

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

In the Matter of
Requests for Review of Decisions by the Universal
Service Administrator by
Telrite Corporation
Lifeline Universal Service Support Mechanism
WC Docket No. 11-42

ORDER

Adopted: March 25, 2026

Released: March 25, 2026

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, the Wireline Competition Bureau (Bureau) resolves two Requests for Review by Telrite Corporation (Telrite) of decisions by the Universal Service Administrative Company (USAC) to recover funds after audits found violations of Lifeline program rules.

II. BACKGROUND

A. Legal Background

2. Section 254(e) of the Communications Act of 1934, as amended (Act), provides that service providers seeking to participate in the Lifeline program must be designated as an eligible telecommunications carrier (ETC) by either a state commission or the Federal Communications Commission (Commission), if the relevant state commission has not asserted jurisdiction.

1 Request for Review by Telrite Corporation of Decision of the Universal Service Administrator, WC Docket No. 11-42 (filed Nov 18, 2022), https://www.fcc.gov/ecfs/document/1118102350447/1 (Telrite November 2022 Request for Review); Request for Commission Review by Telrite Corporation (PR) of Decision of the Universal Service Administrator, WC Docket No. 11-42 (filed Aug 25, 2020), https://www.fcc.gov/ecfs/document/10825001879127/1 (Telrite August 2020 Request for Review).

2 47 U.S.C. § 254(e) (“[O]nly an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific federal universal service support.”); see also id. § 214(e).

3 47 CFR § 54.403(a). Additionally, an ETC may receive up to an additional \$25 per month if the qualifying low-income subscriber resides on Tribal lands. See id.

3. The Commission established the National Lifeline Accountability Database (NLAD) to prevent, detect, and eliminate duplicative Lifeline support provided to individuals and households.<sup>4</sup> In creating the NLAD, the Commission imposed specific requirements on 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>5</sup> Moreover, in establishing the NLAD, the Commission recognized that certain states already had or were prepared to move forward with their own systems to check for duplicative Lifeline support, and to accommodate those efforts the Commission established a process for states to file a request to "opt out" of the national database.<sup>6</sup> The current opt-out states are Oregon and Texas.<sup>7</sup>

4. Moreover, the Commission's Lifeline rules establish certain requirements that ETCs must fulfill to claim and receive federal Lifeline support.<sup>8</sup> Section 54.407(a) governs reimbursement for offering Lifeline and, at the times relevant to these appeals, requires that universal service support for Lifeline must be provided to an ETC based on the number of actual qualifying low-income consumers served directly as of the first day of the month, which is commonly called the "snapshot date."<sup>9</sup> In 2019, after the time period at issue in these appeals, the Commission revised the Lifeline program rules to limit the number of eligible subscribers an ETC may claim for reimbursement to no more than the number of qualifying subscribers the ETC directly serves as of the snapshot date as indicated by the data in the NLAD or state administrator's records.<sup>10</sup>

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<sup>4</sup> *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 et al., Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6734, para. 179 (2012) (*2012 Lifeline Order*).

<sup>5</sup> 47 CFR 54.404(b)(1) (2016–17).

<sup>6</sup> *2012 Lifeline Order* at 6752, para. 221; 47 CFR § 54.404(a) (2016–17).

<sup>7</sup> On November 20, 2025, the Bureau issued an order revoking the exemption that enabled the California Public Utilities Commission to opt out of using the NLAD for the federal Lifeline program. *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, DA 25-965 (WCB Nov. 20, 2025).

<sup>8</sup> See generally 47 CFR §§ 54.400–54.424 (2016–17).

