

August 6, 2012

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554



RE: WC Docket No. 06-122
GN Docket No. 09-51

Dear Secretary Dortch:

As members and supporters of the Keep USF Fair Coalition¹, many of us have been monitoring the FCC's activities regarding changes to the universal service funding ("USF") contribution mechanism for almost a decade.² We applaud your recent efforts to reform that program, and support the USF goals of connecting all Americans to the benefits of telecommunications services.

As we have done in the past,³ we continue to oppose the proposed substitutes for the revenues-based mechanism – basing assessments on telephone numbers or on network "connections." The use of a revenues-based method continues to be the fairest, most equitable approach for assessing contributions. We concur with other advocates,⁴ who have stated that using a connections-based or numbers-based approach would be unreasonable and would unfairly increase the contribution and ultimately the costs of telecommunications for millions of consumers, especially low-volume consumers and low-income consumers.

As advocates for low-income Americans, we also believe the Commission should not impose USF contribution obligations on consumers receiving Lifeline-supported service. Further, providers of non-billed services such as prepaid wireless services should not be required to contribute to the USF on revenues derived from those services unless the Commission is able to establish a collection mechanism which does not require that such providers fund their USF contributions from their own resources without being able to recover any portion of their contributions from consumers of their services. It seems unfair to place providers of such service who are unable to recover their USF contributions from consumers in the position of having to compete with those that have the ability through their billing mechanisms to recover their USF contributions from consumers. We fear that such an inequitable contribution methodology would unnecessarily increase those providers' costs of providing prepaid services, place them at a significant competitive disadvantage, and perhaps ultimately drive those providers out of the

1 Keep USF Fair is a coalition of nonprofit organizations dedicated to ensuring that the Universal Service Fund continues to meet the goal of assuring affordable communications service for all Americans. For more information, visit keepusffair.org.

2 Press release, "New Consumer Coalition Launches Campaign To Keep Collection Of Universal Service Fund Fair," <http://www.prnewswire.com/news-releases/new-consumer-coalition-launches-campaign-to-keep-collection-of-universal-service-fund-fair-72618577.html>.

3 Community Action Partnership (CAP), Consumer Action (CA), American Association of People with Disabilities (AAPD) and Rainbow/PUSH Coalition filing (April 2003): <http://apps.fcc.gov/ecfs/document/view?id=6513983110> and NCL filing (May 2003): <http://apps.fcc.gov/ecfs/document/view.action?id=6514086890>

4 AARP filing (July 2012) <http://apps.fcc.gov/ecfs/document/view?id=7021984638>; NASUCA filing, (July 2012): <http://apps.fcc.gov/ecfs/document/view?id=7021984638>

market. The unavailability of such prepaid services would create economic hardship for many low-income, low-volume consumers who rely on such services for affordable telecommunications. We are aware that some states successfully collect 911 and other state or local fees on prepaid services at the point of retail sale.

We also believe that it is appropriate to continue to require a separate line-item on consumer bills with the USF contribution. Consumers should know what they are paying for and be able to see the pass through fees charged, along with other state or local taxes.

Consumers who pay monthly bills as well as those who pay-as-they-go for prepaid services purchased at retail vendor locations deserve to know and understand what they are paying for and why. We think the FCC must ensure truth in billing and truth in purchasing, and support a line-item approach – on a bill or on a receipt at the time of a prepaid purchase. Please contact me at (703) 276-3251 or comments@keepusffair.org if you have any questions or need additional information.

Submitted respectfully,



Maureen Thompson, Executive Director
Keep USF Fair Coalition

On behalf of:

Richard Fiesta, Legislative Director
Alliance for Retired Americans⁵

Mac Haddow, Sr. Fellow, Public Policy
Alliance for Generational Equity⁶

Nan Brasmer, President
California Alliance for Retired Americans⁷

Don Mathis, President & CEO
Community Action Partnership⁸

Ken McEldowney, Executive Director
Consumer Action⁹

⁵ The Alliance for Retired Americans is a nationwide organization, founded in May 2001, with four million retired union members working together to make their voices heard in the laws, policies, politics, and institutions that shape the lives of older Americans, advocating a progressive political and social agenda that respects work and strengthens families, www.retiredamericans.org.

⁶ AGE is an advocacy group made up of people of each generation who are committed to raise their voices so that our elected officials at all levels of government will hear the concerns of real Americans.

⁷ The California Alliance for Retired Americans (CARA) is a statewide nonprofit organization that unites retired workers and community groups to win social and economic justice, full civil rights, and a better, more secure future for ourselves, our families, and future generations. CARA is the official state affiliate of the Alliance for Retired Americans.

⁸ The Community Action Partnership is the nonprofit, national membership organization representing the interests of the 1,100 Community Action Agencies (CAAs) across the country that annually help 20 million low-income Americans achieve economic security.

⁹ Founded in 1971, Consumer Action is a national non-profit education and advocacy organization serving more than 8,000 community-based organizations with training, educational modules, and multi-lingual consumer publications. For details, visit consumer-action.org.

Marceline White, Executive Director
Maryland Consumer Rights Coalition¹⁰

Sally Greenberg, Executive Director
National Consumers League¹¹

Grace Boatright, Legislative Director
National Grange¹²

Anita Aaron, Executive Director
World Institute on Disability¹³

¹⁰ The Maryland Consumer Rights Coalition (MCRC) advances and protects fairness and justice for Maryland consumers through research, education, and advocacy. For more information, visit Marylandconsumers.org.

¹¹ 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.

¹² Established in 1867, The National Grange, a nonpartisan, nonprofit fraternal organization, is the oldest agricultural and rural community service organization. With about 2,200 local chapters, the Grange has evolved into the nation's leading rural advocacy organization and a major benefactor to local communities. There are more than 160,000 members across the United States. For more information on the National Grange, visit our website at www.nationalgrange.org.

¹³ Based in Berkeley, California, the World Institute on Disability (WID) is an internationally recognized public policy center founded in 1983 by leaders of the Independent Living Movement. WID's program work focuses on issues and problems that directly affect people's ability to live full and independent lives. WID's mission is to eliminate barriers to full social integration and increase employment, economic security and health care for persons with disabilities.