

**REDACTED—FOR PUBLIC INSPECTION**

***Before the***  
**Federal Communications Commission**  
**Washington, D.C. 20554**

In the Matter of )  
 )  
Applications of AT&T Inc. and DIRECTV ) MB Docket No. 14-90  
for Consent To Assign or Transfer Control of )  
Licenses and Authorizations )

**AT&T INC. SEMI-ANNUAL COMPLIANCE REPORT ON**  
**AT&T/DIRECTV MERGER CONDITIONS**

**JULY 25, 2016**

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## **I. INTRODUCTION & COMPLIANCE OVERVIEW**

On July 24, 2015, the Federal Communications Commission (“Commission”) approved, subject to conditions, the applications of AT&T Inc. and DIRECTV (collectively “AT&T” or the “Company”) to transfer control of various Commission licenses and other authorizations from DIRECTV to AT&T pursuant to Section 310(d) of the Communications Act of 1934, as amended (the “Act”).<sup>1</sup> The transaction closed the same day.

AT&T submits this second semi-annual report demonstrating compliance with the conditions set forth in Appendix B (the “Conditions”) of the *Merger Order*.<sup>2</sup> This report describes AT&T’s compliance with the following Conditions: (1) Fiber to the Premises (“FTTP”) deployment;<sup>3</sup> (2) the provision of 1 Gigabit FTTP Service to covered E-rate eligible schools and libraries;<sup>4</sup> (3) non-discriminatory usage-based practices;<sup>5</sup> and (4) the Discounted Broadband Services Program.<sup>6</sup>

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<sup>1</sup> *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 9131 (2015) (“*Merger Order*”).

<sup>2</sup> AT&T submitted its first semi-annual report on January 27, 2016, covering the time period July 24, 2015 to December 31, 2015. *AT&T Inc. Semi-Annual Compliance Report on AT&T/DIRECTV Merger Conditions*, MB Dkt No. 14-90 (Jan. 25, 2016) (“First Semi-Annual Compliance Report”). This second semi-annual compliance report covers the time period of January 1, 2016 to June 30, 2016.

<sup>3</sup> *Merger Order*, Appendix B, § III.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*, Appendix B, § IV.

<sup>6</sup> *Id.*, Appendix B, § VI. The *Merger Order* also imposed specific internet interconnection disclosure and reporting requirements, but did not require AT&T to include in its semi-annual report a description of its compliance with that Condition. *Id.*, Appendix B, § V. AT&T has filed with the Commission all Internet Interconnection Agreements that are subject to disclosure pursuant to the requirements of the Condition. In addition, on December 31, 2015, AT&T submitted to the Commission its report on a proposed methodology for the reporting of internet

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As this report demonstrates, AT&T is in full compliance with the Conditions. Indeed, AT&T is performing above and beyond the Conditions' requirements.

On April 22, 2016, AT&T launched *Access from AT&T*, the Discounted Broadband Services Program (the "Program").<sup>7</sup> The Program's launch has been praised by a broad range of public interest organizations and other stakeholders, and has received significant coverage by traditional as well as social media. AT&T's extensive outreach initiative has been met with overwhelming support from national, state and local public and private organizations. As of June 30, 2016, about 500 organizations have agreed to help promote the Program.

Just over two months since launch, the Program is already connecting more low-income Americans to the internet and helping to bridge the digital divide. AT&T is extremely pleased with the Program's successful start, and is already taking a number of steps to ensure its success and facilitate its expansion.

AT&T also is on track to exceed the end of year 2016 milestone for FTTP deployment. AT&T's methodology for identifying E-rate eligible covered schools and libraries for 1 Gigabit-per-second ("Gbps") FTTP Service offers sweeps well beyond what the Commission contemplated. And, AT&T has offered 1 Gbps FTTP Service in response to any Form 470

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interconnection performance metrics developed by the Independent Measurement Expert ("IME"). At that time, AT&T informed the IME and the Commission that the general framework of the proposed methodology was acceptable to AT&T. However, AT&T also raised concerns regarding specific aspects of the IME's proposed methodology and requested that it be amended to address those concerns before the Commission approved a final methodology. After the Commission approves the methodology, AT&T will implement that methodology and begin reporting the network performance metrics on the approved schedule.

<sup>7</sup> See AT&T, *AT&T Setting Out to Connect More U.S. Residents to the Internet* (Apr. 22, 2016), [http://about.att.com/story/connecting\\_more\\_us\\_residents\\_to\\_the\\_internet.html](http://about.att.com/story/connecting_more_us_residents_to_the_internet.html).

seeking bids for 1 Gbps speeds filed by any covered schools and libraries, school districts, library systems, or consortia. AT&T also has established monthly usage allowances that are in full compliance with the Non-Discriminatory Usage-Based Practices Condition.

In addition to the Conditions on which AT&T is required to report semi-annually, the *Merger Order* imposed certain compliance program Conditions.<sup>8</sup> As AT&T explained in its First Semi-Annual Compliance Report, AT&T has satisfied the Conditions to appoint a Company Compliance Officer,<sup>9</sup> develop and implement an Implementation and Compliance Plan,<sup>10</sup> and engage an Independent Compliance Officer (“ICO”)<sup>11</sup> within the time frames required by the Conditions, and continues to comply with any associated Program and Reporting Conditions on an ongoing basis. AT&T has designated Edward Barillari, Senior Vice President – Chief Compliance Office, as the Company Compliance Officer. AT&T has engaged Donald K. Stern as the ICO, who has been approved by the Commission’s Office of General Counsel.<sup>12</sup>

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<sup>8</sup> *Id.*, Appendix B, § VII.

<sup>9</sup> *Id.*, Appendix B, § VII(1) (“Within thirty (30) calendar days after the Closing Date, the Company shall designate a senior corporate manager with the requisite corporate and organizational authority to serve as a Company Compliance Officer and to discharge the Company’s duties with respect to the conditions specified in this Appendix B.”).

<sup>10</sup> *Id.*, Appendix B, § VII(2) (“The Company agrees that it shall, within sixty (60) calendar days after the Closing Date, develop and implement an Implementation and Compliance Plan designed to ensure its implementation of and compliance with the conditions specified in this Appendix B, establishing, *inter alia*, mechanisms to provide, on an ongoing basis, adequate notice and training to all Company personnel involved with the activities covered by the conditions in this Appendix B.”).

<sup>11</sup> *Id.*, Appendix B, § VII(3)(a) (“Within ninety (90) days of the Closing Date, an Independent Compliance Officer shall be identified, whose selection is acceptable to the Company and approved by the Commission’s Office of General Counsel, in consultation with the Wireline Competition Bureau.”).

<sup>12</sup> Public Notice, *Independent Compliance Officer Identified in Accordance with AT&T-DIRECTV Merger Condition*, DA 15-1207 (Oct. 23, 2015).

AT&T has had many meetings with Mr. Stern and his team to educate them about the Conditions, AT&T's compliance activities, and the semi-annual compliance reports, and to prepare for and assist the ICO's evaluation activities. Mr. Stern filed his first compliance report on March 28, 2016.<sup>13</sup> As described below, AT&T has implemented all of the recommendations made by the ICO in his first report.

As described in AT&T's Implementation and Compliance Plan, AT&T has assembled a team of employees, including company officers, senior-level managers and attorneys, to develop, coordinate, and oversee implementation of the Conditions within the specified time frames. A Program Management Team, led by AT&T officers, has overall responsibility for overseeing compliance for all Conditions. In addition, AT&T has established six "Working Teams" to oversee and ensure compliance with each specific Condition (or portion of a Condition). These Working Teams include AT&T officers and senior-level employees whose ordinary course responsibilities within AT&T encompass the activities covered by the Condition to which they have been assigned.<sup>14</sup>

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<sup>13</sup> *Independent Compliance Officer's Compliance Report on AT&T/DIRECTV Merger Conditions*, MB Dkt No. 14-90 (Mar. 28, 2016) ("ICO First Report"). *See also Merger Order*, Appendix B, § VII(3)(3) ("The Independent Compliance Officer shall prepare and submit, in accordance with the filing and service requirements set forth in Section VII.5. herein, a Compliance Report within sixty (60) days of receiving the Company's reports required under the conditions specified in this Appendix B.").

<sup>14</sup> In addition, AT&T has provided training to the Working Teams responsible for implementing and tracking compliance with the Conditions to ensure that they understand their obligation to promptly report any potential material noncompliance with any Condition. AT&T also has established an internal mechanism for reporting potential violations, and all such reports will be promptly reviewed and investigated by members of AT&T's Program Management Team.

This report is divided into separate sections for each specific Condition. The first part of each section provides the text of the Condition as set forth in Appendix B of the *Merger Order*. The second part of each section provides an overview of the processes and specific steps that AT&T has implemented to comply with the Condition, and the specific reporting requirements and associated exhibits required for each Condition.

## **II. FTTP DEPLOYMENT AND PROVISION OF GIGABIT FTTP SERVICE TO COVERED E-RATE ELIGIBLE SCHOOLS AND LIBRARIES**

### **A. STATEMENT OF THE CONDITION**

#### **1. Condition**

- a. Within four (4) years, in accordance with the timing requirements set forth in subparts 2.a.(i) through 2.a.(v), the Company shall deploy FTTP-based Broadband Internet Access Service to at least 12.5 million mass-market customer locations,<sup>15</sup> such as those occupied by residences, home offices, and very small businesses (and excluding locations solely occupied by large enterprises and institutions), of which no more than 2.9 million may be upgrades to customer locations that receive speeds of 45 Mbps or more using fiber to the node (“FTTN”) technology:
  - (i) By December 31, 2015, the Company shall expand its FTTP coverage to at least 1.6 million of the aforementioned customer locations, including locations built as of April 15, 2015;
  - (ii) By December 31, 2016, the Company shall expand its FTTP coverage to at least 2.6 million of the aforementioned customer locations;

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<sup>15</sup> Customer locations are defined as addresses to which the Company has the technical ability to provide Broadband Internet Access Service and excluding broadband-connected locations such as gates, ATMs, and elevators (“Customer Locations”).

