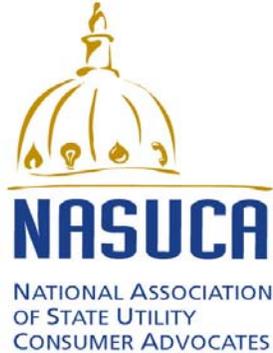




POLICY & ACTION FROM CONSUMER REPORTS



Consumer Federation of America



October 4, 2011

Chairman Julius Genachowski
Commissioner Michael J. Copps
Commissioner Robert M. McDowell
Commissioner Mignon Clyburn
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: WC Docket No. 10-90 (Connect America Fund)
GN Docket No. 09-51 (National Broadband Plan)
WC Docket No. 07-135 (Establishing Just & Reasonable Rates for LECs)
WC Docket No. 05-337 (High-Cost Universal Service Support)
CC Docket No. 01-92 (Developing United ICC Regime)
CC Docket No. 96-45 (Federal-State Joint Board on Universal Service)
WC Docket No. 03-109 (Lifeline and Link-Up)

Dear Chairman Genachowski and Commissioners:

AARP, Consumer Federation of America, Consumers Union, National Association of State Utility Consumer Advocates, and National Consumer Law Center write to you to express our serious concerns with the recent *Further Inquiry Into Certain Issues in the Universal Service-Intercarrier Compensation Transformation Proceeding*. We agree that the time has come to restructure the Universal Service Fund (USF) to ensure everyone has access to affordable broadband, but reduce the system's inefficiencies. However, the current industry sponsored proposal would harm consumers, especially the most vulnerable, including seniors and low-income households, many of whom are still struggling to adopt broadband. In particular, the industry plan would significantly and unfairly increase the cost of basic home phone service. Rather than moving ahead with the industry's "America's Broadband Connectivity" Plan (ABC Plan), we urge the Commission to reform USF in a way that better serves the public interest.

While the *Further Inquiry* raises many concerns, we are especially concerned that:

- **the proposal will increase the burden on consumers, especially at a time when they can least afford the extra costs.** The ABC Plan advocates for national increases in the

Subscriber Line Charge (SLC). The increases in the SLC are meant to offset reductions in revenue gained from Intercarrier Compensation (ICC) payments. However, neither the ABC Plan nor the *Further Inquiry* demonstrates that this revenue recovery, via the SLC, is justified. It is apparent, based on other proposals in the record, that reform is possible without increasing the burdens on consumers, especially in an already difficult economy. We urge the Commission to reform USF and ICC in a manner that will not increase the SLC. If a company can prove cost recovery is justified, we urge the Commission look at a more narrow approach to raise revenue rather than allowing companies to raise the SLC on a nation-wide basis.

- **the proposal does not allow for consumer protections or accountability.** The ABC Plan proposes that all Eligible Telecommunications Carrier requirements, Carrier of Last Resort obligations, and regulation of price cap carriers be eliminated, leaving consumers with no rights or protections when it comes to broadband service. Moreover, the ABC Plan does not provide for any mechanisms to ensure that USF funds would be used to provide affordable and high quality service. We urge the Commission to reform USF in a manner that will ensure that these public funds are in fact being used to provide affordable universal service.

For years, our organizations have been working to promote a vision of universal service for basic telephone service – and now broadband – so that all consumers can benefit from the tremendous opportunities provided by a basic communication service. While we recognize that USF reform is truly needed, we cannot accept the premise of the ABC Plan – that consumers, especially the most vulnerable, should bear the burden of increased costs while allowing the companies to maintain excessive profits with no oversight or accountability. Thus, rather than endorsing or pursuing the ABC Plan, the Commission should move forward on a plan that promotes the public interest and provides for affordable universal service.

Respectfully Submitted,

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