<sup>9</sup> Section 54.407(a) of the Commission's rules has changed over time and the rule versions differ slightly between the two audits discussed herein. However, the changes throughout the two audit periods do not ultimately impact the Bureau's decision on the audit findings. During the audit period at issue for the August 2020 Request For Review, the December 2016 version of section 54.407(a) was applicable and read as follows: "Universal service support for providing Lifeline shall be provided to an eligible telecommunications carrier, based on the number of actual qualifying low-income consumers it serves directly as of the first day of the month." 47 CFR § 54.407(a) (2016) (effective February 17, 2016 through December 1, 2016); *Wireline Competition Bureau Announces Effective Dates of Lifeline Rules Following Approval by the Office of Management and Budget*, WC Docket Nos. 11-42, 09-197, 10-90, Public Notice, 31 FCC Rcd 197, 198 (WCB 2016). Between the periods for the audits at issue, the Commission added the following sentence to section 54.507(a), while retaining the sentence mentioned above: "After the National Verifier is deployed in a state, reimbursement shall be provided to an eligible telecommunications carrier based on the number of actual qualifying low-income customers it serves directly as of the first day of the month found in the National Verifier." See 47 CFR § 54.407(a) (2016) (effective December 2, 2016); see also *Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, WC Docket Nos. 11-42, 09-197 and 10-90, Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962 (2016) (*2016 Lifeline Order*); *Wireline Competition Bureau Announces Effective Dates Following Approval By The Office Of Management And Budget Of Lifeline Rules In The Lifeline Modernization Order OMB Approval Of Lifeline Rules*, WC Docket Nos. 11-42, 09-197, Public Notice, 31 FCC Rcd 10982, 10983 (WCB 2016).

<sup>10</sup> *Bridging the Digital Divide for Low-Income Consumers et al.*, WC Docket Nos. 17-287, 11-42, 09-197, Fifth Report and Order, Memorandum Opinion and Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 34 FCC Rcd 10886, 10925, para. 94 (2019) (*2019 Lifeline Report and Order*); see also 47 CFR § 54.407(a) ("Eligible telecommunications carriers operating in a state that has provided the Commission with an

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5. Section 54.404 of the Commission's Lifeline rules governs the NLAD and requires, in part, that ETCs must not provide and not seek or receive Lifeline reimbursement for subscribers receiving Lifeline service from another ETC, that ETCs must transmit certain specified data points to the NLAD for each new and existing Lifeline subscriber, and that an ETC de-enrolling a subscriber must transmit the date of Lifeline service de-enrollment within one business day of de-enrollment to the NLAD.<sup>11</sup> Section 54.405(e), governing de-enrollment, requires, in part, that ETCs de-enroll subscribers from participation in that carrier's Lifeline program within five business days in instances where subscribers fail to demonstrate eligibility or where subscribers are receiving duplicative support, and prohibits support for transferred-out subscribers.<sup>12</sup>

## B. Factual Background

6. *August 2020 Request for Review.* In a Request for Review filed in August 2020, Telrite requests that the Bureau vacate USAC's denial of Telrite's February 4, 2019 appeal to USAC.<sup>13</sup> In its appeal, Telrite requested that USAC vacate the sole finding from an audit of Telrite's reimbursement submission for Lifeline subscribers in Puerto Rico in December 2016.<sup>14</sup> According to the audit finding, Telrite impermissibly sought and received Lifeline support for subscribers who were not active in the NLAD on the snapshot date because they had transferred their Lifeline benefit to another service provider or had not yet been enrolled because their applications were under dispute resolution with USAC.<sup>15</sup> The third-party auditor issued its Final Report on October 19, 2018.<sup>16</sup> USAC issued a Recovery Letter on December 6, 2018 seeking to recover reimbursements associated with this finding.<sup>17</sup> Telrite filed an appeal with USAC on February 4, 2019.<sup>18</sup> USAC issued its Administrator's Decision Letter on June 25, 2020 denying the appeal.<sup>19</sup> Telrite then filed a Request for Review with the Bureau.<sup>20</sup>

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approved valid certification pursuant to § 54.404(a) must comply with that state administrator's process for determining the number of subscribers to be claimed for each month, and in those states Universal Service support for providing Lifeline shall be provided directly to the eligible telecommunications carrier based on that number of actual qualifying low-income customers, according to the state administrator or other state agency's process.”)

<sup>11</sup> See 47 CFR § 54.404(b)(1), (6), (10) (2016-17). See generally *2012 Lifeline Order*, 27 FCC Rcd at 6734–55, paras. 179-225 (establishing the NLAD).