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- (iii) By December 31, 2017, the Company shall expand its FTTP coverage to at least 5.0 million of the aforementioned customer locations;
  - (iv) By December 31, 2018, the Company shall expand its FTTP coverage to at least 8.3 million of the aforementioned customer locations; and
  - (v) Within four (4) years of the Closing Date the Company will complete the aforementioned FTTP deployment to all 12.5 million customer locations and the Company will offer speeds of 45 Mbps or more to at least 25.7 million customer locations.
- b. No more than 1.5 million greenfield locations (*i.e.*, locations at which wire or fiber lines have not been deployed previously) may be counted towards the 12.5 million customer locations required in subsection 2.a.
- c. The Company may not use, receive, or request any Connect America Funds (“CAF”) for the investments required to satisfy the 12.5 million FTTP deployment transaction commitment or for operating expenses for such locations after such are deployed. Specifically, 12.5 million geocoded locations reported for purposes of this condition cannot be counted towards satisfying any CAF requirements.<sup>16</sup>
- d. In addition to the 12.5 million FTTP locations required by this condition, the Company is obliged to offer 1 Gbps FTTP Service (“Gigabit FTTP Service”) to any E-rate eligible school or library located within or contiguous to a distribution area in which the Company deploys FTTP-based service, including all of the distribution areas included with the 12.5 million FTTP buildout, which includes approximately 6,000 E-rate eligible schools and libraries (“covered schools and libraries”). Provided however, the Company is not obliged to deploy Gigabit FTTP Service to schools and libraries outside of its wireline footprint. In order to satisfy this condition, the Company must offer Gigabit FTTP Service in

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<sup>16</sup> This would include but is not limited to any of the CAF programs, as well as any other Universal Service Fund (“USF”) programs that the Commission may implement at a future date.

response to a Form 470 seeking bids for Gigabit FTTP Service to any covered school or library, pursuant to the E-rate rules, and it must engage in affirmative and adequate outreach to make all covered schools and libraries aware of the opportunity to purchase its Gigabit FTTP Services. The Company shall make adjustments to its outreach efforts in response to reasonable requests from the Commission's Office of General Counsel.

**2. Reporting**

- a. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on a semi-annual basis that describes its compliance with subsections 2.a.-c. of this condition, with the first such report to be submitted six (6) months after the Closing Date, in a format similar to the report that the Company submits in connection with receiving CAF Phase I support, and is expected to submit in Phase II, which must include at least the following, in electronic format:
  - (i) The number of new customer locations to which FTTP service has been deployed during the reporting period;
  - (ii) A CSV file (comma separated values file) or other form approved by the Commission staff for each location to which FTTP service has been deployed in satisfaction of this deployment condition, information presented in substantially the format shown in the chart below (the same location information collected from CAF Phase I recipients);<sup>17</sup>
  - (iii) Any explanatory notes as required; and
  - (iv) Any other information the Independent Compliance Officer determines is reasonably necessary to report on compliance with this condition.
  
- b. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on an

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<sup>17</sup> The Company must provide LAT and LONG; however, if information for a column other than LAT/LONG is unavailable for a given location, that column may be left blank.

semi-annual basis that describes its compliance with subsection 2.d. of this condition, with the first such report to be submitted six (6) months after the Closing Date, which must include at least the following, in electronic format:

- (i) A list of the covered schools and libraries to which the Company has provided a bid for FTTP services pursuant to this condition, the FCC Form 470 associated with each such bid, and information about the monthly recurring charges and any special construction charges associated with each such bid;
- (ii) The number of covered schools and libraries to which Gigabit FTTP Service has been deployed during the reporting period;
- (iii) A CSV file (comma separated values file) or other form approved by the Commission staff for each school or library location to which Gigabit FTTP Service has been deployed in satisfaction of this deployment condition, information presented in substantially the format shown in the chart below;<sup>18</sup>
- (iv) Any explanatory notes as required;
- (v) A description of the Company's outreach to covered schools and libraries to notify them of the availability of Gigabit FTTP Service; and
- (vi) Any other information the Independent Compliance Officer determines is reasonably necessary to report on compliance with this condition.

**B. COMPLIANCE REPORT – FTTP DEPLOYMENT**

**1. Introduction and Working Team**

AT&T has a Working Team that oversees and coordinates implementation of this Condition. This Working Team includes AT&T management personnel who, in the ordinary

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<sup>18</sup> The Company must provide LAT and LONG; however, if information for a column other than LAT/LONG is unavailable for a given location, that column may be left blank.

course of business, lead AT&T's FTTP expansion projects and have a proven track record of developing and executing broadband expansion plans within specified time frames. All members of this Working Team have been trained to understand what is required by this Condition, including the buildout milestones and the limitations on counting certain types of Customer Locations towards satisfying this Condition.

As discussed further in Section II.B.2 below, AT&T is on track to exceed the end of year 2016 milestone for FTTP deployment in a manner fully consistent with the Condition's limitations on counting certain types of Customer Locations. The Condition requires AT&T to expand its FTTP coverage to reach a total of 2.6 million Customer Locations by the end of 2016, *i.e.*, one million more locations beyond the 2015 deployment milestone.<sup>19</sup> As of June 30, 2016, AT&T has already deployed FTTP to a total of nearly **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** Customer Locations. In this six-month reporting period alone, AT&T is reporting FTTP deployment to about **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** additional Customer Locations, which is about **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** towards achieving the 2016 incremental deployment milestone.

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<sup>19</sup> *Merger Order*, Appendix B, § III(2)(a)(ii).

## **2. Total Deployment**

AT&T has deployed FTTP service to [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] mass-market Customer Locations during the reporting period, reaching a total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] mass-market Customer Locations as of June 30, 2016.<sup>20</sup> A total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] greenfield Customer Locations are included in this deployment. [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] of the total Customer Locations deployment are upgrades to FTTN technology that received speeds of 45 Mbps or higher as of the Closing Date. No CAF funds were used, received, or requested by AT&T in order to deploy FTTP to these Customer Locations.

## **3. CSV File Reporting on Each Customer Location<sup>21</sup>**

Exhibit 1.1 contains information for each of the total Customer Locations to which FTTP service has been deployed in satisfaction of this Condition as of June 30, 2016.<sup>22</sup> The data

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<sup>20</sup> The CSV file attached as Exhibit 1.2 also [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL INFORMATION]

<sup>21</sup> The Condition requires AT&T to include the following information in the CSV file: Census Block Information; Operating Company Number; Study Area Code; Common Language Location Identifier; Latitude of the Customer Location; and Longitude of the Customer Location. In addition to these fields, AT&T has included additional information for each Customer Location, including the DA, the Service Address, State, Zip Code, and the Service Address Identification Number (a unique identification number assigned to each Customer Location in AT&T's databases and systems in the ordinary course of business).

provided in Exhibit 1 is obtained from AT&T's ordinary course databases, which may be modified or corrected from time to time. For example, these databases are routinely updated with changes, corrections, and improved data that may be obtained from the field as part of the ongoing FTTP deployment process. Such updates are common in greenfield locations where changes routinely occur as part of the development process, but database updates also occur in locations where AT&T overbuilds fiber. Accordingly, the information provided in Exhibit 1 for a particular Customer Location in one reporting period may be updated in a subsequent reporting period. For each compliance report, AT&T plans to provide information for each of the total Customer Locations to which AT&T has deployed FTTP service in satisfaction of this Condition as of the end of that reporting period based on the data available in the ordinary course databases at that time.

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<sup>22</sup> As explained in AT&T's First Semi-Annual Compliance Report, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]** First Semi-Annual Compliance Report at 12. Regardless of whether AT&T ultimately deploys FTTP service to Customer Locations in a particular Multiple Dwelling Unit ("MDU") (for example, if the MDU owner has denied AT&T access to the premises), AT&T has "the technical ability to provide [FTTP-based] Broadband Internet Access Service," *Merger Order*, Appendix B, § III(2)(a) n.2, to all Customer Locations in that MDU. Consequently, all such Customer Locations count towards the FTTP buildout requirements established by this Condition. First Semi-Annual Compliance Report at 13-14. However, AT&T's sales databases are designed to track locations where AT&T currently can sell service. Thus, AT&T does not in the ordinary course of business track and report the granular information required to be reported in the *Merger Order*, Appendix B, § III(3)(ii), for MDU Customer Locations where it has allocated fiber to an MDU building but the MDU owner has not provided consent for AT&T to deploy fiber to each Customer Location within the MDU. Accordingly, AT&T has not counted such Customer Locations in this report or included such Customer Locations in Exhibit 1. AT&T is in the process of developing the methodology to report such Customer Locations pursuant to this Condition and plans to include any such MDU Customer Locations in future semi-annual reports.

**[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]** Exhibit 1.2

contains information for all additional Customer Locations to which FTTP service has been deployed in satisfaction of this Condition as of June 30, 2016, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**

Exhibit 1.3 corrects the list of Customer Locations to which FTTP service was deployed in satisfaction of the FTTP Deployment Condition as of December 31, 2015. These corrections include the following **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

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<sup>23</sup> First Semi-Annual Compliance Report at 16-17 n.30.

