



July 10, 2015

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Federal Communications Commission  
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Washington, D.C. 20544

Re: In the Matter of Applications of AT&T Inc. and DirecTV to Transfer  
Control of FCC Licenses and Other Authorizations, MB Docket No. 14-90

Dear Chairman Wheeler and Commissioners Clyburn, Rosenworcel, Pai and O'Rielly:

The California Emerging Technology Fund (CETF) has reviewed the ex parte filing made by AT&T, dated July 1, 2015, in this docket outlining a voluntary standalone, low priced broadband offer for low-income consumers by AT&T, presumably as a condition of grant of the above-referenced application. CETF has previously recommended based on its experience that the FCC require public interest conditions that provide substantial benefits to consumers, involving both affordable stand-alone broadband offers for low-income consumers and as deployment of rural broadband infrastructure.

On October 14, 2014 CETF filed public comments with this Commission stating the following 5 recommendations:

1. Require a Stand-Alone \$9.95 Wireline Broadband Offer Until 80% of Low-Income Population Connected: Require AT&T to offer for at least three years or until 80% of the eligible persons in the targeted underserved communities are connected, a stand-alone wireline broadband offer at \$9.95. This Commission could decide to require the offer by AT&T be made to all Americans, or to limit eligibility to low-income persons, seniors (people over 65 years of age), people with disabilities, and returning veterans.
2. Establish a National Goal: Set a 45% national goal for AT&T to reach the eligible persons in the targeted underserved communities within three years in its service areas, and to continue the offer until 80% of the target low-income population is achieved in its service areas.
3. Require Collaboration with States, a Written Broadband Plan and an Outreach Fund: Require AT&T to collaborate with states, such as California, containing major markets and to develop a written strategic plan to close the Digital Divide in each state. Additionally, the FCC should require AT&T to dedicate a sufficient amount to an independently-managed fund to engage experienced CBOs in outreach and actual signups for broadband adoption in the targeted communities to achieve the specific adoption subscribership goals set forth above in (2).

4. Establish a National Advisory Oversight Committee: An independent national advisory committee overseeing this broadband program would provide feedback and input to the FCC in monitoring actual performance each year, establishing annual milestones, and progress to reach the goals.
5. Deployment of High Speed Broadband in Priority Areas. AT&T should be required to deploy high-speed broadband into ten priority unserved or underserved areas adjacent to or near its service areas, as designated by the California Public Utilities Commission (CPUC) relating to the California Advanced Services Fund (CASF) program in its Resolution T-17443<sup>1</sup> and to continuously upgrade its network to meet service and performance requirements set by regulatory agencies to meet current applications.

CETF writes you today to comment on the AT&T offer to make two broadband plans available to low-income consumers. The first plan provides speeds of up to 1.5 megabits per second (Mbps) at \$5 a month for the first 12 months, then rising to \$10 a month for the next three years. The second plan provides 5 Mbps at \$10 a month for the first 12 months, and then \$20 a month for three additional years. Qualifying customers must: (1) be eligible for the U.S. Government Supplemental Nutritional Assistance Program, and such eligibility will be subject to annual recertification; (2) not be a current AT&T wireline broadband customer (or have been an AT&T wireline broadband customer for the past six months); (3) not be the subject of a current collection action for AT&T services.

CETF first commends Commissioner Clyburn and other supportive Commissioners on providing important leadership to ensure that low-income consumers are not left on the wrong side of the Digital Divide. CETF is technology neutral and advocates that *all* broadband providers offer low-income consumers the ability to connect to high-speed broadband, and provide modern broadband infrastructure to all households. CETF is pleased by the recent Broadband Lifeline Notice the FCC issued, however, it will take a significant amount of time to put new rules in place. In the meantime, the best way to promote broadband adoption for low-income households is to require all providers seeking to transfer ownership or merge to offer low cost high-speed broadband service as a public benefit in the regulatory approval process.