<sup>12</sup> 47 CFR § 54.405(e)(1), (2) (2016-17); see also *Lifeline and Link Up Reform and Modernization; Telecommunications Carriers Eligible for Universal Service Support; Connect America Fund*, WC Docket Nos. 11-42, 09-197, 10-90, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818, 7901, para. 251 (2015) (*2015 Lifeline Reform Order*) (restricting two ETCs from receiving support for providing service to the same subscriber in the same calendar month).

<sup>13</sup> Telrite August 2020 Request for Review at 1; Email from John J. Heitmann, Counsel to Telrite Corporation, to Universal Service Administrative Company (Feb. 4, 2019).

<sup>14</sup> Telrite August 2020 Request for Review at 1.

<sup>15</sup> Limited Scope Performance Audit on Compliance with the Federal Universal Service Fund Lifeline Support Mechanism Rules, USAC Audit No. LI2017BE049, at 5 (Oct. 19, 2018) (Telrite Audit Report No. LI2017BE049).

<sup>16</sup> See Telrite Audit Report No. LI2017BE049.

<sup>17</sup> Letter from the Universal Service Administrative Company, to Jim Carpenter, Telrite Corporation (Dec. 6, 2018).

<sup>18</sup> Telrite August 2020 Request for Review.

<sup>19</sup> Administrator's Decision on Lifeline Program Appeal from the Universal Service Administrative Company, to Brian Rathman, Telrite Corporation (June 25, 2020) (June 2020 Administrator's Decision Letter).

<sup>20</sup> See Telrite August 2020 Request for Review.

7. *November 2022 Request for Review.* In a separate Request for Review filed in November 2022, Telrite seeks to overturn USAC's decision to adopt the findings of a Final Audit Report where the company claimed reimbursements for service provided to Lifeline subscribers during the 2017 calendar year.<sup>21</sup> On May 4, 2021, a third-party auditor issued a Final Audit Report, adopted by USAC, finding that Telrite impermissibly sought and received Lifeline support for subscribers who were not listed in the NLAD because they had transferred their Lifeline benefit to another service provider, had not yet been enrolled because their applications were under dispute resolution with USAC, or were not identified as eligible by the Public Utility Commission of Texas' (PUCT) NLAD equivalent.<sup>22</sup> USAC issued a related Recovery Letter on June 11, 2021, affirming both findings and stating USAC's intention to recover from Telrite.<sup>23</sup> Telrite filed an appeal of the Recovery Letter on August 10, 2021, seeking USAC review of USAC's decision to recover Lifeline program reimbursements from Telrite in connection with the Final Audit Report.<sup>24</sup> USAC denied Telrite's appeal in its entirety and issued an Administrator's Decision Letter on September 19, 2022.<sup>25</sup> Telrite then filed a Request for Review with the Bureau.<sup>26</sup>

### III. DISCUSSION

8. Based on our *de novo* review of the record, we deny the Requests for Review for the reasons discussed below.<sup>27</sup>

#### A. Subscribers Not Active in the NLAD at Snapshot

9. We deny the Requests for Review seeking to reverse findings related to subscribers who had not yet enrolled or had already transferred to a different ETC and were therefore not listed in NLAD as of the snapshot date. In both audit reports at issue, USAC sought recovery because the number of subscribers Telrite claimed for reimbursement during the audit period exceeded the number of subscribers identified as active in the NLAD for the same period.<sup>28</sup>

10. To receive universal service support, ETCs must comply with all program rules, including those governing the use of the NLAD and support for providing Lifeline service as of the snapshot date. The rules governing the NLAD require, in part, that ETCs must transmit certain specified data points to the NLAD for each new and existing Lifeline subscriber and that an ETC de-enrolling a subscriber must transmit the date of Lifeline service de-enrollment within one business day of de-enrollment to the NLAD.<sup>29</sup> Moreover, for each relevant audit period,<sup>30</sup> Lifeline program support was

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<sup>21</sup> Telrite November 2022 Request for Review at 1; Limited Scope Audit on Compliance with the Federal Universal Service Fund Lifeline Support Mechanism Rules, USAC Audit No. LI2019SR005, 3 (May 4, 2021) (Telrite Audit Report No. LI2019SR005).