**[END**

**HIGHLY CONFIDENTIAL INFORMATION].<sup>25</sup>**

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<sup>24</sup> **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**, in Exhibit 1.3, AT&T is potentially underreporting the number of Customer Locations deployed in satisfaction of the FTTP Deployment Condition as of December 31, 2015.

<sup>25</sup> **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**

Based on these corrections, as of December 31, 2015, AT&T deployed FTTP service to [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] mass-market Customer Locations as of the first reporting period. A total of [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] greenfield Customer Locations were included in this deployment. [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] of the total Customer Locations deployment were upgrades to FTTN technology that received speeds of 45 Mbps or higher as of the Closing Date. No CAF funds were used, received, or requested by AT&T in order to deploy FTTP to these Customer Locations.<sup>26</sup>

As recommended by the ICO,<sup>27</sup> during this reporting period, AT&T formally documented the data-merging and quality-control process that AT&T uses to prepare the CSV file and compliance reports for the FTTP condition. This documentation describes the specific data-field interrelationships and provides the queries used to track and report FTTP deployment. [BEGIN CONFIDENTIAL INFORMATION]

[END CONFIDENTIAL

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<sup>26</sup> Finally, Exhibit 1.4 contains a list of [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL INFORMATION]

[END

<sup>27</sup> ICO First Report at 24.

**INFORMATION]** AT&T also worked with the ICO to further refine the methodology for field verification to begin a regular pattern of site inspections.<sup>28</sup>

**C. COMPLIANCE REPORT – GIGABIT OFFERS TO COVERED E-RATE ELIGIBLE SCHOOLS AND LIBRARIES**

**1. Introduction and Working Team**

AT&T has a Working Team to oversee and coordinate compliance with the Condition requiring AT&T to offer 1 Gbps FTTP Service to covered E-rate eligible schools and libraries (“E-rate Condition”). This Working Team includes AT&T senior managers who, in the ordinary course of business, oversee AT&T’s business-level broadband internet access services and its participation in the E-rate program.

The E-rate Condition, like the E-rate program itself, is centered on the Commission’s Form 470 process. The E-rate fiscal year runs from July 1st to June 30th. Under the Commission’s procedures, individual schools and libraries, school districts, library systems, buying consortia and states may post a Form 470 each fiscal year until approximately March/April, seeking bids for a contract that typically would begin the following July 1st. For this E-rate season, in April 2016, the Universal Service Administrative Company (“USAC”), which administers the E-rate program, provided a two-part extension for E-rate applicants due to

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<sup>28</sup> **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**

unexpected delays and complications with the implementation of USAC’s new IT system.<sup>29</sup>

Under the extension, all applicants had a four week extension, until April 28, 2016, and consortia and libraries had until June 23, 2016, to submit Form 470s.<sup>30</sup> If awarded, AT&T will begin providing service under the E-rate Condition pursuant to Commission rules<sup>31</sup> on or after July 1, 2016, depending on the customer’s desired service commencement date.

As discussed in the sections that follow, AT&T is fully complying with this Condition by (1) identifying covered schools and libraries that are within or contiguous to DAs where AT&T plans to have deployed FTTP services by the end of the first half of 2016 (*i.e.*, the beginning of the new E-rate funding year); (2) responding to all Form 470s seeking bids for 1 Gigabit FTTP Service to any such covered school or library;<sup>32</sup> and (3) conducting affirmative and adequate outreach to make such covered schools and libraries aware of the opportunity to purchase 1 Gigabit FTTP Services.

**2. “Covered Schools and Libraries”**

**a. Methodology for Determining “Contiguous”**

The E-rate Condition requires AT&T “to offer 1 Gbps FTTP Service . . . to any E-rate eligible school or library located within or contiguous to a DA in which the Company deploys

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<sup>29</sup> See USAC, Schools and Libraries (E-rate), News Brief, E-rate Application Window Extension Notice for FY2016 (April 15, 2016), <http://www.usac.org/sl/tools/news-briefs/preview.aspx?id=685>.

<sup>30</sup> *Id.*

<sup>31</sup> 47 C.F.R. § 54.507(d)(2).

<sup>32</sup> Schools and libraries typically purchase commercial broadband services with a guaranteed quality of service. **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**

FTTP-based service.”<sup>33</sup> Based on discussions with FCC staff, on May 15, 2016, AT&T implemented a new methodology for determining when it will treat a school or library as contiguous for purposes of this Condition that sweeps well beyond what the Commission contemplated. Under this methodology, AT&T considers a school or library to be contiguous for purposes of the Condition if the 250 feet radius of the geographic coordinates of the school or library intersects with the boundary of an adjacent DA in which AT&T has deployed, or plans to deploy, FTTP as of the next July 1st.<sup>34</sup>

**b. Methodology for Identifying “Covered Schools and Libraries”**

For purposes of compliance with this Condition during the 2015-2016 E-rate season, for the funding year 2016 which began July 1, 2016, AT&T compiled a list of all of the DAs in which AT&T planned to have deployed FTTP-based service by the end of 2015 and during the first half of 2016. Using the most recently available National Telecommunications & Information Administration (“NTIA”) broadband mapping data on schools and libraries, AT&T identified all of the E-rate eligible individual schools and libraries located *within* and contiguous to those DAs.<sup>35</sup> As of May 15, 2016, AT&T updated its list of contiguous covered schools based on the new methodology described above.

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<sup>33</sup> *Merger Order*, Appendix B, § III(2)(d).

<sup>34</sup> As explained in AT&T’s First Semi-Annual Compliance Report, prior to May 15, 2016, AT&T used a different methodology whereby, first, it treated as contiguous all schools and libraries that were within a 1,000 feet radius of a Fiber Access Point within a DA in which AT&T had deployed, or planned to deploy, FTTP as of the next July 1st. Second, AT&T also treated as contiguous all schools and libraries that were within 100 feet of the boundary of a DA in which AT&T had deployed, or planned to deploy, FTTP as of the next July 1st. First Semi-Annual Compliance Report at 18-19.

<sup>35</sup> The NTIA data provide street addresses and latitude and longitude coordinates for U.S. schools and libraries as of June 2014. See National Broadband Map, *Download Data, US*

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As discussed in the sections that follow, AT&T has used this list of “covered schools and libraries” for purposes of responding to Form 470s seeking bids for 1 Gigabit FTTP Service, as well as for conducting outreach, during the 2015-2016 E-rate season.

In response to the ICO’s recommendation,<sup>36</sup> during the reporting period, AT&T formally documented its mapping methodology for identifying covered schools and libraries within and contiguous to AT&T’s FTTP deployment.

### **3. Process for Responding to Form 470s**

The existing E-rate sales team is responsible for responding to the Form 470s received from covered schools and libraries. AT&T has integrated the requirements of this Condition into the processes it uses in the ordinary course of business to respond to Form 470s, and has overlaid additional processes to ensure compliance with the Condition.

During the reporting period, the Working Team used the most recent list of covered schools and libraries identified using the methodology described above and searched USAC databases for the Billed Entity Numbers (“BENs”) under which the identified covered schools and libraries might post a Form 470 seeking bids for services that meet the Condition. Because there is not an automated search mechanism to facilitate this process, the Working Team conducted research on the National Center for Education Statistics website as well as public internet-based research about each identified covered school and library where a BEN could not

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*Community Anchor Institutions*, <http://www.broadbandmap.gov/data-download> (last visited July 13, 2016). AT&T used the NTIA data to determine the DA in which each school and library resides.

<sup>36</sup> ICO First Report at 36.

be determined in the USAC database. AT&T used the research results to determine whether any such individual covered school or library had more than one BEN, and also whether it was associated with another entity, such as a school district or library system, that might itself have filed a Form 470 under which the individual covered school or library might purchase E-rate services. AT&T flagged over **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** BENs identified for those individual schools and libraries, school districts, and library systems in its database used in the ordinary course of business to respond to Form 470s.

The process for determining whether a covered school or library is associated with a consortium is both cumbersome and imprecise. There is not a publicly available list or automated search mechanism to identify whether an individual school or library, school district, or library system is a member of a current or future consortium. Thus, only after a consortium posts a Form 470 is it possible for AT&T to review the consortium's Form 470 to determine the school districts or library systems that are members of that consortium, and then manually identify whether any individual covered school or library is a member of those school districts or library systems.

For this reporting period, AT&T used the list of BENs corresponding to individual covered school and libraries, school districts, and library systems, supplemented by the review of consortia Form 470s, to search for any Form 470 posted by these entities. Then, AT&T offered 1 Gigabit FTTP Service in response to any Form 470 seeking bids for 1 Gigabit FTTP Service filed by one of the BENs identified for the covered schools and libraries, school districts, library systems, or consortia.

In response to the ICO's recommendation,<sup>37</sup> during the reporting period, AT&T formally documented its procedures for responding to bids from covered schools and libraries. AT&T will continue to review and refine its processes for responding to Form 470s for covered schools and libraries based on its experience during this reporting period.

**4. List of Schools and Libraries to which AT&T Has Provided Bids**

Exhibit 2 contains a list of **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** Form 470s to which AT&T has provided a bid to serve a covered school or library with 1 Gigabit FTTP Services during the 2015-2016 E-rate season from January 1, 2016 to June 30, 2016 that are covered by this Condition, links to the FCC Form 470 associated with each such bid, and information about the monthly recurring charges and any special construction charges associated with each such bid. Exhibit 3 contains copies of the FCC Form 470s listed in Exhibit 2.

