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October 2, 2012

VIA HAND DELIVERY filed electronically in docket office on 10/02/12

Hon. Kenneth C. Hill, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Petition of the Industry Coalition to Eliminate State Lifeline Credit*
Docket No. 12-00035

Dear Chairman Hill:

Enclosed are the original and four copies of the Direct Testimony of Paul T. Stinson on behalf of AT&T Tennessee.

Mr. Stinson testifies about why AT&T Tennessee has joined with other industry members to seek elimination of the state Lifeline discount. As discussed in Mr. Stinson's testimony, the state Lifeline discount is an unfunded regulatory mandate that AT&T Tennessee and other landline providers give qualifying retail consumers a monthly discount of \$3.50 on landline telephone service. As Mr. Stinson explains, the state Lifeline program is different than the federal Lifeline program because carriers are reimbursed for the federal Lifeline discount but not reimbursed for providing the state Lifeline discount.

Mr. Stinson's testimony is organized into five sections:

Section 1 – provides a definition of the Lifeline program and explains the differences between the federal Lifeline program that reimburses companies for providing the discount to low income customers and the state Lifeline program that does not reimburse companies.

Section 2 - describes the history of both the federal and state programs, including a discussion of the recent modernizing changes the FCC has made to the federal Lifeline program.

Section 3 – identifies the relevant TRA precedent about the unfunded nature of the state Lifeline program and discusses the reasons why social pricing models are no longer workable given industry changes.

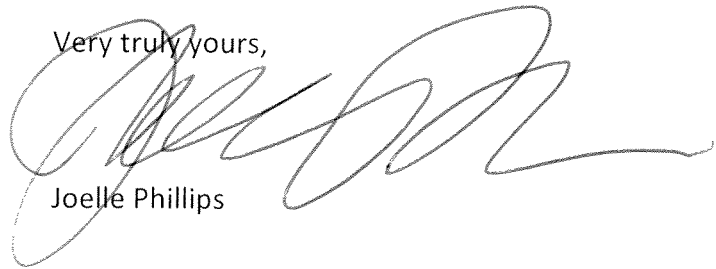
Section 4 – provides data on the number of Tennesseans using the Lifeline discounts and discusses the significance of choice by the overwhelming majority (approximately 80%) of those Tennesseans to subscribe to wireless service and

Hon. Kenneth C. Hill, Chairman
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receive only the federal, and not the state, Lifeline discount. As discussed in this section, prepaid wireless providers offer Lifeline service that is free to consumers.

Section 5 – discusses the four reasons that AT&T has joined with the coalition of industry members to seek elimination of the state Lifeline discount. Mr. Stinson explains that the state Lifeline discount is outdated, inconsistent with state legislative reforms, anti-competitive and discriminatory, and has become irrelevant to consumers who now have free wireless Lifeline alternative.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Joelle Phillips', written over a large, stylized, and somewhat illegible signature.

Joelle Phillips

1 BEFORE THE TENNESSEE REGULATORY AUTHORITY
2 Nashville, Tennessee
3
4

5 In Re: *Petition to Eliminate State Lifeline Credit*
6

7 Docket No. 12-00035
8

9 **DIRECT TESTIMONY OF PAUL T. STINSON**

10 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH AT&T TENNESSEE AND YOUR
11 BUSINESS ADDRESS.
12

13 A. My name is Paul T. Stinson. I am a manager in the External and Legislative Affairs
14 Division of AT&T Tennessee. My responsibilities include providing support for projects that
15 relate to regulatory requirements and legislative initiatives.
16

17 Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.
18

19 A. I have a degree in Electrical Engineering from Tennessee Technological University, and I
20 have approximately thirty-six (36) years of experience in the telecommunications industry,
21 including work as a network engineer and as a regulatory manager. I have worked with AT&T
22 Tennessee, and previously with South Central Bell and BellSouth, during a period of significant
23 changes in the industry. Those changes have included the transition from rate-base, rate-of-
24 return regulation, which was pervasive when telecommunications service providers were
25 effectively landline-based monopolies, to Market Regulation (under which AT&T Tennessee

operates today) in this modern era of vibrant intermodal competition among landline, wireless, cable, and IP-based communications providers.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony explains why AT&T Tennessee has joined with other industry members to seek elimination of the state Lifeline discount, which is an unfunded regulatory mandate that AT&T Tennessee (and other landline providers) give qualifying retail consumers a monthly discount of \$3.50 on landline telephone service. By “unfunded,” I mean that there is no reimbursement to the landline provider who is required to provide this discount. For the reasons set forth in my testimony, this unfunded state Lifeline discount is outdated, inconsistent with state legislative reforms, anti-competitive and discriminatory, and has become irrelevant to consumers who now have free wireless Lifeline alternatives. It just makes sense to eliminate it.

Q. PLEASE SUMMARIZE YOUR TESTIMONY AND DESCRIBE HOW IT WILL BE ORGANIZED.

A. I have organized my testimony into five sections, and I have labeled each:

Section 1 – provides a definition of the Lifeline program and explains the differences between the funded federal Lifeline program and the unfunded state Lifeline program.

Section 2 - describes the history of both the federal and state programs, including a discussion of the recent modernizing changes the FCC has made to the federal Lifeline program.

Section 3 – identifies the relevant TRA precedent about the unfunded nature of the state Lifeline program and discusses the reasons why social pricing models are no longer workable given industry changes.

Section 4 – provides data on the number of Tennesseans using the Lifeline discounts and discusses the significance of choice by the overwhelming majority of those Tennesseans to subscribe to wireless service and receive only the federal, and not the state, Lifeline discount.

Section 5 – discusses the four reasons that AT&T has joined with the coalition of industry members to seek elimination of the state Lifeline discount.

DEFINITION OF THE LIFELINE PROGRAM AND DISTINCTION BETWEEN FEDERAL AND STATE LIFELINE DISCOUNTS

Q. WHAT IS THE “LIFELINE PROGRAM”?

A. In Tennessee, the Lifeline program actually consists of two separate programs – one at the federal level and one at the state level. This case is only about the state program.

Q. WHY ARE THESE PROGRAMS CALLED “LIFELINE”?

1 A. The term is generally used because of the importance placed on giving consumers a
2 connection to their communities. The imagery of that connection being a “lifeline” made sense
3 at the time the program began, because landline voice service was the only way to effectively
4 ensure that households had that connection to their communities in that pre-competition era.
5 Things are much different today, of course, as more and more people rely on wireless devices
6 and non-voice applications (like texting and email) to communicate and stay connected with
7 their communities.

8
9 Q. PLEASE BRIEFLY COMPARE AND CONTRAST THE FEDERAL LIFELINE PROGRAM AND THE
10 STATE LIFELINE PROGRAM.

11
12 A. Both programs establish discounts (sometimes referred to as bill “credits”) for low-
13 income consumers of telecommunications services. But the two programs are different in a
14 fundamental way: the federal program reimburses the carriers for the federal Lifeline
15 discounts they provide, but the state program does not reimburse the carriers for the state
16 Lifeline discounts they provide. Thus, unlike the federal Lifeline program, the state Lifeline
17 program is an unfunded regulatory mandate.

