

December 6, 2011

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, SW
Room 8-B201
Washington, DC 20554

Re: ***Lifeline and Link Up Reform and Modernization***, WC Docket. No. 11-42;
Federal-State Joint Board on Universal Service, CC Docket No. 96-45;
Lifeline and Link Up, WC Docket No. 03-109

Dear Chairman Genachowski:

The National Consumers League¹ and Consumer Action² believe that payphones continue to play an important role in providing a needed communications link for millions of consumers and workers. It has come to our attention that the Commission is currently considering two petitions submitted by the American Public Communications Council (APCC) that would halt the imminent disappearance of the nation's payphone infrastructure and preserve the critical functionality that these telephones provide to consumers, particularly those with lower incomes.³

As consumers at all income levels have embraced mobile phones, payphones have increasingly been relegated into obsolescence. In 1999, there were approximately 76 million wireless subscribers and more than 2 million payphones in the U.S. As of June 2011, there were more than 322 million wireless subscribers and the number of payphones had dwindled to less than 500,000.⁴ NCL believes that the Commission correctly took the pro-consumer step of providing Universal Service Fund support to prepaid wireless Eligible

¹ The National Consumers League, founded in 1899, is America's pioneer consumer organization. Our mission is to protect and promote social and economic justice for consumers and workers in the United States and abroad. For more information, visit www.nclnet.org.

² Consumer Action is a San Francisco-based consumer advocacy and education organization that works through a national network of more than 8,000 community based organizations.

³ See American Public Communications Council, *Emergency Petition for Interim Relief to Prevent the Disappearance of Payphones*, CC Docket 96-45, WC Docket No. 03-109 (filed Dec. 6, 2010); American Public Communications Council, *Petition for Rulemaking to Provide Lifeline Support to Payphone Line Service*, CC Docket 96-45, WC Docket No. 03-109 (filed Dec. 6, 2010)

⁴ Sources: CTIA-The Wireless Association. "Backgroud on CTIA's Semi-Annual Wireless Indsutry Survey: Annualized Wireless Industry Survey Restuls – December 1985-June 2011," pg. 2. Online: http://files.ctia.org/pdf/CTIA_Survey_MY_2011_Graphics.pdf; American Public Communications Council, Inc. "FAQs about the Payphone Industry." Online: <http://apcc.net/i4a/pages/index.cfm?pageid=40>.

Telecommunications Carriers (ETCs). However, one consequence of this action has been to hasten the demise of payphones as an economically viable consumer communications technology.

While the FCC's decision to subsidize prepaid wireless service through the Lifeline and Link Up programs has helped millions of consumers access telephone service, we submit that these benefits are limited. For example, consumers may only purchase one Lifeline-subsidized prepaid handset per household. When the handset is taken out of the household or when a member of a household is away from the residence, the benefit of this subsidy is lost. In such a scenario, the availability of public payphones meets a critical need, particularly in emergency situations. NCL is also concerned that, absent a robust payphone network, workers without subsidized wireless telephones may not have access to communications service while on the job.

We are cognizant of the Commission's long-term goal of transitioning the Universal Service Fund away from supporting voice telephony to supporting broadband service. While we applaud this goal, we would note the Joint Board on Universal Service's recommendation that the Commission continue to support voice service during this transition, particularly in unserved and underserved areas.⁵ We would also note examples internationally where the payphone infrastructure has served as the basis for providing public wi-fi hotspots⁶ or augmenting existing cellular networks.⁷

The Communications Act of 1996 directed the Commission to "ensure the widespread deployment of payphone services to the benefit of the general public."⁸ While consumers are clearly less dependent on payphones today that they were when Congress gave this guidance to the Commission, we submit that millions of consumers continue to depend on payphones as a critical communications link. In furtherance of its universal service mission, we therefore believe it to be appropriate that Commission allow Universal Service Fund (USF) monies to support payphone service.

While we believe that the USF funds should support public payphones, we would urge the Commission to require payphone providers to keep qualifying payphones in good working order. For example, a recent report found that one in three payphones in the New York City subway system did not fully work in the summer of 2010.⁹

⁵ See, e.g. In the Matter of Federal-State Joint Board on Universal Service Lifeline and Link Up, Recommended Decision, CC Docket No. 96-45 and WC Docket No. 03-109, FCC 10J-3 (Nov. 4, 2010), ¶¶ 4 ("the Joint Board supports deployment and maintenance of broadband services in areas that are now unserved or underserved, although it remains important to continue support for existing voice networks").

⁶ Lornas, Natasha. "Nokia trials free wi-fi hotspots across London," Silicon.com. November 1, 2011. Online: <http://www.silicon.com/technology/networks/2011/11/01/nokia-trials-free-wi-fi-hotspots-across-london-39748172/>

⁷ Athow, Desire. "Vodafone To Use Outdoor Femtocells to Eliminate Notspots," ITProPortal. November 2, 2011. Online: <http://www.itproportal.com/2011/11/02/vodafone-use-outdoor-femtocells-eliminate-notspots/>

⁸ 47 U.S.C. § 276

⁹ New York Public Interest Research Group. "One in Three Payphones in the Underground Subway Stations Did Not Fully Work in the Summer of 2010, Survey Finds," Press Release. July 12, 2011. Online: <http://www.straphangers.org/phones11/>

To ensure that payphones may continue to provide a critical communications link for consumers, we therefore urge the Commission to grant the pending APCC petitions and allow USF funds to support payphone service.

Respectfully submitted,



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Executive Director
Consumer Action



Sally Greenberg
Executive Director
National Consumers League

cc: Commissioner Michael J. Copps
Commissioner Mignon Clyburn
Commissioner Robert M. McDowell
Marlene H. Dortch, Secretary