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CONSUMER/DISABILITY)
TELECOMMUNICATIONS ADVISORY)
COMMITTEE (CDTAC) MEETING)

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Washington, D.C. 20554

CONSUMER/DISABILITY)
TELECOMMUNICATIONS ADVISORY)
COMMITTEE (CDTAC) MEETING)

Commission Meeting Room
FCC Headquarters
445 12th Street, S.W.
Washington, D.C.

Monday,
August 6, 2001

PARTICIPANTS

SHIRLEY ROOKER, Committee Chair

From the FCC:

MARTHA CONTEE
MARGARET EGLER
SCOTT MARSHALL
KAREN PELTZ STRAUSS

Speakers:

ANITA CHENG
MICHAEL J. COPPS
MARSHA MacBRIDE
KEVIN J. MARTIN
K. DANE SNOWDEN

From Industry and other Interested Organizations:

RAYNA AYLWARD
MICHAEL BAER
BRENDA BATTAT
GIL BECKER
DANIEL BRENNER
JULIE CARROLL
ROBERT CHROSTOWSKI

PARTICIPANTS, Cont'd

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MATT KALTENBACH
KAREN FULLUM KIRSCH
ANDREW LANGE
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MILTON LITTLE, JR.
MARIE LONG
PAUL LUDWICK
KEN McELDOWNEY
BELINDA NELSON
SHELLEY NIXON
SUSAN PALMER
DAVE PIERCE
DAVID POEHLMAN
SHIRLEY ROOKER
LAURA RUBY
PAUL SCHROEDER
BOB SEGALMAN
JIM TOBIAS
MICAELA TUCKER
JUDITH VIERA
KAREN WALLS
ANDREA WILLIAMS

P R O C E E D I N G S

(9:05 a.m.)

1
2
3 MS. ROOKER: Thank you so much for coming to
4 Washington in this wonderful weather.

5 (Laughter.)

6 And we particularly did a good job for you this
7 week. It's really going to be bad tomorrow, you think
8 today's bad, especially for those of you who come from the
9 West Coast who delight in their lovely weather, well, we're
10 punishing you.

11 (Laughter.)

12 Actually, it's really astonishing that for a
13 meeting in August that we have so many people attending
14 today and we thank you.

15 There have been a few changes that we've had since
16 our last meeting. Lyla Locks is no longer with Quest. We
17 thank her for the time that she served on the committee.
18 She's starting her own business and we wish her luck there.

19 Micaela Tucker is not with us today but she's
20 joining us by conference call. Jim Tobias is going to Chair
21 the Disability Subcommittee Meeting today in her absence.

22 Now I would like to tell you something. The
23 Disabilities Subcommittee has really been busy this summer
24 and they've made a great deal of progress in arriving at
25 their list of priority issues for the committee, for their

1 proposal to the committee. Now if I'm being too subtle --

2 (Laughter.)

3 -- that is a hint for the other two subcommittees
4 that you have some work to do. So I've never been noted for
5 subtlety.

6 (Laughter.)

7 We have two newly appointed FCC Commissioners who
8 will be joining us this morning, Commissioners Michael Copps
9 and Kevin Martin. Commissioner Abernathy is traveling and
10 Chairman Powell is just back from travels and we're hoping
11 that he'll be joining us today if he has an opportunity.

12 Also, we're delighted to have Dane Snowden here.
13 This is his first meeting as a Consumer Information Bureau
14 Chief and we're delighted to see him. He'll be spending
15 most of the day with us unless the Chairman calls.

16 Now let's just -- I think if the Chairman calls
17 he'll probably leave. Now I'd like to go around the room
18 and let the people at the table just very briefly say your
19 name and the organization or company that you represent.
20 I'm Shirley Rooker and I'm the President of Call For Action.

21 MS. STRAUSS: Karen Peltz Strauss, Deputy Bureau
22 Chief of the Consumer Information Bureau.

23 MS. EGLER: Margaret Egler, Associate Bureau
24 Chief, Consumer Information Bureau.

25 MR. BRENNER: Daniel Brenner, National Cable and

1 Telecommunications Association.

2 MS. ALWARD: Rayna Alward, Executive Director of
3 the Mitsubishi Electric America Foundation.

4 MR. BECKER: Gil Becker, National Association for
5 State Relay Administration.

6 MR. SCHROEDER: Paul Schroeder, President of
7 Alliance Republic Technology.

8 MS. NIXON: Shelley Nixon from Cabrini College.

9 MS. NELSON: Belinda Nelson, Gila River
10 Telecommunications.

11 MS. PALMER: Susan Palmer, Cingular Wireless.

12 MR. TOBIAS: Jim Tobias, Inclusive Technologies,
13 Customer Accessibility Solutions and the International
14 Coalition of Access Engineers and Specialists.

15 MS. RUBY: Laura Ruby, Microsoft.

16 MS. CARROLL: Julie Carroll, The Information
17 Technology Technical Assistance and Training Center.

18 MR. ELLIS: Rich Ellis from Verizon.

19 MR. JACOBS: Steve Jacobs from Ideal at NCR.

20 MS. WILLIAMS: Andrea Williams from CTIA.

21 MS. LINKE-ELLIS: Nancy Linke-Ellis from TRIPOD
22 Captioned Films.

23 MR. GOLDBERG: Larry Goldberg from Media Access at
24 WGBH.

25 MR. CHROSTOWSKI: Rob Chrostowski representing

1 TIA.

2 MS. BATTAT: Brenda Battat from Self-Help for Hard
3 of Hearing People.

4 MR. LANGE: Any Lange from CSD.

5 MS. KIRSCH: Hi! I'm Karen Kirsch from the
6 National Association of Broadcasters.

7 MR. KALTENBACH: Matt Kaltenbach, Ericsson.

8 MR. SEGALMAN: Dr. Bob Segalman, Speech-To-Speech.

9 MR. BAKER: Chris Baker with AARP,

10 MS. WALLS: I'm Karen Walls with TRAC,
11 Telecommunications Research and Action Center.

12 MR. McELDOWNEY: Ken McEldowney from Consumer
13 Action.

14 MR. GASKINS: Joe Gaskins from ConnectBid.

15 MS. GRANT: Susan Grant, National Consumers
16 League.

17 MR. DelCasino: Mike DelCasino, AT&T.

18 MR. SNOWDEN: Dane Snowden, FCC.

19 MR. MARSHALL: Scott Marshall, FCC.

20 MS. ROOKER: Thank you and welcome.

21 I would like to thank some people for today's
22 meeting, Susan Palmer and Cingular Wireless for their
23 contribution making it possible for us to provide you a
24 continental breakfast and lunch today.

