

Questions and Answers from the Lifeline Modernization Order Webinar

Presented May 11, 2016

Q&A Topics:

- Broadband and Support – General
- Minimum Service Standards
- Phase Down/Out
- Lifeline Broadband Providers
- Miscellaneous
- Rolling Recertification
- Port Freeze
- Amended Qualifying Programs

Broadband and Support - General

1. On what date does the broadband inclusion start? When can we start signing up customers for the broadband credit?

Broadband will qualify as a Lifeline supported service on December 1, 2016 or 60 days after PRA approval, whichever is later.

2. What is a bundle?

A bundle refers to any combination of voice and broadband services.

3. Does wireless broadband that is fixed at a home count as fixed broadband?

Fixed broadband is any internet access service that serves end users primarily at fixed endpoints using stationary equipment. Fixed broadband Internet access service includes fixed wireless services (including fixed unlicensed wireless services, and fixed satellite services).

4. Is broadband considered wireless and wired internet connections? Where does a smartphone fall in (since it can cover voice and internet)?

Broadband includes internet connections that are accessed through mobile or fixed connections. Lifeline supported services can apply to voice, broadband, and bundles. A smartphone is a device and therefore cannot receive support through the Lifeline program, but it may connect to supported voice service and/or supported broadband Internet access service.

5. Will wireline providers be required to allow for customers to provide their own modem/router to avoid an equipment lease charge?

This is not addressed in the Order. There is no Lifeline requirement that a customer must provide their own modem/router or that they must lease it from the carrier.

- 6. Is text messaging considered to be mobile broadband or fixed broadband or as part of voice service? If so, does that mean that only Wi-Fi text messaging is included or does it also include mobile network texting?**

Text messaging is not a supported service and there are no minimum service standards for texting.

Minimum Service Standards

- 7. If a customer wants a lower service than 10/1, and it is bundled with voice that meets the minimum service standards, will the customer still be able to receive the full \$9.25 discount after 2019?**

In order to receive Lifeline support at least one supported service (broadband or voice) must meet its corresponding minimum service standard. After December 1, 2019, if the broadband service does not meet the minimum service standard of 10/1 Mbps (and is not subject to the limited exceptions), then the customer is only eligible for the reduced support amount for the voice service.

- 8. For a bundle, do we have to meet the minimum requirement for both data and voice? Or just meet one of the requirements. So for example after December 1, 2019 could we offer unlimited voice and 50 MB of data and meet the requirement?**

For bundled services, at least one supported service must meet its applicable minimum service standard to be eligible for Lifeline support. In your example, after December 1, 2019 the applicable minimum service standard for mobile data would be 2 GB, so an unlimited voice and 50 MB bundle would only be eligible for the reduced voice support amount.

- 9. For Lifeline broadband, is there a waiver for the 10/1 requirement in areas fed by satellite? Or for DSL since speeds are only 6 MB?**

The 2016 Modernization Order provides a limited exception to broadband minimum service standards. A fixed broadband offering must meet both download and upload speed minimums to meet the minimum service standards. The only exception to this is for fixed broadband providers that do not offer any generally available fixed broadband packages that meet the minimum service standards at a prospective subscriber's residence but do offer speeds meeting or exceeding 4 Mbps download and 1 Mbps upload in that location. For more information on this exception, please see paragraphs 109-112 and section 54.408(d) of the Commission's rules.

- 10. What if we have unlimited usage on our internet? How would that work with the usage of 150 GB?**

Unlimited usage service offerings would meet the minimum service standard, as long as it meets the required standards (speed).

- 11. If 10/1 is not available, but 4/1 is as well as 7/896k are, can the customer not purchase the 7 Mbps download speed because it is not paired with 1 Mbps upload?**

Under the exception to the minimum service standards for fixed broadband service where 10/1 or higher is not available, only broadband speeds of 4/1 are eligible for Lifeline support. The service offering must meet both the upload and download speed components of the minimum service standards.

