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September 15, 2014

Catrice C. Williams, Secretary  
Department of Telecommunications and Cable  
1000 Washington Street, Suite 820  
Boston, MA 02118

**Re: Docket No. 13 – 4 -- Investigation by the Department on its Own Motion into the Implementation in Massachusetts of the Federal Communication Commission's Order Reforming the Lifeline Program**

Dear Secretary Williams:

Enclosed for filing in the above-referenced proceeding are the Comments of Verizon MA on Further Request for Comment.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex Moore".

Alexander W. Moore

Enclosure

cc: Karlen Reed, Director  
Service List (electronic distribution)



public hearing, a set of proposed regulations and no less than four rounds of comments from stakeholders. While Verizon MA believes that not all of the requirements adopted in the Order are needed, the Department found that, on the whole, they “adequately balance burdens on Massachusetts ETCs and the Department’s mandate to protect consumers and uphold the integrity of the Lifeline program.” Order at 30. Imposing additional obligations on ETCs now would upset that balance.

Further, there are no grounds to believe that additional regulations are necessary, appropriate or would benefit the Lifeline program. The new regulations are only a few weeks old, so the Department has no experiential information showing that they are insufficient in any way or that additional regulations are needed. Likewise, while many of the individual proposals in the Order are new, the broader issues they seek to address were well-covered by the Department’s initial proposals, investigation and regulations, and there has been no change in circumstances that would warrant revisiting those issues. Accordingly, the Department should not impose any additional regulations on the Lifeline program or ETCs and should close this proceeding.

Verizon MA’s comments on individual proposals and questions in the Order follow.

**A. The Efficiency of the Lifeline Program in Massachusetts**

**Verification of Initial Eligibility**

The Department should not require ETCs to double-verify the eligibility of Lifeline applicants by reviewing the documentation provided by the applicant as required by FCC rules, and then by independently verifying the validity of such documentation directly with the relevant state agencies. The federal documentation requirement in 47 C.F.R. § 54.410(C)(i)(B) and annual re-certification requirement are key elements of the FCC’s reforms of the Lifeline

program to protect the integrity of the program. *See e.g.* Lifeline Reform Order ¶ 102. As the FCC put it:

Requiring consumers to present documentation demonstrating their participation in a qualifying program prior to enrollment in Lifeline will go a long way towards ensuring that only qualified consumers benefit from the program, thereby reducing waste, and possibly fraud and abuse in the program.

Id. ¶ 104. There is no evidence before the Department showing that these FCC reforms have proved to be insufficient or inadequate to meet their goals – for example, statistical evidence of a widespread practice of consumers submitting fraudulent documentation in order to obtain the Lifeline discount. In the absence of such information, an additional verification requirement would serve no purpose.

Such a requirement would, however, significantly delay the processing of applications, increase the administrative complexity of the program and impose greater costs on ETCs. Given that the FCC's rules already require ETCs to verify initial eligibility through reference to a state database where one is available, the Order appears to seek comment on an *ad hoc* form of verification, which would likely require ETCs to verify eligibility in a number of different ways depending on the requirements of each of the individual state agencies that could be involved. This would place significant resource demands on ETCs in terms of manpower and training. To require ETC's to pay the additional costs incurred *by the agencies* as well, as suggested in the Order, at 24, may render the Lifeline program untenable for some ETCs. Complicating matters even further, such a requirement would impose administrative requirements on each of those agencies to develop fee structures and rules and processes to track debts, possibly render bills and accept payment as well as on the ETCs. Verizon MA is not aware of any state that has embarked on such a complicated and expensive endeavor for the Lifeline program.

### Additional Reporting Requirements

The Department imposed substantial, new reporting requirements on ETCs in the Order, including annual reports of:

- marketing activities;
- company identification information;
- the terms and conditions of the ETC's service plans for Lifeline customers;
- the rate of consumer complaints regarding the Lifeline program.