25 Also thanks to Steve Jacobs and NCR Ideal because

1 their contributions towards travel expenses for some members
2 of our committee have made it possible for those people to
3 attend.

4 Sprint also very generously contributed
5 teleconferencing services. Their representatives are not
6 with us today, but they made it possible for us to have
7 several telephone calls to develop the agenda today. So if
8 you don't like the agenda you can shoot Sprint.

9 The conference calls to the three subcommittee
10 Chairs, Micaela Tucker, Andrea Williams and Ken McEldowney
11 were very helpful in putting together today's agenda. You
12 can also blame them.

13 We would also like to thank Andrea and Ken for
14 their leadership with respect to the discussion that we're
15 going to have today on universal service. Andrea has
16 provided written -- some comments that she has received from
17 members of the committee on the issue that will be passed
18 out when we start the discussion.

19 We're being very ambitious for a new group in that
20 we're trying to reach a consensus and make recommendations
21 to the Commission on Universal Service Fund. That's the
22 good news. The bad news is that we're going to have to do
23 it today because of the time restraints on the Commission.
24 I don't know whether that will be possible or not but
25 certainly we have our work cut out for us.

1 So, consequently, we have a very tight agenda
2 today. I plan on using my gavel if necessary, not to hit
3 you but just to hit this lovely little thing in front of me.

4 Now I would also like to thank some people who
5 have done significant work on this committee for -- Karen
6 Peltz Strauss, who's the Deputy Bureau Chief of CIB; Janice
7 Wise for her marvelous work in the logistics and putting
8 things together for us; and there's so many FCC support
9 staffers, too many to mention, but thanks to all of you.
10 You've done great work and made it possible for us.

11 I'd also like to recognize Margaret Egler, who is
12 the Associate Bureau Chief for Policy. We are pleased that
13 she's joining us today and, of course, my special thanks to
14 Scott Marshall, who is such a delight for me as the Chair to
15 work with.

16 Scott is going to fill us in on today's meeting.

17 MR. MARSHALL: Thank you very much, Shirley. Good
18 morning and welcome to everyone.

19 I was given the awesome task of giving you the
20 details about the important things about this meeting. We
21 heard you last time and we're fully aware that there wasn't
22 enough coffee during the morning.

23 So since this group obviously runs on caffeine we
24 will have a coffee replenishment mid-morning and our box
25 lunch, again courtesy of Cingular, at noon. Hopefully, then

1 we'll be very much ready to go for developing
2 recommendations on universal service this afternoon and then
3 finishing our business late in the afternoon.

4 Restrooms, should you need them, are to my right
5 out of the door, the far most right to my right door of the
6 Commission room just straight across the hall, a few steps
7 forward, make a left and you have both men's and women's
8 rooms there.

9 Similarly, if you should need a telephone, right
10 out that same door and make a sharp left and go down the
11 hallway and you'll find public phones including a phone
12 that's TTY-equipped, which I didn't test on Friday and
13 Janice, who's my detail person, please remember to hit me
14 over the head if I don't do that next time.

15 If you have any needs during the day just ask one
16 of us. If you need any assistance with getting lunch,
17 getting something read. As Shirley indicated, we're going
18 to be processing a lot of information here today and we want
19 to make sure that all of the accommodations run well and
20 that your needs are met so that we can have a very
21 productive meeting. Thanks a lot.

22 Shirley?

23 MS. ROOKER: Okay. Thank you, Scott.

24 It gives me great pleasure to introduce Dane
25 Snowden to you. I had the pleasure of talking with Dane

1 earlier last week and I think he impressed me greatly. He's
2 the new Chief of the Consumer Information Bureau. He's
3 really jumped into his job. His goal is to represent the
4 issues of consumers.

5 Before joining the FCC he was Vice President of
6 Mission Fish.com. He was also Vice President with America's
7 Promise and he has a long list of impressive
8 accomplishments, but why don't we let him speak for himself?

9 So join me and welcome Dane Snowden.

10 (Applause.)

11 MR. SNOWDEN: Thank you, Shirley.

12 They told me that I was supposed to speak from
13 here that's why I'm following my directions explicitly.

14 (Laughter.)

15 On behalf of the Commission and the Consumer
16 Information Bureau I want to welcome you here today for the
17 second meeting of the Consumer/Disability Telecommunications
18 Advisory Committee.

19 I thank you for coming and for your time both here
20 today and for the time you give when you are in meetings
21 outside of our scheduled meetings here. Our heartfelt
22 thanks are in order to Shirley, who has been the Chair of
23 this Committee, for her continued leadership, and to Scott
24 Marshall, who among many things has kept me in line and has
25 also pulled together a great team of FCC staff to ensure

1 that we have a successful meeting today. So thank you both
2 for that.

3 I'm happy to acknowledge two of our newest
4 Commissioners who will be joining us today, Commissioner
5 Copps and Commissioner Martin. Their participation
6 underscores the importance of the Committee's work in a way
7 that little else could. Their participation also includes
8 and indicates a strong signal that consumer issues are a
9 central concern to them specifically and to the FCC as a
10 whole.

11 During the inaugural meeting in March it became
12 especially clear that the Commission should regularly and
13 deliberately make information available to the community and
14 to this committee, as well, and to the general public.

15 Since that meeting we have created a consumer
16 information e-mail service for the public and have also
17 created a special list for the Advisory Committee, to whom
18 we now forward a variety of informational materials
19 including announcements, articles, speeches, press releases
20 and public notices.

21 To prepare for this second meeting there have been
22 two teleconferences, as Shirley mentioned, with the
23 subcommittee Chairs to develop the agenda, which include
24 several items that the Committee requested back in March.

25 I should also mention that one of the advisory

1 subcommittees, as Shirley said also, the Access by People
2 With Disabilities group has already established a list of
3 priorities to govern its discussions and activities. If I
4 could join Shirley, I will put my pitch in to encourage the
5 other two subcommittees to do the same.

6 Of course, the essence of an Advisory Committee
7 like this one is two-way communication. We will continue to
8 ask for your ideas and comments on significant issues before
9 the Commission and, in turn, we will consider your
10 recommendations when we make policy.