Phase Down/Out

12. If data is already part of a free Lifeline offering, will that product be able to continue as-is at the \$9.25 support level until 12/1/19?

ETCs who already offer bundled services will continue to receive the full amount of support as long as the minimum service standards are being met. On 12/1/2019 if the data portion does not meet the minimum service standards, the ETC will be subject to phase down of support.

13. By 2019, if a customer does not want broadband service, are they no longer able to receive Lifeline support?

On 12/1/2019 voice-only service will no longer receive the full amount of support (see paragraph 117). By 12/1/2021 voice-only service will no longer qualify as a Lifeline supported service except in areas with only one Lifeline provider. Carriers may offer bundles or standalone broadband service to continue receiving the \$9.25 support amount beginning 12/1/2019, so long as the broadband service offered in those packages meets the relevant broadband minimum service standards.

14. When the broadband part of the Lifeline benefit begins, there is a minimum level of service but is there a maximum cost allowed to the consumer for these service offerings?

No, there is not a maximum allowable cost set out by Lifeline rules.

15. Can a customer receive credit for both voice and broadband from the same or different providers?

The total support amount of \$9.25 will not change. This amount can be applied to either voice or broadband supported service, or a bundled service that meets at least one of the voice or broadband minimum service standards.

16. Does the phase down of subsidy only apply to stand-alone offerings or does it include bundled offerings at unbundled prices?

The phase down refers to both standalone voice and bundled services that do not meet the minimum service standards for broadband.

17. If we have services offered to Lifeline customers in a bundle with voice and broadband - then there actually would not be a phase down of support?

If the broadband component of the bundle meets the minimum service standards for broadband, then the ETC will still continue to receive the full \$9.25. If the broadband component of the bundle does not meet the minimum service standards, the ETC will be subject to the phased down support for voice beginning on 12/1/2019. For example, on 12/1/2019 if the broadband portion of the bundle does not meet the minimum service standards, the ETC will only receive \$7.25 of support.

18. Regarding broadband, does the customer receive the package for \$9.25, or do they pay the difference between the package price and \$9.25 support amount?

Depending on the package being provided by the carrier, subscribers may need to pay an additional amount for the service.

19. How does the one ETC exception factor into the voice support phase down? Does it mean that the one ETC that remains must take the \$5.25 support level in 2021?

If a carrier is the only Lifeline provider in its census block, the provider may continue to receive the support amount of \$5.25 for voice-only service after 12/1/2021.

20. Paragraph 35 indicates that carriers that are receiving frozen high-cost support are not required to offer Lifeline-supported broadband. Does this mean the carrier will continue to receive \$9.25 for each Lifeline voice customer until the phase down is complete?

ETCs receiving frozen high-cost support--whether incumbent providers or competitive ETCs--are not required to offer Lifeline-supported broadband services in their designated areas where they receive frozen support. Please refer to 47 CFR. §§ 54.312(a); 54.313(c)(4) for requirements for incumbent LECs receiving Phase 1 frozen support); 47 CFR § 54.307 (frozen support for competitive ETCs). For more information, please also refer to paragraphs 35 and 311-313 of the Order. In these cases, the carrier will receive the support amount in accordance with the phase down of voice-only support for offerings that do not include broadband that meets the minimum service standards.

21. Will the enhanced benefit for residents of Tribal lands remain at \$25 for both voice and broadband?

The total amount of \$25 for enhanced support for residents of Tribal lands will not change. This amount can be applied to either voice or broadband supported service, or to bundled packages that meet at least one of the minimum service standards.

Lifeline Broadband Providers

22. What is the role of the FCC in the Lifeline Broadband Provider designation process?

This process is outlined in the "Streamlined Lifeline Broadband Provider Designation Process" section; please see paragraphs 277-285 of the Order. The Commission will be responsible for designating LBPs for participation in the Lifeline program.

23. Will the FCC issue LBP ETC designations to entities that already hold state Lifeline-only or state non-Lifeline-only ETC designations?

