

Initial comments were filed on September 30, 2016 by BellSouth Telecommunications, LLC d/b/a AT&T North Carolina (AT&T), CenturyLink, and the Public Staff. No party filed any reply comments.

INITIAL COMMENTS

AT&T noted in its comments that its role as a Lifeline services provider has diminished over the past several years, as an increasing number of consumers eligible for Lifeline discounts are electing to take those discounts from service providers other than AT&T. AT&T maintained that, as of year-end 2015, AT&T had fewer than 4,266 Lifeline subscribers in North Carolina, a drop of about 90% since year-end 2008. AT&T stated that that number continues to decline.

AT&T commented that the FCC's 2016 Lifeline Modernization Order trims the list of programs for Lifeline eligibility to SNAP, Medicaid, SSI, and FPHA and added Veterans Pension Benefits. AT&T stated that income based eligibility remains at 135% of the Federal Poverty Guidelines and Tribal program-based eligibility criteria also remain unchanged. AT&T noted that consumers who live on Tribal lands may also qualify for Lifeline through one of the following Tribal federal assistance programs: Bureau of Indian Affairs general assistance; tribally administered Temporary Assistance for Needy Families; Head Start (subject to income threshold requirements); or the Food Distribution Program on Indian Reservations.

AT&T noted that, based on the FCC's revision to the Lifeline program, the Commission's acknowledgement of the incomplete and outdated status of Commission Rule R9-6, and the Commission's intent to revise Commission Rule R9-6 to include both the Lifeline and Link Up programs and reflect the FCC's April 27, 2016, Order, AT&T believes that revising Commission Rule R9-6 to mirror the Federal rules is appropriate. AT&T asserted that such revisions will make the programs more efficient. For example, AT&T stated, aligning federal and state rules will make it easier to verify eligibility and administer the programs, which in turn will help to reduce waste, fraud, and abuse. Therefore, AT&T made the following recommendations:

- (1) That the Commission modify North Carolina's Lifeline/Link Up eligibility criteria to incorporate the revised Federal Lifeline eligibility criteria by reference (47 C.F.R. §54.409);
- (2) That the effective date of these changes should mirror the effective date for the revised federal eligibility rules³;

³ AT&T noted that the effective date for the streamlined federal eligibility criteria is set for the later of December 1, 2016 or 60 days following the federal Office of Management & Budget's approval of the 2016 Lifeline Modernization Order. AT&T stated that, however, the United States Telecom Association has asked the FCC to defer the effective date until the later of December 31, 2017 or 12 months after the Office of Management & Budget's approval. US Telecom Petition for Reconsideration & Clarification, *In the Matter of Lifeline & Link Up Reform & Modernization*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90 (filed June 23, 2016).

- (3) That should the FCC adopt standardized consumer certification, recertification, and one-per-household worksheets for the Lifeline program, then the Commission should also adopt the FCC's standardized application (certification) form for consumers to use in applying for Lifeline discounts, because use of the FCC's standardized Lifeline forms will become mandatory at that point; and
- (4) That the Commission eliminate its semi-annual reporting requirements for Lifeline subscriber count information because that information will be available directly from the Universal Service Administrative Company (USAC)⁴.

CenturyLink stated in its comments that it generally believes that the North Carolina rule should mirror the federal rules adopted earlier this year by the FCC whenever possible. CenturyLink maintained that, in addition, in light of the review of Commission Rule R9-6 prompted by the FCC's action, CenturyLink believes the Commission should also move to eliminate the semi-annual Lifeline and Link Up reporting obligations previously approved by the Commission in 2000.

CenturyLink noted that, with respect to amendments to Commission Rule R9-6, CenturyLink agrees with the observations in the Commission's September 7, 2016, Order that the rule in its current form is outdated. CenturyLink maintained that the FCC's changes have created inconsistency between the Federal Lifeline program and many state programs by phasing out support for voice service and changing requirements for eligibility. CenturyLink stated that a main focus of the changes to the Federal Lifeline program is to streamline and ease administration and encourage more provider participation in the Lifeline program. CenturyLink stated that it recognizes that the Commission retains authority over Lifeline and Link Up services in North Carolina regardless of a local exchange carrier's regulatory status (See G.S. 62-133.5(m)). CenturyLink noted that while North Carolina does not provide its own subsidy for Lifeline and Link Up services at this time, CenturyLink asks that any changes made to Commission Rule R9-6 align with the Federal Lifeline program to reduce the potential for customer confusion and to promote efficiency.