Above and beyond this Condition, AT&T has responded to E-rate Form 470s from covered schools and libraries that sought bids for fiber-based services that are not expressly covered by this Condition.<sup>38</sup> Detailed information about such bids and services is not included in this report.

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<sup>37</sup> ICO First Report at 36.

<sup>38</sup> For example, AT&T identified Form 470s, posted as of June 30, 2016, for AT&T to provide broadband internet access services above 1 Gbps speeds to covered schools and libraries, including **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]** AT&T has responded to each of these Form 470s even though not required by the Condition.

## **5. Total Deployment and CSV File**

As described above and in AT&T's First Semi-Annual Compliance Report, the E-rate fiscal year and contracts for broadband service awarded under the E-rate program run from July 1st to June 30th, and service providers thus cannot begin to provide E-rate supported service until July 1st. Under the Commission's procedures, an eligible school or library may post a Form 470 each fiscal year until approximately March (extended this year, as described above), seeking bids for a contract that typically would begin no sooner than the following July 1st.<sup>39</sup> Thus, as of June 30, 2016, AT&T has not yet deployed 1 Gigabit FTTP Service to any covered schools and libraries pursuant to this Condition.<sup>40</sup> Accordingly, AT&T does not have any data to report in response to the reporting requirement set forth in the *Merger Order*, Appendix B, § III(3)(b)(ii)-(iii) and has not included in this report a CSV file for the E-rate Condition.<sup>41</sup>

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<sup>39</sup> Under the extension for the 2016 fund year, all applicants had until May 26, 2106, and consortia and libraries had until July 21, 2016 to submit Form 471 applications. *See* USAC, Schools and Libraries (E-rate), News Brief, E-rate Application Window Extension Notice for FY2016 (April 15, 2016), <http://www.usac.org/sl/tools/news-briefs/preview.aspx?id=685>. This extension also has delayed the timing of E-rate funding notifications from USAC. The first set of Funding Commitment Decision Letters ("FCDL") generally begins in May. Due to the extension, the first wave of FCDLs for the 2016 fund year was not sent until June 16, 2016, and the second wave on July 1, 2016. *See* USAC, Schools and Libraries (E-rate), New Brief, USAC Releases First Funding Wave for FY2016 (June 16, 2016), <http://www.usac.org/sl/tools/news-briefs/preview.aspx?id=702>; USAC, Schools and Libraries (E-rate), New Brief, Update on Funding Year 2016 Waves (July 1, 2016), <http://usac.org/sl/tools/news-briefs/preview.aspx?id=704>. A small number of applicants and service providers were affected by technical issues in Wave 1, and were required to regenerate their FCDL following the second wave.

<sup>40</sup> AT&T may have installed, or begun installing, fiber to schools and libraries in anticipation of providing 1 Gigabit FTTP services during the 2016 funding year, but will not actually have begun deploying those services until July 1st or thereafter (*i.e.*, the next reporting period).

<sup>41</sup> The Condition requires AT&T to file a CSV file for each school or library to which 1 Gigabit FTTP Service has been deployed in satisfaction of this deployment condition. The CSV file must contain Census Block Information; Operating Company Number; Study Area Code;

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AT&T's semi-annual compliance reports for subsequent periods will contain information on covered schools and libraries to which 1 Gigabit FTTP Service has been deployed pursuant to this Condition.

**6. Outreach**

AT&T has an existing sales channel responsible for larger state and local government, education, and healthcare ("GEH") customers, including schools and libraries. AT&T also has a separate sales channel responsible for smaller local government, education, and medical ("LGEM") customers, again including schools and libraries. AT&T's GEH and LGEM sales teams provide information about available E-rate products and services to potential customers in the ordinary course of business. In a given year, AT&T submits bids in response to approximately [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] Form 470s.

Building on AT&T's established efforts to make prospective school and library customers aware of the opportunity to purchase E-rate services, AT&T has implemented additional outreach to inform covered schools and libraries about AT&T's 1 Gigabit FTTP Service offer pursuant to this Condition. As described below, AT&T is reaching out to covered schools and libraries via direct mail and email; further disseminating information at technology conferences and events within AT&T's wireline footprint; and providing information about its 1

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Common Language Location Identifier; Latitude; Longitude; Name; District Name; Monthly Charge; and Special Construction Charge.

Gigabit FTTP Services to all schools and libraries to which AT&T has won a bid to provide service through the E-rate program.

*Direct Mail and Email Outreach:* For the E-rate fiscal year beginning July 1st, AT&T completed its direct mail and email outreach to covered schools and libraries during the prior reporting period.<sup>42</sup> A sample copy of the direct mail and email notices is attached as Exhibit 4.

On or about September 2016, AT&T plans to commence outreach for the next E-rate fiscal year beginning July 1, 2017. During the next reporting period, AT&T plans to send new direct mail and email communications to all covered schools and libraries where AT&T has deployed or plans to have deployed FTTP-based service by the end of the first half of 2017.

*Technology Events:* AT&T already conducts outreach to schools and libraries regarding E-rate today through a variety of avenues, such as presentations at technology fairs, school visits, and other special events, as well as materials distributed by its sales teams. AT&T is leveraging these existing avenues to encourage covered schools and libraries to seek bids for the 1 Gigabit

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<sup>42</sup> In the First Semi-Annual Compliance Report, AT&T reported that the Working Team sent direct mail notices on October 1, 2015 to **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** covered schools and libraries located within DAs to which FTTP-based service was planned to be deployed by the end of 2015. **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]** Similarly, AT&T reported that it sent notices on January 5, 2016 to **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** covered schools and libraries located within and contiguous to DAs where AT&T planned to have deployed FTTP by the end of the first half of 2016, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]**

FTTP Services AT&T offers pursuant to this Condition. AT&T attended 10 technology conferences in the first half of 2016, and has identified 11 technology conferences at which AT&T plans to have a presence in the second half of 2016. AT&T estimates a combined total of approximately 25,000 educators attended these events in the first half of 2016.<sup>43</sup>

*E-rate Services Welcome Package:* When AT&T receives a Funding Commitment Decision Letter from USAC for the 2016 funding year with respect to any E-rate eligible service, AT&T will send a welcome package email and instructions to the E-rate customer with information about AT&T's E-rate products and services. AT&T has added information about the 1 Gigabit FTTP service in this welcome email stating that: "AT&T is pleased to inform you that we are expanding our fiber based Internet Access services into new areas every day. AT&T may have an FTTP Internet Access service with high-broadband capacity, including 1G in your area." The welcome email will further include a link to the AT&T E-rate website and an online form to request information.<sup>44</sup>

### **III. NON-DISCRIMINATORY USAGE-BASED PRACTICES**

#### **A. STATEMENT OF THE CONDITION**

##### **1. Condition**

- a. In the application of usage-based allowances or other retail terms and conditions for Fixed Broadband Internet Access Service, the

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<sup>43</sup> Exhibit 5 contains a list of the technology conferences and events that AT&T attended in the first half of 2016 and a preliminary list of the technology conferences and events at which AT&T plans to have a presence in the second half of 2016. AT&T will continue to identify additional events as they are scheduled throughout the year. Exhibit 6 is a sample of the promotional flyer that AT&T will distribute to prospective E-rate customers at these events.

<sup>44</sup> See AT&T, AT&T E-rate Website, Contact an Expert, [www.att.com/internetinfo](http://www.att.com/internetinfo) (last visited July 13, 2016).

Company shall not discriminate in favor of its own Video Programming Service, including Company-operated online Video Programming service or any Company “TV Everywhere” service (whether operated by AT&T’s U-verse service, DIRECTV, or the equivalent), or any content or application available through its own Video Programming services, including through the exemption of one or more of its own Video Programming services from usage-based allowances. For the avoidance of doubt and consistent with such prohibition, this condition does not prohibit the Company from offering discounts for integrated bundles of the Company’s U-verse or DIRECTV satellite Video Programming service or rebranded offerings of these services with the Company’s Fixed Broadband Internet Access Services.

**2. Reporting**

- a. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on a semi-annual basis that details its compliance with this condition, with the first such report to be submitted six (6) months after the Closing Date, which will include at least the following: a description of all terms and conditions associated with its usage-based allowances and any other information the Independent Compliance Officer determines is reasonably necessary to report as required by this condition.

**B. COMPLIANCE REPORT**

**1. Introduction and Working Team**

AT&T has a Working Team that oversees and coordinates compliance with the Non-Discriminatory Usage-Based Practices Condition. The Working Team is composed of officers and senior managers who, in the ordinary course of business, oversee the development of AT&T’s retail terms and conditions for its Fixed Broadband Internet Access Service. AT&T’s businesses are subject to a wide variety of regulatory requirements and, in the ordinary course of business, AT&T has developed processes to ensure that proposals that may implicate such

regulations are subject to review before AT&T proceeds to any marketplace actions. AT&T is using similar procedures to implement and ensure full compliance with this Condition. As explained in AT&T's First Semi-Annual Compliance Report, AT&T also has conducted training sessions regarding the requirements of this Condition for personnel involved in the development of the products and services covered by the Condition, including Working Team members, company officers, senior-level managers, attorneys, and new personnel.<sup>45</sup> As required by the Condition, in the application of usage-based allowances or other retail terms and conditions for Fixed Broadband Internet Access Service, AT&T has not discriminated in favor of its own Video Programming Service. Accordingly, AT&T has been in full compliance with this Condition during the time period covered in this report.