The Commission will designate LBPs in accordance with provisions outlined in the "Streamlined Lifeline Broadband Provider Designation Process" section; please see paragraphs 277-285 of the Order. It should be noted that if a carrier obtains multiple types of ETC designation, the carrier must comply with all obligations the designations require including service, reporting, and other compliance requirements until it has relinquished one or more of the designations.

24. Are there specific requirements for a provider to complete prior to providing broadband services to subscribers? There was a new provider type mentioned in the Order; how does this impact existing providers?

ETCs with Lifeline-only ETC designations or non-Lifeline-only ETC designations may receive Lifeline support for broadband service provided to eligible subscribers, even without obtaining an LBP designation. Those broadband services must meet the minimum service standards outlined in § 54.408 of the Commission's rules to receive

Lifeline support. If an ETC does not wish to offer Lifeline-supported broadband services, it must notify the FCC in accordance with the forbearance requirements outlined in paragraphs 298-301 and 309-313 of the Order.

25. If the broadband service is provided by an affiliate who doesn't have ETC status, is the customer eligible for the Lifeline credit on broadband?

~~To receive Lifeline support, the carrier directly providing the Lifeline-supported service to the customer must have an ETC designation. See paragraph 223 of the Order.~~

[Updated October 2016] ETCs can provide Lifeline-supported broadband service through affiliates in their holding company. All Lifeline payments will be made to the ETC which must still submit FCC Forms 497 for reimbursement claims.

26. Is an ETC required to offer the Lifeline credit for broadband or may the ETC only offer the credit for voice even though it have a broadband offering?

Lifeline-only ETCs may decline to offer Lifeline-supported broadband service by notifying the FCC pursuant to paragraph 301 of the Order. ETCs that receive high-cost universal service support may also decline to offer Lifeline-supported broadband service by notifying the FCC pursuant to paragraph 313 of the Order, except where the ETC commercially offers qualifying broadband service pursuant to the ETC's obligations under the high-cost program rules. The newly established Lifeline Broadband Providers (LBP) must provide broadband services at the minimum service levels in their designated service areas.

Miscellaneous

27. What does "updating mechanism" mean?

Each year, the FCC will review industry data and determine if the minimum service standards for fixed or mobile broadband service need to be updated and adjusted. Additional information on the updated service standards will be communicated on our website, webinars, and other publications in advance of any changes.

28. Will there be advertising requirements for service providers?

ETCs are required to advertise the availability and price of service pursuant to 47 U.S.C. § 214(e)(1)(B).

29. Does the internet service provider (ISP) give the credit for the Lifeline broadband benefit? How will the providers receive reimbursement for the broadband services provided?

If an ETC is providing Lifeline-supported broadband service, it must meet the minimum service to receive support. Any broadband subscribers claimed on the FCC Form 497 will be reimbursed during the normal monthly disbursement process.

Rolling Recertification

30. If existing subscribers enrolled under the retiring eligibility programs will be eligible until their next recertification, do they continue to participate beyond that first cycle of recertification?

Since the new requirements do not take effect until the later of December 1, 2016 or 60 days following PRA approval, if an ETC begins the 2016 recertification process for a subscriber prior to December 1, 2016, then

subscribers already enrolled prior to December 1, 2016 under any of the retired eligibility criteria will be eligible until their next recertification, at which point the subscriber will need to recertify under the eligibility rules as amended in the 2016 Order. If an ETC conducts the 2016 recertification after the later of December 1, 2016 or 60 days following PRA approval, subscribers enrolled prior to December 1, 2016 should be recertified using the new eligibility programs.

31. If we re-certify our subscribers prior to December 1, 2016 can we re-certify them using the "current" requirements?

Yes. New requirements do not take effect until the later of December 1, 2016 or 60 days following PRA approval.

32. If a subscriber fails to recertify does the subscriber need to wait until the end of my port freeze window to recertify?

If a subscriber fail to recertify he or she must be de-enrolled pursuant to rule 54.405(e)(4). If a subscriber is within their port freeze window and fails to recertify, they should be de-enrolled and the subscriber will not be able to re-enroll with a different carrier until the end of their port freeze window.