*See Order, Appendix Rules A(2)(c), A(3)(a), A(3)(b) and A(3)(c).* New reporting requirements also extend to event-based reporting, including:

- changes in ETC designation in other jurisdictions;
- entry of any finding, judgment, settlement or conviction related to the Lifeline program against the ETC or its executives or senior managers in any jurisdiction;
- any change in the ETC's ownership structure or address; and
- any material change in the ETC's manner of conducting annual recertifications.

*See Order, Appendix Rule A(4).*

There is no basis for laying even more reporting requirements and attendant costs on ETCs. In addition, a number of the proposed reports, *see Order at 25*, would be of little or no benefit to the Department, especially in the case of landline ETCs such as Verizon MA.

For example, the first proposed reporting requirement appears designed specifically to track use of wireless minutes, to help the Department to determine a sufficient allotment of wireless minutes to Lifeline customers. Aside from the likely preemption of a substantive regulation along these lines as rate regulation of wireless service, this reporting requirement would have no relevance to landline service, for which Lifeline takes the form of a discount off

of a monthly fee, rather than an allotment of free minutes of use. Consequently, if the Department enacts such a requirement, it should apply only to wireless ETCs.

The fifth proposed reporting requirement – the number of active Lifeline subscriptions by census tract – would impose substantial costs on Verizon MA and yield little useful, new data. As the Department knows, Verizon MA has long reported the number of its customers (including Lifeline customers) by wire center. Verizon MA currently has no database or other means of identifying Lifeline customers by census tract and would need to develop new systems for that purpose. In addition, the costs incurred in such an effort would be grossly out of proportion to the marginal benefit that such micro-level reporting would provide to the Lifeline program in terms of increasing its efficiency or preventing waste, fraud or abuse.

Finally, the Department should not require hyper-detailed reporting of complaints regarding Lifeline service by complaint category. *See* Order at 25. Given the number of ETCs in Massachusetts and the competitiveness of this sector, it is not surprising that there has been no showing on this voluminous record of any chronic or widespread problems with ETCs' customer service which might justify monitoring that activity on such a micro level. Moreover, as Verizon MA has pointed out, specialized reporting of complaints regarding the Lifeline program is unnecessary in Verizon MA's case in light of the service quality data that it already provides the Department on a monthly basis, and would impose significant costs on the company. *See* Verizon MA comments dated April 29, May 28 and September 18, 2013.

Requiring ETC's to report complaints by substantive category would only exacerbate the problem. In addition to increased costs to re-design databases and reporting systems, Verizon MA will incur significant expense in training thousands of customer service representatives ("CSRs") in multiple call centers to: (1) identify and note complaints from Massachusetts

customers regarding the Lifeline program and discount – as opposed to, say, a repair issue; (2) distinguish between a customer complaint and a customer inquiry, which often involves judgment calls<sup>1</sup>; and (3) classify those complaints into substantive categories. These additional tasks will also cause CSRs to spend more time on each customer call and thus handle fewer calls, decreasing their efficiency.

Finally, a number of the potential complaint categories mentioned in the Order, at 25, would not make sense as applied to landline ETCs such as Verizon MA, whose Lifeline customers purchase the same services also purchased by other customers, all of whom are supported by Verizon MA’s normal customer service infrastructure. In this context, complaints about quality of service or customer service do not relate specifically to the Lifeline program but to the underlying service and are common among all subscribers to the service. Reports of such complaints would be duplicative of Verizon MA’s normal monthly service quality reports. “Problems with handsets” also would not apply to Verizon MA, which does not provide handsets. As a result, there is little information to be gained by requiring landline ETCs to report complaint by substantive category.

#### Meeting with the Department

It is difficult to imagine that a formal regulation is necessary in order to ensure that ETCs will meet with the Department upon request.

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<sup>1</sup> Verizon MA does not define “complaint” internally in this context as there is no business need to do so. Verizon MA suggests that the definition of “complaint” used for CATV Form 500 has not proved helpful in that context and would not be helpful here. It does not address whether a complaint has merit, when conduct is “within the operator’s control” or whether a corrective action is necessary or within the discretion of the operator.

