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

In the Matter of
Lifeline and Link Up Reform and
Modernization

ORDER

Adopted: June 6, 2014
Released: June 6, 2014

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, the Wireline Competition Bureau (Bureau) grants a petition for waiver filed by the United States Telecom Association (USTelecom), as well as petitions for waiver filed by individual state commissions and a state carrier association, regarding the Lifeline rules. The Bureau also provides additional relief on its own motion subject to the conditions below. Specifically, the Bureau finds good cause to grant a waiver of sections 54.407(d), 54.410(b)(2)(ii), 54.410(c)(2)(ii) and 54.410(e) of the Commission’s rules, subject to conditions described herein, which govern the requirements for state Lifeline administrators to provide subscriber certification forms to Eligible Telecommunications Carriers (ETCs) and for ETCs to obtain such forms prior to seeking reimbursement from the federal universal service fund (Fund). For California and the ETCs operating in that state, the waiver will run from February 1, 2014 until the sooner of December 31, 2014, or when the state comes into full compliance with these rules. A permanent waiver, effective on February 1, 2014, is provided to Vermont, Utah,

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2 47 C.F.R. §§ 54.407(d), 54.410(b)(2)(ii), 54.410(c)(2)(ii), and 54.410(e).

3 See December USTelecom Petition at 8 (describing why California needs an extension and how it is in the process of implementing the changes necessary to come into compliance with the rules). The Bureau extends the requested time of the waiver in California until December 31, 2014 to allow for additional time for the state to come into compliance in the event there are additional delays with California State procurement procedures.
Nebraska, Florida, Oregon, and Idaho, and ETCs operating in those states, subject to the conditions described below.  

2. **In the Lifeline Reform Order**, the Commission adopted rules that permit states, rather than ETCs, to determine whether subscribers to Lifeline are eligible to participate in the program. In states where the state Lifeline administrator or another state agency is responsible for the initial determination of subscribers’ eligibility, ETCs must obtain certification forms from the administrator or the applicable agency for each Lifeline subscriber before the ETC seeks reimbursement from the Fund for providing Lifeline services to that subscriber. Each state subject to this waiver has a state administrator or state agent responsible for determining the eligibility of every potential Lifeline subscriber enrolled in that state.

3. **Previous Waivers.** In a petition filed on April 25, 2012, USTelecom sought a waiver on behalf of ETCs in select states of the ETCs’ obligation to obtain from the state a signed certification from a subscriber prior to seeking reimbursement for that subscriber. USTelecom asserted that some states responsible for enrollment and eligibility verification of Lifeline subscribers were not providing the ETCs with the certification forms for those subscribers, as required by the rules, which would cause those ETCs in such states to be out of compliance with the Lifeline rules. USTelecom limited its request to the subset of ETCs and/or programs for which a state makes initial eligibility determinations. USTelecom later withdrew its request for waiver for certain states. On May 31, 2012, the Bureau conditionally

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4 See Lifeline and Link Up Reform and Modernization et al., WC Docket No. 11-42 et al., Waiver Order, 27 FCC Rcd 5941 (Wireline Comp. Bur. 2012) (May 2012 USTelecom Waiver Order); Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, Waiver Order, 27 FCC Rcd 15922 (Wireline Comp. Bur. 2012) (Dec. 2012 USTelecom Waiver Order). We note that, over time, more states have come into compliance with these rules. In the instant petition, USTelecom requested relief for only seven states and the ETCs in those states, whereas USTelecom’s initial request for similar relief in 2011 covered 20 states. See infra n.10.


6 See 47 C.F.R. § 54.410(b)(2), (c)(2). Section 54.407(d) of the Commission’s rules requires an ETC to certify, as part of each request for reimbursement that it is in compliance with all of the Lifeline rules and, to the extent required, has obtained a valid certification and recertification form for each of the subscribers for whom it seeks reimbursement. See 47 C.F.R. § 54.407(d). Section 54.410(e) requires state Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber’s eligibility to provide a copy of the certification form to the subscriber’s ETC in that state. See 47 C.F.R. § 54.410(e).

7 Petition for Waiver of the United States Telecom Association, WC Docket Nos. 11-42 et al., at 2 (filed Apr. 25, 2012) (USTelecom April 2012 Petition) (seeking for particular states a waiver of sections 54.407(d), 54.410(b)(2), and 54.410(c)(2) of the Commission’s rules). After filing its petition, USTelecom withdrew its request for waiver of the requirement that ETCs obtain notification of eligibility from the state, thus limiting its request for waiver to the requirements to obtain certification forms from the state (and to certify that such forms have been obtained). See Letter of David B. Cohen, USTelecom, to Marlene H. Dortch, FCC, WC Docket Nos. 11-42 et al., at 2 (filed May 16, 2012) (withdrawing request for waiver of section 54.410(b)(2)(i) and 54.410(c)(2)(i)).

8 USTelecom April 2012 Petition at 1-3.

9 See id. at 2.

granted in part and denied in part USTelecom’s revised request for relief for 11 states, the District of Columbia and the Virgin Islands. The waiver was granted until December 1, 2012 or until the states’ processes were modified to allow for compliance with the rules, whichever occurred sooner.

4. The Bureau then granted two additional waiver extensions for a subset of states that continued to need waiver of the relevant rules. The current extension was granted on August 30, 2013 and expired on February 1, 2014. For the duration of the initial waiver and both extensions, the states or state administrators were required to provide ETCs notice that new subscribers complied with the Lifeline eligibility and certification requirements and executed a certification form. In its three waiver orders, the Bureau explained that ETCs or jurisdictions that needed additional time to come into compliance should file a detailed explanation of the specific challenges faced in coming into compliance with these aspects of the rules.

5. Current Waiver Requests. As required by the last waiver order, each state that was granted a waiver in May 2012 has since filed an update explaining its status regarding compliance with the rules, six states have filed petitions for permanent waiver, and California seeks a final temporary waiver. We address these waiver requests in detail below.

\[\text{[Footnotes: 11]}\]

Specifically, the Bureau granted a waiver of section 54.410(b)(2)(ii) and 54.410(c)(2)(ii) and portions of section 54.407(d) with respect to ETCs in states in which the state Lifeline administrator or other state agency managed subscriber eligibility and was unable to modify, in the short term, its processes for ETCs to come into compliance with these rules. The jurisdictions subject to the waiver were California, Colorado, District of Columbia, Florida, Idaho, Montana, Nebraska, Nevada, Oregon, the U.S. Virgin Islands, Utah, Vermont, and Washington State. On its own motion, the Bureau also waived section 54.410(e) in these states. See May 2012 US Telecom Waiver Order, 27 FCC Rcd at 5942, para. 2.

\[\text{[Footnotes: 12]}\]

See id., 27 FCC Rcd at 5943, para. 4.

The first was a December 12, 2012 extension of waiver granted in the May 2012 US Telecom Waiver Order. The Bureau conditionally granted this additional US Telecom request for waiver of the same requirements for a subset of the states that had previously received a waiver until June 1, 2013 or until the states’ procedures were modified to allow for compliance with the rules, whichever came sooner. See Dec. 2012 US Telecom Waiver Order, 27 FCC Rcd at 15925, para. 6. A second extension was granted by the Bureau on August 30, 2013 for an even smaller subset of states, giving eight states until February 1, 2014 to come into compliance with the rule. See Lifeline and Link Up Reform and Modernization et al., WC Docket Nos. 11-42 et al., Waiver Order, 28 FCC Rcd 12872 (Wireline Comp. Bur. 2013) (Aug. 2013 US Telecom Waiver Order).

\[\text{[Footnotes: 13]}\]

See id., 28 FCC Rcd at 12873, para. 2.

\[\text{[Footnotes: 14]}\]


\[\text{[Footnotes: 15]}\]


\[\text{[Footnotes: 16]}\]