CenturyLink maintained that with respect to the current reporting environment, CenturyLink respectfully submits that the semi-annual Lifeline and Link Up report required pursuant to the Commission's April 11, 2000, Order in Docket No. P-100, Sub 133f is no longer necessary. CenturyLink stated that the Task Force Report supporting that Order as well as the Order itself confirm that the reporting requirement was initially adopted as a means to gauge the effectiveness of measures designed to increase participation. CenturyLink asserted that, moreover, state level enrollment data is available from the USAC. CenturyLink maintained that given the availability of state level data, combined

⁴ AT&T noted that the 2016 Lifeline Modernization Order directs USAC, by December 1, 2016, to make available to the public, information regarding the total number of Lifeline subscribers for which a provider seeks support in each state as well as the types of services for which support is being provided. AT&T stated that the Commission will have direct access to all of that information for its review at its convenience.

with the fact that the purpose of the reporting requirement is no longer relevant, this report should be eliminated.

The Public Staff noted in its comments that the concept of universal service has been a major policy goal of the FCC and this Commission since the mid-1980s. The Public Staff asserted that, on the federal level, the language of the Telecommunications Act of 1996 reflected this goal, and included the requirement that there should be “specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.” The Public Staff noted that, to that end, the FCC adopted rules and regulations to implement federal Lifeline and Link Up programs as a means of providing assistance to low-income consumers in receiving telephone service.

The Public Staff further stated that in 1986, the Commission adopted rules and regulations for the incumbent local exchange companies (ILECs) to offer the predecessor to Lifeline service. The Public Staff noted that upon implementation of the Telecommunications Act of 1996, the Commission modified the program, renamed it Lifeline and began offering Link Up service, generally under the same terms and conditions required by the FCC. Thus, the Public Staff asserted, mechanisms were adopted on the federal and state level for providing universal service support to low-income consumers that participate in certain qualifying programs.

The Public Staff maintained that since initiation of the Lifeline and Link Up programs, the FCC and the Commission have made numerous modifications to the program participation, the level of support provided, and the manner in which eligibility is confirmed. The Public Staff noted that most recently on the state level, as a result of Session Law 2013-316 and Session Law 2013-363, the Commission eliminated the state credit on Lifeline eligible consumers’ bills as of January 1, 2014. (See *Order Eliminating Requirement for Lifeline Subsidy Funded by the State Income Tax Credit*, issued in Docket No. P-100, Sub 133f on October 28, 2013)

The Public Staff stated that at the federal level, on April 27, 2016, the FCC issued its 2016 Lifeline Modernization Order. The Public Staff noted that certain FCC Rule amendments adopted in the 2016 Lifeline Modernization Order will become effective on December 1, 2016, while others such as determining eligibility using a National Verifier will become effective once the appropriate processes and procedures are put in place.

The Public Staff observed that the Commission’s September 7, 2016, Order notes the recent revisions by the FCC to the Lifeline program as well as the incomplete and outdated status of Commission Rule R9-6. The Public Staff noted that the Commission stated in its request for comments its intent to revise Commission Rule R9-6 to reflect both the Lifeline and Link Up programs and the FCC’s 2016 Lifeline Modernization Order.

The Public Staff stated that it attached a proposed rule as Appendix A⁵ to its comments to reflect the Commission's objectives of incorporating the Lifeline and Link Up programs and the FCC's 2016 Lifeline Modernization Order in the new rule. The Public Staff proposed that the new rule become effective on December 1, 2016, to be consistent with the changes being made to the federal Lifeline and Link Up programs.

The Public Staff maintained that the proposed changes to Commission Rule R9-6 reflect that the Lifeline and Link Up programs are essentially federal programs with limited state input, and also recognize that providing Lifeline and Link Up service is not limited to ILECs. The Public Staff noted that competing local providers (CLPs) may also be designated as eligible telecommunications carriers (ETCs) and thus be obligated to provide Lifeline and Link Up service. The Public Staff stated that the proposed rule is intended to limit the need for modifications should changes to the Lifeline and Link Up programs be made.

The Public Staff explained that the proposed rule: (1) describes the Lifeline and Link Up programs; (2) explains the obligations of the local exchange companies to provide the programs; (3) sets forth program eligibility requirements; (4) sets forth verification requirements to determine eligibility for consumers; and (5) sets forth the support provided to consumers that are eligible for one or both of the programs.