33. If a state commission is responsible for annual recertification and retains additional eligibility criteria for its own low income telephone assistance program, will the state commission continue to play a role in recertifying customers for federal purpose?

Until the implementation of the National Verifier, states can still choose to conduct their own recertifications for the federal Lifeline program. In conducting the recertification for federal Lifeline support, states must use the federal eligibility criteria for recertifications begun after the later of December 1, 2016 or 60 days following PRA approval.

34. Can you please confirm that the effective date of the rolling recertification rule (and use of the revised eligibility criteria) for customers enrolled prior to 1/1/17 is 7/1/17 (para. 418 of the Order)?

Subscribers enrolled prior to January 1, 2017 are subject to the rolling recertification beginning July 1, 2017 using the revised eligibility programs.

35. For customers enrolled prior to 12/1/16, will they have to be recertified via the "old" process based on the February 497?

Pursuant to paragraph 418 of the Order, subscribers enrolled prior to January 1, 2017, and whose recertification process begins by the later of December 1, 2016 or 60 days following PRA approval, must be recertified using the current Lifeline recertification requirements.

36. In paragraph 418 of the Order it says, "Beginning July 1, 2017, all subscribers enrolled prior to January 1, 2017 will need to be recertified on a rolling basis based on the subscriber's service initiation date." If an ETC recertifies 100% of its eligible base before July 2017, can it roll out the new process after that date?

No. Subscribers who enrolled prior to January 1, 2017 must be recertified on the anniversary of their service initiation date beginning July 1, 2017. The period from January 1, 2017 to July 1, 2017 is meant to provide time to ETCs to transition to the rolling recertification.

37. On rolling recertification, would a subscriber that enrolls on June 15, 2016 need to be recertified by the end of 2017?

No. In the provided example, the subscriber would need to be recertified for the first time on June 15, 2018. Beginning on July 1, 2017, all subscribers enrolled prior to January 1, 2017, including the subscriber in the example, will need to be recertified on a rolling basis based on the subscriber's initiation date. If this date occurs before July 1, 2017, the subscriber should be recertified based on the subscriber's service initiation date in 2018.

38. Currently we use Solix for re-certification. Will that still be valid?

Once the National Verifier is implemented within a state, the National Verifier will assume responsibility for initial eligibility determinations as well as recertification. Prior to the implementation of the National Verifier, carriers may continue to use their existing processes to conduct recertification, if consistent with the amended rules.

39. Based on the rolling re-certification concept, will the annual Form 555 reporting requirement change to a monthly filing?

The FCC and USAC are currently reviewing the FCC Form 555 and are likely to recommend changes in the future. We will communicate with stakeholders when more information becomes available.

40. When will existing subscribers be eligible to upgrade to the data or bundled offers from carriers (i.e., will they have to wait until they are up for recertification?)

A subscriber can switch to a plan that includes supported broadband service with their current provider at any point after broadband becomes a supported service (the later of December 1, 2016 or 60 days after PRA approval). "Where permitted by the terms and conditions of the service offering, a Lifeline subscriber at any time may move their Lifeline benefit to a different qualifying Lifeline service offered by the same provider, whether broadband, voice, or a bundled offering so long as the service is eligible for support by the Lifeline program."

41. What does "service initiation date" refer to: the date that the customer initiated telephone service or the date that the customer enrolled in Lifeline?

The service initiation date is the date an ETC begins providing Lifeline-supported service to the subscriber.

42. Would it be possible to have another webinar specifically about the renewal process?

USAC plans to host future webinars to further discuss the Modernization Order, including rolling recertification.

43. As is with current program where carriers can elect to have USAC perform re-certification, will this be available under the new reformed program?

Yes, ETCs in states where the National Verifier has not yet been implemented can still elect USAC to conduct recertification.

44. On yearly recertification, when does the customer need to recertify: birthday or activation date?

Beginning with the 2017 recertification, Lifeline subscriber eligibility should be recertified every 12 months, as measured from the subscriber's service initiation date.

