



601 E Street, NW  
Washington, DC 20049

T 202-434-2277  
1-888-OUR-AARP  
1-888-687-2277  
TTY 1-877-434-7598  
www.aarp.org

October 28, 2008

The Honorable Kevin Martin, Chairman  
The Honorable Deborah Taylor Tate, Commissioner  
The Honorable Michael Copps, Commissioner  
The Honorable Jonathan Adelstein, Commissioner  
The Honorable Robert McDowell, Commissioner

Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**RE: AARP MOTION/REQUEST FOR PUBLIC COMMENT ON RECENTLY  
CIRCULATED "REPORT AND ORDER, ORDER ON REMAND, AND  
FURTHER NOTICE OF PROPOSED RULEMAKING" ON UNIVERSAL  
SERVICE AND INTERCARRIER COMPENSATION REFORM.**

In the Matter of Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92, In the Matter of Petition of AT&T Inc. for Interim Declaratory Ruling and Limited Waivers Regarding Access Charges and the ESP Exemption, CC Docket No. 08-152, In the Matter of IP-Enabled Services, WC Docket No. 04-36, In the Matter of Universal Service Contribution Methodology, WC Docket No. 06-122, In the Matter of Petition for Declaratory Ruling Filed by CTIA, WT Docket No. 05-194, In the Matter of Jurisdictional Separations & Referral to the Federal-State Joint Board, CC Docket No. 80-286

Commissioners:

AARP is filing these ex parte comments in response to the proposals before the Federal Communications Commission (FCC) to undertake comprehensive reform of intercarrier compensation (ICC) and universal service fund (USF) contributions. AARP has a number of serious concerns with these proposals, most of which we have previously outlined in past filings with the Commission.

AARP has consistently taken the position that basic telephone service is a necessity that is crucial to public health and personal welfare. This is especially true for older Americans. Basic telephone service allows older people to maintain social contact, preserve health and safety, and gain assistance in an emergency. According to the FCC's statistics, individuals age 65 and older are more likely than any other age group to have traditional wireline telephone service. Therefore, any reform of high-cost universal service funding must continue to promote high-quality and affordable basic telephone service.

AARP has three specific concerns relating to these proposals. First, we are concerned that the Commission proposes to change the basis for consumer contributions to the Universal Service Fund. Contributions to the USF based on a "numbers-based system" would unfairly tax those who have working phone numbers but rarely use long-distance services, including the elderly and the poor. The current contribution is a percentage of the cost of inter-state long distance phone calls and does not penalize consumers who rely primarily on basic phone service and make few, if any, interstate calls. Collecting USF revenue based on a per-number basis will increase the monthly bills of low volume users. While the goal of the Universal Service Fund is to maintain affordable rates for all consumers, this proposal appears to ask those who most need help to provide a disproportionately larger amount of the funding.

Second, we strongly oppose any proposal to increase the Subscriber Line Charge on monthly phone bills. Details of the proposal have not been made public, and AARP, like other commentators, is forced to rely on media reports of changes that may adversely impact the monthly phone bills of consumers. Some reports indicate, for example, the FCC may vote on a plan that allows carriers to shift more operating costs to the subscriber line charge — effectively increasing the cost of basic service. Many of the older and low income, low volume users may experience higher phone bills without the benefit of any cost analysis or public input. Once again, such changes will occur at the expense of those who are least able to afford these increases.

Finally, we are particularly concerned with the lack of transparency. The Commission is being asked to vote on a 167 page proposal with little debate, no public input and no adherence to the Commission's own rulemaking procedures, although the Commission staff emphasizes that efforts were made to "refresh the record" on this point. Media reporting suggests these proposals are substantially different than earlier proposed plans subject to public review. We respectfully find that justification to be a stretch. Further, the 1996 Telecommunications Act stated that the Commission and a working group of PUC (Federal State Joint Board) officials are charged with designing policies to promote universal service, especially among rural, high cost and low-income telecommunications users. Clearly, the procedure for a vote on this proposal, set for November 4, does not meet congressional intent or the Commission's own standard for rulemaking.

There is more than enough agreement that both the ICC payment system and the USF system need to be reformed. However, the Commission has not met the standards of its own rulemaking process. Consequently, low income, low volume and elderly consumers will be left to deal with much higher prices without the benefit of proper scrutiny or due diligence. A vote on this proposal -- without reasonable time for review by all parties -- has the potential effect of marginalizing the public's interest, especially the interest of consumers who will see higher bills.

AARP urges the Commission to postpone further action on the issue of increasing subscriber line charges and changing the USF contribution methodology at this time. We agree with the recommendations of the New England Public Utilities Commissioners and

the National Association of Regulatory Utility Commissioners and respectfully request the Commission to take the following steps to assure a proper record for action:

1. Decide the future treatment of compensation for termination of ISP-bound traffic before the November 5 court deadline.
2. Issue a Further Notice of Proposed Rulemaking (FNPRM) summarizing the many discrete issues raised in the record, and enunciating the Commission's tentative conclusions, proposed legal theories and factual determinations on each such issue.
3. Given the breadth of the proposed action, provide interested parties at least 90 days to consider and comment.

In summary, basic telephone service is a necessity that is crucial to public health and personal welfare. This is especially true for older Americans. Any reform should be careful to study the impact on low income and older consumers who survive on fixed incomes. AARP urges the FCC to postpone further action on the above issues until procedural rulemaking has allowed more thorough public input and review by all parties.

If you have any further questions, feel free to call me, or have your staff contact Marti T. Doneghy of our GRA staff at (202) 434-3800.

Sincerely,



David Certner  
Legislative Counsel and  
Legislative Policy Director  
Government Relations and Advocacy