

**STATE OF INDIANA**  
**INDIANA UTILITY REGULATORY COMMISSION**

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**SPRINT NEXTEL'S SUPPLEMENTAL COMMENTS ON "STRAWMAN" DRAFT OF  
PROPOSED ADMINISTRATIVE RULES FOR INDIANA LIFELINE ASSISTANCE  
PROGRAM 170 IAC 7-8-1 et. seq.**

**Dated: October 26, 2007**

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Submitted on behalf of Sprint Nextel by:

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Sprint Nextel Corporation (“Sprint”) submits these supplemental comments for purposes of addressing certain issues recently raised by Indiana Utility Regulatory Commission (“Commission”) Staff. Specifically, Staff has expressed concern that low-income consumers would be disadvantaged if competitive wireless eligible telecommunications carriers (“ETCs”) are not required to participate in the Indiana Lifeline Assistance Program (“ILAP”) and has directed Sprint to footnote 12 of the Federal Communications Commission’s 2004 Lifeline/Link Up Order to illustrate its concern that Lifeline subscribers would not receive federal Tier 3 matching support if wireless ETCs do not participate.<sup>1</sup> Although well-intentioned, Staff’s concerns are misplaced with respect to Lifeline subscribers served by Sprint.

As a competitive ETC, Sprint is required to provide Lifeline and Link Up assistance to qualified, low-income consumers. However, nothing in the IURC’s ETC designation order, state or federal law, mandates that Sprint must participate in the ILAP. Rather, Sprint can continue to provide “carrier provided support” in the form of a voluntary \$3.50 per month discount and, thereby, enable its Indiana Lifeline subscribers to receive the maximum amount of federal Lifeline support available. Accordingly, there would be no additional benefit to Indiana Lifeline subscribers by requiring Sprint to participate in the ILAP.

**I. SPRINT’S INDIANA LIFELINE SUBSCRIBERS ALREADY RECEIVE THE MAXIMUM AMOUNT OF FEDERAL LIFELINE SUPPORT AS A RESULT OF SPRINT’S VOLUNTARY \$3.50 DISCOUNT**

Sprint understands that the primary purpose of establishing a state Lifeline fund in Indiana is to ensure that qualified, low-income consumers continue to receive affordable telephone service. Sprint supports this objective and has, therefore, established a long-standing practice of providing each of its Lifeline subscribers throughout the country with a voluntary

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<sup>1</sup> *In the Matter of Lifeline Link Up*, WC Docket No. 03-109, *Report and Order and Further Notice of Proposed Rulemaking*, 19 FCC Rcd. 8302, FCC 04-87 ¶ 4 n. 12 (rel. April 29, 2004).

\$3.50 per month discount on its Lifeline service offering. By providing this voluntary discount, Sprint ensures that its Lifeline subscribers receive the maximum amount of federal Lifeline support as described below.

Under Subpart E of the FCC's universal service rules, 47 C.F.R. § 54.400, *et seq.*, there are four "tiers" of federal Lifeline support. All eligible subscribers receive Tier 1 support which provides a discount equal to the incumbent ETC's subscriber line charge ("SLC"). Currently, SLC charges are capped at \$6.50 per month. 47 C.F.R. § 54.403(a)(1). Thus, the maximum amount of Tier 1 support available to a Lifeline subscriber is \$6.50 per month. Tier 2 support provides an additional \$1.75 per month in federal support. 47 C.F.R. § 54.403(a)(2). Tier 3 provided federal matching support equal to one-half of any state or carrier-provided Lifeline support, up to a maximum of \$1.75. 47 C.F.R. § 54.403(a)(3). Thus, only subscribers residing in a state that has established its own Lifeline/Link Up program, or those who receive a voluntary carrier-provided discount (like Sprint's Lifeline subscribers), may receive Tier 3 support. Tier 4 support provides eligible subscribers living on tribal lands up to an additional \$25 per month towards reducing basic local service rates, but this discount cannot bring the subscriber's cost for basic local service to less than \$1. 47 C.F.R. § 54.403(a)(4).

As set forth above, "Tier 3" support is the only federal Lifeline support mechanism that is contingent on state Lifeline support or the voluntary discounts provided by individual carriers. All eligible consumers will receive Tier 1 and Tier 2 support, and all eligible residents of Tribal lands will receive Tier 4 support, regardless of any action taken by an individual state or telecommunications carrier to provide additional support or discounts. Because Sprint already voluntarily provides its Lifeline subscribers with a \$3.50 per month discount in order to receive the maximum \$1.75 Tier 3 federal matching support, there would be no net benefit to Indiana

consumers if Sprint were forced to participate in the state ILAP fund. To the contrary, Sprint would simply discontinue providing the voluntary \$3.50 discount to its Lifeline subscribers and, instead, seek full reimbursement for this previously voluntary discount from the ILAP fund. In other words, Indiana consumers would be required to reimburse Sprint for what it currently provides for free.

Consequently, Sprint does not believe that mandating wireless ETC participation in the ILAP will provide any benefit to Sprint's Lifeline subscribers or Indiana consumers as a whole.

**II. THE FCC'S UNIVERSAL SERVICE REGULATIONS SPECIFICALLY DEFINE WHICH STATE LIFELINE REQUIREMENTS FEDERAL ETCs MUST COMPLY WITH**

In addition to the absence of any fiscal benefit to Sprint's Indiana Lifeline subscribers, mandatory participation in the ILAP would not affect the (1) eligibility criteria, (2) certification/verification procedures or (3) Lifeline assistance termination procedures applicable to Sprint's Lifeline subscribers, because the FCC's universal service rules already require Sprint to comply with state law in these areas.

As set forth in Subpart E of the FCC's universal service rules, all ETCs – regardless of technology or regulatory status – must comply with certain state Lifeline regulations. These requirements are carefully defined in the FCC's rules and include the following:

1. Eligibility criteria. In a state that mandates state Lifeline support, all Lifeline applicants must satisfy the eligibility criteria established by the state commission for such support. 47 C.F.R. § 54.409(a).

2. Certification of income eligibility. ETCs in states that mandate state Lifeline support must comply with state certification procedures to document consumer income-based eligibility for Lifeline. 47 C.F.R. § 54.410(a)(1).

3. Verification of continued eligibility. ETCs in states that mandate state Lifeline support must comply with state verification procedures to validate consumers' continued eligibility for Lifeline. 47 C.F.R. § 54.410(c)(1).

4. Lifeline assistance termination procedures. As it relates to a subscriber's continued satisfaction of the Lifeline eligibility criteria, an ETC providing Lifeline service in a state that has dispute resolution procedures applicable to the termination of Lifeline assistance must comply with the state requirements, provided that the state requirements offer, at a minimum, the same protections afforded under the FCC's universal service rules. 47 C.F.R. § 54.405(c)-(d).

Because the FCC's universal service rules already require federal ETCs to comply with these fundamental state Lifeline requirements, Sprint does not believe that mandatory participation in the ILAP would provide any substantive benefit to Indiana Lifeline consumers that is not already provided through the application of the FCC's mandatory universal service rules.

### **III. THE COMMISSION SHOULD AMEND ITS DRAFT RULES TO MAKE PARTICIPATION IN ILAP OPTIONAL FOR WIRELESS CARRIERS**

For the reasons set forth above, the Commission should amend its draft rules to make participation in ILAP optional for wireless carriers. At its core, Lifeline is a public assistance program intended to provide qualified, low-income consumers with affordable telephone service. As demonstrated above, Sprint has already implemented the necessary carrier-provided \$3.50 discount to ensure that its Indiana Lifeline subscribers receive the maximum possible federal Lifeline support and, thereby, receive Lifeline service from Sprint at an affordable rate. Likewise, Sprint will be required by federal law to comply with the state Lifeline eligibility, certification/verification and termination procedures irrespective of its participation in any other aspect of the ILAP. As a result, Sprint's participation in the ILAP would not result in any

substantive benefit to its Lifeline subscribers. The Commission should, therefore, amend its draft rules to make participation in the ILAP optional for carriers like Sprint. Specifically, Sprint proposes that the draft rules be amended as follows:

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- (a) The purpose of this rule is to establish the Indiana lifeline assistance program.
- (b) Except as provided in section (c), all providers of intrastate telecommunications services in Indiana shall be subject to this rule.
- (c) A commercial mobile radio services (CMRS) provider designated as an eligible telecommunications carrier under 47 CFR 54.201 shall be exempt from this rule if the CMRS carrier provides a discount of \$3.50 per month to its Lifeline customers for purposes of receiving Tier Three federal Lifeline support under 47 CFR 54.403. A CMRS carrier that does not provide such discount must notify the commission in writing that the carrier will participate in the Indiana lifeline assistance program.

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[Insert language based on Order in Cause No. 43082].

- (a) If required by the Commission, a CMRS carrier shall contribute to the Indiana Universal Service Fund regardless of the CMRS carrier's participation in the Indiana lifeline assistance program.

Respectfully submitted,

Dated: October 26, 2007

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