

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

In the Matter of)
)
State of the Lifeline Marketplace)
)
) WC Docket No. 11-42
)

**COMMENTS OF THE
MICHIGAN PUBLIC SERVICE COMMISSION**

On March 19, 2021, the Wireline Competition Bureau (Bureau) of the Federal Communications Commission (FCC) released a Public Notice for the above-captioned proceeding seeking comment regarding the state of the Lifeline marketplace.¹ Specifically, the Bureau is seeking comment regarding the prevalence of subscriptions to various service offerings in the Lifeline program, the affordability of both voice and broadband services, the pace since adoption of the 2016 Lifeline Order at which voice and data usage has changed, minimum service standards, and the net benefits of continuing to support voice service as a standalone option.² The Bureau is also seeking comment on the intersection between the Emergency Broadband Benefit Program and the Lifeline marketplace.

¹ Bureau's March 19, 2021 Public Notice:
<https://docs.fcc.gov/public/attachments/DA-21-336A1.pdf>

² FCC's Lifeline and Link Up Reform and Modernization Order:
<https://docs.fcc.gov/public/attachments/FCC-16-38A1.pdf>

The Michigan Public Service Commission (MPSC) offers the following comments. Per the schedule established in the Public Notice, the comment deadline is April 19, 2021. Reply comments are due May 4, 2021.

Affordability of Both Voice and Broadband Services

As the Bureau is aware, beginning December 1, 2019, the Lifeline standalone voice support amount began decreasing to \$7.25, and then to \$5.25 on December 1, 2020, and it will be eliminated effective December 1, 2021. The MPSC has previously expressed its concerns to the FCC regarding this elimination of standalone voice support. The MPSC stated in its comments to the FCC on January 23, 2018 that “The MPSC reiterates that it opposes a phase-down of the voice-only Lifeline service. We believe that the option of voice-only Lifeline service should remain for all Lifeline customers and those customers should all continue to receive the \$9.25 support.”³ The MPSC continues to recommend against the phase-down support for voice-only Lifeline service. The MPSC believes that there are still Lifeline eligible customers who only want voice-only service, and having this support helps to make that service affordable to them.

Regarding Lifeline broadband service, the MPSC believes that the current \$9.25 support amount is far too low for eligible Lifeline customers to be able to obtain broadband service. In order to make Lifeline broadband service more affordable and in an effort to have more potential Lifeline customers to be able to

³ [MPSC January 23, 2018 Comments to the FCC, Page 8](#)

obtain broadband service, it needs to be affordable. The MPSC has previously stated its concerns regarding the Lifeline support amount for broadband service in its January 23, 2018 comments to the FCC.⁴ In those comments, the MPSC stated:

The MPSC offers the following: while the \$9.25 Lifeline support may be beneficial for those Lifeline customers receiving voice, this support amount may be too low for Lifeline broadband service. Lifeline broadband service may be costlier than Lifeline voice service. The FCC should conduct a cost comparison between voice and broadband, and if broadband service is higher than voice, then the FCC should consider increasing the \$9.25 Lifeline support amount. The FCC could also offer, to those who qualify for Lifeline broadband, to cover the initial costs of the broadband equipment. If Lifeline broadband is more affordable for the low-income and elderly population, it may encourage more potential Lifeline customers to acquire Lifeline broadband service.

The MPSC recommends the Bureau to consider increasing the Lifeline broadband support amount significantly to allow eligible Lifeline participants to obtain broadband service at an affordable amount. Increasing the support amount to make broadband more affordable may be one way that the FCC can help to address the continued gap in broadband availability and adoption rates.

Lastly, the MPSC continues to have concerns regarding the affordability for customers in when obtaining Lifeline voice and broadband service (bundled service). Currently, the support amount for the bundled service is \$9.25 which is the same amount for standalone broadband service. Qualifying Lifeline customers are financially vulnerable and should not be expected to obtain a bundled service without an increased support amount. If the Lifeline customer is receiving bundled

⁴ [MPSC January 23, 2018 Comments to the FCC, Page 13](#)

services, then it would seem appropriate that the support amount should increase. Also, for Lifeline standalone voice customers, the only way that they will be able to continue to have Lifeline voice service is to bundle their Lifeline with broadband beginning December 1, 2021 since the Lifeline standalone voice support is being eliminated. If these Lifeline customers bundle their service, it would seem likely that their bill will then significantly increase, which many of these customers may not be able to afford. The MPSC has previously expressed its concerns regarding this issue to the FCC in its January 23, 2018 comments.⁵ In those comments, the MPSC stated:

The MPSC continues to believe that customers should have the option to continue receiving Lifeline support for voice-only service. If the only option for customers to obtain Lifeline voice is by combining the service with broadband without increasing financial support, the additional costs associated with acquiring two services may prohibit customers from obtaining service. Also, the low-income or elderly Lifeline customer may not have the means to obtain broadband service because of equipment or financial reasons, and they may also not have a need for broadband service. The MPSC recommends that Lifeline customers be offered stand-alone voice, stand-alone broadband, and a combination of both voice and LBP services.

