

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of a Repository Case in Which to)
Gather Information About the Lifeline Program) **File No. TW-2014-0012**
And Evaluate the Purposes and Goals of the)
Missouri Universal Service Fund)

COMMENTS OF CENTURYLINK

CenturyTel of Missouri, LLC d/b/a CenturyLink; CenturyTel of Northwest Arkansas, LLC d/b/a/ CenturyLink; Spectra Communications Group, LLC d/b/a CenturyLink; and Embarq Missouri, Inc. d/b/a CenturyLink; (collectively “CenturyLink”) hereby submits the following comments in response to the Commission’s *Notice of Opportunity to Comment* of July 26, 2013.

a. What should be the purposes and goals of the Missouri USF?

Missouri law at section 392.248 RSMo, clearly establishes the purpose of the fund and CenturyLink believes this mandate should be fully implemented for the benefit of the State of Missouri and its citizens.

“(1) To ensure the provision of reasonably comparable essential local telecommunications service, as that definition may be updated by the commission by rule, throughout the state including high-cost areas, at just, reasonable and affordable rates;” and “(2) To assist low-income customers and disabled customers in obtaining affordable essential telecommunications services.”

b. What problems should be addressed in the administration and operation of the Missouri USF?

Currently, the Commission requires applications be on a Commission approved form. CenturyLink questions if the current form fully complies with the federal certification requirements and urges any mandated forms completely comply with the federal certification requirements. Further, CenturyLink believes the directions on the current form are unclear and could be improved.

Additionally, CenturyLink believes customer confusion and company representative input errors could be largely avoided if the Commission would allow separate forms for the two programs. Further, we believe the Commission should allow companies to submit their own draft forms to the Commission for review of minimum requirements and thereafter allow companies to utilize such forms.

c. What changes should be made to the Missouri USF?

In addition to the other topics addressed herein, CenturyLink believes that due to recent regulatory and legislative actions that have occurred at the state and federal level within the past year, the Commission should revisit the necessity of providing high cost support from the Missouri USF in order to accomplish the statutory goals for the following reasons:

1. Pursuant to the National Broadband Plan, the FCC planned to make 4 megabits per second (Mbps) download speeds and 1 Mbps upload speed available to all Americans by 2020. To support this, two funds were authorized: the Connect America Fund II (“CAF”) and the Mobility Fund. The CAF will replace the USF high-cost support for voice services; and will only provide funds to specific high cost census blocks where there is no unsubsidized operator providing qualified broadband service. In addition, the CAF Phase II model places a cap on the level of high cost funding leaving the highest cost areas with no support for a landline voice or broadband capable network. Thus no federal USF funds will be available in the future for voice services in high cost areas; and
2. HB 331 & HB 345 was signed into law by Governor Nixon and will take effect once a legal challenge to the laws is disposed of. The new law will remove the carrier of last resort (“COLR”) obligation on telecommunication companies.

Due to these actions, there will be Missouri citizens in the future who seek voice services in rural areas where no infrastructure currently exists and no business case can be made to provide the requested voice service. In such cases, the prospective customer may be given the opportunity to pay for the installation of the necessary infrastructure to provide service. However, if the prospective customer chooses to not pay to install the infrastructure, they will be without voice services unless the Missouri Public Service Commission designates such area as a “High Cost Area” pursuant to Section 392.248 RSMo and 4 CSR 240-31.040 and awards financial support to extend infrastructure to reach the prospective customer.

Since its enactment in 1998, 4 CSR 240-31.040 relating to high cost support has yet to be utilized. However, the need to provide such financial support to ensure all Missourians have access to voice services has never been higher than it is today, as no other funding source exists and the COLR obligation has been removed from telecommunication companies.

CenturyLink urged the Commission to not proceed with its rulemaking in case TX-2013-0324 in regard to 4 CSR 240-31.040 and to restore the language in 4 CSR 240-31.010 (13) referring to high-cost support. Should this request not be accepted, we believe the Commission should begin the process of adopting new rules relating to the high-cost fund.

d. Should wireless carriers be required to contribute to the Missouri USF and also be able to receive Missouri USF support?

