PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

DA 11-749
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DEADLINE FOR ANNUAL LIFELINE VERIFICATION SURVEYS AND CERTIFICATIONS

WC Docket No. 03-109

Each year, eligible telecommunications carriers (ETCs) are required to verify the continued eligibility of a statistically valid sample of their Lifeline subscribers.[1] Currently, states that have their own state-based low-income programs are required to establish state-specific verification procedures.[2] These state procedures should include methods that ETCs should use to verify continued eligibility and should specify to whom the results should be submitted.[3] States that do not have state-based low-income programs are designated "federal default states." ETCs in federal default states must verify annually the continued eligibility of a statistically valid sample of their Lifeline subscribers.[4]

This public notice serves as a reminder that an ETC in a state with its own state-based low-income program must submit a certification, signed by an officer of the company, to the Universal Service Administrative Company (USAC) by **August 31, 2011**, attesting that the ETC has complied with the state verification procedures.[5] In addition, all ETCs in federal default states must submit their annual Lifeline verification survey results to USAC by **August 31, 2011**.[6] **ETCs choosing to submit their certifications by mail should ensure that USAC receives the certifications by the August 31st date.**

The Wireline Competition Bureau and USAC have received several inquiries concerning the Lifeline certification and verification procedures. In Attachment A to this public notice, we provide answers to frequently asked questions. Also, for the convenience of ETCs, we highlight two areas of the Annual Lifeline Certification and Verification form that have been modified since 2010:

- Check Box 3: "Wireless Eligible Telecommunications Carrier (ETC) serving **Non-Federal Default State** that does **not assert jurisdiction over Wireless ETCs**, and, therefore, is following

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[1] *Federal-State Joint Board on Universal Service Lifeline and Link-Up*, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302 (2004) (*Lifeline Order*).

[2] *Id.* at 8322, para. 33.

[3] *Id.* at 8324, para. 37.

[4] *Id.* at 8323, para. 35.

[5] *See* 47 C.F.R. § 54.410(c)(1); *see also Deadline for Annual Lifeline Verification Surveys and Certifications*, WC Docket No. 03-109, Public Notice, 25 FCC Rcd 7272 (Wireline Comp. Bur. 2010).

[6] *See* 47 C.F.R. § 54.410(c)(2)**;** *see also* 47 C.F.R. §§ 1.4(e)(2), (j).

federal default certification and verification procedures *(complete columns A through F and sign below)*." This new category was added to ensure that wireless ETCs serving non-federal default states that do not do not assert jurisdiction over wireless ETCs have an appropriate category to check. The previous Check Box 3 is now Check Box 4.

- Column F: "Non-Responding Customers." An additional column was added to require ETCs to differentiate between affirmatively ineligible customers and non-responsive customers.

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For further information, please contact Cindy Spiers, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

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ATTACHMENT A

Annual Lifeline Certification and Verification Procedures

Frequently Asked Questions

1. Which states are "federal default states"?

Delaware, Hawaii, Iowa, Indiana, Louisiana, New Hampshire, North Dakota, South Dakota, American Samoa, and the Northern Mariana Islands have identified themselves as "federal default states."[1] If a state in which you operate is not included in this list, you should contact your state commission for its certification and verification procedures. If a state changes its designation, the state commission should notify the Federal Communications Commission and USAC.

2. What is the deadline for filing the results of the statistically valid sampling of Lifeline customers for purposes of verification and how should filings be made?

For federal default states, all verification sampling results must be received by USAC by **August 31, 2011**.[2] ETCs in federal default states must submit a signed copy of the results by only one of the following methods:

(a) Facsimile to: (202) 776-0080;

(b) E-mail to: LiVerifications@usac.org; or

(c) U.S. Mail to:

USAC - Low Income Program
2000 L Street, NW, Suite 200
Washington, DC 20036

ETCs must submit their verification results on the OMB-approved "Annual Lifeline Certification and Verification" form, which can be found on USAC's website at http://www.usac.org/li/telecom/step08/verification-of-eligibility.aspx. ETCs may confirm the receipt of their submissions on USAC's website at http://www.usac.org/li/telecom/step08/certification.aspx and http://www.usac.org/li/telecom/step08/verification-of-eligibility.aspx.
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[1] *Federal-State Joint Board on Universal Service Lifeline and Link-Up*, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302, 8355, Appendix G (2004) (*Lifeline Order*). Since the release of the *Lifeline Order*, additional states have notified USAC of the change in their status. The list in this Public Notice represents the most current information available. USAC will update its website as the list is updated. *See* http://www.universalservice.org/li/tools/frequently-asked-questions/faq-lifeline-linkup-order.aspx#q1.

