



support will be \$9.25.<sup>2</sup> However, on March 29, 2012, the FCC issued a Public Notice that delayed the implementation of the interim support change because the Office of Budget and Management had not approved the data collection provisions of that rule.<sup>3</sup> ETCs will need to monitor the FCC's actions to ascertain the date on which the new support amount rule will be effective. In Kentucky, some carriers offered more or less support for the Federal portion of the Lifeline program because the old support rule was tied to the carrier's subscriber line charge. Wireline ETCs will be required to make changes to their tariffs, send notice to customers of the change of the support amount, and change marketing and informational materials. Wireless ETC's will be required to send notice to their lifeline customers of the change of the support amount and change marketing and informational materials. The amount of state support will remain unchanged at \$3.50.

The Order also discontinued the Link-Up program for non-tribal lands effective April 2, 2012.<sup>4</sup> ETCs are no longer required to offer Link-Up support. Wireline ETCs will be required to make changes to their tariffs and change marketing and informational materials. Wireless ETC's will be required to change marketing and informational materials.

The Order also mandated that, at a minimum, if the consumer's household income is at or below 135 percent of the Federal Poverty Guidelines or the consumer

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<sup>2</sup> Id. at paragraph 58.

<sup>3</sup> WC Docket Nos. 11-42, 03-109, 12-23 and CC Docket No. 12-23, Wireline Competition Bureau Provides Guidance Regarding the Effective Date of Certain Rules Adopted in the Lifeline Reform Order, DA 12-493 (rel. March 29, 2012).

<sup>4</sup> Lifeline Reform Order, paragraph 245.

receives benefits from one of seven federal assistance programs (Medicaid, Federal Public Housing, Supplemental Security Income, Low-Income Home Energy Assistance Program, Temporary Assistance to Needy Families, National School Free Lunch Program, or the Supplemental Nutrition Assistance Program (SNAP)) the consumer may qualify for Lifeline support.<sup>5</sup> Previously, in Administrative Case No. 360, the Commission declined to adopt the qualifier that the consumer's household income must be at or below 135 percent of the Federal Poverty Guidelines.<sup>6</sup> Therefore, Kentucky ETCs offering Lifeline must now offer consumers the option of qualifying for Lifeline by meeting the income-based qualifier of 135 percent of the Federal Poverty Guidelines. ETCs should follow the guidelines set out by the FCC rules and Order. The FCC set the effective date of this rule for June 1, 2012.<sup>7</sup> Wireline ETCs will be required to make changes to their tariffs and change marketing and informational materials. Wireless ETC's will be required to change marketing and informational materials.

The Order clarified the rule concerning one Lifeline discount per household. In order to be eligible to receive Lifeline support, the consumer cannot already receive Lifeline service, nor can anyone in his or her household. The Order codifies the "one-per-household" rule and defines a "household" as any individual or group living together at the same address as one economic unit.<sup>8</sup> The application process was also clarified. An ETC may not seek reimbursement unless it receives a certification of eligibility from

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<sup>5</sup> Lifeline Reform Order, paragraph 65.

<sup>6</sup> Administrative Case No. 360, An Inquiry Into Universal Service and Funding Issues (Ky. PSC Aug. 24, 2004).

<sup>7</sup> Lifeline Reform Order, paragraph 515.

<sup>8</sup> 47 C.F.R. §54.400 (h).

the prospective subscriber. The ETC's certification form must: include certain disclosures to the consumer, including that only one Lifeline service is permitted per household and that making false statements to obtain a benefit can result in fines, imprisonment, de-enrollment, or being barred from the program; collect certain information from subscribers, including date of birth, the last four digits of the Social Security number, and the name of the qualifying program, if applicable; and require subscribers to make certifications under penalty of perjury, including that the subscriber is eligible for the benefit, is not already receiving a Lifeline benefit, will notify the carrier within 30 days if the subscriber is no longer eligible or moves to a new address, and the subscriber acknowledges the re-certification requirement, which can result in de-enrollment if not completed. All ETCs will be required to develop new applications and procedures to conform to the new rules.

The Order also made a number of changes pertaining to the annual audit process. ETCs must conduct annual eligibility recertifications of their entire customer base on a rolling basis throughout the year, based on the anniversary date of the consumers' recertification. ETCs will use data bases to verify consumer eligibility and will rely on consumers to recertify themselves. In addition to the annual recertification, the ETCs must conduct a special recertification this year. By the end of 2012, all ETCs must recertify their existing Lifeline customer base as it exists on June 1, 2012, and must report the results to the Universal Service Administration Company by January 1, 2013. The Order further ordered that the current rule requiring annual recertification is replaced as of the effective date of the new rule; therefore, ETCs' annual verifications

due this year pursuant to the old rule are no longer required, unless it is an independent requirement of the state ETC-designation Order.

The Commission will no longer require the annual audit as required in its previous orders.<sup>9</sup> ETCs will be required to follow the FCC's rules and direction as it pertains to annual audits.

The Commission having reviewed the FCC's Order and being otherwise sufficiently advised, HEREBY ORDERS:

1. The FCC's annual audit and recertification process is hereby adopted by the Commission.

2. Each Wireline ETC is to file updated tariffs no later than 20 days from the date of this Order. The updated tariffs shall eliminate the Link-Up program and define "household" as defined by the FCC. These tariffs shall be effective April 2, 2012.

3. Each Wireline ETC shall file updated tariffs to add the qualifier of household income at or below 135 percent of the federal poverty level effective June 1, 2012.

4. Each ETC shall notify its customers in writing of any changes to the rates Lifeline customers will pay.

5. Each ETC shall adhere to the application process outlined in the FCC order.

6. ETCs will be required to follow the FCC's rules and direction pertaining to annual audits.

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<sup>9</sup> Administrative Case No. 360, An Inquiry Into Universal Service and Funding Issues (Ky. PSC Aug. 24, 2004 and May 24, 2007).

By the Commission

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