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February 8, 2016

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

Re: *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:

This letter is being provided to you and the Federal Communications Commission (FCC) on behalf of the Michigan Public Service Commission (MPSC) in support of states maintaining their Eligible Telecommunications Carrier (ETC) designation authority. The MPSC is concerned that the FCC is contemplating removing the states' ETC designation authority, which has been in place for many years pursuant to delegated authority from the 1996 Federal Telecommunications Act. The MPSC believes that states' ability to designate ETC is very important and beneficial, and the removal of that authority could potentially cause a number of negative impacts. Below are a few concerns:

- Historically, the FCC and the states have cooperated on the designation, oversight and enforcement of ETCs. These efforts have helped to reduce waste, fraud, and abuse. States have spent many hours and resources processing ETC applications, reviewing annual recertifications, etc. The time and staff resources are a benefit to the FCC and assist in the program running more efficiently and effectively.
- In Michigan, state oversight provides for a very efficient means for companies seeking high-cost support or Lifeline reimbursement. The MPSC is not aware of any issues regarding timeliness and have not received complaints from providers that our designation process is too burdensome. Oftentimes, we are able to answer questions from companies and assist them before they submit their application for ETC designation, which helps the process run more quickly and efficiently. Removing the designation authority from states would increase the burden on the FCC, and potentially slow the designation process significantly with less vetting of the applicants.
- The MPSC conducts a thorough review of each ETC application to ensure compliance with both federal regulations, as well as MPSC orders. The MPSC scrutinizes the information that is provided by the applicant. The MPSC is concerned that if this level of scrutiny is removed, it could potentially open the door for fraud and abuse.

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- States like Michigan have more familiarity with the geographic areas and marketplace in which the ETCs are applying for designation. States generally know the provider and its business history in the state. States also communicate with each other regarding companies seeking ETC designations in an effort to be mindful of potential bad actors. States' experience and knowledge in these areas help to fight against waste, fraud, and abuse and saves the FCC time and resources and helps preserve universal service funds.
- High-cost funds that companies receive is intended for specific purposes. States review that information to ensure that companies are being held accountable. This is especially important with the inclusion of broadband as a service to be eligible for ETC status. If the states are removed from the process, it may increase the chance of waste or abuse of those funds.
- The MPSC is also concerned regarding the ETC's annual recertification (Form 481). The MPSC re-certifies each year that the existing ETCs have provided the necessary and required information to be re-certified as an ETC for the next year. MPSC thoroughly reviews all of the submitted information to ensure the companies are complying with federal regulation and MPSC orders. The MPSC oftentimes has to follow-up with companies regarding information that was not provided or was provided incorrectly. The elimination of the states' authority could cause an increase in potential waste, fraud and abuse, errors in information filed, and the possibility of a significant backlog at the FCC.
- Consumers may potentially be harmed if oversight of ETC designation and recertification is lessened. Without state oversight, there is the potential for an increase in waste, fraud, and abuse which could have an overall negative impact on consumers for the services that they are expecting to receive from providers.
- States such as Michigan can generally respond to detailed questions from the Universal Service Administrative Company (USAC) auditors in a timely manner. Many of these questions transpire when USAC is conducting an audit of an individual company. This quick action helps the program run more efficiently and helps prevent backlog at the FCC.

The MPSC would encourage the FCC to carefully review and consider the concerns of state commissions as to why it is important to keep ETC authority review and approval with the states that have accepted this authority.

Respectfully submitted,

Sally A. Talberg, Chairman
Michigan Public Service Commission

John D. Quackenbush, Commissioner
Michigan Public Service Commission

Norman J. Saari, Commissioner
Michigan Public Service Commission