STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

RULES AND REGULATIONS GOVERNING THE CERTIFICATION AND VERIFICATION PROCEDURES FOR TELECOMMUNICATIONS CARRIERS ELIGIBLE TO RECEIVE PAYMENTS FROM THE FEDERAL UNIVERSAL SERVICE FUND	: : : :	DOCKET NO. 4337

COMMENTS

Budget PrePay, Inc. ("Budget PrePay") files these comments in response to the Commission's rulemaking proceeding to adopt new rules entitled "Rules and Regulations Governing the Certification and Verification Procedures for Telecommunications Carriers Eligible to Receive Payments From the Federal Universal Service Fund." The rules adopted as part of this rulemaking will affect the interests of all current Eligible Telecommunications Carriers ("ETCs"), or any carrier who may seek ETC status, along with residential consumers who currently or who may seek to participate in the Federal Universal Service Fund ("USF") Lifeline program for low-income consumers. As set forth below, Budget PrePay supports increasing the income threshold level for the Lifeline program in Rhode Island from 135% of the Federal poverty level ("FPL") to 175% of the FPL.

Budget PrePay currently derives the majority of its revenue from selling low-cost prepaid telephone services on a nationwide basis to thousands of customers, and it employs approximately 340 people nationally. Budget PrePay, based in Bossier City, Louisiana, is designated as an ETC for wireless services in Rhode Island, as well as Arkansas, Kentucky, Louisiana, Maryland, Wisconsin, Nevada, Pennsylvania and Michigan, and is currently offering, or will begin offering, Lifeline service in each of these states.[1]

[1] Budget also has been designated as an ETC for wireline services in Tennessee, Oklahoma, Alabama, Florida, Nebraska, Maryland, Louisiana, Mississippi, Arkansas, Kentucky, Michigan, Missouri, North Carolina, and South Carolina.

As the Commission is aware, the Telecommunications Act of 1996 gives the Commission authority to certify and designate ETCs to receive subsidies from the USF to provide Lifeline services to eligible consumers.[2] The Commission's rules provide a process for telecommunications providers to demonstrate eligibility for this program.

In February, the Federal Communications Commission ("FCC") established new rules for the Lifeline program.[3] Among other reforms, the FCC's *Lifeline Reform Order* set minimum eligibility standards for program participants, and minimum certification and annual verification procedures for ETCs.[4] While the FCC's *Lifeline Reform Order* established minimum eligibility standards for the states, it specifically preserved the ability of the states to adopt "additional program or income criteria to address the unique circumstances facing consumers in their states."[5]

As currently adopted, Lifeline support in Rhode Island is available to a resident whose annual income is at or below 135% of the FPL. This is consistent with the FCC's new rules adopted as part of the *Lifeline Reform Order*.[6] Budget PrePay supports increasing the income threshold eligibility level for the Lifeline program in Rhode Island from 135% to 175% of the FPL.

Increasing the eligibility threshold is appropriate for several reasons. **First**, the proposed increase is relatively modest, but would provide a substantial benefit to low-income consumers in the state. Currently, the gross annual income of a family of four at 135% of the FPL is $31,118, while annual income at 175% of the FPL is $40,338. Even at 175% of the FPL, it is by no means clear that a family of four would find basic telecommunications services affordable.

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[2] *See* 47 U.S.C. § 214(e)(2).

[3] *In The Matter of Lifeline and Link Up Reform and Modernization,* WC Docket No. 111-42 et al., Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) ("*Lifeline Reform Order*").

[4] *Id.* at ¶¶ 62-68.

[5] *Id.* at ¶ 65.

[6] *Id.* at ¶ 62.

Raising the Lifeline threshold from 135% to 175% of the FPL would help these struggling families. Telecommunications services, and in particular wireless telecommunications services, have become essential for lower-income customers, providing them with access to emergency services, and a reliable means of contact for prospective employers, social service agencies or dependents. The Commission should modify its regulations so that more low-income consumers in the state can obtain access to the Lifeline program, and accordingly, gain access to critical telecommunications services.

There is every indication that setting the income threshold at 135% of FPL does not capture enough low-income households in the state. Indeed, data provided by the Kaiser Family Foundation shows that approximately 19% of the population (close to 200,000 residents) in Rhode Island is between 139-250% of the FPL.[7] Raising the income threshold to 175% has the potential to directly benefit thousands of low-income residents in the state.

Second, using an income threshold higher than 135% of FPL would be consistent with other low-income assistance programs already implemented in the state by the Department of Human Services (DHS). For example, in Rhode Island, most individuals, couples and families qualify for the Supplemental Nutrition Assistance Program (SNAP) if their income is less than 185 percent of the FPL.[8] Rhode Island's Medicaid managed care program (i.e., RIte Care) is available for no monthly premium to members whose family's income is less than 150% of FPL, and at a reduced premium for eligible families between 150% and 175% of the FPL.[9] In the same way that these crucial low-income assistance programs are eligible to a broad scope of low-income residents, the Commission should also increase the income threshold for access to the Lifeline support program in Rhode Island.

[7] *See* http://www.statehealthfacts.org/profileind.jsp?cmprgn=1&cat=1&rgn=41&ind=9&sub=2.
[8] *See* http://www.dhs.ri.gov/Home/Adults/FoodAssistance/tabid/239/Default.aspx.
[9] *See* http://www.dhs.ri.gov/People/FamilieswithChildren/HealthCare/RIteCare/tabid/213/Default.aspx.

Third, raising the income threshold for the Lifeline program would not be unprecedented since other states already use an income threshold over 135% of the FPL. For example, Michigan, Florida, and Kansas currently apply a threshold of 150% of the FPL for the Lifeline program in their states.[10] Nevada's Lifeline program currently allows incumbent LECs the ability to offer Lifeline services to residents with an income threshold of 175% of the FPL, while other carriers in the state may offer Lifeline services to residents whose income does not exceed 150% of the FPL.[11] For individuals over the age of 65 in Vermont, the income threshold for the Lifeline program is 175% of FPL.[12] Consistent with other states that have sought to maximize the impact of the Lifeline program for its low-income residents, Rhode Island should also raise its income threshold level for the Lifeline program.

In sum, Budget PrePay strongly encourages the Commission to modify its rules and increase the income threshold from 135% of the FPL to 175% of FPL. This more permissive income level for the Lifeline program will help to ensure that more of Rhode Island's low-income families have access to telecommunications services that can be used in an emergency, to

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[10] *See* http://www.michigan.gov/documents/lifelinelinkup_152143_7.pdf; http://www.psc.state.fl.us/utilities/telecomm/lifeline/lifelinepdfs/Lifelinebrochure.pdf; http://www.kcc.state.ks.us/pi/lifeline.pdf.

[11] *See* NAC 704.680474.

[12] *See* http://publicservice.vermont.gov/consumer/link-up-lifeline.html.

access other assistance programs offered by the state, and as a way to contact potential employers.

Respectfully submitted,

Todd B. Lantor*
Marc A. Paul*
Lukas, Nace, Gutierrez & Sachs, LLP
8300 Greensboro Drive, Suite 1200
McLean, VA 22102
Telephone: (703) 584-8678
Facsimile: (703) 584-8696

Attorneys for Budget PrePay, Inc.
d/b/a Budget Mobile

* Not Admitted in Virginia