## **2. Terms and Conditions Associated with AT&T's Usage-Based Allowances**

AT&T has established monthly usage allowances for its DSL and U-verse Broadband Internet Access Services. The usage allowances specify the amount of data that can be used in a customer's monthly billing cycle before overage usage charges are assessed. AT&T established new usage allowances during this reporting period, and the details of both the new and prior allowances are provided below. Effective May 23, 2016, the current monthly usage allowances are:

- 150 GB for AT&T DSL service
- 300 GB for AT&T U-verse High Speed Internet service for speed tiers between 786 Kbps and 6 Mbps
- 600 GB for AT&T U-verse High Speed Internet service for speed tiers between 12 Mbps up and 75 Mbps

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<sup>45</sup> First Semi-Annual Compliance Report at 31.

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- 1 TB for AT&T U-verse High Speed Internet for speed tiers between 100 Mbps and 1 Gbps
- Unlimited usage is available on U-verse High-Speed Internet for \$30/month, or for customers bundling new or existing U-verse Internet with their new or existing AT&T video (DIRECTV or U-verse) services on a combined bill at no additional charge (a discount of \$30/month)

Prior to May 23, 2016, the usage allowances were as follows:

- 150 GB for AT&T DSL service
- 250 GB for AT&T U-verse High Speed Internet service for speed tiers up to 75 Mbps
- 500 GB for AT&T U-verse High Speed Internet service for speed tiers up to 300 Mbps
- 1 TB for AT&T U-verse High Speed Internet for speed tiers up to 1 Gbps<sup>46</sup>

AT&T uses the following procedures, under which a customer typically receives at least seven email notifications before the customer is billed for any usage above the data plan's allowance.<sup>47</sup> The first time a subscriber's usage exceeds the data plan, she receives an email notification describing the usage measurement plan and process, informing her that she will not be billed for the usage, and providing a link to the usage website. In a subsequent monthly billing cycle in which a customer's usage level approaches the data allowance under the plan for the second time, AT&T sends the customer grace email notifications when her usage reaches 65 percent, 90 percent, and 100 percent of the usage threshold. These grace notifications inform the customer that she is now in her second month of overage usage and will not be billed during this grace period. These grace notifications again contain a link to the usage website. In a subsequent billing cycle in which a customer's usage level approaches the data plan allowance

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<sup>46</sup> Prior to May 23, 2016, although AT&T had notified customers about the usage allowances, and described them on its website, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**  
**[END]**  
**HIGHLY CONFIDENTIAL INFORMATION]**

<sup>47</sup> This process does not apply to customers who have unlimited data since there is no monthly data allowance to which a customer could potentially exceed.

for the third time, AT&T sends billing email notifications when her usage reaches 65 percent, 90 percent, and 100 percent of the usage threshold. These billing notifications contain a link to the usage website and inform the customer that she is in her third month of overage usage and will be billed after exceeding her usage allowance. At this point, AT&T assesses overage charges for customers at a rate of \$10 for each 50 GB of usage over the monthly allowance, up to a maximum of \$100. In any subsequent month in which the customer's usage exceeds the threshold and the customer incurs overage billing, AT&T sends billing email notifications to the customer when her usage reaches 75 percent and 100 percent of each overage bucket.<sup>48</sup>

AT&T provides information regarding its usage allowances on its publicly accessible website at [www.att.com/internet-usage](http://www.att.com/internet-usage), and customers may view additional information regarding usage through the AT&T High Speed Internet Terms of Service.<sup>49</sup> AT&T also provides customers with access to various online tools to help them understand and track their data usage, including data calculators, FAQs, usage tracking reports, and instructional videos. Customers also are provided information about the usage allowances, charges, and practices through AT&T's advertising disclosures, order summaries, online registration website, and bills. Additional information about the network practices, performance characteristics, and commercial

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<sup>48</sup> Prior to May 23, 2016, to enforce the usage allowances for [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] customers, AT&T used the same procedures as described above when a customer's usage level approached or exceeded [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION].

<sup>49</sup> AT&T, AT&T High Speed Internet Terms of Service / att.net Terms of Use, <https://www.att.com/shop/internet/att-internet-terms-of-service.html> (last visited July 13, 2016). See also Exhibit 7.a, High Speed Internet Terms of Service (in effect from March 29, 2016 to June 30, 2016).

terms of AT&T's broadband internet access services is available at

<http://www.att.com/broadbandinfo>. Customers also can check their data usage anytime on AT&T's online portal.

Exhibit 7 contains additional information on, and examples of, the publicly available material and resources regarding AT&T's usage allowance practices. These include AT&T's High Speed Internet Terms of Service (in effect from March 29, 2016 to June 30, 2016) and screenshots of AT&T's Online Data Calculator, Consumer Web Portals, and Order Summary pages.

### **3. Procedures for Reviewing Usage-Based Allowances and Other Offers Implicating the Condition**

AT&T has procedures to review all new products and offers relating to its Fixed Broadband Internet Access Service in the early stages of product development to ensure that terms and conditions of those products and offers comply with the Non-Discriminatory Usage-Based Practices Condition. In the ordinary course of business, AT&T has robust procedures in place to review all new offers, pricing and product enhancements related to Fixed Broadband Internet Access Service to confirm compliance with legal and regulatory requirements. AT&T has incorporated into these existing procedures an additional review to ensure compliance with the Non-Discriminatory Usage-Based Practices Condition.

In particular, AT&T has an ordinary course marketing assessment process that is used to evaluate new offers, pricing, and promotions for broadband services. In addition, AT&T has an established intake process for review and approval of new products and product enhancements. AT&T has incorporated a step in each of these processes to ensure that relevant changes in the retail terms and conditions of its Fixed Broadband Internet Access Services are reviewed for

compliance with the Condition. As part of these processes, Working Team Leaders and AT&T Legal receive periodic reports of proposed offers, pricing, and new products and product enhancements and will review such proposals to ensure they comply with the Condition.

In addition, AT&T has established processes to ensure that all usage-based allowances associated with its Fixed Broadband Internet Access Service comply with the Condition. Certain Working Team members are responsible in the ordinary course of business for developing or modifying any usage-based allowances AT&T might offer in conjunction with Fixed Broadband Internet Access Services. All such personnel must notify the Working Team Leaders of any proposed usage-based allowance offers, as well as seek the guidance of the Program Management Team and AT&T Legal to ensure compliance with the Condition, before proceeding to introduce any such offer in the marketplace.

#### **IV. DISCOUNTED BROADBAND SERVICES PROGRAM**

##### **A. STATEMENT OF THE CONDITION**

##### **1. Condition**

Within nine (9) months of the Closing Date, the Company shall establish and commence a program to substantially increase broadband adoption in low-income households throughout AT&T's wireline footprint (the "Discounted Broadband Services Program").

- a. The Company shall offer wireline Broadband Internet Access Service with download speeds of at least 10 Mbps, where technically available, to qualifying households in the Company's wireline footprint for no more than \$10 per month. If 10 Mbps wireline Broadband Internet Access Service is not technically available, the Company shall offer wireline Broadband Internet Access Service with download speeds of at least 5 Mbps, where technically available, to qualifying households in the Company's wireline footprint for no more than \$10 per month.

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- b. Where AT&T has deployed broadband service at top speeds below 5 Mbps, the Company shall offer wireline Broadband Internet Access Service at speeds of at least 3 Mbps, where technically available, to qualifying households in the Company's wireline footprint for no more than \$5 per month.
- c. Qualifying households are those where at least one individual participates in the Supplemental Nutrition Assistance Program (“SNAP”), subject to annual recertification, and that do not have outstanding debt for AT&T’s Fixed Broadband Internet Access Services that was incurred within the six (6) months prior to the individual’s request for services under the Discounted Broadband Services Program or that is incurred for services provided under the Discounted Broadband Services Program and that is subject to the Company’s ordinary debt collection procedures.
- d. The Company shall offer the discounts set forth in this condition for at least four (4) years from the commencement of the Discounted Broadband Services Program. Qualifying households who sign up for the Discounted Broadband Services Program in the fourth year of the Discounted Broadband Services Program shall remain eligible for at least twelve (12) months.
- e. Qualifying households shall not be required to pay any installation or modem charges or fees in order to participate in the Discounted Broadband Services Program.
- f. For the period during which this condition is in effect, the Company shall clearly and conspicuously market the Discounted Broadband Services Program, including but not limited to undertaking the following actions:
  - (i) Providing on the Company’s consumer-facing homepage a link to a webpage devoted to describing the Discounted Broadband Services Program; and
  - (ii) Ensuring that the Company’s Customer Service Representatives are trained prior to the commencement of the program to inform consumers of the availability of the Discounted Broadband Services Program offerings, including pricing, and terms and conditions as described in this condition.

- g. The Company shall effectively engage in targeted outreach efforts, in coordination with schools and community-based organizations serving low-income individuals and families, including, but not limited to veterans, the elderly, and those who are non-English speaking, to adequately publicize the availability of the Discounted Broadband Services Program, to ensure that qualified individuals and households are informed about and have access to the program. The Company shall make adjustments to its outreach efforts in response to reasonable requests from the Commission's Office of General Counsel and, at a minimum, shall take the following actions during each year that the program is in effect:
- (i) Promote the Discounted Broadband Services Program, including through public service announcements that shall have a minimum annual value of \$15 million.
  - (ii) Distribute Discounted Broadband Services Program information to at least twenty (20) organizations that work with low-income communities on a national and local level.
  - (iii) Coordinate with state education departments and local school districts, including requesting that all school districts within the Company's wireline footprint include information about the Discounted Broadband Services Program with their communications to families in advance of the school year, including in each communication relating to the National School Lunch Program ("NSLP"), as feasible and appropriate, to ensure that families that qualify for the NSLP are informed about the Discounted Broadband Services Program at the beginning of the school year and have the opportunity to register.
  - (iv) Provide appropriate promotional and collateral materials to all public school districts within the Company's wireline footprint and requesting that the materials be included in NSLP mailings.
  - (v) Educate school professionals about the Discounted Broadband Services Program, including by conducting outreach to various education-related associations such as parent-teacher associations and associations representing guidance counselors and social workers, in order to reach

those who are most likely to work closely with students and families.

