

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

In the Matter of)
)
Eligible Services List for Universal Service) CC Docket No. 02-6
Mechanisms for Schools and Libraries)

REPLY COMMENTS OF SBC COMMUNICATIONS INC.

SBC Communications Inc., on behalf of itself and its operating company affiliates (collectively “SBC”),¹ respectfully submits these limited reply comments on the draft eligible services list proposed by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC).² The preface to the draft list includes a new note concerning combined telecommunications and Internet access service offerings that some parties believe could be construed as requiring that, when an applicant purchases Internet access service from a telecommunications carrier, the applicant must separate the telecommunications transmission component of the Internet access service from the non-transmission component of that service, and file two separate funding requests for each after appropriately allocating the cost of the Internet access service between the two.³ While SBC did not read that note to so require, and does not believe the Commission or USAC could have intended to require such a result, SBC believes the Commission should clarify the note because any such a requirement would be very costly and onerous to implement. Specifically, the Commission should clarify that the new note

¹ Those affiliates are Southwestern Bell Telephone, L.P.; Nevada Bell Telephone Company; Pacific Bell Telephone Company; Illinois Bell Telephone Company; Indiana Bell Telephone Company, Inc.; Michigan Bell Telephone Company; The Ohio Bell Telephone Company; Wisconsin Bell, Inc.; and The Southern New England Telephone Company.

² Pleading Cycle Established for Eligible Services List for Universal Service Mechanism for Schools and Libraries, Public Notice, CC Docket No. 02-6, FCC 05-158 (rel. Aug. 15, 2005) (Public Notice).

³ See Comments of State E-Rate Coordinators Alliance (filed Aug. 25, 2005) (SECA).

should not be read to require two separate funding requests for Internet access services when purchased as part of a bundled offering from telecommunications carriers.

DISCUSSION

In the draft eligible services list, USAC included a new note concerning combined telecommunications and internet access services, which states:

Some service offerings from service providers include a combination of Telecommunications Services and Internet Access. For example, a service provider may provide a combined offering of local phone service, long distance service, cellular service, and Internet Access for one price. Such a combined offering must be featured in both the Telecommunications Services and Internet Access categories of service on the FCC Form 470. Applicants must also divide the price of the offering appropriately between a Telecommunications Services funding request and an Internet Access funding request. . . .⁴

SBC read this note simply to require that, where an applicant purchases a service offering that includes both telecommunications services (such as local, long distance, and/or cellular services) and Internet access services, the applicant must submit two funding requests for the bundled offering – that is, one for the telecommunications services components (that is, the local, long distance, and/or cellular services) of the bundle and one for the Internet access service component. SBC did not read the note to require an applicant to further subdivide the Internet access service component into separately priced transmission and non-transmission components. Nor does SBC believe that USAC or the Commission could have intended to impose such a burdensome and costly requirement on applicants and service providers without any explanation of the need for such a requirement.

Nevertheless, some parties have asserted that the note could be construed to require applicants purchasing a bundled offering of telecommunications and Internet access services not only to file separate funding requests for the telecommunications and Internet access service components, but also to divide the Internet access service itself into separate telecommunications

⁴ Public Notice, Attachment 1 at page 1.

transmission and non-telecommunications Internet access components, and to file separate funding requests for each.⁵ Such a requirement would be very costly and administratively burdensome for applicants and service providers alike to implement. Moreover, it would require service providers to separate and arbitrarily allocate the cost of an integrated Internet access services, such as DSL or cable modem services, into separate components not otherwise available on a retail basis. Plainly, in light of the Commission's recent decision in the *Title I Proceeding* that such offerings are information services and that carriers offering such services are not subject to Computer Inquiry requirements, the Commission could not have intended to impose such a requirement here without explanation. Accordingly, to avoid any possible misapprehension concerning the way in which applicants must request funding for a bundled offering of telecommunications and Internet access services, the Commission should clarify that the Note does not require applicants to submit separate funding requests for the transmission and non-transmission components of eligible Internet access services purchased as part of a bundle with other telecommunications services.

Respectfully submitted,

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⁵ SECA at 1-4; Sprint Nextel at 1-2.