Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	

To: The Commission

REPLY COMMENTS OF THE
ALARM INDUSTRY COMMUNICATIONS COMMITTEE

The Alarm Industry Communications Committee ("AICC"), on behalf of its members, hereby submits the following reply comments on the *Further Notice of Proposed Rulemaking*[1] *("FNPRM")*, released April 30, 2012 in the above-captioned proceeding. AICC submits these comments to address certain proposals by the Commission to reform its universe service fund ("USF") contribution methodology. Specifically, AICC respectfully submits that whatever reforms the Commission ultimately adopts, it cannot and should not include alarm companies in the contribution base, and that any numbers-based or connections-based methodology would be inherently unfair to the alarm monitoring sector, where the related connection has disproportionately low usage characteristics.

[1] *In the Matter of Universal Service Contribution Methodology; A National Broadband Plan for Our Future*, Further Notice of Proposed Rulemaking, WC Docket No. 06-122, GN Docket No. 09-51; FCC 12-46, released April 30, 2012.

AICC is comprised of representatives of the Central Station Alarm Association (CSAA), Electronic Security Association (ESA), Security Industry Association (SIA),[2] Bosch Security Systems, Digital Monitoring Products, Digital Security Control, Telular Corp, Stanley Convergent (alarm division, formerly known as Honeywell Monitoring), Honeywell Security, Vector Security, Inc., ADT Security Services, Inc., AES- IntelliNet, Alarm.com, Bay Alarm, Intertek Testing, RSI Videofied, Security Network of America, United Central Control, AFA Protective Systems, Vivint (formerly APX Alarm), COPS Monitoring, DGA Security, Security Networks, Universal Atlantic Systems, Axis Communications, Interlogix, LogicMark, Napco Security, Alarm Detection, ASG Security, Protection One, Security Networks, Select Security, Inovonics, Linear Corp., Numerex, Tyco Integrated Security, FM Approvals, and the Underwriters Laboratories.

ESA and CSAA, representing the alarm monitoring and installation industry sector, collectively have 2434 member companies providing alarm service to the public. Together with these trade association members, AICC member companies protect a wide range of sensitive facilities and their occupants from fire, burglaries, sabotage and other emergencies. Protected facilities include government offices, power plants, hospitals, dam and water authorities, pharmaceutical plants, chemical plants, banks, schools and universities. In addition to these commercial and governmental applications, alarm companies protect a large and ever increasing number of residences and their occupants from fire, intruders, and carbon monoxide poisoning. Alarm companies also provide medical alert services in the event of medical emergencies.

[2] CSAA, ESA, SIA are trade associations comprised, respectively, of central station alarm monitoring centers who also install alarm systems, alarm installation companies who also provide alarm monitoring, and alarm manufacturing companies. Their memberships represent the majority of such companies operating in the United States.

Alarm services rely upon telecommunications services provided by third parties, but do not provide traditional public switched telephone network ("PSTN") connectivity. In the typical case, the triggered alarm device dials a predetermined number assigned to the alarm company and transmits information specified by the alarm. In most cases, the alarm panel makes use of the customer's own wireline connection to transmit the signal. This connection is not provided by the alarm company, but is instead obtained and paid for separately by the customer. Additionally, a growing sector of the industry uses wireless backup panels in addition to these wireline connections. In either case, however, the alarm panel cannot be used for traditional telecommunications services. In the case of the wireline connection, a customer uses his or her regular telephone service to complete calls; in the case of the wireless connection, traditional voice service is prohibited or impractical.

As demonstrated below, alarm companies are not "telecommunications carriers" and do not provide "interstate telecommunications." Rather, their services are enhanced services with no telecommunications component, and are therefore not within the ambit of contributors defined by §254(d) of the Telecommunications Act of 1934, as amended ("the Act"). Furthermore, any numbers- or connections-based methodology adopted by the Commission would unfairly burden services like alarm monitoring. Such services make only very limited use of the numbers and connections they use to provide service. Each of these points is discussed in turn.

I. <u>Alarm Companies Do Not Provide "Interstate Communications"</u>

Alarm transmissions do not constitute "telecommunications," as defined by §153(50).[3] Specifically, in order to be classified as providing "telecommunications," transmissions between

[3] 47 U.S.C. § 153(50).

protected premises and a central station would have to be provided "between or among points specified by the user, of information of the user's choosing."[4] Yet, as AICC has demonstrated in the past, typical alarm services allow for none of this.[5] Specifically, the transmission between the customer's premises and the alarm monitoring center is specified by the alarm company, and not the customer.[6] Nor is the information to be transmitted from the customer's premise of the customer's choosing, as the alarm devices are only able to transmit the information the manufacturer specifies.[7]

Alarm companies have long been classified as "enhanced service providers," and the services they provide have been classified as "enhanced services."[8] An enhanced service provider that does not provide domestic or international telecommunications is not a telecommunications carrier within the meaning of the Act.[9] This is also true in the case of machine-to-machine connections, on which the Commission also seeks comment.[10] While the alarm industry regularly employs machine-to-machine connections, any such use is still an enhanced service and not telecommunications. In short, the alarm industry makes use of telecommunications as part of its business, but does not provide telecommunications.[11]

Furthermore, there is no public interest benefit to be gained from assessing contributions on alarm services. In the *FNPRM*, the Commission relies upon the principle of competitive neutrality to propose to assess contributions "from entities that are not mandatory contributors,

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[4] 47 U.S.C. § 153(43)
[5] Reply Comments of the Alarm Industry Communications Committee, WC Docket No. 05-337, et al., filed December 22, 2008 ("AICC 2008 Reply").
[6] *Id*
[7] *Id*.
[8] *See Implementation of the Non-Accounting Safeguards of sections 271 and 272 of the Communications Act of 1934*, First Report and Order & FNPRM, FCC 96-489, at ¶102 (rel. Dec. 24, 1996).
[9] See, e.g., *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, First Report and Order, CC Docket Nos. 96-98 et al., 11 FCC Rcd 15499, ¶995 (1996) ("Competition Order").
[10] *FNPRM* at ¶87.
[11] AICC 2008 Reply at p 6.

but [which] benefit from access to the PSTN."[12] However, as AICC has demonstrated in the past, alarm monitoring services do not allow customers to make or receive calls to, or from, the PSTN.[13] Thus, alarm connections are only used in the alarm security application, and not in any way that resembles traditional use of the public switched network.