- h. Prospective participants shall be directed to a Company phone number dedicated to the Discounted Broadband Services Program to verify eligibility. Qualifying callers shall be transferred to a centralized order-entry center.
- i. The Company shall submit a report in accordance with the filing and service requirements set forth in Section VII.5. herein on a semi-annual basis that includes a description of the Company's compliance with the condition, with the first such report to be submitted six (6) months after the Closing Date. The report shall at least include the following:
  - (i) The total number of households participating in the Discounted Broadband Services Program;
  - (ii) A detailed description of outreach efforts made during the reporting period to publicize the Discounted Broadband Services Program to schools and community-based organizations, including a list of the community-based organizations participating, and representative examples of the promotional and collateral materials provided; and
  - (iii) An analysis of the effectiveness of the Discounted Broadband Services Program, describing any adjustments the Company has implemented during the reporting period or plans to implement to improve its effectiveness.

## **B. COMPLIANCE REPORT**

### **1. Introduction & Working Team**

On April 22, 2016, AT&T launched the Discounted Broadband Services Program, branded *Access from AT&T*.<sup>50</sup> The Program's launch has been praised by public interest organizations and other stakeholders as an affordable broadband option for low-income

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<sup>50</sup> The Condition required AT&T to establish and commence the Program within nine months of the Closing Date—on or before April 22, 2016. *Merger Order*, Appendix B, § VI(2).

individuals and families, and has received significant coverage from traditional and social media. AT&T's extensive outreach initiative has been met with overwhelming support from national, state and local public and private organizations. As of June 30, 2016, about 500 organizations have agreed to help promote the Program. Just a few months since launch, the Program is already connecting more low-income Americans to the internet and helping to bridge the digital divide. As described below, AT&T has further plans to facilitate the Program's success and expansion.<sup>51</sup>

This report provides a detailed description of AT&T's implementation of the Discounted Broadband Services Program during the reporting period, including: (i) discounted broadband service offerings and eligibility criteria, (ii) number of participating households, (iii) marketing, (iv) outreach efforts, participating community-based organizations, and examples of promotional and collateral materials provided, and (v) an analysis of the effectiveness of the Program. As discussed below, AT&T's implementation, promotion, and operation of *Access from AT&T* is in full compliance with this Condition.

## **2. Broadband Service Offered and Qualifying Households**

AT&T is offering *Access from AT&T* service plans for wireline Broadband Internet Access Service at the download speeds and prices specified in the Condition. AT&T is offering the following service tiers and prices for the Discounted Broadband Service, where technically available:

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<sup>51</sup> AT&T has a Working Team to implement this Condition. This Working Team includes AT&T senior managers who, in the ordinary course of business, lead the development, promotion, and operation of AT&T's broadband internet access services. All members of this Working Team have been trained to understand what is required by this Condition.

- 10 Mbps for \$10/month;
- if 10 Mbps is not technically available, then 5 Mbps for \$10/month; or
- if 5 Mbps is not technically available, then 3 Mbps (where technically available) for \$5/month.

AT&T operates a dedicated call center for *Access from AT&T* for a prospective participant to apply for the Program.<sup>52</sup> Agents at the dedicated call center both (1) verify whether the customer is eligible to participate in the Discounted Broadband Services Program and (2) coordinate service installation, including determining what services are technically available at that customer location.

With respect to program eligibility, call center agents send, via regular mail, an application for the prospective participant to complete to verify that the applicant's household contains at least one member who participates in SNAP.<sup>53</sup> AT&T also has made the application available online. Customers may submit applications, together with supporting documentation to verify participation in SNAP (such as a copy of their SNAP cards), online, or via email, fax, or U.S. mail.<sup>54</sup>

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<sup>52</sup> In addition to English- and Spanish-speaking agents at the Program's dedicated call center, AT&T supports additional languages by engaging Language Line services. Language Line provides live agent translation for over 100 languages. Agents at the dedicated call center are able to conference in a Language Line representative who provides real-time translation between the agent and the customer.

<sup>53</sup> As discussed below, effective July 21, 2016, *Access from AT&T* has extended eligibility to include California residents who participate in the California Supplemental Security Income ("SSI") program as an alternative to SNAP eligibility.

<sup>54</sup> AT&T, Shop, Internet, Access from AT&T, at Step 2, <https://www.att.com/shop/internet/access/index.html#/> (last visited July 12, 2016) ("*Access from AT&T Website*").

<sup>54</sup> *Id.*

Agents review the application and supporting documentation for completeness. Upon completion of this review, AT&T by mail notifies applicants whether their applications have been approved, and, if so, provides them instructions on how to contact the dedicated call center to order service. If an applicant's application has been denied, AT&T provides the reasons for that denial, which may *inter alia* be due to lack of supporting documentation, failure to provide all information requested on the application, or failure to sign the application. Applicants whose applications have been approved must call directly into the dedicated call center, where agents confirm which service tier – *i.e.*, 10 Mbps at \$10, 5 Mbps at \$10, or 3 Mbps at \$5 – is available at the prospective participant's location.<sup>55</sup> Specifically, the agents have a loop qualification tool that permits them to enter an address and determine the services and speeds available at that location. A prospective participant can also check service availability online for a preliminary determination.<sup>56</sup> The agent then processes a service order, **[BEGIN CONFIDENTIAL INFORMATION]** **[END CONFIDENTIAL INFORMATION]** For the Discounted Broadband Services Program, AT&T **[BEGIN CONFIDENTIAL INFORMATION]** **[END**

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<sup>55</sup> AT&T offers services under this Program wherever such services are technically available, as required by the Condition. As AT&T explained in the its First Semi-Annual Compliance Report, there are a small number of DAs in which AT&T has not deployed broadband internet access services, and in the DAs in which AT&T has deployed legacy DSL services, there are a limited number of locations at which AT&T cannot offer any internet access service to additional customers, and thus services for the Program are not “technically available” in those areas. *See* First Semi-Annual Compliance Report at 38.

<sup>56</sup> *Access from AT&T Website* at Step 1.

**CONFIDENTIAL INFORMATION**], so that all qualifying prospective participants<sup>57</sup> may obtain broadband service.

Finally, as required by the Condition, AT&T does not assess any installation or modem charges in order to participate in the Discounted Broadband Services Program.<sup>58</sup> AT&T sends customers who have completed the ordering process a self-installation kit, with a router and user-friendly installation instructions. Instructions are available in English and Spanish. As an alternative to the self-installation process, AT&T will send a technician to the customer's location at no cost to the customer.

### **3. Number of Households Participating**

As of June 30, 2016: (i) a total of **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** qualifying households have subscribed to *Access from AT&T*, and (ii) AT&T is providing discounted broadband service through the Program to **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** households.

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<sup>57</sup> *Merger Order*, Appendix B, § VI(1)(c) (“Qualifying households are those . . . that do not have outstanding debt for AT&T’s Fixed Broadband Internet Access Services that was incurred within the six (6) months prior to the individual’s request for services provided under the Discounted Broadband Services Program and that is subject to the Company’s ordinary debt collection procedures.”).

<sup>58</sup> AT&T otherwise applies its existing terms and conditions in conjunction with these services. Thus, for example, *Access from AT&T* service plans are subject to the monthly usage allowances described above, including the grace period and notifications provided to customers before they are billed for any usage above an applicable monthly usage allowance. Likewise, as with all of AT&T’s wireline Broadband Internet Access Services, AT&T will repair or replace damaged equipment as AT&T deems necessary, except where the customer owns the equipment or the equipment is damaged due to the customer’s intentional acts or negligence as determined by AT&T.

#### **4. Marketing**

*Website:* AT&T is marketing the Discounted Broadband Services Program by prominently displaying on its customer-facing homepage a link to a webpage, att.com/access, that describes the Program and encourages prospective participants to call a toll-free number to obtain more information about AT&T's Discounted Broadband Services.<sup>59</sup> The *Access from AT&T* Website clearly lays out step-by-step instructions how a prospective participant can check if AT&T broadband is available at her location; how to determine if the prospective participant qualifies for the Program if service is available; and how to request service.<sup>60</sup> There is a location on the page where the prospective participant can enter her street address, apartment/unit number, and zip code to get preliminary feedback on service availability.<sup>61</sup> As discussed below, AT&T also has partnered with numerous third parties to raise public awareness of *Access from AT&T*, and established a partner portal, accessible from a link on the *Access from AT&T* Website where participating organizations that are engaged in communications and outreach can access promotional materials, application materials, email and social media templates, and other resources to help share information about the Program with their constituents.<sup>62</sup>

*Toll-Free Numbers:* AT&T has English and Spanish toll-free numbers (English: 855.220.5211; Spanish: 855.220.5225) that are dedicated to the Discounted Broadband Services Program. In addition, AT&T is supplementing the dedicated toll-free numbers with additional

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<sup>59</sup> AT&T, Shop, Access from AT&T, <https://www.att.com/> (last visited July 13, 2016).