11 It will be our goal to also provide you with the
12 flow of information you need to understand the Commission,
13 our process, and to keep you up to date on areas requiring
14 subject matter expertise.

15 On today's agenda, Anita Cheng, who is the
16 Assistant Chief for Accounting Policy Division in the Common
17 Carrier Bureau, will provide an overview of proposals for
18 contributions to the Universal Service Fund or USF. It is
19 our plan to have subject matter experts like Anita from the
20 Commission available to provide current information on
21 significant topics at every meeting.

22 In addition, Marsha MacBride, Chairman Powell's
23 Chief of Staff, will join us to outline the Chairman's
24 consumer policy and other challenges facing the Commission.

25 Finally, I want to emphasize our plans in the

1 Consumer Information Bureau in the coming months to
2 proactively work with a broad group of consumers not just
3 the telecommunications professionals inside the Beltway, but
4 the average American whom the Commission is here to serve.

5 We intend to broaden our reach to include all
6 consumers, even those who up to now have only seen the
7 letters "FCC" somewhere on their telephone bill or on the
8 metal tag of their computers. We want everyone to know who
9 we are, what is available to them and what we as an agency
10 can do to serve the public interest. In other words, we
11 want to widen our tent to connect and share important
12 information to the consuming American public.

13 Right at the top of my list of things to
14 accomplish this year is to make the abstraction of the
15 Universal Service Fund into a concrete reality for people
16 who are entitled to take part in the USF lifeline and link-
17 up programs but who do not know what the programs are or how
18 to take advantage of them. You can be assured when you make
19 your recommendations today we'll be listening.

20 With the converging of so many technologies today
21 coupled with the competitive marketplace it will be
22 essential that the Consumer Information Bureau have an
23 aggressive outreach focus to our colleagues within the FCC,
24 the industry, the states and, of course, consumers
25 themselves.

1 It is also important that we increase our policy
2 focus within the Bureau. I will count on this Advisory
3 Committee to help me in accomplishing this plan.

4 Before I turn the proceedings over to Commissioner
5 Copps I want to mention that I spoke with both Chairman
6 Powell and Commissioner Abernathy, who couldn't be here
7 today. They send their regrets and are confident that their
8 fellow Commissioners will convey the importance, all five
9 Commissioners consider your contributions to the Advisory
10 Committee.

11 Commissioner Michael Copps joined the Commission
12 earlier this spring and he brings with him a wealth of
13 experience in various areas, especially commerce.
14 Commissioner Copps was Assistant Secretary of Commerce for
15 Trade Development at the Department of Commerce before
16 coming to the FCC and he has emphasized many times the value
17 he perceives in partnerships between government and
18 industry.

19 It is my pleasure to introduce Commissioner Copps.
20 (Applause.)

21 COMMISSIONER COPPS: Thank you, Dane, and good
22 morning.

23 On behalf of Chairman Powell and all of the
24 Commissioners and all of staff I want to welcome each and
25 every one of you here to the FCC. Normally I really do

1 prefer to sit at the table but since Shirley was threatening
2 everybody with being physically damaged with that gavel I
3 guess I'm happy I'm up here.

4 (Laughter.)

5 I'm looking forward to working with this group and
6 working with the other Advisory Committees to the FCC during
7 my tenure here. I don't say that lightly. I am a huge
8 believer in the value of partnership, stakeholder outreach,
9 private sector/public sector, working much more closely
10 together.

11 I did have the privilege at the Department of
12 Commerce to have responsibility for all of our 17 industry
13 sector advisory groups there including information
14 technologies and e-commerce. We had four industry
15 functional advisory groups and the input of those groups was
16 absolutely critical to the work we were doing in
17 international trade.

18 I can't imagine what a North American Free Trade
19 Agreement or an Uruguay Round or any trade agreement would
20 look like if it was just left to government to negotiate it
21 without the input of business, without the input of all of
22 the stakeholders. So I think you're doing critical work and
23 I want to be a part of that.

24 I hope we'll get to see the product of your
25 deliberations as they unfold. I know you report directly I

1 think to the Chairman but I trust that all of the
2 Commissioners have access to whatever you're doing and full
3 entre to what you are doing.

4 I guess I'd just offer one piece of advice, this
5 is such a huge multi-faceted, multi-dimensional industry as
6 I am finding more and more every day. Even the items of
7 jurisdiction under this advisory group are so widespread, so
8 multi-faceted, that you can't address them all.

9 So my word of advice I guess to the group and to
10 the working groups that constitute the task force is to make
11 sure you priorities very carefully, don't bite off too much,
12 pick a couple of things to do each year, two or three or
13 four or whatever it is, get them done, focus on those. Keep
14 the spotlight on those. I think it's much more effective
15 that way than trying to address everything and not being
16 able to make too much progress.

17 I very much like the focus particularly of this
18 advisory group. I like the outreach to non-traditional
19 stakeholders. Non-traditional stakeholders can sometimes,
20 very frankly, complicate the life of an advisory group, make
21 the achievement of consensus occasionally more difficult.
22 But in the final analysis, all Americans are stakeholders in
23 this great telecommunications revolution. We need all of
24 their input. We need all of their best thinking and advice
25 and counsel.

1 So I'm happy to see that we have representation
2 out here from not only traditional stakeholders but non-
3 traditional stakeholders, as well. Frankly, the way some
4 parts of industry wail and flail at each other I don't know
5 that adding some non-traditional voices really complicates
6 matters all that much.

7 (Laughter.)

8 So I'm delighted to see that. I very much like
9 the focus on disability issues. The first speech and the
10 first outing I made as Commissioner here about five or six
11 weeks ago was to go to Sioux Falls, South Dakota for the
12 telecommunications for the deaf and communications services
13 for the deaf meetings out there.

14 I was tremendously impressed at what I saw and I
15 was also kind of hit over the head when I found out that the
16 unemployment rate among the deaf and hard of hearing was
17 something in the order of 75 percent, which I found just
18 about incomprehensible.

19 But I was tremendously impressed just at seeing
20 the -- two things I guess impressed me; (1) was the
21 determination and the commitment of the community to get
22 some changes made and to make sure that all Americans were
23 taking part in the telecommunications revolution; and (2)
24 was the promise of the new technology that I saw out there
25 which I think just has so much potential for improving the

1 lives and allowing the maximum input of the talents of the
2 deaf and hard of hearing to this country of ours. So I was
3 really moved by that experience.