The MPSC would encourage the Bureau to consider making changes to the Lifeline support amounts for voice and broadband to ensure the affordability of these important services.

⁵ [MPSC January 23, 2018 Comments to the FCC, Page 7](#)

Pace of Lifeline Since Adoption of 2016 Lifeline Order

The MPSC regularly monitors the Lifeline disbursement fund information that is provided on the Universal Service Administrative Company's (USAC's) website.⁶ Since the adoption of the 2016 Lifeline order, Michigan has experienced a steady decline in Lifeline customers. In December 2017, Eligible Telecommunications Carriers (ETCs) sought reimbursement from the USAC for 398,890 Lifeline customers in Michigan according to the disbursement funding tool. Of this amount, 272,589 Lifeline customers were for non-facilities-based providers and 126,301 Lifeline customers were for facilities-based providers. At the end of March 2021, there were 276,786 Lifeline customers in Michigan according to the USAC's disbursement funding tool. Of this amount, 175,298 Lifeline customers were non-facilities-based, while 101,488 Lifeline customers were for facilities-based. Overall, this is a decrease of 122,104 Lifeline customers in Michigan when compared to December 2017. This significant decrease is concerning since it appears many potentially eligible Lifeline customers are not taking advantage of the Lifeline program. The MPSC does not believe this trend is isolated just to Michigan.

Net Benefits of Continuing to Support Voice Service as a Standalone Option

The MPSC has already commented on some of the concerns with the elimination of standalone voice support in the Affordability of both Voice and Broadband Services section of these comments. According to the information obtained using the USAC's disbursement funding tool, at the end of March 2021 Michigan still had 16,137 active standalone Lifeline voice customers. This is a significant number of customers who desire and need a standalone voice service. As standalone voice support is scheduled to be eliminated beginning on December 1, 2021, these customers will be required to obtain voice and broadband Lifeline services if they want to continue to receive Lifeline voice. The MPSC stated previously that a Lifeline customer may not be able to afford to bundle their Lifeline service without any increase in the Lifeline support amount. Also, standalone Lifeline voice customers may not be able to afford the equipment that is required for broadband purposes. Lastly, some customers may not have an understanding of how to use broadband services, or simply just want a standalone voice service. In its January 23, 2018 comments to the FCC, the MPSC stated:⁷

The MPSC supports eliminating the phase down of voice-only service in rural areas, and also supports eliminating the phase down of voice-only service in urban areas. We support retaining the option of voice-only Lifeline service for all Lifeline customers and those customers should all continue to receive the \$9.25 support.

⁶ [USAC's Lifeline Disbursement Fund Search](#)

⁷ [MPSC January 23, 2018 Comments to FCC, Pages 7-8](#)

The MPSC further reiterated this issue in its January 23, 2018 comments to the FCC regarding enabling customer choice. The MPSC stated, “The MPSC reiterates that it opposes a phase-down of the voice-only Lifeline service. We believe that the option of voice-only Lifeline service should remain for all Lifeline customers and those customers should all continue to receive the \$9.25 support.”⁸

Intersection between the Emergency Broadband Benefit Program and the Lifeline Marketplace

The MPSC appreciates and applauds the efforts that are being taken through the establishment of the Emergency Broadband Benefit Program (EBBP) to help make broadband more affordable and accessible for qualifying low-income households and households impacted financially due to the COVID-19 pandemic. Compared to the current \$9.25 Lifeline broadband support amount, the EBBP program significantly increases broadband support to allow these qualifying low-income households to be able to obtain broadband service at a more affordable price. The MPSC submitted comments and reply comments to the FCC regarding the EBBP and will not rehash all of those comments.⁹ However, as the Bureau is requesting comments regarding the intersection between the EBBP and Lifeline, the MPSC believes it is important to reiterate its Eligible Telecommunications Carrier (ETC) concerns to the Bureau and FCC.