See e.g., Status Report and Request for Extension of Time of the California Public Utilities Commission and the People of the State of California to Comply with 47 CFR §§ 54.407(d), 54.410(b)(2)(ii), 54.410(c)(2)(ii), and 54.410(e), WC Docket No. 11-42, at 3 (filed Nov. 4, 2013) (California Status Update); (explaining how CPUC is still waiting for approval from California’s Department of General Services to amend its contract with Xerox, California’s Lifeline administrator, to allow full compliance with the Commission’s rules); Letter from Tamera Pariseau, Chief of Consumer Affairs and Public Information, Vermont Department of Public Service, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 11-42 (filed Nov. 8, 2013) (Vermont Status Update) (explaining how Vermont Department of Public Service has used the current waiver period to examine potential procedures to allow Vermont to come into compliance with the Commission’s rule; however, Vermont notes that it has been unsuccessful in crafting new procedures and its intent to file for a permanent waiver). See also October Florida Petition; Letter from Grace Seaman, Utilities Analyst, Idaho Public Utilities Commission, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 11-42 (filed Oct. 31, 2013) (continued...)}
6. **California.** In its status update, California seeks a temporary waiver until July 1, 2014 to come into compliance with the requirement to share copies of certification forms with ETCs.\(^\text{18}\) California states that it is in the process of amending its contract with its state administrator, Xerox, to implement a system whereby the certification forms are provided to ETCs. California requires additional time for approval of the amendment by the California Department of General Services before Xerox can implement the new process to come into compliance with the Commission’s rules.\(^\text{19}\) USTelecom’s petition also provided support for an extension of the waiver until California implements the solution to transfer certification forms to ETCs.\(^\text{20}\)

7. **Vermont, Utah, Nebraska, Florida, Oregon, and Idaho.** Separate petitions for permanent waiver have been filed by Vermont, Utah, Nebraska, Florida, Oregon, and Idaho.\(^\text{21}\) These states explain that they continue to examine ways to permit the efficient transfer of certification forms to ETCs.\(^\text{22}\) They argue, however, that the available solutions would be extremely burdensome and undermine their already established processes to check subscribers’ eligibility.\(^\text{23}\) Therefore, they assert that a permanent waiver is in the public interest, particularly in light of the additional commitments they have made to ensure that only eligible consumers will receive Lifeline supported service.\(^\text{24}\) USTelecom’s petition reiterated arguments made by these states in their status updates and waiver petitions and requested the relief to be granted for ETCs in those states.\(^\text{25}\) USTelecom requested that, if the Commission does not grant a permanent waiver to those states which made such requests, the Commission extend the deadline for the current waiver until August 1, 2014.\(^\text{26}\)

(Continued from previous page)


\(^\text{19}\) See California Status Update at 3-4; Dec. 2013 USTelecom Petition at 8.

\(^\text{20}\) See Dec. 2013 USTelecom Petition at 8.

\(^\text{21}\) See generally December Nebraska Petition; November Oregon Petition; October Florida Petition; December Vermont Petition; December Utah Petition; January Idaho Petition.

\(^\text{22}\) See, e.g., October Florida Petition at 4; December Nebraska Petition at 3-4; November Oregon Petition at 4; December Utah Petition at 4-5.

\(^\text{23}\) See e.g., January Idaho Petition at 8; October Florida Petition at 14; November Oregon Petition at 3, 5-6, 10; December Nebraska Petition at 3-5; December Utah Petition at 9; December Vermont Petition at 2.

\(^\text{24}\) See December Nebraska Petition at 3; December Vermont Petition at 3-4; November Oregon Petition at 5; October Florida Petition at 5; December Utah Petition at 7; January Idaho Petition at 5-6.

\(^\text{25}\) See generally Dec. USTelecom Petition.