<sup>60</sup> *Access from AT&T* Website.

<sup>61</sup> *Id.* at Steps 1-3.

<sup>62</sup> *Id.* at For our Partners.

numbers for targeted marketing and to track the effectiveness of its outreach efforts. These numbers are directed to the dedicated call center.

*Training Customer Service Representatives:* AT&T has built upon its existing customer care training programs to implement a specialized training program for the Discounted Broadband Services Program. In addition, AT&T provided awareness training to all of its Customer Service Representatives (including Customer Service Representatives at call centers and personnel at AT&T's in-region retail locations) prior to the start of the Program and is offering ongoing refresher training to ensure those representatives are aware of the new Discounted Broadband Services Program and the dedicated call center, and know how to transfer customers to the dedicated call center for information about the availability, prices, terms and conditions of the Program. In addition, AT&T is providing information about the Program to other customer facing personnel, such as authorized retailers and technicians, to ensure that prospective participants are directed to the dedicated call center or to the website.

## **5. Outreach and Awareness**

Personnel throughout AT&T are promoting *Access from AT&T* through the multi-pronged outreach program required by the Condition.

*Public Service Announcements:* AT&T is promoting the Discounted Broadband Services Program, including through public service announcements that will have a minimum annual value of \$15 million. AT&T is promoting *Access from AT&T* through a variety of channels,

including Broadcast TV and radio, local newspapers, StateNets Radio,<sup>63</sup> and local out of home mediums, such as convenience store posters and Walmart checkout screens.

*Distribute Information to 20 Organizations:* AT&T Public Affairs and External Affairs field personnel, with support from national non-profit organization EveryoneOn, are conducting a targeted outreach effort directed at national, state, and local private, government and quasi-governmental organizations serving low-income individuals and families – including households with school children, veterans, the elderly, non-English-speakers, and minorities. These field teams are utilizing their extensive set of national, state, and local contacts to ensure that outreach efforts sweep broadly across AT&T’s 21-state wireline footprint. As of June 30, 2016, AT&T and EveryoneOn have reached a total of more than 1,150 organizations; and about 500 organizations have agreed to promote the Program among the populations they serve.<sup>64</sup> These organizations may obtain promotional and collateral materials through AT&T’s online partner portal, including: a promotional flyer, FAQ, checklist of materials needed to complete the application, a sample application, email templates, a poster, a promotional video and radio spot, and the program launch press release and social media verbiage.<sup>65</sup> Promotional materials are available in seven languages. Set forth below are additional details about these outreach efforts.

At the state and local level, each of the 21 AT&T External Affairs state teams developed unique state-level plans for outreach to targeted organizations across AT&T’s wireline footprint

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<sup>63</sup> StateNets Radio is a network comprised of over 1,800 radio stations across the country providing regional coverage outside of Metro Survey Areas.

<sup>64</sup> A list of organizations that have agreed to promote the Program is provided in Exhibit 8.

<sup>65</sup> Samples of these collateral materials are provided in Exhibit 9.

and encouraged those groups to become ambassadors for *Access from AT&T*. As of June 30, 2016, AT&T has provided information about *Access from AT&T* to nearly 550 community-based organizations that AT&T's External Affairs state teams identified as potential outreach partners.

AT&T also has established a partnership with EveryoneOn, to conduct outreach to local and national partners that will share information with their constituents or host *Access from AT&T* enrollment events, as well as to conduct outreach to school districts in the AT&T 21-state wireline footprint. As of June 30, 2016, nearly 600 national organizations and local stakeholders have received *Access from AT&T* information from EveryoneOn, including targeted state and local organizations and EveryoneOn enrollment partner organizations across various cities in AT&T's 21-state wireline footprint.

External Affairs state teams also have discussed Program information with 15 state SNAP offices across the AT&T 21-state wireline footprint. Several SNAP offices have showed an interest in promoting the Program and, to date, two SNAP offices are actively doing so. In addition, AT&T's Corporate Social Responsibility team has approached 11 AT&T employee resource groups ("ERGs") about promoting the program, including: AT&T Veterans, the Hispanic/Latino Association of Communications Employees of AT&T, and IDEAL – Disability Advocates. Five of these ERGs have agreed to contact their partner non-profit organizations at the national and local levels for assistance in promoting the Program.

At the national level, AT&T's Public Affairs team has targeted 18 national organizations as potential outreach partners. As of June 30, 2016, 16 national organizations have agreed to assist AT&T in promoting the Program through social media, email blasts, conference workshops, newsletter ads and other special events.

AT&T also will participate in the U.S. Department of Housing and Urban Development’s (“HUD”) ConnectHome pilot program. ConnectHome is a collaboration between communities, the private sector, and federal government to expand high speed broadband to families with school-age children who live in HUD-assisted housing.<sup>66</sup> As part of AT&T’s participation, HUD will assist in promoting *Access from AT&T*, and AT&T will conduct two program awareness and enrollment events in each of the 16 ConnectHome communities within the AT&T 21-state wireline footprint.<sup>67</sup>

AT&T has entered into an agreement with a non-profit organization, Connected Nation, to serve as a resource to partner organizations that have agreed to help promote the Program. Connected Nation is managing information and collateral requests from third-party organizations, including responding to email inquiries, and maintaining a dedicated phone number specific to the Program. Connected Nation also is collecting metrics about outreach activities by each partner organization as a way to help assess the program’s effectiveness. Connected Nation also is surveying the organizations participating in the Program to learn what promotional activity has occurred, and is providing progress reports and data to AT&T on such outreach efforts.

*Coordination with and Distribution of Promotional and Collateral Materials to State*

*Education Departments and School Districts:* AT&T’s GEH sales channel, AT&T External

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<sup>66</sup> CONNECTHOME, <http://connecthome.hud.gov/> (last visited July 13, 2016).

<sup>67</sup> These communities include the following: Albany, GA; Atlanta, GA; Baton Rouge, LA; Choctaw Nation, OK; Cleveland, OH; Durham, NC; Fresno, CA; Kansas City, MO; Little Rock, AR; Los Angeles, CA; Macon, GA; Memphis, TN; Nashville, TN; New Orleans, LA; Rockford, IL; San Antonio, TX.

Affairs, and AT&T's Corporate Social Responsibility team are each assisting with outreach to promote *Access from AT&T* to school districts and education professionals. Specifically, as of June 30, 2016, GEH and External Affairs have successfully contacted 18 state departments of education ("DOE"). Many of the state DOEs are not actively promoting the Program for a variety of reasons, such as they do not normally assist third parties, they would prefer AT&T worked directly with the schools, or they do not support any single carrier's program. However, a few of the DOEs have been receptive to assisting. In particular, one DOE provided AT&T a list of school district contacts, and another allowed AT&T to present Program information at the DOE's monthly school district meeting. A few other DOEs have indicated a broader interest in assisting, and AT&T continues to have discussions with them.

As discussed above, EveryoneOn, which staffs a significant number of regional employees in areas of high SNAP participation, is coordinating with local school district contacts and community-based organizations with ties into schools to share information about the Program. As part of its outreach efforts, EveryoneOn is contacting every public school district within the AT&T wireline footprint to request that all school districts include information about the Program within their communications to families in advance of the school year and within communications relating to NSLP. EveryoneOn has sent targeted emails to all school districts within the AT&T 21-state wireline footprint, has hosted three webinars educating school professionals on the Program, and has made telephone or email contact with nearly 600 school districts to coordinate efforts to promote the Program. In addition, EveryoneOn is coordinating a strategic outreach awareness effort to disseminate promotional and marketing collateral to key local stakeholders across AT&T's wireline footprint.

In April 2016, the AT&T Corporate Social Responsibility team executed an email awareness campaign to over 180,000 professionals at school districts within AT&T’s wireline footprint to provide information about the Program. The email included basic program information and links to collateral and promotional materials and was distributed to multiple titles at the school district and individual school level, including superintendents, principals, school board presidents, guidance counselors, and NSLP administrators. In addition, AT&T is including information about the Program in bid response materials provided to districts through E-rate.<sup>68</sup>

*Educate School Professionals:* AT&T Public Affairs is using its relationships with key national education-related associations and advocacy groups representing educators, guidance counselors, and social workers – such as the National Parent Teacher Association (“PTA”), American School Counselor Association (“ASCA”), and American Counseling Association – to gain assistance in disseminating the Program details among the populations these organizations serve.<sup>69</sup> AT&T’s Aspire program, an AT&T educational initiative that, among other efforts, provides under-served communities with technology and modern education tools, sent an email to the local and community-based organizations that work with AT&T Aspire on education initiatives to let them know about the Program.<sup>70</sup> In addition, as discussed above, AT&T’s Corporate Social Responsibility team, together with its Government, Education,

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<sup>68</sup> Examples of promotional and collateral materials provided to DOEs and school districts are included in Exhibit 9.

<sup>69</sup> Education-related organizations that have agreed to assist in promoting the Program are included in Exhibit 8, and sample promotional materials are in Exhibit 9.

<sup>70</sup> A sample of the AT&T Aspire email is provided in Exhibit 9.

Healthcare/Medical sales teams, conducted an extensive email campaign to professionals at school districts within AT&T's wireline footprint, including approximately 59,000 guidance counselors to provide information about the Program.

AT&T personnel also are directly educating school district professionals about *Access from AT&T* by conducting outreach at events hosted by various education-related associations, such as the International Society for Technology in Education, Consortium for School Networking, and State Education Technology Directors Association. As of June 30, 2016, AT&T has promoted the Program through exhibitor booths and speakership opportunities at national conferences hosted by the National Digital Inclusion Alliance, National PTA, and Consortium for School Networking.