⁸ [MPSC January 23, 2018 Comments to the FCC, Page 8](#)

⁹ [MPSC January 25, 2021 EBBP Comments to the FCC](#) and [MPSC February 16, 2021 EBBP Reply Comments to the FCC](#).

For the past five years, the MPSC has been highlighting the important role of the states regarding the ETC designation and oversight process. In the MPSC's August 31, 2015 comments to the FCC, it stated the following:

The MPSC acknowledges that the current ETC process works well. States are interested in legitimate ETC applicants and the states want to ensure that they have adequate data and information to properly assess the applicant's qualifications for providing a quality Lifeline service. While the MPSC is generally supportive of efforts to simplify and streamline processes, the MPSC has concerns about streamlining the ETC designation process at the state level.¹⁰

Following the MPSC's August 31, 2015 comments, the MPSC then sent a letter to the FCC on February 8, 2016 encouraging the FCC to not eliminate the states' ETC authority. The MPSC voiced its support for maintaining states authority regarding ETC designation. The MPSC stated in part:

This letter is being provided to you and the Federal Communications Commission (FCC) on behalf of the Michigan Public Service Commission (MPSC) in support of states maintaining their Eligible Telecommunications Carrier (ETC) designation authority. The MPSC is concerned that the FCC is contemplating removing the states' ETC designation authority, which has been in place for many years pursuant to delegated authority from the 1996 Federal Telecommunications Act. The MPSC believes that states' ability to designate ETC is very important and beneficial, and the removal of that authority could potentially cause a number of negative impacts.¹¹

Within this letter, the MPSC identified 8 areas of concerns that the MPSC expressed to the FCC. The following are those concerns:

- Historically, the FCC and the states have cooperated on the designation, oversight and enforcement of ETCs. These efforts have helped to reduce

¹⁰ [MPSC August 31, 2015 Comments to FCC, Page 12.](#)

¹¹ [MPSC February 8, 2016 Letter to FCC, Page 1](#)

waste, fraud, and abuse. States have spent many hours and resources processing ETC applications, reviewing annual recertifications, etc. The time and staff resources are a benefit to the FCC and assist in the program running more efficiently and effectively.

- In Michigan, state oversight provides for a very efficient means for companies seeking high-cost support or Lifeline reimbursement. The MPSC is not aware of any issues regarding timeliness and have not received complaints from providers that our designation process is too burdensome. Oftentimes, we are able to answer questions from companies and assist them before they submit their application for ETC designation, which helps the process run more quickly and efficiently. Removing the designation authority from states would increase the burden on the FCC, and potentially slow the designation process significantly with less vetting of the applicants.
- The MPSC conducts a thorough review of each ETC application to ensure compliance with both federal regulations, as well as MPSC orders. The MPSC scrutinizes the information that is provided by the applicant. The MPSC is concerned that if this level of scrutiny is removed, it could potentially open the door for fraud and abuse.
- States like Michigan have more familiarity with the geographic areas and marketplace in which the ETCs are applying for designation. States generally know the provider and its business history in the state. States

also communicate with each other regarding companies seeking ETC designations in an effort to be mindful of potential bad actors. States' experience and knowledge in these areas help to fight against waste, fraud, and abuse and saves the FCC time and resources and helps preserve universal service funds.

- High-cost funds that companies receive are intended for specific purposes. States review the fund information to ensure that companies are being held accountable. This is especially important with the inclusion of broadband as a service to be eligible for ETC status. If the states are removed from the process, it may increase the chance of waste or abuse of those funds.
- The MPSC is also concerned regarding the ETC's annual recertification (Form 481). The MPSC re-certifies each year that the existing ETCs have provided the necessary and required information to be re-certified as an ETC for the next year. The MPSC thoroughly reviews all of the submitted information to ensure the companies are complying with federal regulation and MPSC orders. The MPSC oftentimes has to follow-up with companies regarding information that was not provided or was provided incorrectly. The elimination of the states' authority could cause an increase in potential waste, fraud and abuse, errors in information filed, and the possibility of a significant backlog at the FCC.

- Consumers may potentially be harmed if oversight of ETC designation and recertification is lessened. Without state oversight, there is the potential for an increase in waste, fraud, and abuse which could have an overall negative impact on consumers for the services that they are expecting to receive from providers.
- States such as Michigan can generally respond to detailed questions from the Universal Service Administrative Company (USAC) auditors in a timely manner. Many of these questions transpire when USAC is conducting an audit of an individual company. This quick action helps the program run more efficiently and helps prevent backlog at the FCC.¹²

As the Bureau and FCC review the intersection of the EBBP program and Lifeline, we believe these ETC concerns continue to be relevant today.