The Public Staff stated that, in addition to revising Commission Rule R9-6, the Public Staff also recommends that the Commission require the ILECs to modify their local exchange tariffs concerning Lifeline and Link Up program availability. The Public Staff maintained that the ILECs will need to submit tariff revisions to reflect the changes to Lifeline and Link Up programs that become effective on December 1, 2016. The Public Staff stated that it believes that a one-time tariff change to more generally reflect the availability of Lifeline and Link Up services would lessen the administrative burden on the Commission, the Public Staff, and the ILECs and enable the ILECs to implement any potential future Lifeline or Link Up program changes without unduly harming an eligible consumer's ability to obtain these services.

The Public Staff noted that the ILEC tariffs currently contain detailed language regarding, among other things, the amount of support provided and the program eligibility requirements for Lifeline and Link Up. The Public Staff maintained that to prevent the need for future changes, the Public Staff recommends the tariffs be modified to reflect language as provided in Appendix B as attached to the Public Staff's comments.

In addition, the Public Staff stated that it believes the Lifeline/Link Up Task Force can be disbanded. The Public Staff noted that this group was formed to provide periodic reports, make various recommendations to the Commission regarding the Lifeline and Link Up programs, and provide outreach efforts for informing consumers of the availability of the Lifeline and Link Up programs. The Public Staff noted that no new requests have

⁵ The Public Staff noted that due to the extensive revisions, it has not provided a marked-up version of the current rule. The Public Staff stated that it believes the current rule should be replaced in its entirety with the Public Staff's proposed rule.

been submitted to the Task Force since October 2013, when the Commission ordered that the monthly bill credit of \$3.50 be eliminated pursuant to Session Law 2013-363 and directed the Task Force to monitor the Lifeline program for evidence that State Lifeline support should be reinstated. The Public Staff stated that it is unaware of the Task Force having met since May 2013. The Public Staff noted that once Commission Rule R9-6 has been revised, the Public Staff does not believe the Task Force will be needed for the foreseeable future. The Public Staff also noted that to the extent future circumstances warrant, the Commission can always reinstate the Task Force.

In summary, the Public Staff recommended that the Commission:

- (1) Adopt the revised Commission Rule R9-6 as shown in Appendix A to the Public Staff's comments;
- (2) Require ILEC tariffs be revised as shown in Appendix B to the Public Staff's comments; and
- (3) Disband the Lifeline/Link Up Task Force.

REPLY COMMENTS

No party filed any reply comments.

DISCUSSION AND CONCLUSIONS

AT&T, CenturyLink, and the Public Staff all agreed in their comments that Commission Rule R9-6 should be modified to mirror the FCC's 2016 Lifeline Modernization Order. The Public Staff was the only party to provide a proposed revised Commission Rule R9-6. The Public Staff's proposed rule describes the Lifeline and Link Up programs, explains the obligations of the local exchange companies to provide the programs, sets forth program eligibility and verification requirements, and notes the support provided to consumers that are eligible for one or both of the programs.

The Commission agrees with the parties in this regard and finds that it is appropriate to revise Commission Rule R9-6 to mirror the FCC's Rules. The Commission adopts the Public Staff's proposed Commission Rule R9-6 with the following minor edits:

- Rule R9-6(a)(1), inserted the phrase "low-income" between "qualifying" and "consumers";
- Rule R9-6(b), moved the phrase "by the Utilities Commission"; and
- Rule R9-6(d), renamed "Verification of eligibility".

Therefore, the Commission finds it appropriate to adopt revised Commission Rule R9-6 as outlined in Appendix A to this Order, effective December 1, 2016.

In addition, the Commission notes that the Public Staff recommended that the Commission require the ILECs to modify their local exchange tariffs, effective December 1, 2016, to reflect the FCC's Lifeline and Link Up changes. The Public Staff provided proposed tariff language, and the Commission finds it appropriate to adopt the Public Staff's proposed tariff language. However, the Commission has made minor edits to the Public Staff's proposed tariff language identical to the changes made to the Public Staff's proposed Commission Rule R9-6. In addition, the Commission has changed the reference to part "(c) above" in part (c) of the Public Staff's proposed tariff language to part "(b) above". The Commission finds that the ILECs shall be required to modify their local exchange tariffs concerning Lifeline and Link Up program availability as outlined in Appendix B as attached to this Order. The effective date for such tariff changes should be December 1, 2016.

Further, AT&T and CenturyLink recommended that the Commission eliminate its semi-annual Lifeline reporting requirement. The Public Staff did not address this recommendation. On April 11, 2000, the Commission issued its Order Requiring Lifeline/Link-Up Participation Reports and Requesting Specific Recommendations From the Task Force in Docket No. P-100, Sub 133f. In the Order, the Commission required the local service providers to file semi-annual reports, every June 30th and December 31st, setting out the numbers of their Lifeline and Link Up customers. Both AT&T and CenturyLink noted in their comments that state level enrollment data is or will be available by December 1, 2016 from the USAC website. Based upon the comments of the parties, the Commission is persuaded that it is appropriate to eliminate the semi-annual Lifeline/Link Up reporting requirement at this time.

