\$0	\$5,669	\$0	\$0	\$357,263
WYOMING	\$258,233	\$44,060	\$928	\$54	\$169	\$303,444
NORTHERN MARIANA IS	\$233,321	\$0	\$3,027	\$0	\$0	\$236,348
VIRGIN ISLANDS	\$105,405	\$0	\$198	\$0	\$0	\$105,603
AMERICAN SAMOA	\$71,121	\$0	\$90	\$0	\$0	\$71,211
<b>TOTALS</b>	<b>\$1,883,619,150</b>	<b>\$249,881,723</b>	<b>\$35,616,281</b>	<b>\$12,047,309</b>	<b>\$6,686,694</b>	<b>\$2,187,851,157</b>

NOTE:

These dollars represent submitted claims to USAC for the time period January 2012 through December 2012, including true-ups reported to date. For data prior to 2010 see LI07 of USAC's 2Q2011 FCC Quarterly Filing.



**Data Requests Sent to All Companies Offering Lifeline Service<sup>1</sup>**  
**June/July 2011**

**Lifeline Applications**

1. Provide a copy of the Lifeline application form used by your company in Missouri.
2. Has your company previously sought and received Missouri Universal Service Fund Board (USF) approval to use a unique Lifeline application form? If yes, when?
3. Does your company require a Lifeline applicant to submit proof of program eligibility?
  - a. If yes, explain:
    1. The process for recording the type of proof of eligibility documentation received.
    2. The process for returning or destroying the eligibility documentation once recorded.
  - b. If your company does not require proof of eligibility, explain why.
4. Explain what efforts, if any, your company undertakes to ensure Lifeline/LinkUp discounts are limited to one discount per residential household.
5. Please explain your company's Lifeline program customer enrollment process.
6. Does your company attempt to verify the identity of each Lifeline applicant? If so, how?
7. Does your company attempt to verify each customer's contact information and address? If so, how?

**Lifeline Service**

8. Does your company assess an installation charge to Lifeline and non-Lifeline customers? If so, what is the installation charge applied to a Lifeline customer? What is the installation charge applied to a non-Lifeline customer?
9. Identify the amount of Link Up support USAC provides to your company on a per subscriber basis.
10. Does your company require customer deposits from any Lifeline customers? If yes, describe your company's deposit policy for Lifeline customers.

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<sup>1</sup> For purposes of these data requests "Lifeline" refers to the federal Lifeline program, the Missouri low-income program and the Missouri disabled program.

11. Is a monthly bill provided to each Lifeline customer? If yes, provide a copy of a typical Lifeline subscriber bill showing how Lifeline discounts are presented on the bill.
12. Is your company's Lifeline service essentially free to the subscriber (i.e., no monthly charges are billed to the customer and the subscriber's service has a limited amount of free usage per month)? If yes:
  1. Explain how Lifeline discounts are provided to the company's Lifeline subscriber.
  2. Provide the company's process of performing periodic inactivity checks of Lifeline accounts whereas a Lifeline subscriber is terminated from the Lifeline program if it appears the subscriber is not using the service.
  3. If the company removes a subscriber from the Lifeline program due to inactivity, does the company immediately adjust Lifeline quantities accordingly in seeking USF support? If no, explain why.
  4. Can customers choose to be blocked from using more than their free allowance of minutes each month?
  5. Provide a copy of a typical Lifeline subscriber bill for a customer exceeding the allowed allotment of free minutes in a month. If no bill is issued, explain how a customer is charged for exceeding the allowed allotment of free minutes in a month.
13. Describe your company's methods of advertising Lifeline service in Missouri.
14. Identify the following information for each month during the last twelve months:
  - a. Number of new Lifeline subscribers.
  - b. Number of Lifeline subscribers disconnected for nonpayment.
  - c. Number of Lifeline subscribers disconnected for failing to verify continued eligibility.
  - d. Number of Lifeline subscribers disconnected for inactivity.
  - e. Number of Lifeline subscribers disconnected for other reasons.
  - f. Total number of Lifeline subscribers.
15. Does your company offer toll limitation service to Lifeline subscribers? If yes, how many current Lifeline customers have toll limitation service?
16. Does your company use at least a portion of its own facilities in providing service to Missouri Lifeline subscribers? If yes, generally describe those facilities.
17. Describe how your company informs the customer of an improper payment (i.e., rejected credit card, insufficient funds check).