Furthermore, on June 13, 2016, the MPSC provided Reply Comments to the FCC advocating for its support of the ETC reporting requirements and process.¹³

The MPSC again highlighted the importance of the ETC process to combat waste, fraud, and abuse. The MPSC stated in part:

While the MPSC understands the FCC's desire to find ways to improve the ETC process, it is important that any changes that are made do not create a burden on state and federal officials, and do not jeopardize the process by creating greater opportunities for waste, fraud, and abuse. It is imperative that providers continue to be required to provide the essential information to both the FCC and the states that not only protects against waste, fraud, and abuse of the program, but also

¹² [MPSC February 8, 2016 Letter to FCC, Pages 1-2](#)

¹³ [MPSC June 13, 2016 Reply Comments to FCC](#)

protects customers as well. This federal-state joint partnership has worked very well over the past several years.¹⁴

Additionally, the MPSC has continued to express its concerns regarding ETC designation and maintain its support for ETC designation through the traditional state and federal roles. The MPSC has expressed these continued concerns of ETC designation and support for the states roles in its comments submitted to the FCC on January 23, 2018.¹⁵ In part of its comments, the MPSC stated:

Historically, the FCC and the states have cooperated on the designation, oversight, and enforcement of the Eligible Telecommunications Carrier (ETC) certification process to reduce waste, fraud, and abuse. To have consistency throughout the ETC designation process, for both voice and Lifeline Broadband Providers (LBPs), the MPSC believes that all ETCs should be designated through the traditional state and federal roles for the purposes of both the high-cost and Lifeline programs.¹⁶

Most recently, as we stated earlier, the MPSC filed comments and reply comments with the FCC regarding the EBBP in January and February of 2021. The MPSC would encourage the Bureau to review our comments as they relate to ETC designation and the EBBP. As we stated in our January 25 comments, “The MPSC, however, encourages the FCC to continue to recognize the states’ important role as it relates to ETC authority and to not use this one-time, temporary program to set a precedent for circumventing the ETC process for future auctions or programs, or to use it as a means to begin removing state ETC oversight.”¹⁷ If the

¹⁴ [MPSC June 13, 2016 Reply Comments to FCC, Page 7](#)

¹⁵ [MPSC January 23, 2018 Comments to FCC](#)

¹⁶ [MPSC January 23, 2018 Comments to FCC, Page 2](#)

¹⁷ [MPSC January 25, 2021 Comments to FCC, Page 2](#)

EBBP program transitioned into a permanent program, the MPSC would again encourage the Bureau and the FCC to require participating providers to become ETCs. As stated in our comments to the FCC, “If this temporary program is expanded in the future, then the MPSC would recommend that new participating non-ETC providers should become ETCs and if this temporary program transitioned into a permanent program, then the MPSC would recommend that the FCC should require all participating providers to become ETCs (regardless of their current status of participation).¹⁸

As the EBBP intersects with the Lifeline program, we welcome more broadband support being made to low-income households and those impacted financially by the COVID-19 pandemic. However, in an effort to guard against waste, fraud, and abuse, we continue to support and advocate the importance of ETC’s, the states’ roles in the ETC process, and that if the EBBP program becomes permanent or transitions into the Lifeline program, that all participating parties should become ETCs.

CONCLUSION

The MPSC appreciates the opportunity to provide comments to the Bureau regarding the state of the Lifeline marketplace. While the Commission applauds the recent actions taken to develop the EBBP to make broadband more affordable, we continue to believe in the importance of the standalone Lifeline voice service.

¹⁸ [MPSC January 25, 2021 Comments to FCC, Page 4](#)

The MPSC also respectfully advocates for a need to increase Lifeline broadband and bundled support. Lastly, while it is important to provide this additional broadband assistance, it also needs to be balanced with a process to prevent, document and investigate waste, fraud and abuse. If the EBBP transitions into the Lifeline program or becomes permanent, the MPSC would continue to respectfully advocate the importance of ETC designation and the states' role with that process.

Respectfully submitted,

MICHIGAN PUBLIC SERVICE COMMISSION

Steven D. Hughey (P32203)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917
(517) 284-8140
hugheys@michigan.gov
P32203

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