<sup>22</sup> Telrite Audit Report No. LI2019SR005.

<sup>23</sup> Letter from the Universal Service Administrative Company, to Jim Carpenter, Telrite Corporation (June 11, 2021).

<sup>24</sup> Email from John J. Heitmann, Counsel for Telrite Corporation, to the Universal Service Administrative Company (Aug. 10, 2021).

<sup>25</sup> Administrator's Decision on Lifeline Program Appeal from the Universal Service Administrative Company, to Kelly Jesel, Telrite Corporation (Sep. 19, 2022).

<sup>26</sup> See generally Telrite November 2022 Request for Review.

<sup>27</sup> See 47 CFR § 54.723.

<sup>28</sup> Telrite Audit Report No. LI2019SR005 at 3, 6-9; Telrite November 2022 Request for Review at 2; Telrite August 2020 Request for Review at 5-7; Telrite Audit Report No. LI2017BE049 at 5.

<sup>29</sup> See 47 CFR § 54.404(b)(6), (10) (2016-17).

provided to an ETC based on the number of actual qualifying low-income consumers or customers served directly as of the snapshot date on the first day of the month.<sup>31</sup> Telrite argues that USAC incorrectly applied a later standard adopted in the *2019 Lifeline Report and Order*, which would have required that the number of subscribers claimed on the FCC Form 497<sup>32</sup> must not exceed the number of subscribers identified as active in the NLAD.<sup>33</sup> To receive Universal Service Fund (USF) support, ETCs must comply with *all* program rules, including those that govern use of the NLAD, not just some. Here, Telrite violated Lifeline program rules notwithstanding changes made in the *2019 Lifeline Report and Order*.

11. *Transferred-out Subscribers.* We deny Telrite's Requests for Review related to payments made for subscribers who were de-enrolled or transferred to a different ETC by the snapshot date, or otherwise were not reflected in the NLAD on the snapshot date.<sup>34</sup> Telrite asserts that it properly sought reimbursement for subscribers transferring to a different service provider for which it initiated but had not yet completed the de-enrollment process as of the snapshot date.<sup>35</sup> The record, however, shows that the transfers had been completed by the snapshot date, as the at-issue subscribers were reflected as transferred out and therefore not listed as active with Telrite in the NLAD prior to the snapshot date.<sup>36</sup> According to USAC, when an ETC initiates a transfer in the NLAD, the system automatically transfers out the subscriber from the old ETC's database and into the new ETC's database.<sup>37</sup> Critically, the at-issue subscribers were reflected in the NLAD as transferred-out<sup>38</sup> before the snapshot date. Program rules specifically prohibit ETCs from receiving "Lifeline reimbursement for any de-enrolled subscriber following the date of the subscriber's de-enrollment."<sup>39</sup> Therefore, Telrite could not receive funding for these at-issue subscribers because their de-enrollment should have been completed by the snapshot date. Although Telrite may have continued to provide service to these de-enrolled subscribers, this does not

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<sup>30</sup> The audit at issue in the Telrite November 2022 Request for Review covers compliance for all study area codes (SACs) where Telrite claimed subscribers during calendar year 2017. Telrite Audit Report No. LI2019SR005 at 3. The audit at issue in the Telrite August 2020 Request for Review covers December 2016. Telrite Audit Report No. LI2017BE049 at 3.

<sup>31</sup> 47 CFR § 54.407(a) (2016) (rule versions effective February 17, 2016 and December 2, 2016).

<sup>32</sup> The FCC Form 497 was the form that ETCs used at the applicable time to file Lifeline program reimbursement requests. *See, e.g., Lifeline and Link up et al.*, WC Docket No. 03-109 et al., Order, 30 FCC Rcd 9833, 9833, para. 2 (WCB 2015).