[2] *Id.* at 8323, para. 35; *see also* 47 C.F.R. §§ 54.410(c)(2), 1.4(e)(2), (j); *Deadline for Annual Lifeline Verification Surveys and Certifications*, WC Docket No. 03-109, Public Notice, 25 FCC Rcd 7272 (Wireline Comp. Bur. 2010).

3. How do ETCs in states that have their own state-based Lifeline and Link-Up programs comply with the verification survey deadline?

ETCs in states that have their own state-based Lifeline and Link-Up programs must comply with their states' certification and verification procedures, including any deadlines set by those states. ETCs must also send USAC a certification indicating that they have complied with state verification procedures.[3] These certifications must be received by USAC by **August 31, 2011.**[4] ETCs must submit their certifications on the OMB-approved "Annual Lifeline Certification and Verification" form, which can be found on USAC's website at http://www.usac.org/li/telecom/step08/certification.aspx. ETCs may confirm receipt of their submissions on USAC's website at http://www.usac.org/li/telecom/step08/certification.aspx and http://www.usac.org/li/telecom/step08/verification-of-eligibility.aspx.

4. My state has its own state-based Lifeline and Link-Up program. The state's Lifeline verification procedures direct ETCs to submit their verification results to USAC. Is this permissible?

Yes. States with state-based Lifeline and Link-Up programs may either: (1) collect the verification results on a date that the state chooses; or (2) direct ETCs in their states to send the verification results to USAC.[5] If companies are submitting their verification results to USAC, they must ensure that USAC receives them by **August 31, 2011.**[6] Results submitted directly to USAC will be processed in the same manner as those received from ETCs in federal default states.

5. How should the verification sample be taken?

In federal default states, the verification sample should be drawn from the company's Lifeline customers on a state-wide basis, not on a study area or nation-wide basis. ETCs should provide a separate list of the study areas, including the Study Area Code, within its territory on the sample letter. ETCs should also enter a "0" where appropriate, instead of leaving a column blank. ETCs in states that have their own state-based Lifeline and Link-Up programs should consult the state verification procedures.

6. How do I determine the number of customers that constitutes a statistically valid sample?

As explained in Appendix J of the *Lifeline Order* (and included as Attachment B to this public notice), the size of a statistically valid sample is based on: (1) the number of Lifeline subscribers; and (2) the percentage of Lifeline subscribers that inappropriately took Lifeline service in the immediate prior year.[7] Using these two numbers and the chart attached to Appendix J of the *Lifeline Order*, ETCs can determine

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[3] *Lifeline Order*, at 8324, para. 34.

[4] *See* 47 C.F.R. § 54.410(c)(1); *see also* 47 C.F.R. §§ 1.4(e)(2), (j); *supra* n.2.

[5] *Lifeline Order*, at 8322, para. 34.

[6] *See* 47 C.F.R. § 54.410(c)(1); *see also* 47 C.F.R. §§ 1.4(e)(2), (j); *supra* n.2.

[7] *Lifeline Order*, at 8365, Appendix J. In the first year of verification, all ETCs assumed that the percentage of subscribers inappropriately taking Lifeline was one percent or .01. Thereafter, ETCs use actual figures to determine the percentage of subscribers inappropriately taking Lifeline.

how many Lifeline subscribers should be surveyed.[8] Values for the number of Lifeline subscribers are listed in the first column. Values for the percentage of inappropriate Lifeline subscribers are listed in the first row. By plotting the intersection of the two values, the ETC can determine the number of Lifeline subscribers that constitutes a statistically valid sample.