18. Provide examples of any communications sent to customers terminated from the Lifeline program for any reason.
19. Provide a copy of all Form 477 submissions to USAC for the past twelve months whereby your company is seeking Lifeline and LinkUp support for its Missouri Lifeline subscribers.

### **Wholesale Arrangements**

20. Does your company provide wholesale services to a reseller whereby the reseller provides Lifeline service? If yes, identify the resellers and explain the arrangements. Include in your explanation what action is taken by your company to ensure the reseller(s) complies with state and federal Lifeline requirements. Also include in your explanation how Lifeline and Link Up reimbursements are handled between your company and the reseller(s).
21. Does your company use agents or third parties to help register customers for Lifeline service? If yes, explain the arrangement including what action is taken by your company to ensure such parties comply with program requirements.
22. Does your company have any affiliated companies offering Lifeline service in Missouri? If yes, identify the company and explain the relationship.
23. Do any unaffiliated companies with common ownership or management with your company offer Lifeline service in Missouri? If yes, identify the company and explain the relationship.
24. If you responded “yes” to either of the two prior data requests, does your company share information with the company? If yes, explain what type of information is shared.

### **Annual Verification of Lifeline Subscriber Eligibility**

25. Does your company perform an annual verification process to determine whether a customer continues to be eligible for the Lifeline program? If yes,
  - a. Explain your company’s annual verification process.
  - b. Is a customer required to re-submit proof of eligibility?
  - c. If a sampling of customers is performed explain how sample size is determined and how customers are selected to be included in the sample.
  - d. How much time are customers given to respond?
  - e. Explain your company’s procedure if a Lifeline subscriber fails to respond to the company’s annual verification request.

26. Provide results and time frame of your company's most recent annual verification process as described in your response to the prior data request.
27. If applicable, provide a list of customers dropped from the Lifeline program during your company's most recent annual verification process. Please include customer name, the date the customer was dropped from the Lifeline program and the reason the customer was terminated from the program (i.e., customer failed to respond, customer failed to submit proof of eligibility, customer no longer qualifies).

### **Complaints/Investigations**

28. Has your company received any complaints from Missouri consumers regarding its provision of Lifeline service? If yes, quantify the number of complaints and explain the complaint issue(s). Include in your explanation how such complaints are resolved.
29. Have any Lifeline consumers submitted or filed complaints with the Federal Communications Commission (FCC) regarding your company's provision of Lifeline service? If yes, quantify the number of complaints and explain the complaint issue(s). Include in your explanation how such complaints are resolved.
30. During the past twelve months have any federal or state authorities alleged your company, affiliated companies or unaffiliated companies with common ownership or management with your company are improperly administering Lifeline service? If yes, identify the state(s) and explain the allegations. Provide any court or regulatory decisions concerning such allegations.
31. Has USAC previously audited your company for compliance with Lifeline program requirements? If yes, identify the year the audit was performed and describe the results. Specifically, describe any corrective action prescribed by USAC and whether your company has implemented USAC's recommendations/directives.

### **Financial**

32. Identify the following 2010 funding support amounts received by the company for Missouri Lifeline subscribers:
  - a. Missouri USF funding support.
  - b. Federal USF Lifeline funding support.
  - c. Federal USF Link Up funding support.
33. Please explain the general ledger transactions or bookkeeping process that tracks the financial support received from federal and state USFs for the Lifeline and Link Up programs. Include in your explanation the tracking of Lifeline and Link Up discounts applied to customer accounts.



**Data Requests Sent to 15 Wireless Carriers  
December 2011**

<i>These data requests and responses are stored in EFIS. The data requests were sent to 15 wireless carriers in December 2011. The 15 companies ( EFIS file numbers) are:</i>	
Cricket (BISR-2012-0349)	Easy Wireless (BISR-2012-0356)
SafeLink Wireless (BISR-2012-0350)	iwireless d/b/a Access Wireless (BISR-2012-0357)
dPi Teleconnect (BISR-2012-0346)	Off the Hook Telecom (BISR-2012-0358)
Life Wireless (BISR-2012-0347)	Stand Up Wireless (BISR-2012-0359)
Reachout Wireless (BISR-2012-0348)	Surety Wireless (BISR-2012-0360)
Cintex Wireless (BISR-2012-0354)	True Wireless (BISR-2012-0361)
YourTel (BISR-2012-0363)	Budget PrePay (BISR-2012-0362)
Assist Wireless (BISR-2012-0355)	