4 I would just note that in October I think -- isn't
5 it Karen? October 10th?

6 MS. STRAUSS: Yes.

7 COMMISSIONER COPPS: When we're having the
8 conference and the exposition here at the FCC. I'm sure
9 many of you will be back for that.

10 What I told the folks out in South Dakota was when
11 you come don't come alone, bring some of your community
12 leaders with you. Come a day or two ahead of time and go up
13 to the Hill. Write them before you come and ask your
14 Congressman and Senators or their staff people to come down
15 here and listen to you, to get an understanding of your
16 problems and your issues and the solutions that you're
17 talking about and let them see the technology, let them see
18 what they ought to be encouraging and creating an atmosphere
19 to encourage.

20 So I think that could be a red letter day, a
21 really big day, for that particular community and for all
22 the work you're doing in consumer outreach if we really plan
23 that right leading up to the 10th of October and get folks
24 down here and really publicize what we're doing.

25 So much of this is a question of outreach, it's

1 how do we get the word out? How do we get the word of the
2 problem out? How do we get the word of the solutions out?
3 I can think of no better group to come up answers to those
4 problems and challenges than this particular one.

5 We're delighted to have you here. You have a lot
6 of people working very hard in this Commission with Karen
7 and her group and people throughout and all of the
8 Commissioners, too, I think who want to be of assistance.
9 So I'm looking forward to working with you. I'm delighted
10 you're here today and I hope I'll have the benefit of seeing
11 you many times in the months and years ahead.

12 Thanks a lot.

13 (Applause.)

14 MR. SNOWDEN: Thank you, Commissioner Copps.

15 Right on schedule is Commissioner Martin. I
16 should mention that Commissioner Tristani, who is very
17 familiar to this group here, was unable to join us and she
18 has been, as many of you all know and everyone in the
19 Commission, a strong supporter of this advisory group in the
20 work that this advisory group has been doing for the past
21 couple of months. Actually before this was even an advisory
22 group, she has been a strong supporter.

23 Commissioner Michael Copps has just joined us. He
24 has joined the Commission as -- excuse me -- not Michael
25 Copps -- Commissioner Martin has recently just joined us

1 this past spring having recently been at the White House as
2 a Special Assistant to the President for Economic Policy.

3 He is a familiar face around the FCC having served
4 as an advisor to former Commissioner Furchgott-Roth. It is
5 my pleasure to introduce Commissioner Martin.

6 (Applause.)

7 COMMISSIONER MARTIN: Good morning everybody.

8 I just wanted to really come and welcome everyone
9 here and introduce myself and tell everyone how much I
10 appreciate all of the work that they are doing and how
11 important it is the role that you all play.

12 The issues of making sure that everyone has as
13 much access to telecommunications as possible is one that
14 everyone here at that Commission is committed to. I think
15 it's important that the guidance that you all provide for us
16 and how we can be approaching the issues is critical to our
17 implementation of that.

18 I know that everyone, as I said, at the Commission
19 is committed to it. This is one issue in which there isn't
20 any divisions among the Commissioners, it's only a question
21 of what things we can do to try to accomplish that.

22 So, again, I really just wanted to come today to
23 make sure I had the opportunity to introduce myself and to
24 thank you all for all of your efforts and hard work. Thank
25 you.

1 (Applause.)

2 MR. SNOWDEN: I'm sure on behalf of the Advisory
3 Committee we thank both of you for taking time out of your
4 schedules. We know that you have a busy day today so we
5 appreciate the time you have given us and we look forward to
6 working with you throughout the coming months as time goes
7 on.

8 With that, I turn the meeting back over to you,
9 Shirley.

10 MS. ROOKER: Thank you, Dane. Thank you,
11 Commissioners Copps and Martin for joining us this morning.

12 Let's go to our minutes. The next agenda item is
13 the minutes of the March meeting, but before we get to that
14 Karen Peltz Strauss will give you a brief overview of the
15 meeting that was referred to by Commissioner Copps.

16 MS. STRAUSS: Thank you, Commissioner Copps and
17 Commissioner Martin for --

18 MS. ROOKER: Not on mike.

19 MS. STRAUSS: I'm on now, okay. Thank you for
20 your remarks and thank you, Dane.

21 I just wanted to let you know that on October
22 10th, as Commissioner Copps mentioned, we are going to be
23 having another forum at the Commission, a sort of
24 forum/conference/workshop/exhibition on telecommunications
25 relay services.

1 The day will be devoted to talking about outreach
2 for 711 access. As you know, that's access to relay
3 services nationwide through the 711 digits, as well as
4 quality issues, as well as new technologies including
5 technology that involves the use of captioning and relay
6 services, a kind of a joint venture.

7 IP relay, that's internet telephony relay. We're
8 still exploring the different technologies that we want to
9 look at but one of the things that we will definitely be
10 having is an exhibition hall with 25 to 30 exhibitors with
11 all kinds of new technologies. Not only relay service
12 technologies, but various technologies to enhance
13 telecommunications accessibility.

14 We welcome you all and hope that as many of you as
15 are here can attend and bring your friends and colleagues.
16 Thank you.

17 MS. ROOKER: Thank you, Karen.

18 I would like to first make sure that the phone is
19 working. We have Kathleen, David and Micaela on the phone.
20 Are you there?

21 MS. TUCKER: Yes. This is Micaela.

22 MS. ROOKER: Hi, Micaela.

23 Anybody else on the phone?

24 (No response.)

25 MS. ROOKER: Not yet? Okay. We hope they'll be

1 joining us a little bit later.

2 But at any rate, the next item of business is the
3 minutes of the March meeting, which I believe they have been
4 mailed to you and they're also in today's packet.

5 At this time I would entertain any suggestions,
6 amendments, or what have you to the minutes.

7 Yes, Steve?

8 MR. JACOBS: I'm not on. Now I am. Just one
9 minor correction. I believe in the beginning of the notes
10 it mentions -- it refers to ADA where it should refer to
11 Section 255.

12 MS. ROOKER: Okay.

13 MR. JACOBS: I don't have my minutes in front of
14 me but --

15 MS. ROOKER: Okay.

16 Brenda?

17 MS. BATTAT: It's on page two, paragraph one, two,
18 three, four down.

19 MR. JACOBS: Thank you.

20 MS. BATTAT: Section 255 of the ADA instead of
21 Section 255 of the Telecom Act.

22 MS. ROOKER: Okay. Do we have that --

23 MR. JACOBS: Right. Just a minor correction. I
24 have it.

25 MS. ROOKER: All right. That's been duly noted.

1 MR. JACOBS: That's it.

2 MS. ROOKER: Do we have any other comments?

3 A PARTICIPANT: Yes. Is there a prize for someone
4 who finds a typo?

5 (Laughter.)

