

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No. TW-2014-0012

From: Kari Salsman, Utility Policy Analyst I

Subject: Form 555 Continued Eligibility of Existing Lifeline Subscribers

Date: May 7, 2020

The Lifeline program is a discounted phone service available to qualifying low-income consumers.¹ Each year all existing Lifeline subscribers are required to verify their continued eligibility in the Lifeline program.² This annual verification process will de-enroll a Lifeline subscriber for failing to respond to a verification request or if the subscriber responds by indicating they are no longer eligible.

All Lifeline providers must submit their annual Lifeline verification results to the FCC, the federal universal service fund administrator (USAC) and the applicable state commission.³ Results are submitted using a standardized form developed by the FCC. The FCC labels the form “Form 555”, the “Annual Lifeline Eligibility Telecommunications Carrier Certification Form”. The FCC initiated Form 555 in 2012 and subsequently revised this form in 2013, 2014 and 2017. A significant change with the 2017 form, currently in use, is that recertification results are now reported month-by-month based on the subscriber’s anniversary date, not the yearly aggregate.

Providers offering Lifeline service with no monthly fee must de-enroll a subscriber if the subscriber fails to use the service within a sixty day time period. De-enrollments due to non-usage are identified on a monthly basis for the calendar year in a Form 555 report of a company offering Lifeline service with no monthly fee. Sixteen Missouri providers were subject to the non-usage requirement in 2019 and the results of the report indicate these companies are de-enrolling subscribers for non-usage as required.

A total of 38,853 Missouri lifeline subscribers were contacted to verify eligibility in 2019. Among these subscribers 6,335 were de-enrolled resulting in an overall de-enrollment percentage of 16%. The 2018 verification effort de-enrolled 40% with the prior two years having a de-enrollment percentage of 41% and 32%.

¹ For a more detailed explanation about the Lifeline program and how it works in Missouri see *The Lifeline Program* a report compiled by the Missouri Commission Staff and filed in Case No. TW-2014-0012; July 10, 2013.

² This requirement is codified at the federal level in 47 CFR §54.410(f).

³ 47 CFR §54.416(b)

The recent launch of the National Verifier in Missouri has created confusion regarding the process and compiling a company's Form 555 report.⁴ For example, when a state implements the National Verifier the National Verifier will independently verify the eligibility of all subscribers in a process referred to as "reverification". In turn, the Form 555 report is based on a separate process referred to as "recertification". Industry officials have expressed confusion regarding their recertification responsibilities and completing the Form 555 report. Staff repeatedly reached out to USAC in its capacity as the National Verifier for clarification but USAC failed to respond. Consequently Staff is unable to determine if the recently submitted Form 555 reports were consistently and appropriately compiled.⁵ Going forward Staff expects the National Verifier will be solely responsible for all verifications of eligibility but the logistics of compiling future Form 555 reports remains unclear.

Form 555 reports filed with the Missouri Commission are maintained within the Commission's Electronic Filing and Information System and are automatically classified as confidential.⁶ A total of 71 Form 555 reports were filed with the Missouri Commission for the 2019 recertification process. The deadline for filing Form 555 is January 31. Most companies submit Form 555 results in a timely manner but five companies failed to file their reports by the prescribed deadline.⁷ Results from Form 555 reports for the 2019 verification process are provided in Attachment A.

⁴ The National Verifier was soft launched in Missouri in December 2018 and became fully launched in March 2019.

⁵ USAC correspondence with some Missouri companies instructed companies to simply insert "zeros" in their Form 555 report.

⁶ The Missouri Commission maintains these reports in EFIS as a non-case related submission.

⁷ Staff contacted a company if the company failed to submit the report within a week of the deadline. At this time one company has not submitted a report.