

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON D.C. 20554**

In the Matter of:	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Advancing Broadband Availability Through Digital Literacy Training	)	WC Docket No. 12-23

**COMMENTS OF THE  
MICHIGAN PUBLIC SERVICE COMMISSION**

On February 6, 2012, the Federal Communications Commission (FCC or Commission) released a Report and Order and Further Notice of Proposed Ruling (FNPRM) in the above-mentioned dockets regarding Lifeline and Link Up Reform, the Modernization of the Universal Service Fund, and the Advancing Broadband Availability Through Digital Literacy Training. The FNPRM was published in the Federal Register setting the comment schedule on March 2, 2012.

**Introduction**

The Michigan Public Service Commission (MPSC) commends the FCC's efforts to reform and adjust the Lifeline and Link Up programs in order to reduce waste, fraud, and abuse. The MPSC offers the following comments on specific questions and concepts discussed in the FNPRM. The

MPSC has formatted its comments to track the headings and subheadings used in the FNPRM. Additionally, the MPSC looks forward to reviewing the comments filed by the other parties in this proceeding and will continue to participate by filing reply comments if necessary to clarify and/or add to the discussion of how to best proceed in updating the Universal Service Fund as it relates to the Lifeline and Link Up programs and digital literacy.

### **Discussion**

#### *Eligibility Database*

As Michigan does not currently have a state-specific eligibility database; the MPSC supports the creation of a national eligibility database whereby eligible telecommunications carriers (ETCs), non-ETC providers, the MPSC, and other relevant state and federal agencies could have access to portions of the database for the purpose of verifying Lifeline Applications. The MPSC believes that a national database would be reasonable, more standardized, and potentially more efficient. As the FCC notes in the FNPRM, many states lack sufficient funding and the expertise to create a state eligibility database. The MPSC agrees that without additional funding, it is unlikely that states will be able to implement the eligibility database.

In the past, state and federal agencies have coordinated their efforts to create a consolidated national program – as opposed to numerous state-specific programs. An example of this is the National Broadband Map. Here, states were given the opportunity to seek funding to create state-

specific maps of available broadband services via a grant process. The amounts funded to each state varied from 1.2 million dollars to 8.9 million dollars. A National Broadband Map was created by combining the products of the state efforts. The MPSC believes that although this federal funding allocation process was tedious, it demonstrated that each state had varied funding needs and processes in order to accomplish the same goal. No matter what database the FCC decides to utilize, the Commission should be mindful of the different needs of each state.

When establishing a database to verify a customer's eligibility for the Lifeline program, the MPSC recognizes that state and/or federal agencies need access to a customer's personal information. The MPSC supports the notion that each customer should give affirmative consent, when submitting their Lifeline application, to allow for the transmission of eligibility information, or other personal data, from a state social agency to third parties. ETCs should be mandated to obtain this consent at the time the consumer applies for Lifeline.

Additionally, in order to increase efficiency, the national eligibility database and the national duplicates database should communicate with each other. Different portions of both databases should be accessible to states agencies and telecommunications providers. A secure web-based database would facilitate this process, not only to the FCC, but the states and the providers as well.

## *Digital Literacy*

The MPSC concurs with the FCC that the Broadband Technology Opportunities Program (BTOP) grants overseen by the National Telecommunications and Information Administration (NTIA) have enabled progress in boosting digital literacy. Michigan was awarded various grants for Sustainable Broadband Adoption, Computer Centers, as well as a State Broadband and Development program. The synergies and success stories derived from these programs are a good starting point for deciding some of the issues that the FCC is seeking to answer - such as the type of entity that should be funded and the eligibility criteria. Moreover, the FCC could consult with the NTIA to discuss best practices from the BTOP programs. Considering that a lack of digital literacy is a real and measured barrier to the use of broadband by consumers, utilizing some portion of the USF funds to eliminate this barrier appears to be appropriate.

Nevertheless, the MPSC disagrees with the FCC's proposal to limit funds to entities that already offer formal digital literacy training services. Some successful BTOP programs already put into place will not have additional funding after 2013. The MPSC believes that entities currently funded for digital literacy with a proven track record of success should be considered. This would potentially allow for more efficient use of the funds as these programs are already operational and would potentially run more smoothly than a new program. Also, it would avoid potential stagnation in a

community that was beginning to progress due to this available service. Additionally, the FCC seems to be seeking to tackle the problem of “supplement vs. supplant,” which is not limited to digital literacy training. The MPSC urges the FCC to remember that federal grants, such as BTOP grants, are temporary, and in locations where temporarily funded digital literacy training programs exist, there will be a need for continued funds in order to maintain those programs. If the FCC limits funds to entities that already offer formal digital literacy training services, the Commission would be allowing experienced programs to decline, which would result in a loss of best practice knowledge and expertise in locations that need further digital literacy outreach.

One possibility for funding digital literacy, if the Commission has the statutory authority to do so, would be to provide digital literacy funds to states, (for example a state’s regulatory commission) who can then sub-grant funds to appropriate recipients or create public-private partnerships with different entities as is the case with the Connect Michigan program in Michigan. Connect Michigan’s research can prove highly valuable in helping target digital literacy efforts to areas where they are most needed. The FCC’s questions speak to the undeniable need for research into consumer technology adoption at a granular level, at a very minimum the state level, and also speak to the need for the involvement of a state-based entity to play a role in assisting the FCC’s efforts. The state-based broadband programs

established by the federal government with the State Broadband Initiative (SBI) appear to be a natural and logical solution.