In addition, EveryoneOn will be conducting an in-depth multi-city campaign to drive activation in collaboration with local organizations, focusing on outreach to school professionals. In particular, EveryoneOn will be working closely with local housing authorities and community partners to host a series of hands-on program awareness and enrollment events in order to educate eligible households about the Program, help them check service availability at their address and apply for the Program, and share digital literacy resources from AT&T's website.

## **6. Analysis of Effectiveness of Program**

As AT&T explained when it announced the Program's launch in April, *Access from AT&T* is "making it easier for more people to connect to friends, family, their communities and the possibilities of the Internet. . . *Access from AT&T* is an affordable Internet option available to

millions of Americans with limited budgets.”<sup>71</sup> In just over a week after launch, the Program’s dedicated call center received over [BEGIN HIGHLY CONFIDENTIAL INFORMATION]

[END HIGHLY CONFIDENTIAL INFORMATION] calls inquiring about the Program. And as of June 30, 2016, just over two months since launch, AT&T has received over [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] calls from prospective participants, almost [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] unique views on the *Access from AT&T* Website, and over [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [END HIGHLY CONFIDENTIAL INFORMATION] visits to the “Apply Now Link.”

The Program’s launch has been praised by FCC Commissioner Mignon Clyburn and public interest organizations, and received significant media coverage. According to Commissioner Clyburn, “[o]ur noble goal of connecting communities with affordable broadband alternatives, will ultimately be realized through targeted and innovative initiatives, both public and private, . . . [t]his is why I am pleased to witness the launch of Access from AT&T, an affordable broadband option open to any member of a household that participates in the U.S. Department of Agriculture Supplemental Nutrition Assistance Program, or SNAP. I look forward to seeing how this program helps to close the opportunity divide by getting more

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<sup>71</sup> See AT&T, *AT&T Setting Out to Connect More U.S. Residents to the Internet* (April 22, 2016), [http://about.att.com/story/connecting\\_more\\_us\\_residents\\_to\\_the\\_internet.html](http://about.att.com/story/connecting_more_us_residents_to_the_internet.html) (quoting Cheryl Choy, AT&T Vice President for wired voice and broadband products).

consumers and communities connected to high speed Internet services.”<sup>72</sup> A consumer advocacy group applauded AT&T, stating “[e]xpanding internet access to low-income individuals and families is both great and necessary, so let’s start with the kudos to AT&T for doing a good thing: they absolutely are. The more people that can access information online, the better off basically all of us are, and so every line matters.”<sup>73</sup> Other public interest groups likewise have expressed support for and praised the Program.<sup>74</sup> For example, the Multicultural Media, Telecom, and Internet Council “believes that Access from AT&T is a big step in the right

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<sup>72</sup> See Jeff Baumgartner, *AT&T Debuts Internet Service for Low-Income Homes*, MULTICHANNEL NEWS (April 22, 2016), <http://www.multichannel.com/news/distribution/att-debuts-internet-service-low-income-homes/404380>.

<sup>73</sup> Kate Cox, *AT&T launches its own \$10 Internet access program for low-income households*, CONSUMERIST (April 22, 2016), <https://consumerist.com/2016/04/22/att-launches-its-own-10-internet-access-program-for-low-income-households/>.

<sup>74</sup> See, e.g., Kim Keenan, *AT&T Offers Broadband to Low-Income Consumers*, MMTC - BROADBAND & SOCIAL JUSTICE (April 22, 2016), <http://broadbandandsocialjustice.org/2016/04/att-offers-broadband-to-low-income-consumers/> (“Programs like *Access from AT&T* are key to connecting every American regardless of income. Whether the Internet is used in a job search, to access virtual library shelves, or to complete an online education, MMTC has long advocated that Internet service can change lives for the better.”); UNITED WAY OF EL PASO COUNTY, *Affordable Internet Through Access from AT&T*, <http://www.unitedwayelpaso.org/affordable-internet-through-access-att> (last visited July 13, 2016); OCA - ASIAN PACIFIC AMERICAN ADVOCATES, *OCA Collaborates with AT&T to Bring Access from AT&T to Members and Low-Income Consumers* (April 2016), [http://www.ocanational.org/news/news.asp?id=285936&hhSearchTerms=%22access+and+att%](http://www.ocanational.org/news/news.asp?id=285936&hhSearchTerms=%22access+and+att%22) (“We know that Access from AT&T will help bridge the digital divide by allowing more those who are currently disconnected- including students, seniors and veterans - to more easily search for jobs, complete education courses, and connect with family and friends.”); LGBT TECHNOLOGY PARTNERSHIP & INSTITUTE, *Broadband Plans Provided by Some of the Country’s Major Carriers May Provide Affordable Internet to LGBT Rural and Low-Income Customers* (May 4, 2016), <http://lgbttechpartnership.org/broadband-plans-provided-countrys-major-carriers-may-provide-affordable-internet-lgbt-rural-low-income-consumers/>.

In addition, CNN reported that the Program is “help[ing to] close the so-called ‘digital divide’ for families who would otherwise be forced to rely on school connections or cell phones. A lack of reliable internet access can have countless negative implications, including for students who need it to complete homework and adults who are searching for jobs.” See Heather Kelly, *AT&T offering \$5 internet to low-income families*, CNN MONEY (April 22, 2016), available at <http://money.cnn.com/2016/04/22/technology/access-from-att-digital-divide/>.

direction to help connect the unconnected,”<sup>75</sup> and the National PTA tweeted that the Program will “help bridge digital divide.”<sup>76</sup>

The Program received significant press coverage from April 22-25, 2016. The *Access from AT&T* launch was covered in 25 national and over 200 regional press reports and was mentioned in over 1,400 social media posts.

AT&T’s national, state and local efforts to enlist outreach partners that work with low-income communities has far exceeded the Condition’s requirements. As explained above, AT&T, with the assistance of EveryoneOn, has provided information about *Access from AT&T* to over 1,150 organizations. As of June 30, 2016, about 500 organizations have agreed to promote the Program among the populations they serve.<sup>77</sup> Subscriber enrollment throughout AT&T’s wireline footprint, in part, reflects the breadth of AT&T’s outreach efforts.

A considerable amount of work has gone into the launch of *Access from AT&T* and the outreach campaign to build awareness about the new Program. While AT&T is extremely proud of what it has accomplished in a short period of time, AT&T is already taking a number of steps to ensure the success of the Program and facilitate its expansion.

As of June 30, 2016, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**  
**[END HIGHLY CONFIDENTIAL INFORMATION]** qualifying households have subscribed to *Access from AT&T*. Of these households, the vast majority are being provisioned on the IP

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<sup>75</sup> Keenan, *supra*.

<sup>76</sup> National PTA (@NationalPTA), TWITTER (April 26, 2016, 11:43 AM), <https://twitter.com/NationalPTA/status/726119636136263680>.

<sup>77</sup> A list of these organizations is provided in Exhibit 8.

network.<sup>78</sup> Of the IP-based customers, nearly **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** are receiving our 10 Mbps service tier at a price of \$10/month. Program outreach and awareness efforts have resulted in *Access from AT&T* subscribers in all 21-states in the wireline broadband services footprint. Customer applications indicate that more than **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** of respondents heard about the *Access from AT&T* via our promotional or outreach efforts with school districts and other non-profit organizations. AT&T expects the number of subscribers to increase steadily as the Program ramps up and awareness grows, and through AT&T's plans to improve the enrollment process. AT&T also plans to utilize the insights and resources of partner organizations, including EveryoneOn and Connected Nation, to help drive interest and subscribership of eligible participants.

AT&T has already identified one opportunity to attract more subscribers and expand the program. California residents who participate in the California SSI program may not also claim federal SNAP benefits. As a result, California SSI participants are not eligible for *Access from AT&T* based on SNAP participation. As of July 21, 2016, AT&T has extended eligibility for *Access from AT&T* to California residents who participate in the California SSI program as an alternative to SNAP eligibility.<sup>79</sup>

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<sup>78</sup> Less than **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** are being provisioned on the legacy DSL network.

<sup>79</sup> See *Access from AT&T* Website.

While the vast majority of processed applications have been approved for the program,<sup>80</sup> some prospective participants have been denied. Of the processed applications that were denied, more than **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** are due to improper or incomplete documentation evidencing SNAP participation. In order to reduce application denials based on improper documentation, AT&T plans to update the Program website and FAQs to provide more information on acceptable documentation of SNAP participation.

AT&T also wants to ensure that those applicants who have been approved for *Access from AT&T* quickly begin to receive the benefits that internet service will deliver. As of June 30, 2016, there were approximately **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END HIGHLY CONFIDENTIAL INFORMATION]** applications approved for which orders have not yet been placed, and many approved applicants are waiting **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** to order service. AT&T plans to **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]**

**[END**

**HIGHLY CONFIDENTIAL INFORMATION]**

Finally, while the initial response from third-party organizations to AT&T's outreach efforts has been extremely positive, Connected Nation is collecting metrics about outreach

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<sup>80</sup> As of June 30, 2016, **[BEGIN HIGHLY CONFIDENTIAL INFORMATION]** **[END HIGHLY CONFIDENTIAL INFORMATION]** of processed applications have been approved.

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activities undertaken by each participating organization and is surveying the organizations participating in the Program to learn what promotional activity has occurred. AT&T will use the resources of Connected Nation to help AT&T ensure that the outreach program is achieving its broad objectives and to assess the Program's overall effectiveness moving forward.