## **B. Annual Subscriber Recertification**

### ETC Efforts to Contact Subscribers During Recertification

The Department should not dictate the actions that ETCs must take, in addition to those required by the FCC, to retain eligible Lifeline subscribers during the annual re-certification process, such as requiring multiple attempts to contact Lifeline customers and/or a phone call. As Verizon MA and others explained when the Department first raised this issue in 2013, ETCs have strong business incentives to retain customers by guiding them through the recertification process. *See e.g.* Reply Comments of Verizon New England Inc. dated April 28, 2013 (“Verizon Reply”), at 16. For example, Verizon MA made multiple attempts to contact its Lifeline customers *via* both phone calls and letters during recertification in both 2012 and 2013. That is not to say, however, that Verizon MA’s approach in those years was the best approach for other ETCs, or that it will continue to be the best approach for Verizon MA in the future.<sup>2</sup> ETCs are in the best position to determine how best to retain their customers, so the Department can minimize the recertification drop-out rate by allowing each ETC to implement the approach it deems most effective, rather than imposing a set of inflexible, one-size-fits-all regulations.

As Verizon also previously pointed out, the FCC considered a number of approaches to recertification in the *Lifeline Reform Order* and carefully laid out the responsibilities of ETCs in connection with the FCC’s comprehensive recertification program. *See Lifeline Reform Order*, ¶¶ 129-148. Additional requirements at the state level are therefore unnecessary and would impose costs on ETCs to develop non-standard systems and procedures unique to Massachusetts.

Further, the Department must carefully consider whether it has authority to impose the obligations discussed in the Order. In the *Lifeline Reform Order*, the FCC allowed states leeway to impose additional recertification requirements on ETCs only “where they have their own

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<sup>2</sup> In fact, Verizon MA has requested that USAC conduct the company’s annual recertification for 2014.

Lifeline programs and specific concerns that may not be applicable to ETCs in all states.” *Id.* ¶ 140. And states may impose only those procedures that are “specifically tailored to state-specific program requirements....” *Id.* Likewise, the recertification rule itself provides that:

States *that mandate Lifeline support* may impose additional standards on eligible telecommunications carriers operating in their states *to ensure compliance with state Lifeline programs.*

47 C.F.R. 54.416(c) (emphasis added). Massachusetts, however, does not have its own Lifeline program, and the proposals for ETCs to make multiple attempts to contact Lifeline subscribers, possibly with at least one phone call, are specifically designed to improve the drop-out rate from the *federal* Lifeline program. They thus fall outside the area in which the Department would be free to act.

Finally, the Department already addressed this issue in its Notice of Proposed Requirements and Further Request for Comment (August 21, 2013) (“Notice of Proposed Requirements”), at 27, in which it did not direct ETCs to take specific actions to retain customers but did require ETCs to report annually their methods and timing of the annual recertification, citing the “high level of de-enrolled subscribers as a result of 2012 recertification.” *See also*, Order at 5, 7 (limiting the reporting requirement for current ETCs to any changes in their programs). That the level of de-enrollment remained high in 2013 – only the second year under the FCC’s reforms and before adoption of the regulations adopted in the Order – does not support layering additional obligations on ETCs.

#### Annual Verification with the NLAD of only one Discount per Household

There is no need to require ETCs to verify annually with the NLAD that each subscriber’s household is receiving only one Lifeline discount. *See* Order at 27. When the FCC’s reforms were first implemented, the NLAD advised ETCs of any instances in which the

embedded base of subscribers were receiving multiple subsidies, and the duplicative subsidies are in the process of being eliminated. Going forward, the FCC's rules at 47 C.F.R. §54.404(b) require ETCs to query the NLAD to determine whether an applicant or anyone else at the applicant's address already receives a Lifeline discount and, if so, prohibits the ETC from obtaining Lifeline reimbursement for that applicant. As a result of these rules, a requirement to re-query the NLAD each year for each existing subscriber would serve no purpose and would merely add costs to ETCs and delay for Lifeline applicants.

