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Federal-State Joint Board on)
Universal Service)
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CC Docket No. 96-45

AT&T COMMENTS ON LIFELINE / LINK-UP PROGRAMS

Pursuant to the Section 1.415 of the Commission's Rules, 47 C.F.R.

§ 1.415, and its Public Notice (FCC 01J-2) released October 12, 2001, and published in 66 Fed. Reg. 54996 (October 31, 2001), AT&T Corp. ("AT&T") submits these comments on the how the Commission's Lifeline and Link-Up programs can be improved so as to increase subscribership among low-income individuals.

AT&T suggests that the Commission make two modifications to its Lifeline and Link-Up programs to promote subscribership by low-income residential customers and to ensure competitive neutrality in the administration of these programs. First, the Commission should streamline the rules for carrier eligibility to receive federal low-income support so that the broadest set of carriers can be compensated for their Lifeline and Link-Up services, and thereby have the incentive to market those services to eligible consumers. Second, the Commission should encourage state commissions to identify customers eligible for these programs.

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I. THE RULES REGARDING ETC DESIGNATION SHOULD BE SUBSTANTIALLY STREAMLINED TO ALLOW MORE CARRIERS TO PARTICIPATE IN THE LIFELINE AND LINK-UP PROGRAMS.

The Commission requires carriers to be certified by state commissions as eligible telecommunications carriers (“ETCs”) pursuant to section 214(e) of the Communications Act, 47 U.S.C. § 214(e), in order to be eligible to receive federal Lifeline and Link-Up support. *See* 47 C.F.R. §§ 54.400 to 54.407. Section 214(e) imposes substantial burdens on carriers in that it requires the carrier to offer the supported services throughout the state-designated service area and broadly advertise the availability of such services. These requirements are pertinent for determining whether an incumbent LEC and/or new facilities/ UNE-based entrant qualifies for high-cost support because these requirements are designed to ensure that a carrier is providing the full set of supported services throughout the serving area for it to be compensated for investing in high-cost areas.

Compliance with the section 214(e) criteria should not be required for low-income support because it is the customer who is eligible for the discounted Lifeline and/or Link-Up offering. So long as the customer chooses a particular carrier as its Lifeline and/or Link-Up service provider, that carrier should be eligible for low-income support on behalf of the customer. There is no reason why an entrant that seeks to serve only low-cost urbanized areas of a state, including low-income consumers, should be denied Lifeline and Link-Up support on behalf of eligible consumers simply because it chooses not enter the state more broadly and seek high-cost support. Indeed, denying access to Lifeline and Link-Up support to entrants that serve eligible low-income

consumers is not competitively neutral and denies consumers choices among service providers.

Accordingly, AT&T recommends that the Commission: (1) eliminate the requirement that a carrier be certified as an ETC in order to receive federal Lifeline or Link-Up support on behalf of eligible consumers or, at a minimum, (2) allow automatic federal designation for such support whenever a carrier is deemed eligible to receive support on behalf of low-income consumers under state programs. The Commission has already clarified that a carrier need not be an ETC to receive universal service support for providing discounted telecommunications services to schools and libraries.¹ It could similarly eliminate the ETC designation requirement as a qualification for low-income support. To the extent that some states (*e.g.*, Texas) have adopted the ETC criteria for eligibility for state low-income programs, the Commission should encourage the states to similarly eliminate this overly-restrictive qualification so as to enhance carriers' ability to gain access to state support.

Instead of ETC designation, the Commission should allow receipt of federal low-income support when the carrier has qualified for support under parallel state programs. This would eliminate the current anomalous situation where, for example, AT&T is a recipient of certain state Lifeline/ Link-Up funds but has not been certified as a federal ETC because of the overly restrictive requirements of section 214(e). Moreover, because some states require carriers to provide Lifeline service as a condition

¹ *Federal-State Joint Board on Universal Service*, 12 FCC Rcd 8776, ¶ 449 (1997); *Id.*, 15 FCC Rcd 7170, ¶¶ 2-3 (1999).

of local entry, AT&T and other new local entrants are competitively disadvantaged as compared to the incumbent because they are required to provide a discounted service in competition with the incumbent yet only the incumbent's discount is subsidized by low-income support.

Sound public policy strongly counsels that a carrier entering the local exchange market only in low-cost areas should be eligible to obtain federal support for low-income consumers living in those areas, particularly when the state has found the carrier to be eligible for corresponding state support. Carriers wishing to provide Lifeline and Link-Up services should be encouraged rather than stymied in their efforts to obtain universal service support so as to maximize the availability of these programs and increase subscribership.

II. THE COMMISSION SHOULD ENCOURAGE STATES TO IDENTIFY INDIVIDUALS IN NEED OF LOW-INCOME SUPPORT.

To further enhance subscribership by low-income individuals, the Commission should encourage states to identify eligible customers rather than imposing this duty on carriers. States have ready access to necessary information and thus are in a far better position than carriers to target advertise Lifeline and Link-Up services to the proper set of consumers. By contrast, because carriers do not have access to data sources identifying low-income consumers, carriers would need to advertise much more broadly to make consumers aware of these programs. Thus, it is much more efficient for the states to perform this identification and advertising function and then recover the associated costs through their state universal service fund.

In addition to having the state identify and advertise to apparently qualified customers, it would be very helpful if the states were to handle the consumer Lifeline application process and screen consumers to confirm the Lifeline applicant's eligibility for low-income support. Because the state would already have targeted the customer for advertising, it is in a superior position to determine the consumer's actual eligibility for low-income support. If the state were to handle the application process and refer interested eligible customers to the customer's selected carrier, such streamlining would make it easier for eligible applicants to obtain Lifeline and Link-Up service. Of course, the additional expenses incurred by the state to perform this function would likewise be added to the state universal service fund, but it minimizes each carrier's direct expenses and is shared equally by all carriers.

CONCLUSION

For the reasons stated above, the Commission should: (1) streamline its rules for carrier eligibility to receive federal Lifeline and Link-Up support, and (2) encourage state commissions to identify consumers eligible for these programs.

Respectfully submitted,

AT&T CORP.

By */s/*

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