

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye  
David C. Boyd  
Marshall Johnson  
Thomas Pugh  
Phyllis A. Reha

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of Modification of the Lifeline  
Verification Survey Requirements

ISSUE DATE: October 11, 2007

DOCKET NO. P-999/CI-07-557

ORDER ACCEPTING REPORTS AND  
MODIFYING PROCEDURES

**PROCEDURAL HISTORY**

On April 29, 2004, the Federal Communications Commission (FCC) directed all eligible telecommunications carriers (ETCs) to implement procedures for verifying whether customers receiving Lifeline benefits continue to qualify for those benefits. The goal of the process is to ensure that Lifeline benefits are targeted to those who qualify for the program. State commissions were asked to either follow the default procedures established by the FCC or come up with state-specific procedures.

On June 10, 2005, the Commission issued an Order in Docket No. P-999/CI-05-334, determining that it has authority to establish Lifeline verification procedures. The Commission subsequently adopted the verification procedures proposed by the FCC.

On August 11, 2006, the Commission issued an Order in Docket P-999/CI-06-517 approving the recommendation of the Minnesota Department of Commerce (the Department) and affected carriers for new verification procedures different from the FCC-recommended procedures.<sup>1</sup> The Commission stated:

Each ETC in Minnesota shall follow the modified Lifeline verification procedures set forth in Attachment 1 in lieu of the verification procedures set forth by the FCC, with the exception that the Commission does not relieve any ETC of any requirement to make reports to USAC<sup>2</sup>. An ETC shall report on the results of

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<sup>1</sup> See In the Matter of a Petition by MTA for Modification of Lifeline Verification Survey Procedures, Docket No. P-999/CI-06-517, ORDER ESTABLISHING VERIFICATION PROCEDURES (August 11, 2006) at Attachment 1.

<sup>2</sup> Universal Service Administrative Company (USAC).

implementing these verification procedures beginning with the ETC's verification filing in 2006 or 2007, at the ETC's discretion.

By June 1, 2007, most ETCs had reported the results of their Lifeline surveys (Lifeline Verification Survey Reports). Some carriers requested and received approval for delayed filings. The survey results submitted this year are handled under the current docket, P-999/M-07-557.

On July 2, 2007, the Department submitted comments. The Commission did not receive other initial or responsive comments on this matter.

On September 19, 2007, the Commission received lifeline survey results from additional ETCs.

The Commission met on September 20, 2007 to consider this matter.

## **FINDINGS AND CONCLUSIONS**

### **I. The Department's Comments**

In its July 2, 2007 comments, the Department reported that not all carriers have followed the verification procedures, but recommended no adverse action against those carriers since this is the first year that many ETCs are using the new procedures. The Department recommended acceptance of the reports filed as of that date.

The Department also recommended a modification of the verification procedures approved by the Commission in its August 11, 2006 Order in Docket No. P-999/CI-06-517. The Department reported that it had attempted to develop a list of ETCs grouped according to size (small, medium, and large) based on the number of Lifeline customers per carrier<sup>3</sup>, but was unable to find an accurate, up to date number of each carrier's current Lifeline customers. Rather than requiring the Department to compile such a list, the Department stated, it would be more logical to add a requirement to the verification procedures directing carriers to list the number of Lifeline customers they have in their June 1 report each year. Specifically, the Department proposed that Point 7 be amended by adding a new section a) and adjusting the lettering on the current requirements as follows:

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<sup>3</sup> Point 12 of the revised Lifeline Verification Procedures approved in the August 11, 2006 Order stated:

12. The Department will prepare a roster of ETCs, classifying them as "Small" (1-99 Lifeline recipients), "Medium" (100-999 Lifeline recipients), and "Large" (1,000 or more Lifeline recipients). The Department will make adjustments to this classification list if mistakes or more current data are found (e.g., a mistake in the count of the number of lifeline customers).

ETCs should report to the Commission a) the number of Lifeline recipients the carrier has at the time it initiated its verification that year; b) the number of survey letters sent out, c) the number responding that are eligible; d) the number responding that are ineligible, e) the number that did not respond, and f) any non-responding recipients that remain on the program because the carrier has acquired information that the recipient is eligible.

## **II. Carrier Comments**

The ETCs filed no written comments, but at the hearing, representatives of American Cellular and the Minnesota Independent Coalition recommended changing the filing date from June 1 to August 31 to correspond to the date on which ETCs file their annual reports with the Universal Service Administrative Company (USAC). The Department did not object to that proposal.

## **III. Commission Analysis and Action**

### **A. Lifeline Verification Reports**

The Commission finds that although several ETCs filed the results of their verification surveys as late as the day before the hearing, all the ETCs have made the required filings at this point and all filings appear to be acceptable as to content. In view of the fact that this is the first year that many ETCs are using the new procedures, the Commission will make no further comment and take no action regarding the late-filings. Instead, the Commission will accept the filings of all the ETCs.