Requiring Lifeline subscribers to document their eligibility annually

The Department should not impose such a requirement. It would make the recertification process more difficult for subscribers and thereby drive up the drop-out rate, which is exactly the result the Department apparently seeks to avoid through other proposed rules. As the FCC stated:

... we expect that the elimination of the requirement that consumers annually provide supporting eligibility documentation [in federal default states] will enable consumers to more easily respond to verification surveys, thereby reducing the number of Lifeline subscribers de-enrolled for failure to respond to carrier verification efforts.

*Lifeline Reform Order* ¶ 139. Further, as explained above, the Department lacks authority to impose on ETCs additional recertification obligations that are not related to a state-specific Lifeline program.

**C. Lifeline Subscriber Protections**

Streamlining the Lifeline Application Process

There is very little information before the Department showing a need for further reform of the Lifeline application process, in the name of "streamlining." The NCLC pointed out at the

public hearing back in May of 2013 that Verizon MA's Lifeline application is four pages (which the NCLC implied is too long), "and is filled with complicated language...." Tr. at 24. Verizon MA disagrees. Its Lifeline application is written in plain English and asks the applicant for information necessary to qualify for the program and for Verizon MA to provide service. It requires the applicant to certify to a number of statements in order to comply with the FCC's requirements and reduce waste, fraud and abuse in the program, and it provides information to help the applicant determine if he or she meets the income eligibility guidelines of the program. The NCLC offered no data or other evidence that Verizon MA's application dissuades consumers from applying for the Lifeline discount. Department action on this issue is not warranted.

Nor should the Department impose additional regulations setting a deadline to process Lifeline application or mandating that they take effect upon receipt by a provider. Verizon MA processes most of its Lifeline applications within seven days. Verizon MA's internal policy is to make Lifeline benefits retroactive to the date the customer signed the application, but that policy may not be helpful or appropriate for other ETCs. In the absence of evidence that ETCs' application processing practices are causing significant delays in enrollment, the Department should allow each ETC to maintain its own processes.

Likewise, Verizon MA is not aware of any justification for requiring an ETC to give five days' advance notice before revising its Lifeline application. Nothing in the record suggests that recent revisions to Lifeline applications have contributed to waste, fraud or abuse in the program or reduced its efficiency, or that such problems are so acute as to require Department review even before an application may be revised. And newly adopted Rule B(3) already requires ETCs to update their applications to reflect changes in eligibility criteria.

Last year, the NCLC asked the Department to require ETCs to make Lifeline applications available in no less than six languages in addition to English and Spanish. Such a requirement would impose significant additional costs on ETCs to develop, maintain and make available applications in so many languages, and no party has offered information showing that appreciable numbers of customers who speak these languages and qualify for Lifeline are not applying due to a language barrier. In fact, after Spanish, the percentages of people in Massachusetts who speak these languages drop off precipitously,<sup>3</sup> indicating that the current practice of providing applications in English and Spanish remains appropriate.

#### Customer Service for Lifeline applicants and subscribers

This is another area in which additional regulation is not necessary or appropriate. As Verizon MA previously pointed out, the need to win and retain customers in the competitive market provides more than enough motivation for ETCs to treat their customers well, assist them on request, and resolve disputes in a prompt and fair manner. *See* Verizon Reply at 12.

