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December 22, 2010

VIA ELECTRONIC FILING

Ms. Marlene Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street SW
Washington DC 20554

Re: NOTICE OF EX-PARTE COMMUNICATION

In the Matter of Lifeline and Link-up, WC Docket No. 03-109

In the Matter of a National Broadband Plan for Our Future, GN Docket No. 09-51;

In the Matter of International Comparison and Consumer Data Requirements in the Broadband Data Improvement Act, GN Docket No. 09-47; and

In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, GN Docket No. 09-137.

Dear Ms. Dortch:

On December 18th, 2009, Mary Henze and I (of AT&T Inc.) met with Carol Matthey and Elise Kohn of the FCC's Broadband Omnibus Initiative and with Irene Flannery and Beth McCarthy of the Wireline Competition Bureau. Attending the meeting via telephone were Christopher Heimann and Beth Fujimoto (both of AT&T Inc.) and Gina Spade of the Commission's Wireline Competition Bureau. The purpose of the meeting was to discuss AT&T's proposal to streamline and modernize the operation of the Commission's universal service low income program. The attached materials were used as a basis for the discussion.

Pursuant to section 1.1206 of the Commission's rules, this letter and the attached materials will be filed in the above referenced dockets via the Commission's Electronic Comment Filing System. Should you have any questions about any of the above or the attached, please feel free to contact me directly.

Sincerely,

Attachments

Cc: Carol Matthey
Elise Kohn
Irene Flannery
Beth McCarthy
Gina Spade

Modernizing and Streamlining the Federal USF Low-Income Programs

The Problem

Today's low-income support mechanisms are firmly anchored to antiquated regulations that prevent (or disincent) service providers from serving the needs of today's low-income consumers. Many of these incumbent local exchange carrier – (ILEC) centric regulations have *no* applicability to new market entrants using alternative platforms. Moreover, it is fair to question their continued relevance even to ILECs .

The FCC should completely overhaul the existing low-income support mechanism to better encourage participation in the program by providers offering alternatives to traditional wireline service, as well as to expand the program to include broadband services. Simply adding the word “broadband” to the existing rules, however, is not the solution. The Commission must take a more comprehensive approach or else consumer benefits/choices for both voice and broadband will remain constrained, provider participation is limited, program obligations remain ambiguous, and the Lifeline program does not fulfill its potential.

Reform Goals

The FCC should:

- Modernize the low-income program to recognize and support the availability of an evolving array of communications services to today's low-income customer;
- Seek to minimize the degree to which affordability is a barrier to the adoption of broadband Internet access services;
- Rationalize the rules that govern the program to encourage service provider participation and to ensure that obligations are consistent across the industry; and,
- Encourage state agencies that work with the target population to take an active, direct role in the administration of the eligibility verification process, in order to encourage participation in this important program.

The Regulatory Framework

1. **All providers of voice and broadband services provide Lifeline discounts on a competitively neutral basis where they offer the service**
 - a. Provider participation is not tied to existing § 214 requirements, ETC designations, or high-cost program requirements. FCC establishes simple “Lifeline Provider” registration process.

- b. Each provider of eligible voice and broadband Internet access services, including resellers, must provide the Lifeline discounts to qualifying households only in areas where the provider offers the service(s).

2. Fully portable service discount maximizes consumer choice among voice and broadband services and service providers

a. *Services eligible for discounts:*

- o *Voice:* Any voice service/voice service package or bundle that includes access to emergency services via 911 dialing and access to TRS via 711 dialing. Customer may choose from any qualifying POTS, mobile wireless, or VoIP service.
- o *Broadband:* Any broadband Internet access service, at any service/usage tier, meeting the FCC's definition of "broadband." Customer may choose from any qualifying DSL, cable broadband, mobile wireless broadband, or satellite broadband service (if that is the only broadband available).

b. *Federally-subsidized discounts:*

- o *Lifeline:* The FCC should establish a flat, fixed dollar discount amount that can be applied to the retail price of one eligible voice service and one eligible broadband service a qualifying consumer chooses to purchase. For example, the Lifeline program could support \$10 off the monthly price of one voice connections and \$20 off the monthly price of one broadband Internet access connection per household from any provider or providers of the eligible services
- o *Link-Up:* A flat discount approach similar to the above can be adopted to account for non-recurring costs of service installation/initiation.

3. Streamlined national customer qualification processes safeguard consumers' privacy, maximize consumer choice, and minimize burdens on participating providers

- a. FCC establishes uniform nationwide criteria for customer eligibility for the Lifeline program
- b. States are responsible for administering process for determining customer eligibility (including periodic verifications).
- c. States assign each eligible customer a unique USAC-generated PIN to verify their eligibility for Lifeline.
- d. Customer may present PIN to any service provider to obtain discounts.
- e. USAC maintains a national database of PINs, tracking which ones have been used by customers in order to prevent redundant/duplicative support to customers.
- f. Provider gives discounts after verifying customer/PIN eligibility in database.
- g. Providers are reimbursed based on PINs served.
- h. Providers do not obtain consumers' sensitive income-related information.

- 4. The affordability of end-user computing devices should be addressed through a DTV converter box coupon-like program, outside of the Universal Service Fund**
- a. Section 254 does not provide the FCC with the authority to support devices through universal service funding. If the FCC concludes that broadband device subsidies are necessary to further its broadband objectives, it should work with other federal agencies to develop a program to support eligible devices via a “DTV Converter Box” like program
 - o Eligible consumers would receive a coupon that entitles them to purchase up to one device at a discounted rate from participating retailers or manufacturers.
 - o Eligible devices must be capable of browsing the Internet at a bandwidth level to be determined by the FCC.
 - o Such devices may include (but is not limited to) desktop computers, laptop computers, netbooks, or mobile wireless broadband Internet access capable devices.
 - b. Lifeline broadband service providers should not be required to provide discounted equipment, but like other retailers, may voluntarily participate in the coupon program.