

May 30, 2007

Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Re: Comment on the State E-Rate Coordinators' Alliance Petition for Reconsideration of the Wireline Competition Bureau's Order Granting AT&T's Petition for Clarification of Section 54.514(a) of the Commission's Rules.

CC Docket No. 02-6

## Comment

E-Rate Central supports SECA's Petition for Reconsideration of the Wireline Competition Bureau's Order (DA 07-1272) granting AT&T's petition regarding the use of its AT&T Reimbursement Form ("ARF") system in lieu of providing discounted billing arrangements to E-rate applicants. In particular, we wish to make the following two points:

1. There is a pressing need for the WCB to clarify its position with regard to a subtle, but critical, distinction made between the WCB invoicing assumption made in its Order and the AT&T invoicing assumption made in its petition.

AT&T's petition argues that discounted billing is not required because a diligent applicant could file an ARF request monthly in such time that it should actually receive its reimbursement before paying its monthly bill. Specifically, the AT&T petition states: "If the customer requests an on-line refund as soon as it receives the AT&T bill, the customer should have the refund in hand within 6 to 10 days and in sufficient time to use the money to pay its current AT&T bill."

Note that this assumption places a significant burden on the applicant to always file an ARF request immediately upon receiving an AT&T bill. Should the request be filed even a week or two later, AT&T provides no assurance that the reimbursement can be returned prior to the bill due date

(much less in time for the applicant to process the AT&T check). Nor, absence of the reimbursement, does AT&T represent that it will accept anything less than the full undiscounted payment.

By way of contrast, the WCB Order appears to assume that the applicant will always have its reimbursement in hand prior to paying its AT&T bill. Specifically, WCB concludes that "...the applicant is not required to pay more than the non-discounted portion of the requested services...from its own funds because AT&T covers the amount of the discounted portion pending reimbursement from USAC. Thus, the net effect is that the only cash outlay from the applicant's own funds is the amount necessary to pay the non-discounted portion of the services, as required by section 54.523 of the Commission's rules."

If, upon reconsideration, the Commission decides to uphold this Order, we ask that approval of the ARF process as an applicant "discounting" mechanism be clearly conditioned on AT&T's agreement that applicant's cash outlays of its own funds be limited to paying the non-discounted portion of its bills, and that no late charges be assessed for delayed payments of the discounted portions.

Subject to this condition, E-Rate Central suspects that AT&T might decide to withdraw its petition.

2. AT&T's original petition included an appendix quoting extensively from E-Rate Central's *E-Rate News for the Week of 3/19 - 3/23/01* describing the AT&T ARF system and concluding that it "...is an easy alternative to the BEAR process." E-Rate Central stands by this conclusion but wishes to stress that it does not consider the ARF process an easy alternative to the discounted bill (or SPI) process. Specifically (and as noted in the SECA petition), use of the ARF process as an alternative to the discounted billing option clearly shifts the invoicing burden from the service provider to the applicant.

Sincerely,



Winston E. Himsworth