<sup>33</sup> Telrite November 2022 Request for Review at 2, 9–10; *see also 2019 Lifeline Report and Order*, 34 FCC Rcd at 10925, para. 94.

<sup>34</sup> Telrite also seeks review for one subscriber identified in the audit report as not having been recorded in NLAD until January 12, 2017. *See* Telrite August 2020 Request for Review at 2 n.3; *see also* Telrite Audit Report No. LI2017BE049 at 5.

<sup>35</sup> Telrite November 2022 Request for Review at 15-17; Telrite August 2020 Request for Review at 12-15.

<sup>36</sup> Telrite Audit Report No. LI2017BE049 at 5; Telrite Audit Report No. LI2019SR005 at 7.

<sup>37</sup> June 2020 Administrator's Decision Letter at 5.

<sup>38</sup> Telrite Audit Report No. LI2019SR005 at 6–9; Telrite Audit Report No. LI2017BE049 at 5–9; *see also* Telrite Audit Report No. LI2017BE049 at 5 (stating "[t]he transfer out date established in NLAD represents the date a subscriber must be removed from the Beneficiary's subscriber listing and is no longer eligible to be claimed by the Beneficiary."); *Wireline Competition Bureau Reminds Eligible Telecommunications Carriers of NLAD Processes Regarding Benefit Transfers, Exceptions Management and Dispute Resolution*, Public Notice, WC Docket No. 11-42, 29 FCC Rcd 11443 (WCB 2014) (summarizing certain procedures that were implemented for benefit transfer and noting that the ETC to which the subscriber is transferring his or her benefit will initiate the benefit transfer transaction in the NLAD).

<sup>39</sup> 47 CFR § 54.405(e)(2) (2016–17).

negate their de-enrolled status reflected in the NLAD.<sup>40</sup> Accordingly, we deny Telrite's Requests for Review for these subscribers and we uphold USAC's decisions to seek recovery.

12. *Dispute Resolution.* Telrite asserts it properly sought reimbursement for discounted Lifeline service provided to eligible Lifeline subscribers who were listed in the NLAD, but were subject to USAC's "dispute resolution" process allowing prospective subscribers who were denied enrollment because of a finding of duplicative support to correct any inaccuracies in the NLAD.<sup>41</sup> The dispute resolution process is designed to mitigate the risk that consumers are improperly denied access to Lifeline benefits and to reduce the risk of duplicative claims.<sup>42</sup> Under program rules, ETCs may not receive reimbursement for subscribers whose identities could not be verified through the identification verification process, a process that is a component of the dispute resolution processes.<sup>43</sup> In establishing a dispute resolution process, the Commission contemplated that dispute resolution would aid "persons denied access to Lifeline benefits."<sup>44</sup> Persons subject to dispute resolution have been denied Lifeline benefits for address validation or identity verification issues and cannot be verified as actual qualifying low-income customers<sup>45</sup> under program rules; if they had been verified, there would be no dispute to resolve.<sup>46</sup> Therefore, Telrite may not seek reimbursement for these at-issue subscribers until the dispute has been resolved.

13. *Purported Systems Issue.* Telrite also argues that a subset of subscribers in dispute resolution cited in the audit findings were not reflected in the NLAD because of Telrite's efforts, working with and at USAC's direction, to remedy what it characterizes as an NLAD systems issue.<sup>47</sup> Due to this issue, the NLAD set the service initiation date for subscribers who had been previously de-enrolled and later re-enrolled to December 2, 2016, rather than the re-enrollment date.<sup>48</sup> The practical impact was that Telrite would need to conduct re-certification early for certain subscribers, but still within the required 12 months following the subscriber's service initiation date.<sup>49</sup> USAC presented Telrite with de- and re-

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<sup>40</sup> *Lifeline and Link Up Reform and Modernization et al.*, Report and Order, WC Docket No. 11-42 et al., 26 FCC Rcd 9022, 9031, para. 15 (2011) (adopting de-enrollment rules for the Lifeline program and specifying that ETCs may continue to serve the consumer as a non-Lifeline subscriber).