The Department expressed concern in the Order over anecdotal evidence that some Lifeline subscribers may experience long wait times and general difficulty in reaching their service provider. *See* Order at 28. That evidence largely concerns a single provider, however, and does not show that such difficulties are common to other ETCs. *See* Tr. at 10-19 (regarding a customer's difficulties in reaching Assurance); Goodman Written Testimony at 2 (same); Rosie's Place Written Testimony (experiences of guests at a shelter regarding Assurance as well as Safelink). Verizon MA suggests that isolated matters such as these are best addressed through direct action with the provider at issue, without imposing the burdens of additional customer

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<sup>3</sup> For example, only 0.58% of Massachusetts residents speak Vietnamese. *See* [http://www.mla.org/cgi-shl/docstudio/docs.pl?map\\_data\\_results](http://www.mla.org/cgi-shl/docstudio/docs.pl?map_data_results), cited in the Office of Public Health Strategy and Communications' Translation Toolkit, at <http://www.mass.gov/eohhs/docs/dph/health-equity/appendix-f-language-audience-guides.pdf>.

service regulations on all ETCs across the board. The Department considered but declined to adopt more detailed customer service and service quality rules for ETCs just a year ago, in the Notice of Proposed Requirements. That was the proper course then and remains the proper course today.

Moreover, Verizon MA in particular is already subject to myriad service quality and customer service requirements. The Retail Service Quality Plan applies to Lifeline and non-Lifeline customers alike and measures the Company's service quality performance in great detail – monthly, across twelve metrics and broken down by region and individual wire center. Among other things, those metrics track the average number of seconds a Verizon MA customer has to wait before reaching an operator, before reaching a directory assistance operator and before reaching a repair representative to report a trouble as well as the percentage of calls to the company's Consumer Sales and Solutions Center that are answered within 20 seconds. Verizon MA consistently meets the standards for these metrics.

Verizon MA is also subject to the Department's Billing and Termination Rules, which also apply to Lifeline and non-Lifeline customers, and has long worked with the Department in good faith – and with great success – to resolve customer disputes on an informal basis. Adding yet another layer of customer service regulation applicable solely to Lifeline customers, who are already protected by the existing rules, would not make the program more efficient but would merely impose additional compliance costs on Verizon MA. At a minimum, then, the Department should exclude ILECs from any Lifeline customer service regulations.

#### Accounting for Subscriber calls to the ETC

The great majority of Verizon MA's Lifeline customers purchase unlimited local calling service, so there is no "allotment" of minutes to the subscriber that could be affected by calls to

the Company. Customers dial a toll-free number to reach the Company in any event, so that even purchasers of measured rate service are not charged for those calls. Thus, any regulation governing the circumstances in which Lifeline subscriber calls to ETCs may be deducted from the subscriber's available minutes should be limited to wireless ETCs.

#### Notifications to Lifeline Subscribers

There is no need for a Department regulation dictating the amount of notice ETCs must provide their customers regarding changes in Lifeline rates or services. In this competitive market, the likelihood of losing customers to other carriers is ample incentive for ETCs to provide reasonable notice of changes in service and avoid surprise rate hikes. If the Department nevertheless promulgates a rule on this subject, it should be limited to wireless ETCs, in that as a landline carrier, Verizon MA is already required by Department directive to notify its retail customers, including Lifeline customers, 30 days in advance of any increase in rates.

#### Sale of Optional Services

Verizon MA is not aware of any reason why the Department should consider limiting ETCs' ability to sell optional services and features to Lifeline subscribers. Any such limitation would, in effect, penalize customers solely for using the Lifeline program, by limiting their ability to purchase services they may want. There is no evidence in this proceeding supporting such limitations.

#### **Conclusion**

Having just adopted in the Order a set of regulations which the Department found balances the various interests and policies at issue, the Department should not now consider yet more regulations for the Lifeline program. The record does not support additional regulations –

indeed the record is virtually unchanged since the Department proposed the current rules and declined to impose further obligations on ETCs just over a year ago. Thus, an additional wave of regulations would impose additional costs on ETCs with no reasonable expectation of benefitting the Lifeline program. Finally, many of the potential rules on which the Department sought comment are not applicable to landline ETCs or would be duplicative of other regulations that already apply to such ETCs.

Respectfully submitted,

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By its attorney



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