18 In addition to this fundamental funding difference, the programs differ in other ways.
19 The federal program was developed by the Federal Communications Commission (FCC), and it
20 applies to both landline and wireless services. The state program was developed by the
21 Tennessee Regulatory Authority’s (TRA) predecessor, the Tennessee Public Service Commission

1 (TPSC), and because neither the TPSC nor the TRA have ever regulated wireless services, the
2 state Lifeline program only applies to landline service and not to wireless services.

3 To summarize – the **federal** Lifeline program is funded by federal Universal Service Fund
4 (USF) dollars that are used to reimburse carriers for making the required discounts, and the
5 monthly federal Lifeline discount of \$9.25 can be used by consumers on either wireless or on
6 landline service. The **state** Lifeline program is not funded – there is no state USF or other fund
7 of money to reimburse carriers or related in any manner to the state Lifeline program – and
8 consumers can only obtain the additional state Lifeline discount for landline service.

9
10 Q. DOES THE INDUSTRY COALITION SEEK TO HAVE THE TRA MAKE ANY CHANGES TO THE
11 **FEDERAL** LIFELINE PROGRAM?

12
13 A. No. The FCC recently updated the federal Lifeline program to provide for a uniform
14 monthly discount of \$9.25 to qualifying households nationwide. The landline carriers in
15 Tennessee will continue providing that federal \$9.25 Lifeline discount (for which they are
16 reimbursed from the federal USF) even if the TRA grants the relief sought in this docket.

17
18 Q. YOU TESTIFIED THAT LANDLINE CARRIERS WILL CONTINUE PROVIDING THE FEDERAL
19 LIFELINE DISCOUNT; WOULD ELIMINATING THE STATE LIFELINE DISCOUNT AS THE INDUSTRY
20 COALITION PROPOSES CHANGE THE WAY WIRELESS CARRIERS IN TENNESSEE PROVIDE FEDERAL
21 LIFELINE DISCOUNTS?

1 A. No, and that is significant given the prevalence of federal Lifeline discounts for wireless
2 services in this state. As I explain in more detail below, the TRA's annual report shows that the
3 overwhelming majority of Tennesseans who receive Lifeline discounts are wireless users who
4 received **only** the \$9.25 federal Lifeline discount. These consumers receive the wireless Lifeline
5 discount in the form of a **free** wireless phone with 250 minutes and 250 text messages, plus
6 caller ID and call waiting. The relief sought in this docket would have no impact on the ability
7 of these wireless users to continue receiving these federal Lifeline discounts (for which their
8 carriers are reimbursed from the federal USF).

9
10 **HISTORICAL BACKGROUND OF BOTH STATE AND FEDERAL LIFELINE**
11 **AND DISCUSSION OF RECENT FEDERAL MODERNIZING REFORMS**
12

13 Q. PLEASE DESCRIBE THE CREATION OF THE **STATE** LIFELINE DISCOUNT IN TENNESSEE.
14

15 A. The Tennessee Public Service Commission (TPSC), the precursor to the current TRA,
16 created the state Lifeline discount in 1991. At the time, the federal Lifeline program operated
17 differently than it does today. In 1991, qualifying customers in every state received a baseline
18 amount of federal Lifeline discount. If a state provided a \$3.50 state Lifeline matching discount
19 as well, qualifying customers in that state received supplemental discount from the federal
20 fund in addition to the baseline federal support they received. Creating the state Lifeline
21 discount, therefore, ensured that qualifying Tennessee consumers would not only get an
22 additional state discount, but they would also get a larger (the maximum) federal discount.
23

1 Q. HAVE THE FEDERAL RULES SINCE CHANGED?

2
3 A. Yes. As I mentioned above, and as the TRA Staff explained in the recent TRA workshop
4 on Lifeline, the FCC has recently made many changes to the federal Lifeline program.¹ As a
5 result of those changes, qualifying Lifeline customers no longer receive an increased amount of
6 federal Lifeline discount when their state provides a state Lifeline credit. Instead, qualifying
7 consumers now receive the same amount of federal Lifeline discount – \$9.25 – whether or not
8 there is any state Lifeline discount.

9
10 Q. PRIOR TO THESE CHANGES TO THE OLD RULES, HOW WERE TENNESSEE CARRIERS
11 REIMBURSED FOR THE FEDERAL LIFELINE DISCOUNTS THEY PROVIDED THEIR QUALIFYING
12 CUSTOMERS?

13
14 A. Tennessee carriers received a dollar-for-dollar reimbursement from the federal USF for
15 the federal baseline and federal supplemental Lifeline discount amounts they provided their
16 qualifying customers.

17

¹On February 6, 2012, the FCC released its *Lifeline Reform Order and Notice of Proposed Rulemaking*, FCC 12-11 (rel. Feb. 6, 2012), announcing various reforms to update the federal Lifeline program. That order was ably summarized by the TRA staff in its presentation during the TRA's March 6, 2012 *Workshop to Gather Information on FCC Report and Order and Further Notice of Proposed Rulemaking – Comprehensive Low-Income Program Reform Released February 6, 2012*. As the staff explained, the FCC's Reform Order made several significant changes to, and findings about, the existing federal Lifeline program. These changes were designed to modernize the program in light of technology and market changes; to curtail fraud, waste and abuse of the program; and to control growth of the program while better aligning it with the goals of the National Broadband Plan.

1 Q. AFTER THE CHANGES TO THE FEDERAL LIFELINE PROGRAM, ARE TENNESSEE CARRIERS
2 STILL REIMBURSED FOR THE FEDERAL LIFELINE DISCOUNTS THEY PROVIDE THEIR QUALIFYING
3 CUSTOMERS?

4
5 A. Yes. Carriers still receive a dollar-for-dollar reimbursement of the \$9.25 federal Lifeline
6 discount. This reimbursement comes from the federal Universal Service Fund.

7
8 Q. ARE TENNESSEE CARRIERS REIMBURSED FOR THE STATE LIFELINE DISCOUNTS THEY
9 PROVIDE TO THEIR QUALIFYING CUSTOMERS?

10
11 A. No. When the TPSC created the state Lifeline program requiring the state discount, it
12 did not create a fund or other permanent reimbursement mechanism to directly reimburse
13 carriers it required to provide the discount, and there is no reimbursement of state Lifeline
14 discounts in Tennessee today.

15
16 Q. WHEN THE TPSC ESTABLISHED THE STATE LIFELINE PROGRAM IN 1991, DID CARRIERS
17 COMPLAIN THAT NO FUND WAS CREATED TO REIMBURSE THEM FOR THE STATE LIFELINE
18 DISCOUNTS?

19
20 A. Not to my knowledge, because the communications industry in 1991 looked very
21 different than it looks today, and the state Lifeline program made better sense under those
22 industry conditions. Specifically, the carriers who provided local landline service when the state

1 Lifeline program was developed in 1991 did not face competition from other providers within
2 their territories, and they operated under rate-of-return regulation. This ameliorated the
3 "unfunded mandate" concerns that exist in today's competitive environment.

4
5 Q. HOW SO?