Port Freeze

45. When do the port freezes outlined in paragraphs 389, 392, and 415 go into effect?

The port freeze rule, as reflected in section 54.411 of the Commission's rules, which will be effective December 1, 2016 or 60 days following PRA approval, whichever is later. The Order's amendments to the rules governing de-enrollment for non-usage, section 54.405(e)(3) and 54.407(c)(2), will become effective December 1, 2016 or 60 days following PRA approval, whichever is later.

46. Is the port freeze duration 12 months if the provider offers a bundle? Does it take effect on December 1, 2016?

The 12-month benefit port freeze is for Lifeline-supported broadband service, which can include standalone broadband service plans or bundles that include broadband that meets the Lifeline program's minimum service standards. Section 54.411 will be effective December 1, 2016 or 60 days following PRA approval, whichever is later.

47. If broadband is included as part of a bundle with voice, is the freeze for 60 days or 12 months?

If a carrier offers a voice and broadband Lifeline bundle, at least one supported service must meet the minimum service standards applicable at that time. If support is being claimed for the voice portion of a bundle, the duration of the port freeze would be 60 days. Vice versa, if support is being claimed for the broadband portion of a bundle, the duration of the port freeze would be 12 months.

Amended Qualifying Programs

48. Are all state-specific programs eliminated from eligibility consideration?

Yes (see paragraphs 212-216 of the Order). It is important to note that the Order's changes to eligibility programs only apply to the federal Lifeline program. Thus, a state maintaining its own Lifeline fund will still be free to adopt any eligibility requirements it deems necessary for the state-specific funding.

49. Will existing customers be grandfathered in through their current programs? If not, are we required to notify customers?

Subscribers enrolled prior to December 1, 2016 will continue to be eligible under their current eligibility program until their first recertification begun after December 1, 2016 or 60 days from PRA approval, whichever is later (see footnote 427 in the Order). At that time, they will need to qualify under one of the new eligibility programs. If they are no longer eligible, they must be de-enrolled. In regards to notifying customers, USAC will work with the carriers to create a communication plan.

50. If only one person in a household qualifies, can that household qualify?

Yes, but only one Lifeline program discount is allowed per household.

51. Can more than one person qualify in a single household?

Only one Lifeline program discount is allowed per household. A "household" is any group of individuals who are living together at the same address as one economic unit. An "economic unit" consists of all adult individuals contributing to shared income and expenses for the household. If multiple households consisting of more than

one economic unit reside at the same address, they may be eligible to each receive the Lifeline benefit. Please see 47 CFR § 54.400(h) for more information.

52. For states that have their own Lifeline program and corresponding benefit, can they set different qualifying income thresholds? For example, some states set income-based eligibility at 150% of the Federal Poverty Guidelines.

Income-based eligibility for the federal Lifeline program remains at 135% of the federal poverty guidelines or below, with the exception of Alaska and Hawaii (paragraph 215 of the Order). A state maintaining its own Lifeline fund will still be free to adopt any eligibility requirements it deems necessary for the state-specific funding (footnote 433). Thus, a state maintaining its own Lifeline fund will still be free to adopt any eligibility requirements it deems necessary for its own state program, but may not expand income-based eligibility for the federal Lifeline program.

53. While state eligibility programs are removed from automatic eligibility on 12/1/16, will USAC look at enrollment in a state income-based program to establish whether a person meets the 135% threshold?

Potential Lifeline subscribers may enroll based on participation in SNAP, Medicaid, SSI, Federal Public Housing Assistance, and the Veterans & Survivor's Pension benefit program, as well as all current Tribal qualifying programs. Subscribers can continue to qualify by demonstrating income of less than 135% of the federal poverty guidelines (paragraphs 197-204 of the Order).

54. Will customers who were eligible based on the programs that will no longer provide eligibility for Lifeline be screened for income eligibility before dropping them - giving them an opportunity to stay eligible based on income or another program?

It is the responsibility of the carrier to contact their customers to confirm eligibility.