<sup>41</sup> Telrite November 2022 Request for Review at 13; Telrite August 2020 Request for Review at 8–12.

<sup>42</sup> *2012 Lifeline Order*, 27 FCC Rcd at 6747, 6749, paras. 210, 217.

<sup>43</sup> *Id.* at 6743, para. 201; *see also Wireline Competition Bureau Reminds Eligible Telecommunications Carriers of NLAD Processes Regarding Benefit Transfers, Exceptions Management and Dispute Resolution*, Public Notice, WC Docket No. 11-42, 29 FCC Rcd 11443 (WCB 2014).

<sup>44</sup> *2012 Lifeline Order*, 27 FCC Rcd at 6749, para. 217.

<sup>45</sup> 47 CFR § 54.407(a) (2016) (rule versions effective February 17, 2016 and effective December 2, 2016).

<sup>46</sup> *Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization*, Notice of Proposed Rulemaking, WC Docket Nos. 11-42 et al., 32 FCC Rcd 10475, 10508 (2017) ("An NLAD denial occurs when a subscriber fails one of the protective checks contained in the NLAD system. For example, if USAC's automated identity check rejects a consumer's application, that consumer may produce documentation verifying their identity, because the databases that are available to automatically verify identity are not comprehensive. A Lifeline subscriber may dispute an NLAD denial by submitting the appropriate documentation to the ETC. The ETC then reviews the documents, verifies the information at issue in the dispute, and processes the dispute resolution with USAC.").

<sup>47</sup> Telrite November 2022 Request for Review at 12; *see also* Telrite Audit Report No. LI2019SR005 at 8.

<sup>48</sup> *See* Email from Derek Wong, Telrite to NLADsupport@usac.org (May 18, 2017).

<sup>49</sup> In the *2016 Lifeline Order*, the Commission adopted rules to change the subscriber eligibility recertification process to a rolling process, requiring recertification by 12 months after the subscriber's service initiation date. *2016 Lifeline Order*, 31 FCC Rcd at 4115–17, 4120, paras. 416-21, 433; *see also Wireline Competition Bureau*

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enrollment as an option to “realign” the service initiation and re-certification dates for these subscribers, if Telrite wanted to, but did not make any assurances that Lifeline support would be provided for subscribers who were not active as of the snapshot date.<sup>50</sup> When conducting these de- and re-enrollments, Telrite discovered that certain re-enrollments failed because additional subscriber information, such as an Independent Economic Household<sup>51</sup> worksheet, was occasionally required to address dispute resolutions pertaining to applications flagged as potentially being duplicative.<sup>52</sup> Telrite did not possess the documentation necessary to re-enroll the failed subscribers because the documentation was not required at those subscribers’ original enrollment, but was required upon their re-enrollment.<sup>53</sup> Although, as Telrite asserts, the sole reason these subscribers were not listed as active in the NLAD was because of the de-enrollment and re-enrollment undertaken, Telrite assumed the risk that these subscribers would not be re-enrolled by the snapshot date when it elected to de- and re-enroll them. Accordingly, we deny Telrite’s Request for Review for these subscribers and we uphold USAC’s decision to seek recovery.

#### **B. Texas Database Variance from the NLAD**

14. In the audit at issue in the November 2022 Request for Review, USAC documents households claimed by Telrite in Texas who were not identified as eligible by the Public Utility Commission of Texas (PUCT) through the Texas Low-Income Database Administrator (LIDA), Texas’ counterpart to the NLAD.<sup>54</sup> These subscribers were not included in the applicable End of Month (EOM) Report provided by LIDA to USAC and therefore were deemed ineligible for reimbursement. USAC seeks to recover for overpayments associated with this finding.