6
7 A. In 1991, the TPSC could set all of the rates that all of a landline carrier's customers paid
8 at a level that presumably would allow the carrier to recover the costs of providing the required
9 Lifeline discounts, and customers who did not like the rates that were established in that
10 manner could not choose to buy services from another provider at different rates – there was
11 no competition at the time.

12 For example, when the TPSC initially created the state Lifeline program and directed
13 South Central Bell (SCB) to participate, the TPSC authorized SCB to "recover" any revenue
14 deficiency created by this program from SCB's "deferred revenues" in accordance with the
15 Regulatory Reform Plan in effect at that time.² Even this approach was speculative, because
16 there was no guarantee that funds in the deferred revenue account would be sufficient even to
17 meet the requirements of the Regulatory Reform Plan, much less to also reimburse SCB for the
18 state Lifeline discounts. There was also no guarantee that the deferred revenue account would
19 be continued indefinitely.

20
21 Q. DID THE DEFERRED REVENUE ACCOUNT CONTINUE INDEFINITELY?

² See *Adoption of Lifeline Assistance Program*, Order, December 20, 1991, Docket No. 91-08797, at 4.

1
2 A. No. In fact, the TPSC Order in SBC's 1993 rate case allowed the entire Regulatory Reform
3 Plan (including the deferred revenue account) to expire in 1995³ – a mere four years after the
4 state Lifeline program was established.

5
6 Q DID THE REQUIREMENT TO PROVIDE STATE LIFELINE DISCOUNTS ALSO EXPIRE IN 1995?
7

8 A. No. Even though the deferred revenue account that ostensibly provided an opportunity
9 to recover SCB's costs of providing the state Lifeline discount expired in 1995, the obligation to
10 continue providing (and funding) the state Lifeline discounts continued.

11
12 **TRA PRECEDENT REGARDING LIFELINE FUNDING**
13 **AND DISCUSSION OF "SOCIAL PRICING"**
14

15 Q. HAS THE AUTHORITY PREVIOUSLY RECOGNIZED THAT LOCAL CARRIERS ARE NOT
16 REIMBURSED FOR THE STATE LIFELINE DISCOUNTS THEY PROVIDE THEIR QUALIFYING
17 CUSTOMERS?
18

19 A. Yes. The issue arose in 2000, when a reseller filed a complaint alleging that BellSouth
20 was required to provide a \$3.50 state Lifeline discount (in addition to the state-established
21 resale discount) to the reseller when it resold local service to end users that qualified for
22 Lifeline. The reseller's primary argument was that requiring BellSouth to give the reseller this

³ See Earnings Investigation of South Central Bell Telephone Company (1993-1995), Docket No. 92-13527 (the 1993 rate case), Order, August 20, 1993, at 16.

1 additional \$3.50 discount to the resellers was necessary to prevent double recovery by
2 BellSouth, because “the rates that were set in the 1993 BellSouth earnings review included an
3 implicit subsidy for Lifeline support” and “the implicit subsidy is included [in] today’s rates”⁴
4 BellSouth, however, explained in detail that its rates that were in effect in 2000 contained no
5 such “implicit subsidy,”⁵ and, as the TRA rejected the reseller’s argument in its Order in that
6 case.⁶

7 It is even more obvious today that AT&T Tennessee’s current retail prices, which are not
8 subject to regulation, contain no “implicit subsidy.”

9
10 Q. BUT CAN’T CARRIERS EFFECTIVELY RECOVER THEIR COSTS OF PROVIDING THE STATE
11 LIFELINE DISCOUNT BY INCREASING THE PRICES THEY CHARGE THEIR CUSTOMERS WHO DO
12 NOT QUALIFY FOR LIFELINE?

13
14 A. No. Putting aside the question of whether the TRA would want to encourage price
15 increases for other consumers, that approach no longer works as a practical matter.

16 Charging higher prices to one class of customers to “make up” for discounts provided to
17 another class of customer is a “social pricing” model that can work only in a monopoly
18 environment in which the customer paying the higher price cannot get the service from another
19 provider. That was the case in 1991 when the TPSC developed the state Lifeline program, but

⁴ See Order, *In Re Complaint of Discount Communications, Inc. against BellSouth Telecommunications, Inc.*, Docket No. 00-00230 (September 28, 2000) (Discount Order) at 7.

⁵ See BellSouth’s Post-Hearing Brief in Docket No. 00-00230 at 18-27.

⁶ Discount Order at 13 (explaining that “[t]he majority [of the Directors] concluded that [the reseller] failed to provide sufficient evidentiary data in support of its contention that BellSouth effectively collects the state subsidy portion of Lifeline twice – once from [the reseller], because the state Lifeline credit is not flowed through, and once again through an implicit subsidy built into BellSouth’s current rates”).

1 that began changing in the mid 1990's, when landline competition arrived. When that
2 happened, the class of consumers who had been bearing the higher price to support social
3 pricing programs like Lifeline could (and many did) choose to obtain service at lower prices
4 from competing landline carriers.

5 Today, carriers face much more than just landline competition – carriers today operate
6 in an environment of fierce *intermodal* competition from wireless or cable companies. This
7 makes it even less possible to make up for the cost of providing a discount to one group of
8 consumers by collecting higher rates from another group. Accordingly, the Lifeline discount has
9 become simply a loss of revenue for the landline carriers who are required to provide qualifying
10 consumers with a \$3.50 monthly discount on their landline telephone bill. Those landline
11 carriers are required to provide the discount, but because there is no reimbursement provided
12 to them, the carriers must absorb the loss.

13 If the TRA of today, in contrast to the TPSC of 1991, sought to require all landline
14 carriers to reduce retail prices for low-income consumers with no reimbursement, then those
15 carriers would strongly object.⁷ Those objections would be based on many of the same
16 concerns described below about why the unfunded state Lifeline credit should be eliminated.

17
18 **DATA ON LIFELINE USAGE AND DISCUSSION OF CONSUMER CHOICES**
19 **RELATIVE TO WIRELESS AND LANDLINE SERVICES**
20

21 Q. IS THERE A STATE LIFELINE DISCOUNT ON WIRELESS TELEPHONE SERVICE?
22

⁷ Any such TRA-mandated discount today would not be permissible under the Market Regulation Act, T.C.A. § 65-5-109, which eliminated the TRA's jurisdiction over the prices and terms of retail service.

1 A. No. Wireless service pricing was not regulated by the TPSC in 1991 and is not regulated
2 by the TRA today. So, the state Lifeline program does not apply to wireless service.

3
4 Q. GIVEN THAT THERE IS A STATE LIFELINE DISCOUNT ON LANDLINE TELEPHONE SERVICE
5 BUT NOT ON WIRELESS TELEPHONE SERVICE, IS IT SAFE TO ASSUME THAT MORE LIFELINE
6 CUSTOMERS IN TENNESSEE CHOOSE LANDLINE SERVICE THAN WIRELESS SERVICE?