6 MS. ROOKER: Typos? My goodness! There is.
7 We're having a competition later.

8 (Laughter.)

9 A PARTICIPANT: I believe on page six at the
10 beginning of the first paragraph is that -- are we talking
11 about conservation or conversation?

12 (Laughter.)

13 MS. ROOKER: Okay. Do we have any other comments
14 on the minutes?

15 Yes, Susan?

16 MS. GRANT: I think there was some discussion
17 about wanting some feedback from the Commissioners to the
18 recommendations and discussions that we have at the
19 meetings.

20 I note that in the minutes that we have in the
21 meetings I note that in the minutes it refers to the
22 possibility of having meetings with the Commissioners but in
23 addition to that I believe that the suggestion was made that
24 if there was some way of getting their reaction it wouldn't
25 necessarily have to be a meeting with them to accomplish

1 that. That it would be very helpful for us and I don't see
2 that reflected here.

3 MS. ROOKER: Okay.

4 We have three items; a typo, a reference to the
5 ADA Section and to the feedback from the Commissioners on
6 Susan. I think those things probably need to be put in the
7 form of a motion to amend the minutes.

8 Do I hear a motion?

9 A PARTICIPANT: So moved.

10 A PARTICIPANT: So moved.

11 MS. ROOKER: Second?

12 All right. With those amendments do we hear a
13 motion to accept the minutes?

14 A PARTICIPANT: So moved.

15 MS. ROOKER: Okay. Seconded. All say aye.

16 ALL: Aye.

17 MS. ROOKER: Any opposed?

18 (No response.)

19 Okay. We got the minutes through. Thank you.

20 Now to another order of the item of business,
21 which is the Committee membership.

22 You're probably aware that when this Committee was
23 being formed that I think there were 80 some individuals and
24 groups and companies that applied for membership on the
25 Committee and the process ended up with 40 people becoming

1 members. That was done some time ago.

2 There have been three applications for membership
3 on the Committee. They are U.S. Telecomm Association, the
4 League for the Hard of Hearing and Siemens. It's our
5 responsibility -- I'm sorry --

6 A PARTICIPANT: Sorry.

7 MS. ROOKER: Oh, excuse me.

8 It is our responsibility to recommend to the Chair
9 whether we -- the Chairman whether we think these
10 applications should be accepted. There are a number of
11 things to consider, size, the timeliness of the nominations
12 or the applications and also keeping in mind that we're here
13 for two years. When those two years up the Committee will
14 be reformed.

15 So, at any rate, I put those things out to you but
16 what I would like to do is open the floor for discussion to
17 hear from the various panel members, Committee members.

18 Ken?

19 MR. KALTENBACH: Yes, Shirley. Thank you. Am I
20 on or off?

21 A PARTICIPANT: You're on.

22 MR. KALTENBACH: I am? Okay.

23 Yeah, I mean I think that certainly we would
24 benefit from sort of the comments from the folks who -- you
25 know, who applied to be on the Committee as well as we

1 probably would have benefitted from the 35 or 40 groups and
2 companies that applied before who wanted to get on.

3 I guess what my real concern here is that I think
4 that the Commission staff and the Commission itself went
5 through a very lengthy process in terms of soliciting people
6 who wanted to apply to be on the Committee and then a
7 selection process to end up with a group that's sort of
8 really very well -- you know, sort of reflected the various
9 interests.

10 I guess I would, upon reflection, oppose adding
11 new groups right now especially since, in essence, there's a
12 waiting list of some 35 entities that applied by the
13 deadline to be on this Committee. I think that to accept
14 these three new groups without, you know, accepting the ones
15 that are on the waiting list I think would be inappropriate.

16 So I think that my suggestion I guess to the
17 Commissioner would be that we should keep the Committee
18 membership as it is. If any vacancies occur that we could
19 consider replacing them from folks who are on the waiting
20 list, but certainly two years from now when it's
21 reconstituted not only the people on the waiting list but
22 the people who have now applied could be considered for
23 membership.

24 MS. ROOKER: Okay. Thank you, Ken.

25 Larry?

1 MR. GOLDBERG: I guess I'd like to provide a
2 counterpoint to that in that I know quite well at least two
3 of the members who have -- two people who have asked to join
4 the Committee and I think we know from many of us who are on
5 such Advisory Committees a lot of the work is done by
6 collection of five or six very energetic individuals with
7 less occasional contributions from many others.

8 So the organizations that are looking to join in
9 are also individuals who by their own histories and
10 experiences could contribute quite a bit to the work this
11 Committee is doing. I would actually recommend being more
12 inclusive and opening up to those applicants having made the
13 effort to come here, want to join in. I think they'll
14 provide some additional energies to the work we're doing.

15 MS. ROOKER: Okay. Thank you.

16 Jim?

17 MR. TOBIAS: I'm going to try to split the
18 difference between Ken and Larry and see if I can slide in
19 there. I think I'd like to thank the Chair for recognizing
20 the contributions that we've had electronically on the
21 disability subcommittee.

22 I'd like to turn the focus away from formal
23 membership on the Committee to the view that what we should
24 be doing is opening up the proceedings of the Committee and
25 the ability to contribute much more broadly and especially

1 using electronic media to do that.

2 I'd like to see the existence of this Committee
3 and its subcommittees be disseminated widely and requests
4 for comments from the public actively solicited. You know,
5 there are many of us who don't have the opportunity to live
6 in the charming weather that the Washington, D.C. area
7 affords us and they have, you know, many useful and relevant
8 things to say.

9 So I would -- I guess I would speak against
10 changing the size or the membership of the Committee, but as
11 I think we've already seen from some of the people who are
12 applying, more actively involve them in the activity of the
13 subcommittees and the Committee as a whole.

14 MS. ROOKER: Thank you, Jim. Some interesting
15 thoughts.

16 Susan?

17 MS. GRANT: That is an interesting idea, to
18 include non-members of the Committee where they can be
19 helpful to the subcommittees in their work.