### **B. Adjustments to the Lifeline Verification Procedures**

The Commission notes that in adopting the Lifeline Verification Procedures in its August 11, 2006 Order the Commission qualified its approval of the procedures, stating

Of course, the procedures adopted today may not be the final revision to Minnesota's Lifeline verification procedures. The FCC first required procedures for verifying Lifeline eligibility in 2004, and parties are still learning about the challenges of implementing the process. The Commission may adopt further refinements as all parties gain greater experience, or as necessary to reflect changes in the Lifeline program itself.

In this Order the Commission considers and adopts four changes to the Lifeline Verification Procedures.

First: the Commission finds that the Department's proposal to modify the verification procedures is reasonable and will approve it. Simply put, the Commission will eliminate the requirement that the Department prepare and maintain a roster of ETCs which classifies them as small (1-99 Lifeline recipients), medium (100-999 Lifeline recipients), or large (1,000 or more Lifeline recipients) and replace it with a requirement that the ETCs' annual verification report include the number of Lifeline recipients the carrier has at the time it initiated its verification that year. The administrative burden on the Department to compile and maintain an up to date list outweighs the benefit. Administrative efficiencies will be realized by simply requiring the ETCs to report the number of their Lifeline customers as part of their Lifeline Verification Reports.

Second: it appears that administrative efficiencies may be realized from the carriers' proposal to synchronize the filing date of the ETCs' Lifeline Verification Reports with the filing date for their annual Lifeline Report to the Universal Service Administrative Company (USAC). Since the FCC has established September 1 as the date that ETCs file their Annual Lifeline Reports with the USAC, the Commission will move the filing date for the ETCs' Lifeline Verification Reports with the Commission from June 1 to on or before September 1.

Third: Point 1 of the Commission-approved procedures for verifying Lifeline eligibility requires Small Carriers (those with between 1-99 Lifeline recipients) to file their reports every other year rather than annually. So that the Department and the Commission can easily track which carriers are only required to file Reports every other year, Point 7 will be amended to require all ETCs, including Small Carriers, to report the number of their Lifeline recipients annually.

Fourth: To clarify the scope and timing of the Small Carriers' exemption, the Commission will add further clarifying language to Point 7.

### **ORDER**

1. The Commission accepts the Lifeline Verification Survey Reports filed by all the ETCs in this matter. A list of the ETCs filing Lifeline Verification Survey Reports accepted in this Order is attached, Attachment 1.
2. The Lifeline Verification Procedures are hereby modified in three respects, as detailed above in the text of this Order so that a complete list of the Lifeline Verification Procedures adopted in this Order is as follows:

#### **Lifeline Verification Procedures**

1. Base Sample Size Includes Three Different Strata Depending on Carrier's Size.
  - i. Small carriers (between 1-99 Lifeline recipients) are required to sample 10% of their Lifeline recipients (rounding up) every other year.
  - ii. Medium carriers (between 100-999 Lifeline recipients) are required to sample 5% of their Lifeline recipients (rounding up) every year.
  - iii. Large companies (1000 or more Lifeline recipients) each sample 50 recipients every year.

The sample size in the next year shall increase if a carrier found a larger number of ineligible in the following manner:

- i. Any small carrier that found more than 4% ineligible would lose its chance to skip conducting a survey the next year. The small carrier would again sample 10% of its Lifeline recipients;
- ii. Any medium or large carrier that found more than 4% ineligible (but fewer than 8%) would double the base sample size;

- iii. Any medium or large carrier that found 8% or more ineligible would triple the base sample size.

The required sample size refers to the number of surveys returned rather than distributed. Surveying 20% more recipients than the sample size will be considered to be acceptable as a safe harbor for ETCs concerned about non-responses.

2. Carriers shall randomly sample Lifeline recipients, except that a carrier shall review its records to assure that a recipient who is in a sample is excluded from the sample the next year. At the option of the ETC, the carrier may review its records so that: a) a recipient who is in a sample is excluded from future samples for a total of two or three years; and/or b) a recipient who has enrolled by showing evidence of income eligibility is excluded from future samples for one or two years. A recipient who is excluded from a sample under this section is not counted as being surveyed in any way.
3. A carrier that acquires current proof of eligibility may use that information to avoid dropping a non-responding recipient. The carrier must document the type of proof it has in its possession.
4. A surveyed recipient that has his/her discount discontinued for failure to provide proof of eligibility may only re-enroll in Lifeline within the next year with the same carrier if s/he provides proof of eligibility.
5. Affiliated companies may be treated as a single company for the verification process.
6. Notification to the surveyed recipient shall be accomplished by sending an initial letter allowing the recipient 60 days to submit proof of eligibility, and a second letter two to four weeks later reminding the recipient to submit proof by the designated date. Both letters should contain clear, concise statements notifying the customer that failure to provide proof will result in the recipient losing his/her Lifeline discount and may restrict the recipient's ability to re-enroll in the program unless proof is provided. Finally, the customer's first bill where the Lifeline discount is discontinued, or a letter mailed separately from the bill, should include a notice explaining that the discount has been removed.
7. Reports to the Commission shall include: a) the number of Lifeline recipients the carrier has at the time it initiated its verification that year; b) the number of survey letters sent out; c) the number responding that are eligible; d) the number responding that are ineligible; e) the number that did not respond; and f) the number of non-responding recipients that remain on the program because the carrier has acquired information that the recipient is eligible. All ETCs are to report (a) annually; Small Carriers with up to 99 Lifeline recipients are exempted from reporting (b) through (e) starting with the 2009 filings and every other year thereafter.