Against this background, AICC respectfully submits that it is not in the public interest to burden the alarm industry with USF contribution responsibilities traditionally reserved for carriers. Alarm companies do not provide telecommunications services, or any other service that remotely resembles that offered by common carriers or telecommunications carriers. In this regard, alarm services are fundamentally different than voice-over-internet-protocol ("VoIP") and enterprise communications services ("ECS"), on which the Commission also seeks comment. As the Commission recognizes, and as commenters in this proceeding have pointed out, both of these services may arguably amount to the provision of interstate telecommunications.[14] Further, both the Commission and commenters recognize these services may compete with other, similar services which are subject to USF contributions, creating competitive disparity and inequality.[15] As demonstrated above, however, there is no such ambiguity with regard to the alarm industry, which does not offer telecommunications and does not compete with telecommunications providers. On the contrary, the alarm industry's unique, principal mission is the protection of life, safety, and property; in fact, in light of their unique

[12] *FNPRM* at ¶35.
[13] AICC 2008 Reply at p 6.
[14] See, e.g., Comments of the National Telecommunications Cooperative Association, the Organization for the Promotion and Advancement of Small Telecommunications Companies, and the Western Telecommunications Alliance, WC Docket No. 06-122, GN Docket No. 09-51, filed July 9, 2012, at p 13; 25; see also *FNPRM* at ¶41.
[15] *Id.*

role, the alarm industry was carved out from former Bell Company entry as part of the Telecommunications Act of 1996.[16]

II. Numbers-based and Connections-based Methodologies are Inherently Unfair

The *FNPRM* specifically requests that alarm companies refresh the record with regard to whether they should be exempted from a numbers-based contribution methodology.[17] While AICC maintains that alarm companies should be exempted from **any** contribution methodology, a numbers-based (or, for that matter, connections-based) system of contribution would also be inherently unfair due to the infinitesimal usage most alarm connections see on a yearly basis. The average alarm number or connection is in use for seconds a year.

In an earlier proceeding on the proposal to implement a numbers-based contribution method, AICC demonstrated that the application of such a method to alarm companies was not only unlawful, but also impractical.[18] As discussed above, in the wireline context, alarm companies use the customer's own wireline connection to provide service. In the wireless context, alarm services may rely on a wireless connection between the customer's premise and the central monitoring station. In that case, however, the embedded telephone number is essentially irrelevant, as the wireless backup panel does not allow PSTN interconnectivity.

Moreover, any numbers-based contribution methodology would result in a grossly disproportionate increase in expense. As AICC demonstrated in 2008, the wireless backup sees as little as two seconds per month of service in the majority of cases.[19] This has not changed. At

[16] 47 USC §275.
[17] *FNPRM* at ¶351.
[18] AICC 2008 Reply at p 7-8.
[19] AICC 2008 Reply at 8.

the time, the Commission's proposal of an $0.85 contribution proportionately would have constituted nearly 70,000% of interstate revenue.[20] Even if the Commission were to implement, as it proposes, a lower percentage of the basic per number monthly assessment that applies to other numbers or connections, AICC respectfully submits that any numbers-based or connections-based rate contribution mechanism attributed to alarm company connections would still remain disproportionately burdensome. Such a methodology would be highly likely to shape the business decisions of alarm companies in the future, an outcome which the Commission has expressly sought to avoid.[21]

In this regard, AICC agrees with and supports the comments of OnStar, a provider of telematics which likewise makes comparatively negligible use per number or connection. As OnStar points out, "[a]lthough each vehicle equipped with OnStar's in-vehicle connectivity services is assigned a telephone number and requires a network connection, approximately 5.5 minutes of airtime per month per phone number is actually used for Telematics Service ... [c]onversely, the average monthly minutes used by standard wireless subscribers totals 824 – more than one hundred times the amount of minutes used by subscribers for OnStar's Telematics Service ..."[22] As with the alarm industry, the use of a flat rate contribution system simply does not work for services with relatively low usage numbers. Therefore, AICC urges that any numbers-based or contribution based methodology not be applied to alarm services.

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[20] *Id.*
[21] *In the Matter of Federal-State Joint Board on Universal Service,* Report and Order, CC Docket No. 96-45, 12 FCC Rcd 8776, 9183 (1997).
[22] Comments of OnStar, LLC, WC Docket No. 06-122, GN Docket No. 09-51, at p 7.

III. Conclusion

In light of the forgoing, AICC submits that no contribution methodology can fairly be applied to alarm companies. Alarm companies do not provide interstate telecommunications as defined by the Act; rather, alarm monitoring services are properly defined as enhanced services and have no telecommunications component. Second, no public interest benefit has been shown to exist from extending contribution assessments to alarm services, as alarm companies do not compete with any contributing entity, while at the same time providing an important public safety function. Finally, the Commission should not adopt either a numbers-based or connections-based contribution methodology to alarm services, as any such system would be inherently unfair, as discussed in these Reply Comments.

Respectfully submitted,

Alarm Industry Communications Committee

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