20 I have an overall concern about the makeup of the
21 Council even as it stands now. There are -- there's a
22 majority of one in terms of consumer/disability versus
23 industry. I don't mean any offense to the present or
24 potential industry members, who I think make really valuable
25 contributions to this council, but it is the Consumer and

1 Disability Advisory Council.

2 I think that it should have a stronger majority
3 than it even has now of consumer and disability groups,
4 especially since it appears that we're going to be voting on
5 policy issues. So my objection to these applicants is that
6 it would shift the balance of the Committee.

7 MS. ROOKER: Okay. Thank you, Susan.

8 Do we have other comments? Who have we got down
9 here?

10 Paul?

11 MR. SCHROEDER: Thanks. Paul Schroeder. I would
12 concur with both of these comments. I would very much like
13 to see us work to include more voices in our subcommittee
14 deliberations and I strongly agree with Susan, that we're
15 already -- if I were looking to rebalance the council I
16 probably would want us to do an overall examination of that
17 and look at what groups are adequately represented and which
18 ones perhaps aren't.

19 Much as I know these individuals, at least two of
20 them would bring a great deal to our deliberations as a
21 council. I know they would also bring a great deal to the
22 subcommittees, which is I think where we can most make use
23 of them.

24 The reality is that in terms of people and
25 representation those concerns are adequately represented on

1 the council at least in numbers. Now we will decide whether
2 those people are adequate representatives of those
3 interests. But they're here and I think if we're going to
4 start looking at making recommendations to the Chair and the
5 Commission about membership in the council we should
6 probably do it on a more deliberate basis and take a look at
7 what groups are adequately represented.

8 Do we have an adequate consumer and disability
9 representations, for starters? Then what segments of the
10 industry are not adequately represented here?

11 MS. ROOKER: Thank you, Paul.

12 Paul brings up an interesting point because we are
13 required to have a balance on the Committee, so that is a
14 consideration.

15 Also, one thing that Scott was reminding me that I
16 would like to point out is that the LIST SERVS are open to
17 everyone. If you want to be a member of -- be on the LIST
18 SERV for any of the subcommittees you can do so. I think
19 you only have to let Scott know and he's the magician who
20 makes it happen.

21 So I would invite any of you who want to -- if
22 you're on one subcommittee and you want to participate I've
23 been -- I'm on all three. My e-mail's very busy, especially
24 from the disabilities community subcommittee.

25 But at any rate, I would invite you -- keeping

1 that in mind, anyone, you don't have to be a member of the
2 Committee to participate in this LIST SERVS.

3 All right. Let's welcome more comments.

4 Rich?

5 MR. ELLIS: I find myself very conflicted here.

6 At first glance I thought this Committee was too big to
7 begin with even though with the all the great people around
8 the table it's just a lot of people to discuss things.

9 So my first inclination was to keep the Committee
10 membership where it was, but on further reflection, you
11 know, speaking from the industry point of view, I think that
12 the USTA membership application deserves some support and
13 some consideration. USTA represents telecom companies small
14 and large and I think they would bring a valuable
15 perspective to our discussions here.

16 I agree with Susan that we would have a good mix
17 of consumers but I also think it's good to have industry
18 represented fully and USTA would bring balanced
19 representation of the industry side.

20 MS. ROOKER: Thank you, Rich.

21 Karen was just reminding me, also, that anyone can
22 participate in the subcommittee meetings, they are open.

23 So -- have I got that correct?

24 MS. STRAUSS: Yes.

25 MS. ROOKER: Yeah. Okay. So I want to make

1 certain that we understand that nothing is closed, that it
2 is open for anyone who wants to participate, so -- but that
3 doesn't finish the issue here before us.

4 Now do we have other comments?

5 MS. O'REILLY: This is Kathleen O'Reilly. Could
6 you tell me where on the agenda you are at this point?

7 MS. ROOKER: Yes. We're at the point where we're
8 talking about the acceptance of three new applicants for
9 membership to the Committee and we're just going around the
10 room getting comments on that.

11 The three applicants are U.S. Telecom Association,
12 League for the Hard of Hearing and Seimans.

13 MS. O'REILLY: All right. I'll wait for my turn.
14 Thank you.

15 MS. ROOKER: Oh. If you have a comment, Kathleen,
16 go ahead and make it in terms of the membership.

17 MS. O'REILLY: Yes. In reviewing both the
18 original charter and the FACA statute and so forth and the
19 definition of balance.

20 I guess the question I have is that given the
21 mission of what is clearly designated a consumer and
22 disability committee I had not expressed any concerns at the
23 first meeting about the participants who were from industry
24 because it was really clear from their participation that
25 they brought to the table a technological expertise on

1 issues related to equipment and very specific disability
2 talent that we could very well benefit from.

3 My experience in the subcommittee was that those
4 industry participants by their comments and by their votes
5 seem to understand and be committed to the more narrow
6 consumer disability goals of the Committee.

7 I'm, on the other hand, quite concerned about this
8 application from USTA because I think it really challenges
9 us to take a different look at what balance is intended to
10 be and how we would navigate conflict of interest concerns
11 because I would ask that at a minimum the USTA member or any
12 other industry member who is not there merely because of
13 their technological expertise on disability issues help us
14 understand how they would be able to vote on issues where it
15 may be in the interest of the consumer community -- you
16 know, community or the disability community to take a
17 particular position.

18 But that would be a position very much at odds
19 with their own employer. So that is one approach to it.

20 Another approach is in my view the balance
21 identified in the Telecom Act and balance is often
22 interpreted by NIH committees and Justice Department
23 committees is looking more for balance within the
24 participation of that committee.

25 So, for example, this being a consumer and

1 disability telecommunications committee I would say that the
2 balance being strived for is a balance of consumer points of
3 view and disability points of view to make sure all of the
4 various disabilities are included and that the various
5 consumer sectors.

6 So I would argue that at the front end it's
7 questionable whether industry should have been brought into
8 this Committee at all. But again, based on my very positive
9 experience on that front from the first meeting my concern
10 now is more narrow and I think it's something that is going
11 to represent a real challenge to the Committee if we intend
12 to be and hope to be effective.

13 MS. ROOKER: Thank you, Kathleen.

14 Yes, Bob Segalman?

15 MR. SEGALMAN: I want to echo Kathleen. I'm very
16 concerned that the overrepresentation of industry on the
17 Committee --

18 MS. ROOKER: You're not on the mike. I'm sorry.
19 Let's see if we can get that fixed. It just went out. It
20 was humming. Okay. Thank you.

