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STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION

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December 11, 2017

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, D.C. 20554

RE: Ex Parte - Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, Telecommunications Carriers Eligible for Universal Service Support, WC Docket No. 09-197, Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

The Michigan Public Service Commission (MPSC) hereby provides supplemental information in support of its Request for Lifeline Waiver Extension for Michigan filed on November 30, 2017 in the above-captioned proceeding. Staff from the MPSC had a conference call on December 6, 2017 with Rashann Duvall and Jodie Griffin of the Wireline Competition Bureau regarding the MPSC's request for an extension of the waiver granted in 2016 regarding the implementation of the changes in Lifeline Eligibility criteria set forth in the *2016 Lifeline Modernization Order*. The current waiver for Michigan expires on December 31, 2017¹. This letter provides supplemental information requested in that conversation.

The MPSC appreciates this opportunity to provide more details in a couple of areas that were mentioned on the call – the legislative process and the timing related to the possible development of a portal for Universal Service Administrative Company (USAC) to the Michigan data by the Michigan Department of Technology and Budget. As mentioned in our request for extension, Michigan's state Lifeline requirements would need to be changed to be consistent with the revised rules and directives in the 2016 Lifeline Modernization Order. This would require a change in the Michigan Telecommunications Act (MTA). That can only happen through legislative action. During 2017, there have been discussions among interested stakeholders but nothing formal has yet been drafted or introduced by the Legislature. This is a politically sensitive issue given the discrepancy between today's Michigan Lifeline criteria and the new federal eligibility criteria. It is still necessary to allow additional time for stakeholders to continue the ability to draft legislative language in the form of a bill, identify a sponsor to introduce that bill, educate key legislators on the need for new legislation, and allow for

¹ FCC's December 1, 2016 Order - <https://ecfsapi.fcc.gov/file/120101802392/DA-16-1324A1.pdf>

committee testimony and voting, as well as votes by both the House of Representatives and Senate before going to the Governor for signature. Since 2018 is an election year in Michigan, it is likely that the timing of any final action probably would not occur until after the elections next fall, and that is why we are requesting a one-year extension.

Since receiving the waiver, the MPSC has been in many discussions with USAC, the Michigan Department of Health and Human Services (DHHS) and the Michigan Department of Technology, Management and Budget (DTMB) regarding the MLED and possible creation of a new database or access to an existing database to be used by USAC to verify federal eligibility of consumers. As mentioned in our original request for extension, while the meetings have been beneficial, progress has been slow. Currently our Department of Technology, Management and Budget is undergoing a major restructuring and this directly involves IT projects of this nature. DTMB is not able to take on any new projects until this restructuring is complete. The estimated timeframe for possible consideration of this project is the fall of 2018. If USAC can provide funding for the project, it is possible that DTMB will be able to do this project in the last quarter of 2018. This project would still have to be approved and agreed to by USAC and the state agencies in Michigan. Once that access to the Michigan DHHS data source is complete, it will match the federal eligibility criteria and all providers can use this to verify eligibility for federal funds. This can proceed regardless of the status of any legislative activity.

Michigan currently uses the Lifeline eligibility program criteria that is embodied in the MTA, which was consistent with the FCC's criteria last established in 2012. These programs include Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance; Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; and Temporary Assistance for Needy Families (TANF). The Veterans and Survivors' Pension Benefits Program was added in compliance with the FCC's Third Report and Order, Further Report and Order, and Order on Reconsideration in WC Docket No. 11-42, WC Docket No. 09-197 and WC Docket No. 11-42 (released April 27, 2016).

To get a sense of any financial impact of extending Michigan's waiver for another year, we have reviewed national and USAC data. Michigan's current eligibility program criteria includes three programs that were excluded in the FCC's Third Report and Order, Further Report and Order, and Order on Reconsideration: LIHEAP, National School Lunch Program's free lunch program and TANF. These programs demonstrate eligibility for a small percentage of Lifeline subscribers. The FCC's Third Report and Order, Further Report and Order, and Order on Reconsideration references a USAC chart entitled *Lifeline Program: Subscribers by Eligibility Program*². The data in this chart specifies Lifeline Program eligibility qualification information as reported to USAC as of November 2015. The chart indicates that, nationally, 1.2% of Lifeline subscribers use TANF, 1.2% use LIHEAP and 0.3% use the National School Lunch Program to show they are eligible for the Lifeline Program. Generalizing this to Michigan, the FCC would have to pay the Lifeline credit for an additional 2.7% of Michigan subscribers during the waiver period. The financial impact appears to be minimal if Michigan's waiver were extended one year.

² <http://www.usac.org/res/documents/about/pdf/quarterly-stats/LI/Subscribers-by-Eligibility-Program.pdf>

The MPSC urges the FCC to consider our original request along with this supplemental information to grant an extension of Michigan's current waiver until December 31, 2018. This will allow stakeholders in Michigan more time to determine any statutory changes that need to take place and allow more time for the MPSC and USAC to work together towards the integration of Michigan's data sources into a solution that will feed into the National Verifier database. An extension of the waiver would also avoid a dual state and federal verification process for all of the providers in Michigan, which would be costly and time-consuming and in the end will harm the neediest consumers of Lifeline telephone service.

Respectfully submitted,

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner