

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN INQUIRY INTO THE STATE)	CASE NO.
UNIVERSAL SERVICE FUND)	2016-00059

COMMENTS OF TRUCONNECT

Sage Telecom Communications, LLC d/b/a TruConnect (“TruConnect” or the “Company”) hereby submits comments in response to the Kentucky Public Service Commission’s (“Commission”) Order entered May 20, 2019 in the above-referenced case (the “Order”).

The Order requested comments on the following issues:

1. The effect, if any, the FCC's elimination of the "rate floor" will have on the price of landline Lifeline service.
2. The factors that have contributed to the decline in the number of landline Lifeline customers and if the trend is expected to continue.

TruConnect would certainly expect the decline in landline Lifeline customers to continue, as more and more people choose wireless service over landline. It is a commonly accepted fact that in today’s market all consumers, including qualified Lifeline customers, view the portability and convenience of wireless service not as a luxury, but as a necessity. Mobile service allows children to reach their parents, wherever they may be, allows a person seeking employment the ability to be contacted by potential employers, and provides end users with the ability to contact emergency service providers, regardless of location.

3. The factors that have contributed to the decline in requests for payments from the KUSF since the Commission stayed the March 10, 2017 Order.

Eligible Telecommunications Carriers (“ETC”) generally do not pursue new enrollments as aggressively during volatile or unstable regulatory environments. Perhaps this would explain, to some extent, the decline in requests for Kentucky Universal Service Fund (“KUSF”) payments since 2017, given the unknown future of KUSF as well as unrest due to the Federal Communications Commission’s (“FCC”) 2017 Fourth Report and Order, which sought to limit support on tribal lands to facilities-based providers, and further proposed to eliminate Lifeline support for service provided over non-facilities-based networks altogether.¹ However, the D.C. Circuit of the United States Court of Appeals issued an Order on August 10, 2018 granting stay of the portions of FCC 17-155 relating to elimination of resellers, setting forth a rebuke of the FCC’s overreach.²

4. The possibility that the Commission may vacate or modify its March 10, 2017 Order so that the KUSF would be available for support of voice-only Lifeline offerings for wireline and wireless carriers.

It is crucial for Kentucky residents that the Commission allow support for wireless carriers. According to the Universal Service Administrative Company’s (“USAC”) funding disbursement tool, the top six (6) Lifeline carriers in Kentucky are wireless ETCs, and at least seven (7) of the top ten (10) are wireless carriers.³ Of all fund disbursements for Kentucky customers in May 2019, almost ninety-three per cent (93%) were to wireless carriers. Clearly, Kentucky Lifeline customers are overwhelmingly choosing wireless service.

¹ See *Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry*, WC Docket Nos. 17-287, 11-42, 09-197 (released Dec. 1, 2017)(FCC 17-155).

² See USCA Case #18-1026, Document #1744949, <https://docs.fcc.gov/public/attachments/DOC-353494A1.pdf>.

³ See <https://www.usac.org/li/tools/disbursements/results.aspx>.

While it is also crucial that the KUSF support voice Lifeline offerings, it is important that support not be limited to voice-only, but rather available to any offering that contains a voice component. The federal Lifeline program was created to ensure that low-income Americans could make voice calls, including for educational, health, and employment purposes.⁴ But today, the “Internet has become a prerequisite to full and meaningful participation in society.”⁵ As our society becomes more digital, wireless, and broadband-based, programs that serve vulnerable populations must adjust. The biggest reason low-income households do not sign up for broadband is the cost.⁶ While voice minutes and text messaging capability are crucial wireless services, wireless data usage is growing significantly. In fact, low-income smartphone owners are especially likely to use their mobile device when seeking and applying for jobs.⁷

The federal minimum service standards (enumerated at 47 C.F.R. § 54.408) are set to increase again on December 1, 2019, while at the same time support for voice-only offerings is set to decrease from \$9.25 to \$7.25. Thus, in order to receive the full federal

⁴ Federal Communications Commission, Universal Service, <https://www.fcc.gov/general/universal-service>; Federal Communications Commission, Lifeline Program for Low-Income Consumers, <https://www.fcc.gov/general/lifeline-program-low-income-consumers> (“Since 1985, the Lifeline program has provided a discount on phone service for qualifying low-income consumers to ensure that all Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family and emergency service.”).

⁵ *In the Matter of Lifeline and Link Up Reform and Modernization*, Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd. 7048, ¶ 1 (2016).

⁶ *Id.* ¶ 2.

⁷ M. Anderson, *Digital Divide Persists Even as Lower-Income Americans Make Gains in Tech Adoption*, Pew Research Center, Mar. 22, 2017, <http://www.pewresearch.org/fact-tank/2017/03/22/digital-divide-persists-even-as-lower-income-americans-make-gains-in-tech-adoption/>.

subsidy, customers will have to subscribe to a plan which meets the broadband minimum service standards. As the broadband standards increase with no increase in Lifeline support, wireless ETCs must logically offer less (or no) voice as part of the broadband bundle. The addition of KUSF support, however, would allow ETCs to maintain a higher level of voice service. KUSF support, then, is just as important to providing voice service on a bundled plan as it is to bolstering the decreasing federal support for voice-only plans. Allowing KUSF support for both voice-only as well as broadband plans containing a voice component would give Kentucky customers a wider range of options in order to select the one that best meets their needs (which may change over time).

CONCLUSION

TruConnect therefore urges the Commission to indeed vacate or modify its March 10, 2017 Order so that the KUSF would be available both for wireline and wireless carriers, for support of Lifeline offerings containing a voice component (whether voice-only or bundled).

Respectfully submitted,

s/ Lance J.M. Steinhart

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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the June 19, 2019 electronic filing of these Comments is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Commission on June 19, 2019; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of these Comments will be mailed to the Commission by first class United States mail, postage prepaid, on June 19, 2019.

s/ Lance J.M. Steinhart

Lance J.M. Steinhart