To calculate the statistically valid sample size:

a. Determine the current number of Lifeline subscribers: (a) _____.

b. Determine the number of Lifeline subscribers that were surveyed last year: (b) _____.

c. Determine the number of Lifeline subscribers that were surveyed last year that had their service terminated because they were found to be inappropriately taking Lifeline: (c)_____.

d. Divide line (c) by line (b), which is the percentage of surveyed Lifeline customers that were found to be taking Lifeline inappropriately: (d) _____.

e. Go to the chart in Appendix J (Attachment B to this public notice). Using the figure in line (a), find the closest value, rounding up to the nearest value. For example, if the ETC has 730 current Lifeline subscribers, the ETC should use the row for 800 subscribers.

f. Find the appropriate column in Appendix J that corresponds to the percentage in line (d). If the percentage is less than .01, use the column for .01. If the percentage is greater than .06, use the column for .06. For percentages between .01 and .06, round up to the nearest half percent. For example, if the percentage in line (d) is .043, use the column marked ".045."

g. Find the number that is at the intersection of the row determined in step (e) and the column determined in step (f). This is the number of current Lifeline subscribers that the ETC must survey this year.

7. **Last year, several Lifeline subscribers in my statistical sample did not reply. How should I account for that in determining the appropriate sample size for this year's survey?**

If an ETC terminated Lifeline benefits because a consumer failed to respond, that subscriber should be included in the calculation of the proportion of those inappropriately taking Lifeline.[9]

By way of example: Last year, an ETC had 10,000 Lifeline customers. Its survey size was 43 Lifeline subscribers. There was one non-respondent, whose Lifeline benefits were terminated after the appropriate termination procedures were completed. In addition, there was one customer determined to be inappropriately taking Lifeline. The proportion of those inappropriately taking Lifeline would be:

$2 / 43 = 0.047$ or 4.7 percent.

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[8] *Id.* Under the terms of the *Lifeline Order*, companies may calculate their sample sizes directly by using the formulas set out in footnote 2 of Appendix J.

[9] *Id.*

Under the directions included in Appendix J, the ETC should round up to the closest percentage listed in the chart, which would be 0.05 (or 5 percent) in the example above. This year, the ETC still has 10,000 Lifeline customers. The ETC should use the figure at the intersection of the row for 10,000 customers and the column for 0.05 percent, which is 202. This year, the ETC in the example should survey 202 current Lifeline customers.

8. When may ETCs (in states that maintain their own low-income programs and in federal default states) terminate Lifeline subscribers who no longer qualify for Lifeline support or fail to respond?

In states with existing dispute resolution procedures that apply to termination of Lifeline benefits, ETCs should follow such procedures.[10] Specifically, if a state maintains its own procedures that would require, at a minimum, written customer notification of impending termination of Lifeline benefits, similar to the federal default requirements, that state will retain the flexibility to develop its own appeals process.[11]

If an ETC is in a state without dispute resolution procedures applicable to Lifeline termination and the ETC has a reasonable basis to believe that consumers no longer qualify for Lifeline support, the ETC must notify consumers by letter of their impending termination of Lifeline benefits and implement a 60-day period of time in which the consumers can demonstrate continued eligibility.[12] For example, a consumer who does not respond to a request to verify his or her continued eligibility might no longer be eligible for Lifeline. Accordingly, ETCs should send a second letter to consumers who fail to respond to verification requests indicating that the consumer must demonstrate continued eligibility for Lifeline within 60 days or lose the Lifeline discount. A consumer who appeals must present proof of continued eligibility to the ETC consistent with the state's verification requirements or federal verification requirements.[13] This procedure is only required when the ETC has initiated termination of benefits, and is not necessary when the Lifeline subscriber has notified the ETC that he or she is no longer eligible.[14]

9. During what time period must ETCs conduct their annual Lifeline verification surveys?

ETCs in federal default states may conduct their annual Lifeline verification surveys beginning on January 1 of the calendar year in which the survey is due or any date thereafter, and must complete their surveys to allow for adequate time for USAC to receive their survey results no later than the August 31 deadline.

10. If a state has its own Lifeline program, but does not impose certification and verification requirements on certain carriers within the state, which certification and verification requirements must the affected carriers follow?

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[10] *Lifeline Order*, at 8316, para. 21; *see also* 47 C.F.R. §§ 54.405(c), (d).

[11] *Lifeline Order*, at 8316, para. 21.

[12] *Id.* at 8316, para. 22; *see also* 47 C.F.R. §§ 54.405(c), (d).

[13] *Lifeline Order*, at 8316-17, para. 22; *see also* 47 C.F.R. §§ 54.405(d), 54.410(c).

[14] *Lifeline Order*, at 8317, para. 22.