\(^\text{26}\) See id. at 3-8. As California noted in its Status Update, California’s administrator will be able to come into compliance with the Commission’s rules once the state approves the contractual amendment. For this reason, USTelecom and California both seek an extension of the current waiver in California to allow for time to have the amendments approved and to implement the changes. See id.; California Status Update at 3-4 (California seeks an extension until July 1, 2014).
II. DISCUSSION

8. Generally, the Commission’s rules may be waived for good cause shown. The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis. Waiver of the Commission’s rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such a deviation will serve the public interest.

9. California. We find good cause to grant to California and the ETCs in that state a temporary waiver of portions of section 54.407(d), and sections 54.410(b)(2)(ii), 54.410(c)(2)(ii) and 54.410(e) subject to the conditions described below. On our own motion, we grant the waiver, effective as of February 1, 2014, until the earlier of December 31, 2014 or once California has come into compliance with the rules.

10. The Bureau finds a temporary waiver for California is appropriate given the substantial steps towards compliance taken by California and its ongoing efforts to ensure that only eligible consumers receive Lifeline supported service. As noted in the Lifeline Reform Order, we encourage states to develop systems to check the eligibility of potential Lifeline subscribers. The state, which has nearly half of the Lifeline subscribers subject to the current waiver, already has a third-party administrator that verifies eligibility and a system in place to prevent duplicate enrollments. California has also taken significant steps towards putting in place processes to come into compliance with our rules which will allow the ETCs to receive and retain an electronic copy of the form in compliance with our rules. A temporary waiver will allow California additional time to implement a contract amendment with its third-party administrator to come into compliance. While California seeks a waiver for an additional five months, the Bureau, on its own motion, grants a waiver until December 31, 2014 to ensure that California has sufficient time to come into compliance before the expiration of this waiver.

11. Vermont, Utah, Nebraska, Florida, Oregon, and Idaho. In addition, for Vermont, Utah, Nebraska, Florida, Oregon, and Idaho, and the ETCs providing Lifeline service in these states, we find good cause to grant a permanent waiver of portions of section 54.407(d), and sections 54.410(b)(2)(ii), 54.410(c)(2)(ii) and 54.410(e), subject to the conditions described below and effective as of February 1, 2014. Each of these states continues to act in good faith and in partnership with the Commission to

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27 47 C.F.R. § 1.3.
28 Northeast Cellular Telephone Co. v. FCC, 897 F.2d 1164, 1166 (D.C. Cir. 1990).
29 WAIT Radio v. FCC, 418 F.2d 1153, 1159 (D.C. Cir. 1969); Northeast Cellular, 897 F.2d at 1166.
30 Northeast Cellular, 897 F.2d at 1166.
31 See supra n.3 (explaining why the Bureau is extending California’s request by six months).
32 See Lifeline Reform Order, 27 FCC Rcd at 6732, para. 1741; see also e.g., November Oregon Petition at 5-8; December Nebraska Petition at 3.
34 See California Status Update at 3.
35 See id. at 3-4 (explaining why an extension is warranted for California).
implement the *Lifeline Reform Order*, and we find that these waivers will assist these states in their efforts.

12. The Bureau finds that a permanent waiver is appropriate in these states. The Bureau finds the cost of compliance in these states outweighs the benefit of strict adherence to the rules. Like California, each of these states has put in place a system to screen subscribers’ eligibility. Each state requesting a permanent waiver has attempted to develop methods for ETCs in their states to receive a copy of the certification form that is both financially feasible and does not undermine their eligibility screening systems. As explained, we encourage states to develop systems to check the eligibility of potential Lifeline subscribers and this waiver will allow these states to preserve such innovative systems and processes. A permanent waiver is appropriate in this instance because these states’ screening systems, coupled with the conditions outlined below, fulfill the underlying purpose of the rules to limit Lifeline benefits to eligible consumers.