Regarding the reporting requirements, the MPSC believes that current reporting structures utilized by the National Telecommunications and Information Administration's BTOP sustainable broadband adoption program should be adapted as part of a solution to the FCC's query.

#### *Resale*

In order to avoid duplicative reimbursement, the MPSC supports a rule that would only allow ETCs and ETC resellers to receive Lifeline support from the Universal Service Fund if they provide Lifeline service directly to subscribers. Consequently, ETCs offering services at wholesale to resellers would be precluded from receiving any reimbursement from the Fund. The MPSC would be more in favor of this course versus the FCC forbearing from the resale requirement of section 251(c)(4) as it applies to Lifeline-discounted services sold to non-ETC providers.

#### *Lifeline Support Amounts for Voice Service*

The MPSC supports a uniform flat rate reimbursement as it creates a level of certainty for consumers and providers. Although it appears reasonable, the MPSC suggests that if the FCC is uncertain whether the established amount is adequate, the FCC could maintain this amount for a year and, if no issues arise, establish a longer period before the amount would need to be revised.

The FCC also sought comment on whether the flat rate discount amount should be split across two or more lines and even between wireless and wireline service. The MPSC believes this would create a more complex system while the net benefit to the consumer would remain the same due to the one per household rule. Furthermore, allowing certain bundled services may relieve some of the issues raised here.

*Adding Women, Infants, and Children Program to the Eligibility Criteria*

The MPSC supports adding the Special Nutrition Assistance Program for Women, Infants, and Children to the list of qualifying federal assistance programs for Lifeline. This may help identify additional low-income individuals in need of assistance.

*Homeless Veterans Programs Inclusion for Purposes of Eligibility*

The FCC sought comment on measures that would enable veterans who lack any income, but are not otherwise enrolled in a qualifying program, to demonstrate eligibility for Lifeline. The MPSC would propose to allow homeless Veterans to sign up for one year without eligibility verification nor proof of income. The Veterans would then have one year to show proof of income or lack thereof with additional documentation such as, but not limited to, tax returns, Department of Veterans Affairs' official certification, etc....

*Mandatory Application of Lifeline Discount to Bundled Service Offerings*

While the MPSC is in favor of Lifeline subscribers receiving discounts on voice component bundles, the question arises whether or not this will

create complications and potentially a greater chance for fraud. In Michigan, there is not an established mandate use of a discount on service offerings. The MPSC supports the inclusion of voice-related features and broadband services as part of a bundled offering, but does not, however, support allowing video offerings as part of the same package for Lifeline discounts. While it could be argued that voice and broadband services are necessary for the safety and welfare of a household, it would be difficult to assert that video services are. The FCC should be mindful of the types of bundled services allowable for the Lifeline discount.

#### *“Own Facilities” Requirements*

The MPSC commends the FCC for affirming that “a Lifeline-only ETC does not meet the ‘own-facilities’ requirement of section 214(e)(1) if its only facilities are those used to provide functions that are no longer supported ‘voice telephony service’ under amended rule 54.101, such as access to operator service or directory assistance”<sup>1</sup> and for issuing “a blanket forbearance from the facilities-based requirement contained in section 214(e)(1)(A) to all telecommunications carriers that seek limited ETC designation to participate in the Lifeline program (...).”<sup>2</sup> The MPSC is concerned about the so-called “facilities-based resellers” and providers in general that have limited facilities in order to meet the “own facilities”

---

<sup>1</sup> Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, para. 495.

<sup>2</sup> Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, para. 496



requirement. The MPSC has several ETC applicants that claim to be facilities-based providers because they have a switch in a different state but route the traffic for operator service, directory assistance, and interexchange traffic utilizing that switch. It is the latter service that the MPSC is most concerned. When the providers are asked to explain in further detail what they understand by interexchange traffic, the applicant provides a diagram showing all three services mentioned above as being routed through the out-of-state switch in exactly the same manner. The MPSC believes that, at a minimum, the switch should be in the state in which the provider claims to be facilities-based. In some instances, near the borders of the state, exceptions could be made. Moreover, the burden of proof should be on the provider to show that the switch is being utilized for the Lifeline services offered.

*Eligible Telecommunications Carrier Requirements*

The MPSC believes the Lifeline program should be required for incumbent ILECs. In Michigan, if an ILEC decided to discontinue providing service, a large percentage of customers would not receive Lifeline.

## Conclusion

In conclusion, the MPSC appreciates the opportunity to participate in the discussions of Lifeline and Link Up modernization - as well as Advancing Broadband Availability Through Digital Literacy Training. The collaborative efforts between the FCC and the states have often resulted in policies that are effective and efficient. Michigan has been an integral part of this cooperative process for many years, and the MPSC looks forward to continuing collaboration with the FCC and the industry to ensure that low-income consumers have access to voice and broadband as we work toward ways to achieve the goals of universal telecommunications, broadband service, and digital literacy.

Respectfully submitted,

Anne M. Uitvlugt  
Assistant Attorney General  
Public Service Division  
6545 Mercantile Way, Suite 15  
Lansing, MI 48911  
Telephone: (517) 241-6680

Dated: April 2, 2012