21 MR. SEGALMAN: I'd like to echo Kathleen, that I'm
22 very concerned about the overrepresentation of industry on
23 the Committee.

24 MS. O'REILLY: I'm sorry. Who is speaking?

25 MR. SEGALMAN: Because it puts a big burden on the

1 consumers and the disability people. We have to speak much
2 more often and much louder to make sure that there is a
3 balance. If we had more disability people it would be
4 easier on those disability people. Thank you.

5 MS. ROOKER: Thank you, Bob.

6 Do we have other comments?

7 Susan Palmer?

8 MS. PALMER: I just -- okay. Am I up? Okay.
9 Great.

10 I just wanted to approach this as a pragmatist. I
11 do have concerns that the Committee is very large now. I
12 also believe that the people who are applying are great
13 individuals, they have a lot of background and I think that
14 their work in a subcommittee would be fantastic.

15 In terms of consumer representation, I don't know
16 a wimp among this group. So I'm hoping that people feel
17 perfectly comfortable.

18 I would rather spend more time moving forward on
19 issues. I'm concerned that if every meeting we're trying to
20 add new people and we're trying to rebalance it it could
21 become a powerplay and I don't want to be in that situation
22 because I think we have good representatives who are
23 committed to the issues here.

24 I do, however, want to echo Jim's encouragement
25 for outside participants in the subcommittee. We know that

1 that's where the majority of the work is done, but I don't
2 want to come back every meeting and say, "Okay. How can we
3 balance this in one favor or another?" I don't think that
4 this is what this group wants to deal with.

5 So if we could -- you know, my suggestion is we
6 keep the larger group as it is, that we keep the
7 subcommittees as open. If people have concerns that they're
8 not being balanced or there's too much push one way or
9 another that we take responsibility for addressing that and
10 raising the level of awareness for whatever group we're
11 representing or on whatever side of an issue we have and
12 move on.

13 MS. ROOKER: Thank you, Susan. Very provocative.
14 Andrea?

15 MS. WILLIAMS: I have been quietly sitting here
16 listening to comments in terms of whether we should broaden
17 the Committee, Advisory Committee; whether we should have
18 one type of committee members more than the other.

19 I agree with Susan in terms of the purpose of this
20 Committee is to advise. It is not a situation I don't
21 believe where there would be powerplay. I decided to be on
22 this Committee because I thought and CTI thought that this
23 was going to be a Committee where there would be sharing of
24 information.

25 It's a little -- I find it a little disconcerting

1 to think that we can sit here around this table and discuss
2 telecom issues and not have telecom industry representatives
3 on the Committee in terms of the balance.

4 You know, for the last let's say 25 years it has
5 been an us versus them, consumers versus industry. I think
6 one of the things that we have found in the wireless
7 industry is it doesn't have to be that way. It doesn't have
8 to be us versus them. It can be a partnership that can work
9 very, very effectively. Yes, we may not always agree, but
10 there are areas that we can agree on and those are the areas
11 that we should push forward as an advisory committee.

12 I know this afternoon when we talk about Universal
13 Service Fund there may be areas where we're so diametrically
14 opposed and in those areas we may never come to consensus.
15 To be perfectly honest with you, I wouldn't want to waste
16 the Committee's valuable time and efforts on that area where
17 we are diametrically opposed.

18 But let's do spend the time on areas where we can
19 come together with some consensus because at the end of the
20 day what the Commission wants is advice, not just from
21 consumers, not just from industry, but from all of the
22 stakeholders.

23 For those areas where there can be consensus it
24 makes the Commission's job that much easier that they only
25 have to deal with the really, really tough issues.

1 In terms of rebalancing the advisory committee, I,
2 too, agree right now. I had some concerns because this
3 Committee is very large. I suggest that in terms of
4 subcommittees that that, as everyone has noted, is where the
5 work gets done and that those who have applied for
6 membership consider being participants, active participants,
7 on the subcommittees. Thank you.

8 MS. ROOKER: Thank you, Andrea.

9 Brenda?

10 MS. BATTAT: I also --

11 MS. ROOKER: It will turn on. Just --

12 MS. BATTAT: Is that working?

13 MS. ROOKER: Yes.

14 MS. BATTAT: I also support work on the
15 subcommittee, particularly the three groups that have
16 applied. The industry person has a tremendous amount of
17 background in the whole Section 255 area and that's a very
18 good example of where consumers and industry work together
19 and learned a lot from one another. I really hope that that
20 particular person will participate in the subcommittee
21 because he can bring a lot of the background.

22 The other -- the league is a consumer stakeholder
23 that maybe we don't have represented here, which is a
24 service provider. I think most of the other consumer groups
25 here are consumer grassroots organizations, but we don't

1 have a service provider represented and the league would
2 bring that perspective.

3 So I very much hope -- and USTA, of course, brings
4 another perspective from the smaller industry telephone
5 companies. So I really hope that they will actively
6 participate. I don't see how we can get anybody else around
7 this table if you decide to expand the Committee. Can you
8 give us a little more --

9 (Laughter.)

10 -- a little more space?

11 MS. ROOKER: Yes.

12 Just a minute , Karen has a comment.

13 MS. STRAUSS: I just wanted to clarify that there
14 actually are service providers on the Committee, the caption
15 centered WGBH, and Maryland Relay. I might be missing any
16 other -- any others, but there are at least those two.

17 A PARTICIPANT: National --

18 MS. STRAUSS: And Tripod Caption Films is also --

19 A PARTICIPANT: Yeah.

20 MS. STRAUSS: And CERT Communications Services for
21 the Deaf.

22 MS. ROOKER: Matt?

23 MR. KALTENBACH: Matt Kaltenbach., Ericsson.

24 My comments primarily revolve around the process
25 and the procedure I think this committee should be following

1 to achieve its goals which is going to be to create an
2 inclusive process for everyone.

3 My own personal feelings in terms of the numbers
4 are that I don't see how this Committee could get any
5 larger, at least from a steering committee perspective. I
6 think that the existing number is adequate to accomplish its
7 work goals and that the mission at hand is for us to all
8 forge together as a steering and management committee to
9 enact a process where we can include all of the others in
10 this process.

11 I think that the structure, however, does need
12 some flexibility and maybe that does occur more at the
13 subcommittee level, as Andrea had pointed out.