CETF requests the Commission consider the following past behavior:

- The California Public Utilities Commission previously required AT&T to offer stand-alone broadband at a low rate relating to a prior merger. Community-Based Organizations (CBOs) in California reported that AT&T customer service representatives did not know about the low cost offer when consumers called to ask for it. The offer was not searchable on the website; in fact, the offer was “buried” deep below the homepage and moved without a forwarding link. Requirements should be imposed by the FCC to ensure any discounted offer is easy to find by the targeted consumers, customer service representatives are trained to offer the discounted plans to qualified

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<sup>1</sup> CPUC Resolution No. T-17443, Implementation of New Timelines for California Advanced Services Fund Applicants, at Appendix 4, “Broadband Infrastructure Priority Areas” (June 26, 2014)(Resolution T-17443).

consumers, and AT&T markets this offer when consumers are awake and in language.

- Regarding eligibility, we commend AT&T for using the food stamp program as an eligibility criteria since it reaches a broad segment of households with low incomes. Given the social stigma attached to acceptance of food stamps, however, CETF suggests that a broader group of low income oriented programs to establish eligibility would casts a wide net to reach low-income households. In California, there are a dozen low-income programs that are used as eligibility for the low-income telephone Lifeline program.<sup>2</sup>
- The FCC also should ensure the eligibility requirements relating to the AT&T offers do not disqualify low-income consumers. CETF is troubled by the three eligibility restrictions suggested by AT&T in its letter. As noted above, a large variety of low-income programs should qualify a low-income consumer, not just one. Second, the fact that a consumer is already an AT&T consumer or was one within the last six months should not disqualify the household from the offer. Comcast had a similar 3-month restriction for existing or past customers for its Internet Essentials offer. It is our experience that this restriction serves to discourage the very consumer that needs the offer for sustainable service to have to disconnect and wait six months before they can get the low cost offer or continue the off-and-on cycle with the more expensive full price service. Further, CETF recommends that past bad debt should not disqualify a consumer if the debt is more than a year old. AT&T will have written such bad debt off. Terms of service should not be onerous. Social security numbers should not be mandatory to obtain service.
- The broadband rate should be stand-alone, meaning unbundled from voice and video offerings, and provided at a rate not to exceed \$15.00 a month which is the cap on affordability in our experience.
- Wi-Fi routers should be included as part of the offer because many schools are providing tablets to students to take home and they *only* connect wirelessly via Wi-Fi.
- The FCC should require AT&T to collaborate with state public utilities agencies, CBOs, and other broadband leadership groups, where interested, to develop written strategic broadband plans to make measurable progress on broadband adoption in underserved communities in an integrated way. CBOs with experience in broadband adoption should be funded by AT&T at \$225 per adoption to assist in outreach and sign-ups of unconnected households. A fund for this purpose should be overseen by an independent, national advisory oversight committee or state utilities agency that commits to a transparent RFP process for an independent administrator.
- A target goal of 45% adoption should be established for each underserved community. The FCC and the state public utilities agencies should help set a baseline and measure progress with AT&T on an annual basis with written reports. Data on progress should be released quarterly by AT&T to the public.

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<sup>2</sup> The programs include Medicaid, Supplemental Security Income (SSI), Federal Public Housing Assistance (Section 8), Food Stamp, National School Lunch program, Temporary Assistance for Needy Families (TANF), Bureau of Indian Affairs General Assistance, Head Start Income Eligible (Tribal only), Tribal TANF, and food distribution programs on Tribal grounds.

AT&T should receive 'credit' toward 45% for any adoption made using the funds, regardless of which company the consumer chooses.

- The broadband speeds provided under this offer should be adequate to use modern applications. The low speed (1.5 and 5 Mbps) broadband offers are frankly very disappointing. These are speeds reminiscent of the 20<sup>th</sup> Century and inadequate to handle today's applications. Equity of access to the Internet is essential. Low speeds will perpetuate poverty, not help people move toward self-sustainability.

CETF is grateful for the chance to comment to the FCC on this matter, and urges the Commission to include a low cost broadband program as a condition to ensure low-income consumers see a tangible public benefit from this merger. We also reiterate our desire to see rural broadband infrastructure improvements as a condition of the merger so that rural consumers are part of the Information Age.

Sincerely yours.

*/s/ Sunne Wright McPeak*  
Sunne Wright McPeak  
President and CEO

*/s/ Rachelle Chong*  
Rachelle Chong  
Outside Counsel