

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of )  
 )  
Lifeline and Link Up Reform and ) WC Docket No. 11-42  
Modernization )  
 )

ORDER

Adopted: March 4, 2013

Released: March 4, 2013

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, the Wireline Competition Bureau (Bureau) conditionally grants the certification of the California Public Utility Commission (CPUC) to opt out of the National Lifeline Accountability Database (national database).<sup>1</sup> We condition this grant on the CPUC’s deployment of a third party identity verification service. The CPUC has demonstrated that, subject to the conditions described below, its system is comprehensive and at least as robust as the processes adopted by the Commission in the *Lifeline Reform Order*, and is capable of detecting and eliminating duplicative support.<sup>2</sup>

II. BACKGROUND

2. In the *Lifeline Reform Order*, the Commission established the national database to detect and eliminate duplicative Lifeline support provided to individuals and households, and imposed specific requirements on eligible telecommunications carriers (ETCs), such as the requirement to query the database prior to signing up a subscriber to determine if that subscriber or a member of that subscriber’s household is already receiving Lifeline support from another ETC.<sup>3</sup> The Commission, however, recognized that states may have their own systems for eliminating duplicative Lifeline support, and established a process through which states could file a request seeking to “opt out” of the national database.<sup>4</sup>

<sup>1</sup> See Petition of the State of California Public Utilities Commission and the People of the State of California to Opt Out of National Lifeline Accountability Database, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 (filed Dec. 3, 2012) (Petition); see also Supplement to the California Public Utilities Commission and the People of the State of California’s Petition to Opt Out of National Lifeline Accountability Database, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 (filed Feb. 13, 2013) (Supplement).

<sup>2</sup> See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket Nos. 11-42 et al., CC Docket No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6752, para. 221 (2012) (*Lifeline Reform Order*).

<sup>3</sup> See *id.* at 6734-55, paras. 179-225; 47 C.F.R. § 54.404.

<sup>4</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6752, para. 221; 47 C.F.R. § 54.404(a).

3. On October 11, 2012, the Bureau released a public notice providing guidance to states regarding the opt out process.<sup>5</sup> To opt out, the state's system must be comprehensive and at least as robust as the processes adopted by the Commission in the *Lifeline Reform Order*.<sup>6</sup> In states where the system meets this standard and the state successfully exercises its opt out rights, ETCs operating in that state must comply with the state requirements for interfacing with the state database and will be relieved of any obligation to comply with requirements regarding the national database.<sup>7</sup>

4. In its public notice, the Bureau also provided a waiver of the deadline by which states must file their opt out certification, until December 1, 2012.<sup>8</sup> State opt out requests were due Monday, December 3, 2012, because December 1, 2012 fell on a Saturday.<sup>9</sup> The CPUC filed its certification on December 3, 2012, and supplemented its certification on February 13, 2013.<sup>10</sup> The CPUC explains that, in California, the third party administrator receives and processes subscribers' Lifeline applications on behalf of the CPUC, and checks subscribers' documentation of eligibility, and for duplicative support.<sup>11</sup> ETCs can query the CPUC system to determine in real-time if a prospective subscriber is already receiving a Lifeline benefit from another provider.<sup>12</sup> When a query is made, the CPUC system matches a prospective subscriber's name, address and/or telephone number with subscriber information already in the CPUC system.<sup>13</sup> The system also validates and standardizes the prospective subscriber's address information to facilitate the duplicate check.<sup>14</sup> It also plans to verify the identity of a prospective subscriber through a third party identity verification service.<sup>15</sup> Unlike the other states that have filed opt out requests, neither the CPUC nor its third party administrator has access to state eligibility databases.<sup>16</sup>

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<sup>5</sup> *Wireline Competition Bureau Clarifies Minimum Requirements for States Seeking to Opt Out of the National Lifeline Accountability Database*, WC Docket Nos. 11-42 et al., CC Docket No. 96-45, Public Notice, 27 FCC Rcd 12321 (Wireline Comp. Bur. 2012) (*Guidance PN*).

<sup>6</sup> *See Lifeline Reform Order*, 27 FCC Rcd at 6737-46, 6747-52, paras. 188-208, 212-20. An opt out request will only be granted when a state demonstrates it has systems that cover all ETCs operating in the state and all subscribers of those ETCs. The opt out request must itemize with particularity the functions of its system that correspond to the federal processes adopted in the *Lifeline Reform Order*. *See id.* at 6752, para. 221; *Guidance PN*, 27 FCC Rcd at 12322.

<sup>7</sup> *See Lifeline Reform Order*, 27 FCC Rcd at 6752, para. 221.

<sup>8</sup> *See Guidance PN*, 27 FCC Rcd at 12321-22. The Bureau set December 1, 2012 as the date by which states must file their opt out request.

