

August 19, 2010

Marlene Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554



Re: Notice of *Ex Parte* Presentation
WC Docket No. 06-122 (USF Contribution Methodology)
WC Docket No. 10-90 (Connect America Fund)
GN Docket No. 10-127 (Broadband Framework)
GN Docket No. 09-51 (National Broadband Plan)
WC Docket No. 05-337 (High-Cost Universal Service Support)

Dear Ms. Dortch:

On Wednesday, August 18, 2010, I met with members of the Commission's Wireline Competition Bureau ("Bureau") to discuss potential reforms to Universal Service Fund ("USF") contribution methodology and various support mechanisms. Commission staff in attendance included Rebekah Goodheart, Associate Bureau Chief; Vickie Robinson, Deputy Division Chief of the Bureau's Telecommunications Access Policy Division ("Division"); and Nicholas Degani, Carol Pomponio, and Claudia Fox. Ms. Pomponio and Ms. Fox joined the meeting by telephone.

During the meeting, I discussed positions taken by Media Access Project (or "MAP") on behalf of various clients and in various Commission dockets concerning USF reform, and more specifically in dockets related to proposals for transitioning the fund to provide explicit support for broadband deployment and adoption. I noted that the views expressed during this meeting were MAP's own, and not necessarily the views of any particular client or clients on whose behalf MAP previously has filed comments. As I explained, MAP's clients and allies typically have concurred on major issues and broad principles for USF reform. However, I could not present the views of any coalition, client, or set of clients on many of the specific topics discussed during this meeting because of the complexity of the issues generally, and – more particularly – because MAP had not discussed contribution methodology reform proposals in depth with each such client or allied organization prior to this *ex parte* presentation.

Within the context of that understanding, I outlined MAP's position regarding the importance of the Commission's Broadband Framework proceeding for achieving all USF reform goals. The statute governing contributions does provide the Commission with flexibility to require contributions from providers of "interstate telecommunications" in addition to telecommunications carriers "if the public interest so requires." 47 U.S.C. § 254(d). Nevertheless, comprehensive reform of USF would best be grounded on classification of broadband Internet connectivity as a telecommunications service. In addition to its benefits more generally, such a decision would minimize the chance of an anomalous and undesirable outcome in which the Commission plausibly might require contributions from broadband providers but have no authority to provide explicit support for broadband deployment and adoption.

With respect to specific proposals for updating or revising contribution rules, MAP has in past submissions suggested that a numbers-based system might be preferable to the current one. That suggestion stemmed from the supposition that such a change might more accurately track developments in the marketplace than would a system of basing contributions entirely on revenues derived from telecommunications services or their equivalents. Depending on the outcome of the Broadband Framework proceeding and the regulatory status of broadband, it is conceivable either (i) that revenues from newly classified broadband connectivity telecommunications services might be assessed under the present methodology, or, alternatively, (ii) that revenues derived from non-broadband telecommunications services by telecommunications carriers could dwindle in the long term, depriving the fund of the resources needed to expand the availability of affordable broadband offerings.

Nevertheless, because of the unresolved status of the Broadband Framework proceeding and other factors, MAP cannot at the present time and in the abstract wholly endorse either a numbers-based or a revenue-based methodology. Such hesitancy is the result of the legal uncertainty discussed above and other variables. For example, Free Press recently summarized research (in an *ex parte* filing in WC Docket No. 06-122, submitted on August 10, 2010) countering the notion that there is any urgent need for immediate or drastic changes to contribution methodology. In that submission, Free Press noted that the assessable contributions base has remained relatively steady for the last five years; that the revenue assessment thus is not broken or as much in dire need of reform as are various disbursement mechanisms; and that shifting to a numbers- or connections-based assessment system that includes residential broadband and wireless subscribers in that base could dampen broadband adoption, as demand elasticity for broadband service remains high.

For these reasons, MAP is largely agnostic as to contribution reforms, pending careful review of specific language in proposals for retaining, updating, or revising the current system. Yet, while reserving judgment on specific proposals, MAP firmly believes that certain principles and policy goals should guide the selection and implementation of any such contribution methodology proposals. In sum, while contribution methodology must be equitable and predictable to comply with the mandates of Section 254, it also should not on balance discourage broadband adoption. Neither in any case should the contribution methodology increase the relative contribution burden passed through to providers' residential subscribers, nor promote more regressive assessments.

I discussed in less detail certain aspects of the Commission's pending Connect America Fund proceeding, responding to staff inquiries about the use of USF funds to support broadband and mobile wireless broadband deployment. In brief, I reiterated MAP's support for transitioning the high-cost fund in ways generally in line with proposals in the National Broadband Plan, but noted that MAP had been unable to participate – due to lack of resources, but not lack of keen interest – in the most recent comment periods in that proceeding.

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MAP submits this letter to the Secretary's office today pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b). Please contact the undersigned should you have any questions regarding this notification.

Respectfully submitted,

/s/ Matthew F. Wood

Matthew F. Wood
Associate Director
Media Access Project

cc: Rebekah Goodheart,
Vickie Robinson,
Nicholas Degani
Carol Pomponio
Claudia Fox