13. *Terms and Conditions of Waivers.* The conditions originally adopted in the three prior orders granting a waiver of these requirements will remain in place for California until December 31, 2014 and in perpetuity for Vermont, Utah, Nebraska, Florida, Oregon, and Idaho. In these states, the state Lifeline administrators or other state agencies must continue to obtain the required certifications from Lifeline subscribers pursuant to section 54.410(d). Furthermore, in accordance with sections 54.410(b)(2)(i) and 54.410(c)(2)(i), these states must provide notice to ETCs that new subscribers have complied with the Lifeline eligibility requirements, as well as provide notice to the ETCs that new subscribers have executed a certification form. Notwithstanding the relief provided in this waiver, states must continue to provide ETCs all of the necessary information required for ETCs to transmit the information to the National Lifeline Accountability Database. We remind ETCs in these states that they must maintain records to document compliance with all Commission and state requirements governing the Lifeline program and must be prepared, upon request, to produce to the Universal Service Administrative Company (USAC) or the Commission copies of notifications from the state that new subscribers have both complied with the Lifeline eligibility requirements and have executed a certification form.

36 *See, e.g.*, December Vermont Petition at 2-4; December Utah Petition at 4 (The Utah PSC has been actively working with Utah’s Department of Workforce Services to develop a method to comply with the rules, but, due to DWS privacy restrictions, no feasible method was found); December Nebraska Petition at 7 (Nebraska PSC attempted to comply with the rules during the past year; however, it found compliance too burdensome to continue and now asks for a permanent waiver).

37 *See Lifeline Reform Order*, 27 FCC Rcd at 6732, para. 174; *see also e.g.*, November Oregon Petition at 5-8; December Nebraska Petition at 3.

38 *See 47 C.F.R.* § 54.410(d); *see also, e.g.*, *Lifeline Reform Order*, 27 FCC Rcd at 6710-12, paras. 113, 115-16, 120. *See e.g.*, October Florida Petition at 8; December Nebraska Petition at 4; November Oregon Petition at 5.

39 *See 47 C.F.R.* § 54.410(b)(2)(i), 54.410(c)(2)(i). *See i.e.*, October Florida Petition at 8; December Nebraska Petition at 4; November Oregon Petition at 5.

40 *See 47 C.F.R.* § 54.404(b)(6) (required information that must be transmitted to the National Lifeline Accountability Database). State Lifeline administrators are permitted to populate and query the database. To the extent that the state agency will not do so, or the state has not exercised its opt-out rights, the state agency must provide this information to the ETCs so that the ETCs can maintain compliance with the rules. *See Lifeline Reform Order*, 27 FCC Rcd at 6735, para. 182 n.482; *id.* at 6751, para. 221.

41 *See 47 C.F.R.* § 54.417.

42 *See October Florida Petition at 10; November Oregon Petition at 8; December Nebraska Petition at 8; January Idaho Petition at 6.
an express condition to this waiver, both the permanent waiver granted to six states and for the extension of the temporary waiver for California, each state must provide USAC or any federal agency with the subscriber information necessary to conduct any inquiries.

III. ORDERING CLAUSES

14. ACCORDINGLY, IT IS ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by USTelecom IS GRANTED to the extent described herein.

15. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by the Public Utility Commission of Oregon and the Oregon Telecommunications Association IS GRANTED to the extent described herein.

16. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by the Idaho Public Utilities Commission IS GRANTED to the extent described herein.

17. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by the Utah Public Service Commission IS GRANTED to the extent described herein.

18. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by the Nebraska Public Service Commission IS GRANTED to the extent described herein.

19. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by the Florida Public Service Commission IS GRANTED to the extent described herein.

20. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by the Vermont Public Service Department IS GRANTED to the extent described herein.

21. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that the request for waiver filed by the United States Telecom Association IS GRANTED to the extent described herein.

22. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, that sections 54.410(b)(2)(ii), 54.410(c)(2)(ii), 54.410(e) and portions of 54.407(d) of the Commission’s rules, 47 C.F.R. §§ 54.407(d), 54.410(b)(2)(ii), 54.410(c)(2)(ii), and 54.410(e), ARE WAIVED to the limited extent provided herein.
23. 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 February 1, 2014.

FEDERAL COMMUNICATIONS COMMISSION

Julie A. Veach
Chief
Wireline Competition Bureau