7
8 A. No. In fact, it is just the opposite – more and more Tennesseans in general are choosing
9 to use wireless service, and similarly, more and more Lifeline customers in Tennessee are
10 choosing wireless service. In fact, of the 406,500 Lifeline customers identified in the TRA
11 annual report in 2011, nearly 80 percent (312,813) are wireless customers. In other words, 80
12 percent of Tennesseans who are eligible to receive the state discount on landline service
13 choose to forego that state matching discount and subscribe instead to wireless service. In light
14 of how many Tennessee Lifeline-eligible consumers are choosing wireless service over landline
15 service, eliminating the state Lifeline discount as advocated by the Industry Coalition will have a
16 very limited impact in Tennessee.

17
18 Q. WHY ARE THERE SO FEW LANDLINE LIFELINE CONSUMERS COMPARED TO WIRELESS
19 LIFELINE CONSUMERS IN TENNESSEE?

1 A. Under the rules of the federal Lifeline program, consumers must choose one service on
2 which they can obtain the Lifeline discount – so they must choose either wireless or landline,
3 not both. I think several factors explain why more choose wireless service than landline service.

4 First, prepaid wireless companies have developed a wireless Lifeline alternative that is
5 free to the consumer and requires no credit check, no deposit, and no permanent address.

6 Second, prepaid wireless companies provide the federal \$9.25 Lifeline credit in the form
7 of a set amount of free minutes, texts, and even free phones (which the prepaid provider has
8 chosen to subsidize). A consumer can therefore use just the federal Lifeline program to obtain
9 free wireless Lifeline service. In contrast, even with the combined state and federal Lifeline
10 discounts, landline Lifeline service requires out-of-pocket monthly costs, a credit check and a
11 permanent billing address. So the landline service still costs more – even when the state
12 Lifeline discount is combined with the federal Lifeline discount for landline service.

13 Third, as described in the attached article from *The Contributor* (the Nashville area
14 homeless newspaper), wireless service often is a far better fit for the most needy than landline
15 service.⁸

16 Finally, perhaps the most pervasive trend in the communications industry today is the
17 move away from traditional landline voice services and toward mobile services and devices that
18 are portable and provide more than just voice communications. Because that trend is so
19 pronounced in our industry as a whole, it is not surprising at all to find the same trend among
20 low income consumers.

⁸ See *Hope Within Reach, Mobile Phones Much More than a Luxury for People Living on the Streets*, by Jesse Call, Staff Writer, *The Contributor*, Vol. 6, No. 17, September 13-26, 2012 at 1.

1 Q. PLEASE DESCRIBE THE NUMBER OF TENNESSEANS WHO RECEIVE FEDERAL OR STATE
2 LIFELINE DISCOUNTS.

3
4 A. The following is based on the TRA's 2011 Annual Report; information the TRA staff
5 presented during the recent TRA Lifeline workshop on March 19, 2012; and information the
6 parties in this docket have provided:

7 625,162 – the total number of Tennessee households that appear to be potentially
8 eligible for Lifeline discounts based on census data.

9 406,500 – the total number of Tennesseans who are enrolled and receiving either a
10 federal or state Lifeline discount.

11 312,813 – the number of Tennesseans who are enrolled and receiving the federal
12 Lifeline discount on wireless service (and, therefore, do not receive the
13 state Lifeline discount).

14 93,687 – the number of Tennesseans who are enrolled and receiving the state
15 Lifeline discount on their landline telephone service.

16 18,830 – the estimated⁹ portion (approximately 20 percent) of those landline
17 Lifeline customers who use their state Lifeline discount to purchase a
18 single telephone line without features (as opposed to subscribing to
19 higher cost options that provide more than just basic connectivity and
20 using the discount to effectively reduce the overall price of those
21 services).

⁹ This estimate is based on AT&T Tennessee's customer information.

1

2 **DISCUSSION OF AT&T'S FOUR REASONS FOR SEEKING**
3 **ELIMINATION OF THE STATE LIFELINE DISCOUNT**
4

5 Q. PLEASE EXPLAIN WHY AT&T TENNESSEE SUPPORTS ELIMINATION OF THE UNFUNDED
6 STATE LIFELINE DISCOUNT.

7
8 A. There are four reasons that the unfunded state Lifeline discount should be eliminated. I
9 have touched on several of them above, but I will explain each in detail below:

- 10 1. The state program is outdated;
11 2. It is inconsistent with state legislative reforms;
12 3. It is anti-competitive and discriminatory; and
13 4. It is irrelevant to consumers.

14
15 Q. HOW IS THE UNFUNDED STATE LIFELINE DISCOUNT OUTDATED?
16

17 A. First, as discussed above, the incentive that led the TPSC to develop the state Lifeline
18 discount no longer exists. The TPSC developed the state Lifeline discount to ensure that
19 qualifying consumers in Tennessee would receive the maximum amount of federal Lifeline
20 discounts that were available at the time (that is, both the federal baseline amount and the
21 federal supplemental amount, which was conditioned on the existence of a matching state
22 Lifeline discount). Under the new federal rules, however, the amount of federal Lifeline
23 discount available is no longer dependent on the existence of a matching state Lifeline discount

1 – qualifying customers receive \$9.25 in federal Lifeline discounts regardless of whether landline
2 carriers are required to also provide any additional state Lifeline discount.

3 Second, the competitive and regulatory environment that mitigated the impact of the
4 unfunded state Lifeline mandate in 1991 does not exist today. A landline carrier no longer is a
5 monopoly provider that can spread the cost of social pricing policies (such as the Lifeline
6 program) across a largely-captive consumer group. Instead, a landline carrier is one of many
7 competitors in an intermodal and fiercely-competitive marketplace that will quickly lose
8 customers to its competitors if it attempts to continue the social pricing policies of a by-gone
9 era. The fact that we have a vigorous competitive telecommunications marketplace in
10 Tennessee cannot seriously be challenged, having been noted time and again by regulators and
11 legislators alike. The TRA found, for example, in Docket No. 10-00108, *BellSouth*
12 *Telecommunications, Inc. dba AT&T Tennessee Petition to Extend Market Regulation to Rate*
13 *Groups 1 and 2* (Market Regulation for Rate Groups 1 and 2), that consumers in even the most
14 rural of AT&T's wire centers had choices from multiple competitive providers, including
15 intermodal providers offering wireless and VoIP alternatives. This fact was so clear that it was
16 undisputed in that docket.

17 Finally, the landline-only state Lifeline discount is outdated because it does not take into
18 account the availability of other technologies, especially wireless service. The trend in the
19 industry is overwhelmingly toward wireless, and the federal Lifeline program makes wireless
20 service an especially attractive option for Lifeline-eligible households. Under the federal rules,
21 households must choose one type of service for their Lifeline discount, and, as the numbers
22 above attest, the overwhelming (and steadily-growing) majority of Lifeline-eligible Tennessee

1 consumers are using the federal Lifeline discount to obtain *free wireless* service, instead of
2 using the state Lifeline discount to obtain a landline.

3
4 Q. HOW IS THE UNFUNDED STATE LIFELINE DISCOUNT INCONSISTENT WITH STATE
5 LEGISLATIVE REFORMS?

6
7 A. The Tennessee General Assembly has modernized state telecommunications law in
8 every area since this unfunded state Lifeline discount was developed more than two decades
9 ago. The consistent theme of these modernizing reforms has been to replace the government-
10 regulated monopoly model with a more competitive, market-driven model, in which the retail
11 prices that carriers charge are a function of the competitive market factors and government
12 regulators do not establish retail prices.