8. Schedule for 2007 and the future: ETCs shall report the verification results of that year to the Commission each year in the report filed on or before September 1, subject to any applicable exemptions for small companies. ETCs shall conduct the 2007 survey in Minnesota as the base year, even if the ETC used the base year procedure for 2006.
  9. The Commission has adopted Lifeline verification procedures other than the default process, and the FCC default procedures no longer apply to Minnesota ETCs.
  10. Procedures will be reviewed in the future. Due to changes in the program, or experience with verification, these procedures will be reviewed and may be revised.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)

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**List of ETCs Filing Verification Survey Reports Approved in this Order**  
**Docket No. P-999/CI-07-557**

1. Ace Telephone Association
2. Albany Mutual Telephone Association
3. Alliance Communications Cooperative, Inc.
4. American Cellular Corporation
5. Arrowhead Communications Corporation
6. Arvig Telephone Company
7. Barnesville Municipal Telephone Company
8. Benton Cooperative Telephone Company
9. Blackduck Telephone Company
10. Blue Earth Valley Telephone Company
11. Bridge Water Telephone Company
12. Callaway Telephone Company
13. Cannon Valley Telecom, Inc.
14. CenturyTel of Chester, Inc.
15. CenturyTel of Minnesota, Inc.
16. CenturyTel of Northwest Wisconsin, Inc.
17. Christensen Communications Company
18. Citizens Telecommunications Company of Minnesota
19. Clara City Telephone Company
20. Clements Telephone Company
21. Consolidated Telephone Company
22. Crosslake Telephone Company
23. Delavan Telephone Company
24. Dunnell Telephone Company, Inc.
25. Eagle Valley Telephone Company
26. East Otter Tail Telephone Company
27. Easton Telephone Company
28. Eckles Telephone Company
29. Embarq Minnesota, Inc.
30. Emily Cooperative Telephone Company
31. Farmers Mutual Telephone Company
32. Federated Telephone Cooperative (including Federated Utilities, mc)
33. Felton Telephone Company, Inc.
34. Frontier Communications of Minnesota, Inc.
35. Garden Valley Telephone Company
36. Gardonville Cooperative Telephone Association
37. Granada Telephone Company
38. Halstad Telephone Company
39. Harmony Telephone Company
40. Hills Telephone Company, Inc.
41. Home Telephone Company
42. Hutchinson Telephone Company
43. Integra Telecommunications of Minnesota, Inc. aka Scott-Rice Telephone Co.
44. Interstate Telecommunications Cooperative
45. Johnson Telephone Company
46. Kasson & Mantorville Telephone Company
47. Lakedale Telephone Company
48. Lismore Cooperative Telephone Company
49. Lonsdale Telephone Company
50. Loretel Systems, Inc.
51. Lowry Telephone Company, Inc.
52. Mabel Cooperative Telephone Company
53. Manchester-Hartland Telephone Company
54. Mankato Citizens Telephone Company
55. Melrose Telephone Company
56. Mid-Communications, Inc. d/b/a HickoryTech
57. Mid-State Telephone Company (including KMP)
58. Midwest Telephone Company
59. Midwest Wireless
60. Minnesota Lake Telephone Company

61. Minnesota Valley Telephone Company
62. New Ulm Telecom, Inc.
63. Northern Telephone Company
64. Osakis Telephone Company
65. Park Region Mutual Telephone Company
66. Paul Bunyan Rural Telephone Cooperative
67. The Peoples Telephone Company of Bigfork
68. Pine Island Telephone Company
69. Polar Communications Mutual Aid Corp.(including Polar Telecommunications, Inc.)
70. RCC Minnesota, Inc. and Wireless Alliance LLC
71. Red River Rural Telephone Association
72. Redwood County Telephone Company
73. Rothsay Telephone Company, Inc.
74. Runestone Telephone Association
75. Sacred Heart Telephone Company
76. Sherburne County Rural Telephone Company
77. Sleepy Eye Telephone Company
78. Spring Grove Cooperative Telephone Company
79. Starbuck Telephone Company
80. Twin Valley-Ulen Telephone Company
81. Upsala Cooperative Telephone Association
82. Valley Telephone Company
83. WWC Holding Co. dba Alltel Communications
84. West Central Telephone Association
85. Western Telephone Company
86. Wikstrom. Telephone Company, Inc.
87. Wilderness Valley Telephone Company
88. Winnebago Cooperative Telephone Association
89. Winsted Telephone Company
90. Winthrop Telephone Company
91. Wolverton Telephone Company
92. Woodstock Telephone Company
93. Zumbrota Telephone Company