If a state has its own Lifeline program, but does not impose certification and verification requirements on certain carriers within the state, the affected carriers must follow the federal default certification and verification requirements set forth in sections 54.409 and 54.410 of the Commission's rules.[15]

11. In Column F that was added beginning for the 2011 Survey, should non-responding customers be included in both Column E (Customers Found to be Ineligible) *and* Column F (Non-Responding Customers)?

No. Customers that affirmatively respond that they are no longer eligible must be accounted for under Column E (Customers Found to be Ineligible). Only customers for whom eligibility cannot be determined because of non-responsiveness must be included in Column F (Non-Responding Customers).

12. What are my obligations if I filed the Annual Lifeline Certification and Verification Letter in 2011 prior to release of the revised form?

ETCs that already have submitted an Annual Lifeline Certification and Verification Letter for 2011 do not need to refile using the revised form. All ETCs that have not yet submitted their form for 2011, however, must use the revised form.

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[15] *See* 47 C.F.R. §§ 54.409, 54.410; *see also Lifeline and Link-Up, Petitions for Declaratory Ruling and Requests for Waiver by US Cellular Corporation, et al.*, WC Docket No. 03-109, Order and Declaratory Ruling, 25 FCC Rcd 1641 (2010).

ATTACHMENT B

Appendix J of the *Lifeline Order*[1]

STATISTICALLY VALID SAMPLE

Eligible Telecommunications Carriers (ETCs) subject to the federal default criterion will be required to verify the continued eligibility of a statistically valid sample of their Lifeline customers. The size of a statistically valid sample, however, varies based upon many factors, including the number of Lifeline subscribers (N) and the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service (P).

For the first year that ETCs verify subscribers' continued eligibility, all ETCs should assume that the proportion P of subscribers inappropriately taking Lifeline service is .01, if there is no evidence to assume a different proportion. In subsequent years, ETCs should use the results of samples from previous years to determine this estimated proportion. In all instances, the estimated proportion P should never be less than .01 or more than .06.

For ETCs with large numbers of Lifeline subscribers (more than 400,000), a statistically valid sample size must be calculated pursuant to the following formula:[2]

$$\text{Sample Size} = 2.706 * P*(1 - P) / .000625.$$

For ETCs with 400,000 Lifeline subscribers or less, the above formula could yield a sample size that is larger than needed to be statistically valid.[3] To simplify the calculation of a statistically valid sample, a table of sample sizes based on two variables N (number of Lifeline subscribers) and P (previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service) is provided below. Various numbers of Lifeline subscribers N are listed in the left-most column. Various previously estimated proportions P are listed on the first row. To determine the sample size, find the box that matches your number of Lifeline subscribers N and proportion P.

If the number of Lifeline subscribers is not listed and/or the proportion is not listed, ETCs should use the next higher number for N and/or P that is in the table, i.e. always round up to the next higher value for N and/or P. For example, if 3.8 percent of 9,500 Lifeline subscribers inappropriately took Lifeline service, the ETC would use a sample size of 164 (value using 10,000 customers and proportion .04). Because the adjustment for the number of Lifeline subscribers is *de minimus* above 400,000 Lifeline subscribers, ETCs with more than 400,000 Lifeline subscribers must use the above formula to calculate the sample size.

All ETCs must provide the estimated proportion for their samples to the Administrator, i.e., the proportion of sampled subscribers inappropriately taking Lifeline service.

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[1] *Federal-State Joint Board on Universal Service Lifeline and Link-Up*, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302, 8365 (2004) (*Lifeline Order*).

[2] *Id*. at 8365-68.   The values 2.706 and .000625 in this formula are mandated by OMB. *See* Office of Management and Budget, Memorandum M-03-13 (May 21, 2003).

[3] *Id.* Sample sizes for ETCs with 400,000 Lifeline subscribers or less are calculated pursuant to the following formula: sample size = $N/(1+\{[N-1]/n\})$. N is the number of Lifeline subscribers and n = 2.706 * $P*(1 - P)$ / .000625, where P is the previously estimated proportion of Lifeline subscribers inappropriately taking Lifeline service. ETCs may choose to calculate their sample sizes using these formulas.

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service (P)[4]

(N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.035	0.04	0.045	0.05	0.055	0.06
400,000	43	64	85	106	126	146	166	186	206	225	244
100,000[5]	43	64	85	105	126	146	166	186	206	225	244
90,000	43	64	85	105	126	146	166	186	205	224	244
70,000	43	64	85	105	126	146	166	186	205	224	243
60,000	43	64	85	105	126	146	166	185	205	224	243
30,000	43	64	85	105	125	146	165	185	204	223	242
20,000	43	64	85	105	125	145	165	184	204	223	241
15,000	43	64	84	105	125	145	164	184	203	222	240
10,000	43	64	84	104	124	144	164	183	202	220	238
9,000	43	64	84	104	124	144	163	182	201	220	238
8,000	43	63	84	104	124	144	163	182	201	219	237
7,000	43	63	84	104	124	143	162	181	200	218	236
6,000	43	63	84	104	123	143	162	180	199	217	235
5,000	43	63	83	103	123	142	161	179	198	215	233
4,000	42	63	83	103	122	141	160	178	196	213	230
3,000	42	63	83	102	121	139	158	175	193	209	226
2,000	42	62	81	100	119	136	154	170	187	202	218

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[4] *Id.* For the first year of verification, ETCs should assume that this percentage is .01, if there is no evidence to assume a different percentage. In subsequent years, ETCs should use the results of samples from previous years to determine this estimated percentage.

[5] *Id.* Sample sizes for ETCs with less than 400,000 Lifeline subscribers are calculated pursuant to the following formula: sample size = N/(1+{[N-1]/n}). N is the number of Lifeline subscribers. n is (2.706 * P*(1 – P)) / .000625, where P is the estimated percentage of Lifeline subscribers inappropriately taking Lifeline service. ETCs may choose to calculate their sample sizes using these formulas.

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service (P)

(N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.035	0.04	0.045	0.05	0.055	0.06
1,500	42	61	80	99	116	133	150	166	181	196	210
1,000	41	60	78	96	112	128	142	157	171	184	196
900	41	60	78	95	111	126	140	154	168	180	192
800	41	59	77	94	109	124	138	151	164	176	187
700	41	59	76	92	107	121	134	147	159	170	181
600	40	58	74	90	104	118	130	142	154	164	174
500	40	57	73	88	101	113	125	136	146	155	164
400	39	55	70	84	96	107	118	127	136	144	152
300	38	53	66	79	89	98	107	115	122	129	135
200	36	49	60	70	78	85	91	97	102	106	110
150	34	45	54	62	69	74	79	83	87	90	93
120	32	42	50	57	62	66	70	73	76	78	81
100	30	39	46	52	56	60	63	65	68	69	71
90	29	38	44	49	53	56	59	61	63	64	66
80	28	36	41	46	49	52	54	56	58	59	60
70	27	34	39	42	45	48	49	51	52	54	55
60	25	31	35	39	41	43	44	46	47	48	48
50	23	28	32	34	36	37	39	40	40	41	42
40	21	25	27	29	31	32	32	33	34	34	34
35	20	23	25	27	28	28	29	30	30	30	31
30	18	21	22	24	24	25	26	26	26	27	27
25	16	18	19	20	21	21	22	22	22	23	23
20	14	15	16	17	17	18	18	18	18	18	19

Sample Size Table

Previously Estimated Proportion of Subscribers Inappropriately Taking Lifeline Service (P)

(N) Number of Lifeline Subscribers	0.01	0.015	0.02	0.025	0.03	0.035	0.04	0.045	0.05	0.055	0.06
17	12	14	14	15	15	15	16	16	16	16	16
15	11	12	13	13	13	14	14	14	14	14	14
13	10	11	11	12	12	12	12	12	12	12	12
11	9	10	10	10	10	10	10	10	10	11	11
10	8	9	9	9	9	10	10	10	10	10	10
9	8	8	8	8	8	9	9	9	9	9	9
8	7	7	7	8	8	8	8	8	8	8	8
7	6	6	7	7	7	7	7	7	7	7	7
6	5	6	6	6	6	6	6	6	6	6	6
5	5	5	5	5	5	5	5	5	5	5	5
4	4	4	4	4	4	4	4	4	4	4	4
3	3	3	3	3	3	3	3	3	3	3	3
2	2	2	2	2	2	2	2	2	2	2	2
1	1	1	1	1	1	1	1	1	1	1	1