**Data Requests regarding Lifeline service<sup>1</sup>:**

1. Does your company mail unsolicited free phones to consumers? If yes, please respond to the following:
  - a. How are consumers selected?
  - b. What specific information do you have regarding the consumer?
  - c. Is Lifeline or LinkUp support provided for these phones?
  - d. Provide a copy of all correspondence that accompanies an unsolicited free phone.
  - e. Explain what action is taken to ensure the household qualifies for the Lifeline program?
  - f. Explain what action is taken to ensure the household does not already participate in the Lifeline program.
  - g. How many unsolicited free phones has the company distributed in Missouri?
  - h. How many unsolicited free phones within Missouri have been returned?
  
2. Does your company mail or distribute free phones to consumers who have solicited the company for a free phone but have not completed a Lifeline application form or submitted proof of eligibility? If yes, explain the arrangement and include in your explanation the following information:
  - a. What specific information do you have regarding the consumer?
  - b. Provide a copy of all correspondence that accompanies the free phone.
  - c. Explain what action is taken to ensure the household qualifies for the Lifeline program?
  - d. Explain what action is taken to ensure the household does not already participate in the Lifeline program.

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<sup>1</sup> For purposes of these data requests “Lifeline” refers to the federal Lifeline program, the Missouri low-income program and the Missouri disabled program.

3. Does your company distribute free government-funded wireless phones to consumers outside of buildings containing social service offices? If yes, provide the following information about the arrangement:
  - a. Explain the arrangement.
  - b. How often does it occur?
  - c. Approximately how many phones have been distributed in this manner?
  - d. Is the customer required to submit a Missouri Universal Service Board approved application?
  - e. Explain what is done to ensure the customer's identity, proof of eligibility and Lifeline service is limited to one discount per household.
  
4. Does your company allow a consumer to electronically sign-up for Lifeline service? If yes, explain this process. Include in this explanation how proof of eligibility is determined as well as how it is determined whether the customer already participates in the Lifeline program.
  
5. Are sales agents used to sign-up consumers to the Lifeline program? If yes:
  - a. How many sales agents are used in Missouri?
  - b. How are sales agents selected?
  - c. Explain any training and the frequency of such training that is provided to sales agents.
  - d. Provide a copy of any written training/instructions for sales agents.
  - e. Explain how sales agents market the company's Lifeline service to potential customers.
  - f. Explain how the company ensures all sales agents comply with Lifeline program requirements.
  - g. Provide a copy of a copy of a contract or agreement between a sales agent and the company.
  
6. Provide an electronic list identifying all current Lifeline subscribers within Missouri. The list should have the capability to be easily sorted. Preference is for the list to be compiled in an Excel spreadsheet format. The list should contain the following information about each subscriber and be contained in separate columns within the Excel spreadsheet: (a.) last name, (b.) first name, (c.) street address, (d.) city, (e.) state, (f.) zip code (g.) phone number (h.) name of company.
  
7. Submit any evidence a Lifeline subscriber's household is limited to one Lifeline discount.

8. Identify the following information for each month during the last twelve months or since the company first started offering Lifeline service in Missouri:
  - a. Number of new Lifeline subscribers.
  - b. Number of Lifeline subscribers disconnected for nonpayment.
  - c. Number of Lifeline subscribers disconnected for failing to verify continued eligibility.
  - d. Number of Lifeline subscribers disconnected for inactivity.
  - e. Number of Lifeline subscribers disconnected for other reasons.
  - f. Total number of Lifeline subscribers.
  
9. Senator Claire McCaskill's December 9, 2011 letter to FCC Chairman Julius Genachowski expresses a concern there appears to be little ability to control what is done with phones distributed as free wireless phones under the Lifeline program. For example, a user can potentially sell or trade the phone in a barter transaction, putting the Lifeline phones into the hands of those for whom they are not intended. What is the company's reaction to this concern? Is the company taking any action to address this concern? If yes, explain.
  
10. The Federal Communications Commission recently asked to be kept apprised of any action taken by the Missouri Public Service Commission to investigate concerns regarding wireless Lifeline programs offered in Missouri. The FCC is receiving a copy of the pending and prior information requests; however, company responses have not yet been sent. Please confirm your company's prior and subsequent responses to all data requests may be provided to FCC officials.