

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Lifeline and Link Up Reform)	WC Docket No. 11-42
And Modernization)	
)	
Telecommunications Carriers Eligible for)	WC Docket No. 09-197
Universal Service Support)	
)	
Connect America Fund)	WC Docket No. 10-90

COMMENTS OF CONSUMERS UNION

I. Introduction

Consumers Union, the policy and advocacy arm of Consumer Reports, appreciates the opportunity to comment on the Federal Communication Commission’s efforts to modernize the Lifeline fund. The Lifeline program has already helped tens of millions of eligible consumers get access to phone service, but a substantial number of low-income Americans – including seniors, veterans, and persons with disabilities – continue to be unable to realize the economic, educational, entrepreneurial, and social benefits that flow from access to broadband. Consumers Union writes today to support the Commission’s decision to expand Lifeline support to broadband, and to provide some recommendations that we hope the Commission considers as it reforms the program to keep pace with consumers’ evolving needs and expectations. Consumers Union urges the Commission to set minimum standards for voice, mobile, and fixed broadband that allow consumers to benefit from the full range of opportunities made possible by these services.

II. Consumers Should Retain Access to An Adequate Voice Option

As the Commission moves forward with its reform efforts, it should ensure that consumers retain an adequate voice communications option. Voice service – especially mobile voice service – remains crucial for many consumers, particularly in times of emergency. According to the Commission’s own figures, nearly seventy percent of calls to 911 are made from cell phones.¹ Despite the fact that the cost of voice and texting has declined dramatically, the current Lifeline support level for voice service remains stagnant at an unreasonably low 250 minutes a month. As Consumers Union and other groups have noted previously, 250 minutes is not enough to meet the basic needs of Lifeline populations, especially for those consumers who depend on their cell phone as a substitute for a traditional landline. Consumers Union continues to hear from consumers about the insufficiency of 250 minutes, with many expressing concern that their limited minutes are used unwillingly on long hold times and unsolicited calls. For example, one consumer, who wrote that she and her husband are senior citizens who cannot afford a traditional landline, wrote: “Robocalls use up precious minutes that we can ill afford. [W]e often run out of minutes before the end of the month, and robocalls accelerate this problem. This is very aggravating and potentially serious if there is a sudden emergency and we do not have the available minutes to call the doctor.”²

As the Commission works to determine the appropriate funding levels for mobile voice and broadband, we ask it to ensure that low-income consumers who depend heavily on their cell phones retain an adequate voice option in addition to new broadband options. Some have questioned whether a support level of \$9.25 is sufficient to account for consumers’ needs for voice and broadband. Consumers Union also questions the adequacy of this level of support. We

¹ See FCC Guide, 911 Wireless Services, available at <http://www.fcc.gov/guides/wireless-911-services> (last visited August 31, 2015).

² This story is on file with Consumers Union and is available upon request.

strongly believe that consumers should not have to use limited funds to choose between having an adequate voice option or broadband service. Forcing consumers to make such a choice could have the reverse effect of negatively impacting program adoption and depriving consumers of an important service on which they rely. We urge the Commission to work with providers to find a way to accommodate consumers' needs for both voice and broadband as it determines appropriate subsidy levels.

III. The Importance of Mobile Broadband to Low-Income Populations

Although mobile broadband is not yet a sufficient substitute for a connection at home, it has proven to be an effective on-ramp that has allowed many low-income individuals to experience the Internet for the first time. For many vulnerable populations, including rural consumers, low-income consumers, and consumers living in communities of color, a mobile device is the first – and sometimes the only – means to access the Internet. As the Commission considers minimum Lifeline standards for mobile broadband use, we urge it to consider speed, cost, quality, and carrier practices as factors that have the potential to prevent consumers from getting the full value of broadband services. The Commission must take steps to ensure that low-income consumers receive truly competitive, equal-quality access to broadband. This is especially important in light of the fact that low-income consumers disproportionately rely on mobile broadband, and are often unable to offload their mobile broadband usage onto Wi-Fi because they cannot afford the cost of fixed residential broadband service.