15. As an opt-out state, Texas is responsible for making Lifeline program eligibility determinations and submitting lists of eligible subscribers to USAC.<sup>55</sup> On behalf of the PUCT, the LIDA determines whether a consumer meets the eligibility criteria for Lifeline support for both the state’s program and under the Commission’s rules. The LIDA system employs a monthly batch process for exchanging information with ETCs.<sup>56</sup>

16. However, the LIDA is also capable of exchanging information in real-time to allow ETCs to conduct pre-verifications of Lifeline customer eligibility and to check whether a customer is receiving

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*Provides Guidance on Rolling Recertification Pursuant to Lifeline Modernization Order*, WC Docket Nos. 11-42, 10-90, 09-197, Public Notice, 31 FCC Rcd 11895 (WCB 2016).

<sup>50</sup> See Email from NLADsupport@usac.org to Derek Wong, Telrite (dated May 18, 2017) ; *see also* Telrite Audit Report No. LI2019SR005 at 8 (referencing an email to Telrite with guidance from USAC).

<sup>51</sup> Under the Commission’s Lifeline rules, only one Lifeline discount is allowed per “independent economic household.” 47 CFR §§ 54.404(b)(3), 54.410(d)(1)(ii–v). For purposes of the Lifeline program, a household is defined “as any individual or group of individuals who live together at the same address and share income and expenses.” 47 CFR § 54.410(d)(1)(iii).

<sup>52</sup> Telrite Audit Report No. LI2019SR005 at 8.

<sup>53</sup> *Id.*

<sup>54</sup> Telrite Audit Report No. LI2019SR005 at 10–11.

<sup>55</sup> *2012 Lifeline Reform Order*, 27 FCC Rcd at 6752, para. 221 (describing requirements and process for opting out of NLAD); *see also* 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 No. 11-42, et al. (filed Nov. 16, 2012) (Texas Amended Opt-Out Petition); Petition and Certification to Opt-Out of the National Database Pursuant to 47 CFR § 54.404(a) by the Public Utility Commission of Texas, WC Docket No. 11-42, et al. (filed Sep. 13, 2012) (Texas Opt-Out Petition).

<sup>56</sup> Texas Amended Opt-Out Petition at 23–24 (noting that the LIDA system employs a monthly batch process exchanging information with ETCs).

a Lifeline discount from another service provider.<sup>57</sup> ETCs are able to conduct verifications of customer eligibility data using the LIDA's Near Real-Time (NRT) Application Programming Interface (API).<sup>58</sup> The API, incorporated into the LIDA, is designed as a pre-approval process to provide informational Lifeline customer eligibility data.<sup>59</sup> Regardless of the existence of API functionality, the PUCT maintains that the monthly EOM report from the LIDA serves as the sole source for Lifeline customer reimbursement, as it includes final checks from the LIDA not always reflected in the API connection.<sup>60</sup>

17. Telrite argues that USAC misconstrues and misapplies the Commission's "snapshot rule"<sup>61</sup> and that the rule allows ETCs to claim reimbursement for consumers who are served as of the first of the month, regardless of whether the subscribers appear in an EOM Report sent to USAC.<sup>62</sup> Moreover, Telrite requests that the Bureau reject the audit finding based on the exclusion of API-approved subscribers and allow the company to receive reimbursement for providing discounted Lifeline service to API-approved subscribers who are served but omitted from the EOM report.<sup>63</sup> For opt-out states such as Texas, Lifeline program verifications are based on state processes.<sup>64</sup> An ETC cannot submit a claim for reimbursement for Lifeline subscribers that have not been determined to be eligible by the state administrator.<sup>65</sup> Under the LIDA process, "the EOM report is the single source of an ETC's eligible customers for which Lifeline service can be provided and claimed."<sup>66</sup> Therefore, support cannot be provided for Texas consumers who did not appear on the applicable month's EOM Report.

18. Under the Commission's rules, before an ETC may seek Lifeline reimbursement, it must receive from the state Lifeline administrator notice that the prospective subscriber meets the income-based eligibility criteria or the program-based eligibility criteria.<sup>67</sup> The LIDA's EOM determinations of customer eligibility, in accordance with the federal Lifeline requirements, are determinative for Lifeline claims in Texas.<sup>68</sup> Although the LIDA also maintains an API that provides "near real-time" Lifeline customer eligibility data, the EOM Report produced by the LIDA is determinative and supersedes any API checks.<sup>69</sup> Because the Lifeline subscribers at issue in this appeal were not listed in the EOM Report,

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<sup>57</sup> Texas Amended Opt-Out Petition at 12.