Wireless providers are already eligible to receive funding from the Lifeline program, and should contribute to the USF plan in an amount that will ensure financial parity exists among providers. According to NRRI report 12-10 (July, 2012) wireless providers contribute to USF plans in 28 states.¹ .

e. Should the Lifeline program be expanded in Missouri to ensure qualifying low-income consumers have access to broadband service? If yes, how should the program be expanded?

¹ <http://communities.nrri.org/documents/317330/e1fce638-ef22-48bc-adc4-21cc49c8718d>

CenturyLink believes that access to broadband services is a vital telecommunication service that is now a necessity and should be available to every person. To aid in this endeavor the Federal Communications Commission has recently initiated the Connect America Fund (“CAF”) which is designed to “accelerate the broadband build-out to the 18 million Americans living in rural areas who currently have no access to robust broadband infrastructure.” Unfortunately, the current design of the CAF will not bring broadband to every American nor every Missourian. Therefore, CenturyLink believes that the Missouri PSC should help bridge this gap with the tools given to it by the General Assembly. Obviously, to expand broadband beyond the reach of CAF, financial resources will be necessary and currently pursuant to 392.248 RSMo, the Commission can only look to “assessments on all telecommunications companies in the state which shall be based on Missouri jurisdictional telecommunications services revenue and other nondiscriminatory factors as determined by the commission.” Should the Commission choose to expand the definition of “essential local telecommunications service” to include broadband, a balanced approach ensuring that assessments are made on a broad and equitable basis. All providers benefit when the most citizens as possible have connectivity.

f. Should the eligibility criteria for consumers to qualify for the Lifeline program be expanded? If so, how?

CenturyLink believes the Commission should maintain its current practice of mirroring eligibility requirements with that of the FCC.

g. Should the Missouri USF support amount of \$3.50 be increased, decreased or remain the same?

Changes to the federal Lifeline program have eliminated the matching requirement for state Lifeline plans. However, monetary assistance for voice services to disabled and low-income customers, who may not be able to subscribe to such voice services in the absence of such financial aid, is in the best interest of the State of Missouri and its citizens. CenturyLink believes the current amount should, at a minimum, be maintained.

h. Do you anticipate the FCC's reforms, when fully implemented, will adequately address fraud, abuse and waste within the Lifeline program? Why or why not?

Although the question calls for considerable speculation; CenturyLink believes the FCC has an opportunity to make great strides in regard to waste, fraud and abuse. For example, we know that the FCC is implementing a duplicates database at the end of this year that all Lifeline ETC's will be required to participate in, and that database is believed to drastically reduce abuse in the form of duplicate Lifeline benefits within the same household. Further, in 2014, the FCC should have an eligibility database that will work in conjunction with the duplicates database to determine if a customer is eligible for benefits. These changes are positive movement towards reducing abuse in the program.

One example of waste we hope the FCC reforms address is that some wireless carriers have issued multiple Lifeline phones to individuals that apply for benefits. Further, records clearly show that the draw of lifeline support from the Fund has nearly doubled every year since

wireless carriers began offering Lifeline support. These facts among many others illustrate that the FCC is correct in attempting to drive waste, fraud and abuse from the program.

i. What specific compliance efforts would be easy to implement to ensure companies and consumers comply with Lifeline program requirements?

Matching the federal Lifeline program requirements would be the easiest method to assist in compliance efforts. The FCC is currently building data bases that will better coordinate compliance efforts.

j. Should the State of Missouri strive to implement a data base to confirm Lifeline subscriber eligibility? If yes, how should it be funded?

CenturyLink believes the current process to confirm Lifeline eligibility is adequate for now.

CenturyLink can see no reason why the state should develop a state-specific Lifeline eligibility database when it can coordinate with USAC the population of the federal database. The federal Lifeline Eligibility Database is due to be in place sometime in 2014.

k. What other issues should be considered in this workshop proceeding?

CenturyLink takes no additional position at this time.

Respectfully submitted this 12th day of September 2013.

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