Across the general population, consumer demand has skyrocketed for bandwidth-heavy streaming services, and the proliferation of the applications market has impacted consumers and the economy in dramatic ways. Today, commercial mobile services are used much more heavily for data services and Internet access than ever before, and consumers are increasingly using

mobile phones as their primary or only method of sending and receiving communications, with the average mobile user shifting use away from calling and texting towards more heavily data-based applications. Furthermore, while it does not serve as a perfect substitute for television and other viewing methods, consumers are increasingly using their mobile devices to stream video programming and for other data-intensive purposes. Unfortunately, the cost of using large quantities of data prevents low-income consumers from making full use of a mobile broadband connection and important applications, such as telemedicine applications and e-learning opportunities. As our sister publication, *The Consumerist*, has noted, it can cost many times the cost of home Wi-Fi to use a mobile connection to use a mobile phone to stream high-bandwidth video.³

IV. Broadband Data Caps Can Impose Unnecessary Costs and Undermine Worthwhile Broadband Use

The Commission seeks comment on how to address data caps in its efforts to set a minimum level of capacity for fixed broadband service. As Consumers Union and Consumer Reports have explained previously, broadband data caps have the potential to discourage the use of the Internet for worthwhile activities and can prevent users from getting the full value of their Internet connection. The Commission must take steps to ensure that low-income consumers are able to benefit from the innovative services and opportunities made possible by broadband, and that they will be protected against any potential abuses of last-mile market power, vertical integration, and carrier practices that impose unnecessary costs or burdens on the consumer.

The use of broadband data caps allows carriers to price service above its true cost. This is especially problematic given that a lack of affordability continues to be one of the main barriers

³ Kate Cox, “Comcast Says that Mobile Data is Competitive, but it Costs \$2k to Stream ‘Breaking Bad’ Over LTE,” *The Consumerist* (Aug. 18, 2014), available at <http://consumerist.com/2014/08/18/comcast-says-mobile-data-is-competitive-but-it-costs-2k-to-stream-breaking-bad-over-lte/>.

to broadband adoption by low-income communities. Meanwhile, across the U.S., consumers continue to overpay for broadband service relative to their international counterparts.⁴ Despite this fact, most consumers continue to lack access to truly competitive options. U.S. consumers continue to pay significantly more for every gigabyte they get, including additional costs such as the high cost of monthly equipment rental fees.

We agree with the Commission that even small increases in price or upfront costs can result in significantly lower levels of adoption for the particularly price-sensitive populations who depend on Lifeline service. Moreover, we question whether installation and activation and monthly usage fees are always a true reflection of the cost of service. We urge the Commission to ensure that federal funds reimburse providers only for actual costs incurred. We also remain concerned that the use of data caps encourages providers to price service above the true cost of service for the majority of consumers. Consumers Union has received stories from many consumers – including Lifeline-eligible consumers – who have faced questionable activation fees and persistent efforts to upsell expensive equipment and service plans as part of basic packages. We encourage the Commission to ensure that consumers are not pushed into purchasing unnecessary and expensive products and plans in order to avail themselves of the Lifeline benefit.

V. Conclusion

Lifeline has helped tens of millions of Americans get access to important resources, communicate with family, contact health care providers, and search for employment in difficult economic times. As the Commission has noted, Universal Service is an evolving level of service

⁴ Kate Cox, “Study: Broadband Still Slower, More Expensive In U.S. Than In Europe, Asia,” *The Consumerist* (Oct. 31, 2014), available at <http://consumerist.com/2014/10/31/study-broadband-still-slower-more-expensive-in-u-s-than-in-europe-asia/>.

that must be continuously reassessed to ensure that it accounts for the changing needs and expectations of consumers. As the Commission determines appropriate standards, we urge it to reject any restrictive practices by carriers that deprive low-income populations from obtaining the same important benefits from broadband as the rest of the nation's consumers. In order to realize the intended goals of the Lifeline program, low-income consumers must receive truly competitive, equal-quality access to that which higher-income consumers can receive. We look forward to working with the Commission and providers to ensure that the communications needs of all consumers are met.

Respectfully Submitted,

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