13 The consistent theme of these legislative reforms has been the desire to attract
14 investment and technology to Tennessee, and that has been the result. Today, Tennesseans
15 consume communications services from traditional landline carriers, cable and VoIP providers,
16 and wireless providers. Connected Tennessee has found that more than 92 percent of
17 Tennesseans today have access to broadband services at advertised speeds of 6 Mbps
18 downstream and 1.5 Mbps upstream (well above the FCC's benchmark of 4 Mbps downstream
19 / 1 Mbps upstream). The members of the General Assembly have recognized that reduction in
20 outdated regulation is a key factor in attracting the investment in this technology.

21 In stark contrast to the steady Legislative commitment to updating the
22 telecommunications policy of this state, the unfunded state Lifeline discount remains a relic of

1 a bygone era of monopolies and government-established retail pricing. The TRA can, and
2 should, rectify this situation by eliminating the state Lifeline discount altogether.

3
4 Q. IN WHAT WAY IS THE UNFUNDED STATE LIFELINE DISCOUNT ANTICOMPETITIVE AND
5 DISCRIMINATORY?

6
7 A. Only traditional landline carriers – and not their intermodal competitors – are required
8 to provide (and fund) the state Lifeline discount. This forced reduction of revenue and
9 administrative burden is therefore being imposed only on one class of providers, and it leaves
10 them at a competitive disadvantage.

11 And while my attorneys will address this in more detail, it is my layman’s understanding
12 that singling out only one class of provider is inconsistent with section 254(f) of the
13 Communications Act of 1934, as amended, which provides that contributions of carriers to
14 universal service (the goal of ensuring that all consumers may obtain connectivity) must be
15 accomplished on an “equitable and non-discriminatory basis.” Additionally, it is my layman’s
16 understanding that this statute requires a state to “adopt additional specific, predictable, and
17 sufficient mechanisms” to support any state-adopted regulations that “provide for additional
18 definitions and standards to preserve and advance universal service within that State....” An
19 unfunded state Lifeline discount mandate appears to me to be inconsistent with this statute.
20 AT&T will provide additional legal explanation of how this type of policy conflicts with legal
21 standards when briefs are filed and oral argument is presented in this docket.

1 Q. PLEASE DESCRIBE THE PRACTICAL IMPACT OF THE STATE LIFELINE DISCOUNT ON
2 LANDLINE CARRIERS.

3
4 A. In addition to imposing \$3.9 million¹⁰ in annual costs on landline carriers that are not
5 borne by their intermodal competitors, the state Lifeline program also imposes administrative
6 burdens on landline carriers, which are also not borne by intermodal competitors.

7
8 Q. HOW IS THE UNFUNDED STATE LIFELINE DISCOUNT IRRELEVANT TO CONSUMERS?

9
10 A. The fact that so many Tennessee Lifeline consumers choose a wireless service (where
11 only the federal \$9.25 discount is provided and no state discount is available) instead of a
12 landline service (for which the additional \$3.50 state Lifeline discount is available) proves that
13 this unfunded landline discount no longer matters to Tennessee consumers. In other words,
14 the additional state discount is not meaningful enough to motivate Tennessee consumers to
15 choose services to which the state discount applies.

16
17 Q. WHY WOULD A LIFELINE-ELIGIBLE CONSUMER CHOOSE WIRELESS SERVICE WHEN THERE
18 IS AN ADDITIONAL DISCOUNT AVAILABLE FOR LANDLINE SERVICE?

19

¹⁰ This number represents the total annual cost to all landline carriers for providing, without reimbursement, a \$3.50 credit each month for the 93,687 households that the TRA has stated are enrolled and receiving the state Lifeline credit as of 2011.

1 A. The most basic reason is price – because even with the additional \$3.50 state Lifeline
2 discount, the prepaid wireless option still costs less; in fact, it is generally free.

3 Here's an example: A single flat rate residential line from AT&T here in Nashville
4 currently costs \$21.00 per month. Subtracting the federal Lifeline discount of \$9.25 and the
5 unfunded state Lifeline discount of \$3.50 reduces that price to \$8.25 per month. So a Lifeline-
6 eligible customer in Nashville chooses between:

- 7 • a landline with no features for a price, after Lifeline discounts, of \$8.25 per
8 month (plus applicable taxes and fees), or
- 9 • free wireless Lifeline service from a prepaid wireless provider, which includes: a
10 phone; 250 voice minutes each month; 250 text messages each month;
11 voicemail; Call Waiting; and Caller ID.

12 Roughly 80 percent of Lifeline-eligible consumers in Tennessee choose the free wireless service
13 available from the prepaid wireless provider. Given the comparison above, it's easy to see why
14 they make that choice.

15 Elimination of the state Lifeline discount is not likely to alter that decision for consumers
16 who, for whatever reason, prefer to have a landline. In the scenario above, the AT&T landline
17 would cost that Nashville consumer \$11.75 (\$21.00-9.25) per month plus applicable taxes and
18 fees, which is still a very low price, and other landline providers may sell service at lower prices
19 than those offered by AT&T.

20
21 Q. IS PRICE THE ONLY FACTOR THAT LEADS LIFELINE CONSUMERS TO SELECT WIRELESS
22 INSTEAD OF LANDLINE SERVICE?

1
2 A. Price is a major factor. When wireless carriers provide the federal Lifeline discount in
3 the form of minutes of use, available to the consumer for no cost at all, then that's an
4 alternative that's free; and it's pretty difficult to beat "free" – no matter how much of a
5 discount you have to offer.

6 But there are certainly other reasons so many Lifeline-eligible Tennesseans now find
7 that wireless service is a better option for them. As demonstrated in the attached advertising
8 materials, a Lifeline-eligible consumer can obtain wireless service with no outlay of money at
9 all, not even a deposit, and the service can be transported if the consumer moves to a new
10 location. All of these features provide obvious benefits to needy consumers, and the option of
11 a service requiring no deposit and not even a credit check or permanent home billing address
12 could be especially valuable to the neediest consumer.

13 Moreover, the wireless services include other free features – like voicemail, texting, call
14 waiting and Caller ID – which do not come with the lowest-priced, basic landline. In many
15 cases, the prepaid provider also supplies a free wireless device.

16 Finally, Tennessee's wireless networks have grown far more robust¹¹ and competitive.
17 Multiple providers offer wireless service over next generation networks, and customer

¹¹ One way in which wireless service has grown more attractive in Tennessee as a landline substitute is the implementation of E-911 service. Tennessee was one of the first states to implement this enhanced 911 service, which enables 911 responders to determine the precise location of wireless 911 callers. See Press Release dated February 25, 2011, *911 Board Adds Training Requirements for Missing Children Calls*. ("The TECB was created by the General Assembly in 1998 to assist ECDs' boards of directors in the areas of management, operations and accountability, with the goal of establishing reliable emergency communications for all citizens of the state. It's a successful formula; in 2005, Tennessee became the third state in the nation to become Phase II-ready, meaning a 911 operator can obtain a wireless caller's number **and location information**. In 2005, Tennessee received an award from the Congressional E911 Institute for having the nation's best state system." (emphasis added))

1 adoption has grown tremendously. One out of three American homes is now wireless-only.
2 That's double the rate from 2008 and nearly triple that of 2007.¹² Further, nearly one-third of
3 households use VoIP.¹³ That leaves only one-third of homes still using traditional landline
4 phone service. Finally, one national report indicated that nearly 700,000 consumers cancel
5 their traditional landline service every month in favor of wireless or IP service.¹⁴

6 Notably, in Docket No. 10-00108, Market Regulation for Rate Groups 1 and 2, AT&T filed
7 uncontested documentation of multiple competitive carriers offering residential landline,
8 wireless and VoIP service in each of AT&T's most rural exchanges.

9
10 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

11
12 A. The telecommunications market place has fundamentally and dramatically changed in
13 the two decades since the TPSC established the state Lifeline discount. The FCC has recognized
14 this change and reformed the federal Lifeline program. The TRA should also recognize this
15 change and reform the state Lifeline program.

16 In today's fiercely competitive communications marketplace, the unfunded state Lifeline
17 discount is outdated, inconsistent with state legislative reforms, is anti-competitive and
18 discriminatory, and is irrelevant to consumers who overwhelmingly forego the state Lifeline
19 discount on landline service to choose free wireless service instead. The TRA, therefore, should
20 eliminate the unfunded state Lifeline discount altogether.

¹² *National Health Interview Survey*, January–June, 2011.

¹³ *FCC Local Telephone Competition Reports*, VoIP estimation based on extrapolation of actual 2010 FCC numbers.

¹⁴ *The End of Landline Telephones? Try 2025*, Affinity Consulting Group, August 16, 2012

1

2 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

3 A. Yes.

4

EXHIBIT A

Diverse perspectives on homelessness. Genuine opportunities for advancement.

www.thecontributor.org • Nashville, Tennessee



Like many people experiencing homelessness and poverty, Patricia Reeves uses her cell phone daily to make calls and send texts.
Photo by Raven Lintz

HOPE WITHIN REACH

Mobile phones much more than a luxury for people living on the streets

By JESSE CALL

Staff Writer

jesse@thecontributor.org

His daughter is in the hospital and is about to die. Her blood work shows she has diabetes but does not know it. He has finally landed a job if he can start later today. She might get a job if she can interview tomorrow morning. The river's about to flood his campsite. She just got assaulted and robbed and needs help.

These are circumstances people experiencing homelessness can face each day, and without access to a mobile phone, such individuals may not get the information or help they need in time. Health care providers, career counselors and those living on the streets tell *The Contributor* that having access to a mobile phone is essential for people enduring homelessness, even if it means they will face some criticism from uninformed passersby who question the authenticity of their homelessness because they have a phone.

Federal and state governments have long recognized mobile phone access as a need for those experiencing homelessness and poverty. Governments have teamed up with major cell phone service providers to offer free or low-cost cell phones to people with low

incomes under the Lifeline Assistance Program. The Universal Service Fee that cell phone subscribers pay on their monthly bills covers the costs of the program, which was set up under a 1996 federal law. To qualify for a free mobile phone with 250 free minutes and 250 free SMS text messages, an applicant needs to show that his or her income falls below 35 percent above the federal poverty guidelines or that he or she is receiving other federal benefits such as SSI or food stamps.

"People shouldn't have to face the decision to pay for phone service or pay for food," said Jack Pflanz, spokesperson for Assurance Wireless, one of the providers of the Lifeline Assistance Program in Tennessee. "In today's society, I think it is essential that someone experiencing homelessness has access to phone service."

Using a mobile phone to find and maintain employment

Critics of people who find themselves homeless contend that an individual should be doing everything they legally can to bring in more income in order to 'get back on their feet.' For many experiencing home-

Cell phones on the streets more a necessity than a luxury

lessness, this means securing additional employment, a task that is particularly challenging in its own right but which can be further complicated by the lack of regular access to a phone.

Unfortunately, most potential employers are not particularly understanding about the life circumstances of people experiencing homelessness. Regardless of their housing status, these employers expect employees or potential employees to be available on short-term notice to complete interviews or show up for work. Most employers also expect employees to have his or her own phone number where he or she can be reached and can receive a message, according to local career trainers and counselors.

"In today's job market a job seeker must have an active email address and a reachable phone number," said Connie Humphreys, career development manager of Davidson County at the Nashville Career Advancement Center. "It is not enough to provide this information on a résumé. The job seeker has to regularly check their email and phone for messages and respond immediately. If an employer is not able to reach the applicant or the applicant does not respond quickly to the employer's call to set up an interview, the employer may assume that the person does not really want a job with their company."

This sentiment is echoed by the state-operated Tennessee Career Centers. "The easier you're accessible, the better likelihood you have for getting a job interview," said RJ Sherr, area manager for the Tennessee Department of Labor and Workforce Development. He adds that being able to be reached at a moment's notice for an interview should always be a prospective employee's goal. Too often, however, people without regular phone access

call back too late to find out the position has been filled or they are no longer accepting interviews.

This is exactly why Debra Hyden, who currently experiences homelessness in Nashville, says she has a Lifeline Assistance Program phone. "For me, it's to find a job," she said while waiting for a meal from a local ministry. She says that the government-provided phones are the ones she sees most on the street and she expects most others also have them mainly to secure employment.

Also waiting for a meal at the local ministry is a woman who recently graduated from Vanderbilt University but now finds herself homeless because she defaulted on her student loans. She says she does not currently have a cell phone but wants to know more about the Lifeline Assistance Program after overhearing Hyden talking about it. She agrees that having a cell phone would be helpful to her in finding a job and feeling more secure.

Robert A., a veteran of the Marine Corps and vendor of *The Contributor* who is currently living out of his truck, says that he recently applied at a local Social Security office to get a Lifeline phone. "I'm trying to get a job," he explained, adding that the process for obtaining the phone is a lot of work in itself, which has kept him from having time to sell the paper and earn an income. Nevertheless, he says, having a phone will be worth the effort.

Cell phones on the streets more a necessity than a luxury

"In today's job market a job seeker must have an active email address and a reachable phone number," said Connie Humphreys, career development manager of Davidson County at the Nashville Career Advancement Center. "It is not enough to provide this information on a résumé. The job seeker has to regularly check their email and phone for messages and respond immediately."

Using a mobile phone to access health care

Yet another reason that having access to a mobile phone can be essential to someone experiencing homelessness is that a phone enables more immediate access to medical care.

"Phone service is important for maintaining health," Pflanz at Assurance Wireless said. "Customers need to be in contact with doctors, clinics and drug stores to be able to get their prescriptions," he said.

The staff at United Neighborhood Health Services (UNHS), a local healthcare service provider that provides healthcare to those without insurance, agrees.

"A great number of our patients suffer from multiple chronic conditions and they are often serious, so it's important for us to be in contact with them," said Bill Friskics-Warren, who coordinates services for people experiencing homelessness at UNHS. "Fortunately, a lot of folks have the government-issued Assurance phones and a lot of folks have Cricket phones," he said, referring to the inexpensive prepaid cell phones that do not require service contracts, which he says some of his clients use. Cricket is one of many companies offering such service.

Reaching clients quickly can be essential in some circumstances, Friskics-Warren says, especially when laboratory work comes back and shows that a client has a condition that requires immediate treatment. "They may need serious and immediate attention and if we can't find someone we can't manage their condition," he explained.

Another circumstance that frequently arises at UNHS is when his organization is trying to help someone obtain the medication they need for free. "Medications of theirs come in that we've arranged for them to receive directly from the manufacturer through patient assistance programs," he said. "Being able to reach folks is essential."

Using a mobile phone to build and maintain a safety net

While reaching clients for health care concerns is important, Friskics-Warren at UNHS says that another important need for people experiencing homelessness is to be able to be reached by those who care about them.

"Family members will purchase cell phones and put some minutes on them so they can know that they are safe and OK during their time on the streets," Friskics-Warren said.

Cell phones on the streets more a necessity than a luxury

People enduring homelessness also often build their own networks of support.

"It's all about relationships for people that live in poverty. That's how they survive," said Debbie Grant, E & T development coordinator at Goodwill Industries of Middle Tennessee, who also serves as chairwoman of the Nashville Coalition for the Homeless. "So their cell phone may be to call a best friend or family member because that's going to be the person that can come and help them."

While she believes that access to a cell phone helps Goodwill's clients get jobs, she also says the access to support from others that a phone provides is key.

"Just having a viable means of communication is more important," she said.

Other times, having a cell phone also helps keep families in touch, particularly for single parents who do not get to see their children all the time. Charlie Edward Keyes, who is experiencing homelessness in Nashville, says he uses his phone to speak with his kids in Louisiana.

Pflanz at Assurance Wireless also tells the story of a man who became homeless after being laid off during the auto industry meltdown and how he used his phone to secure new employment and stay in touch and arrange meetings with his kids under a shared custody agreement.

Access to a mobile phone is also good for reaching out during emergencies.

"People might see me holding a lot of ones and mistake me for having a lot of money," Robert A. said. "What if they decided to rob me?"

Using a smartphone for Internet and email access

Having a government-issued or cheap prepaid cell phone is one thing for critics, but often times it's the quality of the phone that seems to bother them the most.

On Twitter, "Alex Ferrari" (@amferrari1), from Nashville, wrote: "At a red light on my way home a guy selling the contributor (paper homeless people sell in Nashville) pulls out a iPhone and makes a call..."

Similarly, "Annelise Walley" (@Annelise-Walley) wrote: "I was about to give this homeless guy on the street some money. Then I saw him pull his iPhone out of his sock. #Nashville."

One Twitter user took it a step further. "Mark Hobson" (@matchstickmgmt), also from Nashville, wrote: "If you have an iPhone, you shouldn't be allowed to sell the contributor. #fact."

However, as more and more employers are requiring immediate Internet and email access, having a smartphone is becoming more than a luxury for those on the street.

"One of the reasons a cell phone is important is so an employer can get back in touch with a person," Grant at Goodwill said. "However, more and more employers are using the computer and job applications that require an email address."

Most free or prepaid phones have very limited web capabilities, making checking email and accessing online applications difficult or impossible. Thus, people without Internet ac-

Cell phones on the streets more a necessity than a luxury

cess on their phones have to resort to using public computers like those at the library or outreach organizations, which often limit access to traditional work hours, as well as the amount of time one can spend at a computer before it's the next person's turn.

Humphreys at NCAC echoes the need for people seeking employment to be able to check and respond to emails throughout the day.

"If the jobseeker doesn't respond quickly to an interview invitation, they may not respond to the calls and messages from customers, which will result in poor customer service," she said about employer expectations.

Thus, jobseekers that are able to purchase a smartphone may be making an investment that will—with time, and perhaps a new job—pay off.

In addition to the services provided by federal and state governments, there are also organizations in Nashville that provide free access to a telephone and even phone message services, such as Room In The Inn's Campus for Human Development on Drexel Street. However, there is often a wait to access a phone, a time limit on how long it can be used and messages are not always posted immediately or securely. Access to telephones and messages is also limited by the organization's operating hours.

Goodwill Industries of Middle Tennessee on Herman Street also provides access to a telephone if a person knows they should expect a call at a certain time. While this can be helpful for a scheduled interview, the initial contact to set up an interview often comes at an unpredictable and unannounced time.

To sign up for a free Lifeline Assistance Program cell phone plan, visit Assurance Wireless online at <http://www.assurancewireless.com/> or call 1-888-321-5880, or visit SafeLink Wireless <http://www.safelink.com/> or call 1-800-378-1684. Room In The Inn at 705 Drexel St. will also provide clients with a form and mail it for them.

EXHIBIT B

Assurance Wireless

Lifeline Program Description



WELCOME

PROGRAM
DESCRIPTION

HOW TO QUALIFY

CHECK
AVAILABILITY

FAQS

CHECK
STATUS

LOG IN

ACTIVATE

Program Description

How Our Lifeline Phone Program Works

1. **250 FREE Voice Minutes & 250 FREE Texts** added automatically, you do nothing.
2. Add money if you decide to choose the \$5, \$20 or \$30 plan and to pay for any services, like additional minutes, additional texting or international calls.
3. Buy Virgin Mobile Top-Up cards from thousands of stores across the country. Or use credit, debit or PayPal.

All customers get

NEW: ALL PLANS INCLUDE TOP-UP



**FREE Phone +
250 FREE Voice Minutes + 250 FREE Texts
Each Month**

Need more talk and text?

NEW: MONTHLY PLAN CHOICES

UNLIMITED Talk, Text, and Web
Add \$30 each month

1000 Minutes and 1000 Texts
Add \$20 each month
Get 250 Free Minutes & 250 Free Texts + 750 Minutes & 750 Texts

500 Minutes and 500 Texts
Add \$5 each month
Get 250 Free Minutes & 250 Free Texts + 250 Minutes & 250 Texts

Best Value in Calling Plans among Major Lifeline Assistance Programs*

Access to Other Offerings

If you decide to add money to your account with a Virgin Mobile Top-Up card or a credit/debit card, you can also take advantage of the following Virgin Mobile offerings:

- * Additional voice minutes at 10c each
- * Additional text messages at 10c each
- * Messaging Packs as low as \$5 for 200 messages (only available for customers on plans that do not include texts)
- * 411 service at \$1.75 per call + standard airtime charges

HOW TO APPLY

By Phone

Call 1-888-895-4889 to request an application

By Mail or Fax

Print out [an application](#)

PROGRAM BENEFITS

- Free Phone
- 250 FREE voice Minutes & 250 FREE Texts guaranteed each month as long as you remain eligible
- No Annual Contract (no bills or activation fees)
- Nationwide Sprint® Network Coverage
- Voicemail Account Call Waiting and Caller ID included
- 24/7 Access
- Calls to Customer Care are FREE

- * International calling at great rates to over 200 countries
- * And so much more

Offer limited to eligible customers (varies by state) residing in selected geographic areas and is non-transferable. Assurance Wireless is brought to you by Virgin Mobile USA and is a Lifeline Assistance program supported by the federal Universal Service Fund program. One Lifeline Assistance phone line per household. Additional voice: 10c/min. Domestic text: 10c/message (sent or received). International & Data services may be extra per plan. Airtime charges apply when accessing voicemail via an Assurance Wireless phone once free minutes have been depleted. Minimum Top-Up of \$10 may be required. Account may expire 150 days after you receive notice of ineligibility for Assurance Wireless service and account balance may be forfeited.