<sup>58</sup> The Public Utility Commission of Texas Comments in Response to the National Lifeline Association Emergency Petition for Declaratory Ruling, WC Docket Nos. 11-42 et al., CC Docket No. 96-45, at 7 (filed July 9, 2020) (PUCT Comments).

<sup>59</sup> *Id.* at 8 ("Upon receipt of an applicant's information from a prepaid wireless carrier, the API either renders an eligibility decision immediately based on the applicant being found in the HHSC file (Real-Time), or, alternatively, queues the application for an NRT review.").

<sup>60</sup> *Id.* ("Hence, this API functionality does not change the fact that the monthly EOM report serves as the sole source for Lifeline customer reimbursement. . . .").

<sup>61</sup> Telrite November 2022 Request for Review at 22.

<sup>62</sup> *Id.* at 23.

<sup>63</sup> *Id.* at 28–29.

<sup>64</sup> See *Wireline Competition Bureau Announces the Launch of the National Lifeline Eligibility Verifier in Oregon and Texas*, WC Docket No. 11-42, Public Notice, 35 FCC Rcd 11721 (WCB 2020) (*Texas Opt-Out Approval Public Notice*).

<sup>65</sup> See 47 CFR § 54.410(b)(2), (c)(2) (2017).

<sup>66</sup> See PUCT Comments at 10.

<sup>67</sup> See 47 CFR § 54.410(b)(2), (c)(2) (2017).

<sup>68</sup> See 16 Tex. Admin. Code § 26.412(g)(2)(A)(iv) (2017) (discussing an ETCs obligations upon receipt of the monthly update provided by the LIDA).

they had not been determined to be eligible under the LIDA. Therefore, Telrite had not received the required notice that these subscribers were eligible for support and was barred from claiming support for these subscribers.

19. Finally, Telrite argues that the appeal should be granted because there is a pending Petition for a Declaratory Rulemaking filed by the National Lifeline Association alleging that Texas should lose its opt-out state status and because of purported deficiencies in the LIDA's verification process.<sup>70</sup> Regardless of the eventual disposition of that Petition, at all times relevant to this appeal, Texas was an opt-out state under the Commission's rules,<sup>71</sup> and Texas' eligibility process, which includes the use of the LIDA, was approved when Texas was approved as a National Verifier opt-out state.<sup>72</sup>

20. For these reasons, we deny Telrite's November 2022 Request for Review. Under the Commission's Lifeline rules, ETCs may only make claims for subscribers actually determined to be eligible and here, eligible subscribers are only those identified in the LIDA EOM Report.

#### IV. ORDERING CLAUSES

21. 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 54.722(a) of the Commission's rules, 47 CFR §§ 0.91, 0.291, and 54.722(a), that the Requests for Review filed by the Petitioners ARE DENIED.

22. IT IS FURTHER ORDERED that, pursuant to section 1.102(b)(1) of the Commission's rules, 47 CFR § 1.102(b)(1), this order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Joseph S. Calascione  
Chief  
Wireline Competition Bureau

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<sup>69</sup> See PUCT Comments at 7–10 (noting in part that the API functionality does not change the fact that the monthly EOM report serves as the sole source for Lifeline customer reimbursement).

<sup>70</sup> Petition of the National Lifeline Association for Declaratory Ruling Revoking Texas' National Lifeline Accountability Database Opt-Out Certification Approval and Other Relief, WC Docket Nos. 11-42, et al. (filed June 3, 2020); see also Telrite November 2022 Request for Review 20–25.

<sup>71</sup> See *Texas Opt-Out Approval Public Notice*, 35 FCC Rcd 11721.

<sup>72</sup> *Id.*; see also Texas Opt-Out Petition and Texas Amended Opt-Out Petition.