Finally, the Public Staff recommended in its comments that the Commission disband the Lifeline/Link Up Task Force. Neither AT&T nor CenturyLink commented on the Public Staff's recommendation in this regard. The Public Staff noted that the Lifeline/Link Up Task Force was formed to provide periodic reports, make various recommendations to the Commission regarding the Lifeline and Link Up programs, and provide outreach efforts for informing consumers of the availability of the Lifeline and Link Up programs. The Public Staff further noted that no new requests have been submitted to the Task Force since October 2013 and that the Public Staff is unaware of the Task Force having met since May 2013. The Public Staff maintained that it does not believe the Task Force will be needed for the foreseeable future. Based upon the comments filed, the Commission is persuaded that it is appropriate to disband the Lifeline/Link Up Task Force at this time.

IT IS, THEREFORE, ORDERED as follows:

1. That Commission Rule R9-6 is revised as outlined in Appendix A herein, effective December 1, 2016;

2. That the ILECs shall be required to modify their local exchange tariffs concerning Lifeline and Link Up program availability as outlined in Appendix B herein. The effective date for such tariff changes is December 1, 2016;

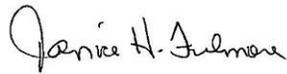
3. That the Lifeline/Link Up semi-annual reports required by the Commission's April 11, 2000, Order issued in Docket No. P-100, Sub 133f are hereby eliminated; and

4. That the Lifeline/Link Up Task Force is hereby disbanded.

ISSUED BY ORDER OF THE COMMISSION.

This the 27th day of October, 2016.

NORTH CAROLINA UTILITIES COMMISSION



Janice H. Fulmore, Deputy Clerk

**Revised Commission Rule R9-6
Effective December 1, 2016**

Rule R9-6. Lifeline and Tribal Link Up Programs

- (a) Description of programs.
 - (1) Lifeline service is a federally administered program providing a monthly discount to qualifying low-income consumers for voice telephone service or broadband service.
 - (2) Tribal Link Up service is a federally administered program providing a discount to the customary charge for commencing telecommunications service to a qualifying consumer on Tribal lands.
- (b) Obligations of local exchange companies.

All local exchange companies designated as eligible telecommunications companies (ETCs) by the Utilities Commission in this State pursuant to Section 254(e) of the Telecommunications Act of 1996 shall provide Lifeline and Link Up services on such terms as are set out in subsection (c), (d), and (e), and in the Orders of the Utilities Commission. All local exchange companies designated as ETCs shall submit such information to the Utilities Commission, the Federal Communications Commission (FCC), and the Universal Service Administrative Company (USAC) as is necessary to fully implement the Lifeline and Link Up programs.
- (c) Program eligibility.

In order to be eligible for assistance, a consumer must meet the eligibility requirements as set forth in 47 C.F.R. part 54, subpart E of the FCC's rules.
- (d) Verification of eligibility.

The method for verification of the eligibility criteria set forth in (c) above shall be a national eligibility verifier. Until the national eligibility verifier has been established to verify eligibility in North Carolina, the verification method will be self-certification by the recipients of the eligible programs.
- (e) Support.

The support provided to consumers through the Lifeline and Link Up programs is set forth in 47 C.F.R. part 54, subpart E of the FCC's rules.

**Tariff Language to Reflect Lifeline and Link Up Programs
Effective December 1, 2016**

Lifeline and Tribal Link Up Programs

(a) Description of programs.

- (1) Lifeline service is a federally administered program providing a monthly discount to qualifying low-income consumers for voice telephone service or broadband service.
- (2) Tribal Link Up service is a federally administered program providing a discount to the customary charge for commencing telecommunications service to a qualifying consumer on Tribal lands.

(b) Program eligibility.

In order to be eligible for assistance, a consumer must meet the eligibility requirements as set forth in Commission Rule R9-6 and 47 C.F.R. part 54, subpart E of the Federal Communications Commission's rules.

(c) Verification of eligibility.

The method for verification of the eligibility criteria set forth in (b) above shall be a national eligibility verifier. Until the national eligibility verifier has been established to verify eligibility in North Carolina, the verification method will be self-certification by the recipients of the eligible programs.

(d) Support.

The monthly recurring and one-time connection discount provided to consumers through the Lifeline and Link Up programs is set forth in 47 C.F.R. part 54, subpart E of the Federal Communications Commission's rules.