State and local sales taxes and fees may apply. **Best Value Claim:** Based on published price plans as of June 5, 2012 of major Lifeline carriers with more than 1M subscribers who provide service in more than 20 states.

Coverage not available everywhere. Nationwide coverage area reaches more than 282 million people. Virgin Mobile USA network services are provided on the Nationwide Sprint® Network. Visit virginmobileusa.com to check coverage in your area. Assurance Wireless is subject to the Terms of Service (includes plan details) found on www.assurancewireless.com.

Service within nationwide coverage area reaching more than 282 million people. Assurance Wireless is not available in all areas. Coverage not available everywhere. Visit virginmobileusa.com for a detailed map and to check if service is available in your area.
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PSAP Information | Net Neutrality | CMAS

Safelink Wireless

Lifeline Program Description

Lifeline Phone Bill Assistance

Learn how to sign up for the Lifeline program and receive your free cell phone.

- [Home](#)Back to the main page.
- [Lifeline Information By State](#)Find providers and application information for your state.
- [Additional Information & Articles](#)Articles & information.
- [Cell Phones](#)Lifeline Cell Phone Providers.
- [Government Cell Phones](#)Free Government Cell Phones.

Lifeline Program

- Free or Subsidized Phone
- Cell Phone or Landline
- Up to 250 free cell phone minutes
- For low income families and individuals
- Sign up Online

Apply for a Lifeline Free Cell Phone

Enter your zip code to get started.

Zip Code:

Step 1 »

What is the Lifeline Program?

Lifeline is a program that allows low income households to receive discounted telephone services, in order to help them make ends meet each month. For most Americans, having a telephone is a necessity. A telephone is a link to the outside world, often times a necessity in landing a job. It is also something that is relied upon for emergencies, and when a family is in the low income bracket, it can be a difficult bill to manage each month. The following is how an individual can determine if they are eligible for the Lifeline program, and also how they can apply for this federal program.

Who is eligible for Lifeline?

In order to be eligible for Lifeline benefits, a person must first see if their state is a federal default state. These states include Delaware, Hawaii, Indiana, Iowa, Louisiana, New Hampshire, North Dakota and South Dakota. For individuals who reside in a federal default state, an individual must be enrolled in one of the following federal programs in order to be eligible for Lifeline service: Federal Public Housing Assistance, Supplemental Nutrition Assistance Program, Low Income Home Energy Assistance Program, Medicaid, National School Lunch Program, Supplemental Security Income and Temporary Assistance for Needy Families. Also, an individual can be deemed eligible if their household income is at or below 135% of the federal poverty line.

Application Process

You can quickly get started by entering your zip code in the box at the top of this page, we will then help you locate Lifeline providers in your area and provide you with information on how to apply. You can also skip this process and browse providers for your state by [clicking here](#).

If a consumer needs assistance with telephone service, the consumer applies for the program through his or her local telephone company. If the phone company is eligible, it asks the Universal Service Fund's Low Income Program for reimbursement for the difference of the normal charge for service and the discounted rate offered to the consumer. For each family that applies for the Lifeline or Link Up program, the telecommunications carrier must provide the Universal Service Fund's Low Income Program with Form 497. The carrier must file the form monthly or quarterly. Depending on the time of the year, some carriers may submit the form for up to 25 months.

| [Home](#) | [Lifeline Information By State](#) | [Lifeline for Seniors](#) | [Privacy Policy](#)
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AARP

Guide to Public Benefits re

Telephone Assistance

Your Guide to Public Benefits

Learn about federal and state financial assistance for seniors

from: [AARP Foundation](#) | March 13, 2012

[AARP Foundation](#) is here for everyone age 50 and older who is struggling with problems of hunger, isolation, income or housing. We'll connect you to resources you may not even know are out there, and we're working side by side with trusted organizations in your community and nationwide to help you take control, move forward and feel like a good provider again.

Here we've listed federal public benefits for housing, food, health care and income. Please note: This information is current as of March 8, 2012. The income guidelines, eligibility requirements and telephone numbers are subject to change. For the most up-to-date information in your state, log on to the [Benefits QuickLINK](#) website.

Help with Your Home

Low Income Home Energy Assistance Program (LIHEAP)

Benefit: Pays heating and cooling bills, and some energy-related home repairs.

Who can apply: People with limited income. For your state's specific annual income qualifications, visit the [Benefits QuickLINK](#) website and click "Help in My State."

How to apply: This varies by location. Please go to [Benefits QuickLINK](#) and do a benefits screening.

Telephone Assistance

Benefit: Helps pay for the cost of basic local telephone services.

Who can apply: Qualified low-income older adults. You are automatically eligible if you are in one of the following programs: Medicaid, Supplemental Security Income (SSI), Federal Housing Assistance/Section 8 Programs, Supplemental Nutrition Assistance Program (SNAP; formerly food stamps), Low Income Home Energy Assistance Programs, Bureau of Indian Affairs (BIA) General Assistance, and Tribally Administered Temporary Assistance for Needy Families (TANF).

How to apply: Call your local phone company and tell the sales department that you want to apply for Link Up or Lifeline.

CERTIFICATE OF SERVICE

I hereby certify that on October 2, 2012, a copy of the foregoing document was served on the following, via the method indicated:

- ☐ Hand
- ☐ Mail
- ☐ Facsimile
- ☐ Overnight
- ☒ Electronic

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- ☒ Electronic

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- ☐ Overnight
- ☒ Electronic

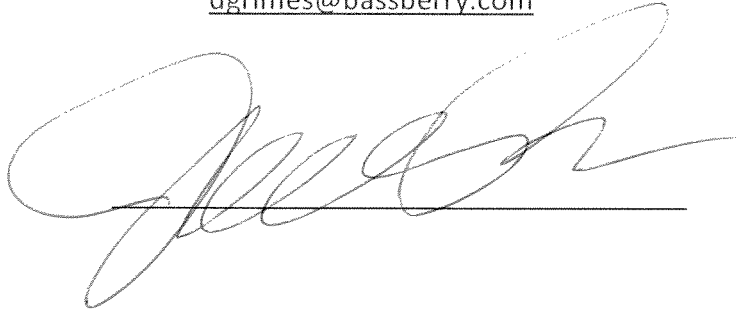
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☐ Facsimile
☐ Overnight
☒ Electronic

Dale Grimes, Esquire
Bass, Berry & Sims
150 Third Ave. S., Suite 2800
Nashville, TN 37201
dgrimes@bassberry.com

A handwritten signature in black ink, appearing to read "Dale Grimes", is written over a horizontal line.