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November 30, 2017

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, D.C. 20554

REQUEST FOR LIFELINE WAIVER EXTENSION FOR MICHIGAN:

RE: Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42,
Telecommunications Carriers Eligible for Universal Service Support, WC Docket No. 09-197,
Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

The Michigan Public Service Commission (MPSC) respectfully requests that the Federal Communications Commission (FCC) grant an extension to Michigan's current Lifeline waiver for an additional 12 months until December 31, 2018. As you may recall, the MPSC submitted a letter¹ to the FCC on August 23, 2016 offering its support of USTelecom's Petition for Reconsideration and Clarification as it related to its request that the FCC reconsider the effective date of the new streamlined federal eligibility criteria and the obligation to offer Lifeline Broadband Internet Access Service, and defer it at least until the later of December 31, 2017 or 12 months after the federal Office of Management and Budget (OMB) approval. The MPSC shared the concerns that were expressed by USTelecom regarding the effective date of the new federal eligibility criteria and its impact on state laws, rules and orders with programs that differ from the new federal eligibility criteria.

The MPSC then filed comments² on October 21, 2016 on the petition for limited waiver that was filed by USTelecom on October 3, 2016 for FCC rules adopted in the 2016 Lifeline Modernization Order. The MPSC shared similar concerns that were highlighted by USTelecom regarding the timing and implementation. The MPSC specifically noted three areas of concern as it related to Michigan:

¹ MPSC August 23, 2016 FCC Letter - http://www.michigan.gov/documents/mpsc/letter-08-24-16_558622_7.pdf

² MPSC October 21, 2016 FCC Comments - http://www.michigan.gov/documents/mpsc/comments-10-21-16_558587_7.pdf

1. Eligibility criteria differences and costs and time associated with potential changes to be made with the Michigan Lifeline Eligibility Database (MLED).
2. Policy implications and time it would take to address statutory changes with the Michigan Telecommunications Act (MTA) if the legislature so desired.
3. Administrative process for any changes that would need to be made to the MPSC's existing Lifeline order (Case U-17019).

On December 1, 2016, the FCC granted a waiver³ for Michigan until December 31, 2017, or until Michigan has aligned its eligibility criteria with the FCC's Lifeline eligibility rules and updated its eligibility databases accordingly, whichever date is sooner. The MPSC appreciates the FCC's understanding of the MPSC's concerns and its willingness to grant a waiver.

As mentioned in our earlier request, here is a brief description of the issues we are facing:

In order for Michigan's state Lifeline requirements to be consistent with the revised rules and directives in the 2016 Lifeline Modernization Order, the Michigan Telecommunications Act (MTA) would need to be amended, if state lawmakers so desire. For example, the MTA includes obligations for providers that do not match the revised Lifeline eligibility rules. The MTA includes qualifying federal assistance programs that have been eliminated by the revised Lifeline rules, and does not include the addition of the new qualifying program for veterans and their survivors. Also, the current MTA sets an annual income standard for a qualifying individual that differs from the FCC's 135% of the federal poverty level standard. The Lifeline discount in the MTA does not reflect the staggered reduction established by the FCC for federal reimbursement of the lifeline discount. As is the case at the federal level, state statutory changes take time to come to fruition.

Since receiving the waiver, the MPSC has worked diligently on the Lifeline issues. The MPSC updated the language on the MLED to include the Veterans and Survivors Pension Benefit program. The MPSC also issued an order (U-18213⁴) on December 9, 2016 ordering all Michigan designated eligible telecommunications carriers (ETCs) to include membership in the Veterans and Survivors Pension Benefit program as an eligible criteria for potential Lifeline customers. The MPSC also ordered all Michigan designated eligible telecommunications carriers to continue to use the existing Michigan Lifeline Eligibility Database until December 31, 2017, or until Michigan has aligned its eligibility criteria with the FCC's Lifeline eligibility rules and updated its eligibility database accordingly, whichever is sooner.

At this time, the MPSC is requesting a one-year extension for its waiver that expires on December 31, 2017. The MTA sets forth a Lifeline program for Michigan that is different than the eligibility requirements of the FCC's order for federal reimbursement. While it does not appear that there is a legal conflict, the differences in state and federal eligibility criteria may create confusion for both Lifeline customers, as well as Michigan designated ETCs. If the extension is not granted, it would cause providers in Michigan to check two different eligibility

³ FCC's December 1, 2016 Order - <https://ecfsapi.fcc.gov/file/120101802392/DA-16-1324A1.pdf>

⁴ U-18213 Order - <http://efile.mpsc.state.mi.us/efile/docs/18213/0001.pdf>

systems, one for the state program and one for eligibility for federal reimbursement. Local exchange providers would have to use the current MLED to ensure their compliance with the MTA. However, all Michigan designated ETCs (wireline and wireless) would have to use the federal eligibility database (which is currently in development and not in operation yet) to ensure compliance with the federal eligibility standards and for federal support purposes. Since the program to electronically check federal eligibility does not exist yet for Michigan, the providers would have to resort to a paper process until Michigan is integrated into the National Verifier. There are costs to implement any changes to the MLED, as noted in our October 21, 2016 comments, and this is also an area of continued concern for the MPSC.

As stated in our October 21, 2016 comments, there are multiple variables that are inherent in the statutory process to amend state law, so it is difficult to predict how long this process may take. At the time of the waiver request, the MPSC noted possibly 6-12 months, but as of today, statutory changes have not been initiated or taken place. It is still necessary to allow additional time for stakeholders to continue the ability to draft legislative language in the form of a bill, identify a sponsor to introduce that bill, educate key legislators on the need for new legislation, and allow for committee testimony and voting, as well as votes by both the House of Representatives and Senate before going to the Governor for signature. Consumers that might be affected by a reduction in their lifeline benefits by a change in the state specific program would also have an opportunity to voice their concerns. Supporters of such legislation would need an appropriate amount of time to voice their concerns with the appropriate legislative committees and committee members and provide their proposals on how best to amend.

Throughout 2017, the MPSC, as well as the Michigan Department of Health and Human Services (DHHS) and the Michigan Department of Technology, Management, and Budget (DTMB) have been working with Universal Service Administrative Company (USAC) regarding the MLED and possible creation of a new database or access to an existing database to be used by USAC to verify federal eligibility of consumers. USAC has been in discussions about possible ways of using the MLED for its construction and integration into the national eligibility database. While the meetings have been beneficial, progress has been slow. A number of factors have an impact on the progress towards the integration of the MLED into the national database, and those factors include: technical parameters, financial costs, staffing levels, time required for construction and testing, contractual issues, as well as prioritization with other internal state projects that are currently ongoing within Michigan. This project is still in the discussion stage and there would be a large amount of work to complete the project once it has been approved and agreed to by USAC and the state agencies in Michigan. It is currently anticipated that this work would not be able to start until the fall of 2018 and that also depends on the funding available from USAC to expedite the process.

The MPSC urges the FCC to consider this request to grant an extension of Michigan's current waiver until December 31, 2018. This will allow stakeholders in Michigan more time to determine if any statutory changes that need to take place and what changes may need to be made to the MLED, if there are changes to the MTA. The one-year extension of our current waiver would also allow more time for the MPSC and USAC to work together towards the integration of Michigan's data sources into a solution that will feed into the national database. An extension of the waiver would also avoid a dual state and federal verification process for all

of the providers in Michigan, which would be costly and time-consuming and in the end will harm the neediest consumers of Lifeline telephone service.

Respectfully submitted,

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner