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EXECUTIVE SECRETARY
C. B. W.

**DEBORAH K. FLANNAGAN
EXECUTIVE DIRECTOR**

**REECE McALISTER
EXECUTIVE SECRETARY**

Georgia Public Service Commission

(404) 656-4501
(800) 282-5813

244 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334-9052

FAX: (404) 656-2341
www.psc.state.ga.us

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In Re: Notice of Proposed Rulemaking to Promulgate Rules Governing Eligible Telecommunications Carriers 515-12-1-.35, Eligible Telecommunications Carriers

DISSENT OF COMMISSIONER WISE

At its October 15, 2013 Administrative Session, a majority of this Commission voted to adopt a rulemaking, which, among other things, requires Eligible Telecommunications Carriers to either charge a minimum monthly charge of \$5, or offer a minimum of 500 minutes a month. This rulemaking is both unnecessary and harmful to Georgia's poor.

That there was waste, fraud, and abuse in the Lifeline program in the past is well documented. There have been reports of customers receiving phones from multiple different carriers and sometimes even from the same carrier. What is not so widely-reported is that the Federal Communications Commission ("FCC") has implemented numerous reforms to address these and other issues. For example, the FCC's requirement that all Lifeline customers undergo recertification on an annual basis has already resulted in millions of dollars of savings. In Georgia alone, roughly 300,000 ineligible customers were removed from the rolls and have not returned. The annual savings from this single reform equates to over \$30 million.

The FCC is also in the process of developing its "National Lifeline Accountability Database," which is intended to prevent customers that are eligible for the discount from receiving a Lifeline-subsidized phone from more than one carrier. The FCC's database is currently scheduled to go online in the first quarter of 2014, while the effective date of the rule recently passed by the Commission is January 31, 2014. The more prudent and conservative approach would be to gauge the effectiveness of the National Lifeline Accountability Database on reducing duplicate Lifeline subscribers prior to moving forward with the minimum charge/minimum minutes rule.


The FCC is further attacking fraud in the Lifeline program by creating a second database that will allow companies to verify customer eligibility in real-time and also by conducting its own investigations of the carriers themselves. After its most recent round of investigations, the

FCC proposed fines of more than \$14 million against carriers that it found were providing duplicate discounts to individual customers.

Thus, it is clear that the FCC takes waste, fraud, and abuse in the Lifeline program seriously. The reforms enacted at the federal level have already begun to pay dividends and the reforms underway appear promising as well.

Finally, a number of parties to this proceeding have argued that the \$5 minimum charge constitutes improper ratemaking by this Commission. I believe that a court may find those arguments persuasive.

For these reasons, I respectfully dissent from the Commission's decision to adopt Rule 515-12-1-.35.



Stan Wise
Commissioner



Date