<sup>9</sup> *See* 47 C.F.R. § 1.4.

<sup>10</sup> *See supra* n.1.

<sup>11</sup> *See* Supplement, Attach. A, Appendix A (describing the roles of the subscriber, PUC and Xerox (the CPUC system third party administrator) in processing CPUC Lifeline applications).

<sup>12</sup> *See* Petition at 2; Supplement at 3-7.

<sup>13</sup> *See* Petition at 4-5; Supplement at 1-2.

<sup>14</sup> *See* Petition at 4; Supplement at 2-3.

<sup>15</sup> *See* Supplement at 2.

<sup>16</sup> *Cf.* Petition and Certification of the Public Utility Commission of Oregon to Opt-Out of the National Lifeline Database, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 at 3 (filed Nov. 30, 2012); Petition of the Puerto Rico Telecommunications Board to Opt Out of the National Lifeline Accountability Database, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 at 5-7 (filed Nov. 30, 2012) (Puerto Rico Petition); Amendment to the Petition To Opt-Out of the National Database Pursuant to CFR 47 § 54.404(a) by the Public Utility Commission of Texas, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 at 5-7 (filed Nov. 16, 2012) (Texas Amendment); Amendment to the Petition and Certification of the Vermont Department of Public Service to Opt Out of the National Lifeline

(continued...)

### III. DISCUSSION

5. The Bureau finds that, subject to the conditions explained below, the CPUC has demonstrated that its system is comprehensive and at least as robust as the system adopted by the Commission, and is capable of detecting and eliminating duplicative support. The Commission appreciates the efforts of states that have moved proactively against waste by implementing a system to check for duplicative support.<sup>17</sup> We find that the public interest would be served by allowing California to continue these efforts through its state-specific system.

6. The Bureau is concerned, however, that until the planned third party identity verification process is in place in California, it may be possible for prospective subscribers to receive duplicative support by intentionally or inadvertently providing incorrect information in their Lifeline applications.<sup>18</sup> This risk is heightened in California because, unlike the other state administrators seeking opt out approval for their states, the CPUC does not utilize an eligibility database.<sup>19</sup> In addition to verifying eligibility, such databases often provide an additional means of preventing consumers from falsifying their identity because they generally require that a name be associated with another piece of identifying information in the database, such as a social security number, address and/or the qualifying benefit.<sup>20</sup> If this association cannot be made, the consumer is denied the Lifeline benefit.<sup>21</sup> No such check exists in California.

7. Despite the inability of the CPUC system to verify a subscriber's identity at this time, we do not find that this limitation prevents the California system from being as "robust" as the national system. Importantly, the CPUC has said that it will utilize a third party identity verification service in the future.<sup>22</sup> Therefore, we find that, subject to the conditions described below, the CPUC has demonstrated that its system is comprehensive and at as least as robust as the national system.

8. The Bureau conditions approval of the CPUC national database opt out certification on the implementation of a system that incorporates a third party identity verification service. The CPUC must file with the Bureau a description of how it will meet this condition by June 1, 2013, come into compliance by August 1, 2013, and confirm in writing to the Bureau by August 10, 2013 that the process satisfying the condition is in place and operational. If the CPUC does not comply with these conditions, its certification will be deemed denied without any further action by the Bureau.

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Database, Vermont Department of Public Service, WC Docket Nos. 11-42 et al., CC Docket No. 96-45 at 4 (filed Feb. 4, 2013) (Vermont Amendment).

<sup>17</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6752, para. 221; see also *id.* at n.579 (citing evidence showing that California had already established a duplicates checking process).

<sup>18</sup> See *id.* at 6742, para. 200.

<sup>19</sup> See *supra* n.16. As explained above, the California third party administrator checks documentary proof of eligibility. See *supra* para. 4.

<sup>20</sup> For example, an eligibility database may return a response that John Smith actually lives at 123 Maple St., 1234 are the last four digits of his social security number, and he actually is receiving a qualifying benefit. See, e.g., Puerto Rico Petition at 5; Texas Amendment at 8; Vermont Amendment at 4.

<sup>21</sup> See, e.g., Vermont Amendment at 4; Texas Amendment at 17-18.

<sup>22</sup> See Supplement at 2.

**IV. ORDERING CLAUSES**

9. Accordingly, IT IS ORDERED that, pursuant to the authority delegated in sections 0.91, 0.291, and 54.404 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 54.404, and in paragraph 221 of FCC 12-11, the certification filed by the California Public Utilities Commission IS CONDITIONALLY GRANTED as described above.

10. IT IS FURTHER ORDERED that, pursuant to section 1.102(b)(1) of the Commission's rules, 47 C.F.R. § 1.102(b)(1), this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Julie A. Veach  
Chief  
Wireline Competition Bureau