14 Over two or three years of time there's going to
15 be some form of a process we're going to create which is
16 going to result in a productive environment where we
17 generate our Committee's work. It's only in the process and
18 the procedures that we're going to be able to document the
19 methodologies we want to use, approve and manage those
20 processes and move forward.

21 So I'd like to propose that the issues that we're
22 bringing up here in terms of membership, the issues in terms
23 of the participation, the roles and the rights of the people
24 in both subcommittee and in the central committee should be
25 -- would be best handled in a subcommittee, which is more

1 administrative in context.

2 By taking those types of issues off-line,
3 isolating them and giving them a separate authority then we
4 could be more productive by not necessarily having to gel or
5 consolidate those ideas or balances, but by simply reading
6 the recommendations of that subcommittee we would be able to
7 not just handle new admissions but also new procedural and
8 process changes so that the Committee over a factor of two
9 or three years could evolve in its precision and its
10 effectiveness and its productivity.

11 MS. ROOKER: Okay. Thank you, Matt.

12 Ken?

13 MR. McELDOWNEY: Yeah. I guess it seems like
14 we're moving toward a consensus here. I think I would -- I
15 guess we move and make motions and things. I guess I would
16 move that we recommend to Commissioner Powell that these
17 three applications be denied, but noting that both they and
18 the other entities on the waiting list are encouraged to
19 take part on the subcommittee level through the LIST SERVS.

20 MS. ROOKER: We have a motion on the floor that we
21 deny the membership, but encourage these applicants to
22 participate in the subcommittee process on the LIST SERVS
23 and so on.

24 I guess I need to recognize that motion and ask if
25 that's -- there's a second to it.

1 A PARTICIPANT: Second.

2 A PARTICIPANT: Second.

3 MS. ROOKER: Okay. Then I think we'll put the
4 motion to a vote.

5 MS. O'REILLY: Could I raise a question before you
6 put that to a vote? I was not aware that there was a motion
7 on the floor.

8 MS. ROOKER: Okay.

9 MS. O'REILLY: Has there been any discussion about
10 the distinction between voting and non-voting at the
11 subcommittee versus the full committee level?

12 My confusion is that if the subcommittees are
13 going to be bringing recommendations to the full committee
14 is that somewhat a distinction without a difference then?

15 MS. ROOKER: I can't answer that question.

16 MS. STRAUSS: I think I can answer it.

17 MS. ROOKER: Karen will answer that.

18 MS. STRAUSS: At least I can take a stab at it.

19 The way it works is that the subcommittees within the
20 subcommittees can decide, as you just said, to bring an
21 issue to the full committee. However, if you're not a
22 member of the full committee then you do not have a vote.

23 So, in other words, the subcommittees can bring
24 any suggestions or recommendations to be final to the full
25 committee but then you have to be an actual member,

1 appointed member or designated member, of the full committee
2 in order to have a vote. Does that answer your question?

3 MS. O'REILLY: It does and it satisfies me. Thank
4 you, Karen.

5 MS. ROOKER: Okay. Matt, you have a follow-up
6 comment?

7 MR. KALTENBACH: As a point of order I think
8 before we vote on this motion we should open the floor up
9 for discussions on the motion.

10 MS. ROOKER: Okay. You're absolutely right.
11 Who would like to discuss the motion? Who do we have?
12 Rayna?

13 MS. ALWARD: I'm not sure this is directly related
14 to the motion itself, but I did want to make sure that a
15 certain point of view that came out in this discussion was
16 addressed and that I think is something I've heard in many
17 different fora from the view of the disability community
18 versus -- and I say the word "versus" industry.

19 I'm speaking from the point of view of sort of
20 straddling both fields because I represent a foundation, a
21 charitable foundation, that works in the disability field,
22 but it's also sponsored by a corporation in the
23 telecommunications field.

24 I would think that we need to keep in mind that
25 what we are about here is what is achievable? We may have

1 ideals and goals and we may share them, but we're also
2 dealing in the reality of a market economy and companies
3 that need to be able to stay alive. So I don't think it's
4 necessarily an us versus them in that there's a definite
5 viewpoint on the part of any industry group in saying, "You
6 know, we want to get away with the least possible."

7 But just to keep in mind that whatever we come up
8 with here, the FCC in its strongest mandates can only go so
9 far in making change. What we want to do is to really
10 encourage more than just strict compliance with the law, we
11 want to encourage an openness and an actual proactive
12 attitude on the part of industry which I think this gives us
13 a unique forum to be able to discuss.

14 So I would hope that there is not -- that the
15 disability representatives here do not feel that they're
16 sitting at all on the other side of the table from the
17 industry. I think my industry colleagues would agree with
18 that.

19 By the way, there are people around the table that
20 are not just representing their companies but are
21 individuals very committed to what we're talking about and
22 they are in the position to be leaders in the field.

23 MS. ROOKER: Thank you. Do we have other comments
24 on the motion? Vernon?

25 MR. JAMES: Yeah. I've got a concern regarding

1 subcommittees and its makeup. I'm looking at a subcommittee
2 that may be --

3 A PARTICIPANT: I'm sorry. Can people --

4 A PARTICIPANT: Who are you?

5 MS. ROOKER: Vernon James.

6 A PARTICIPANT: Vernon James.

7 MR. JAMES: I didn't realize I needed a mike.

8 (Laughter.)

9 Good morning. My name is Vernon James and I'm
10 with the San Carlos Apache Tribe. I represent the Health
11 and Human Services Department for the tribe. I'm the
12 Executive Director there. I also Chaired the San Carlos
13 Apache Telecommunications Utilities, Incorporation.

14 My concern is with the subcommittee and a comment
15 made about having telecommunication representatives from the
16 industry at this subcommittee. I'm a little concerned that
17 there may be too many representatives at that subcommittee
18 and may be overpowering those of us who represent the
19 disability consumer viewpoint. I'm a little -- again, a
20 little concerned. When -- I don't know -- maybe there
21 shouldn't be that concern but I needed to reflect that, I
22 needed to say this. Thank you.

23 MS. ROOKER: Thank you very much. Further
24 comments?

25 MR. KALTENBACH: In terms of comments made to the

1 -- this is Matt Kaltenbach, Ericsson. I'm sorry.

2 In terms of comments on the motion on the floor,
3 I'm in favor of actually denying the motion in lieu of
4 creating a secondary motion which would push this into an
5 administrative subcommittee which, of course, would require
6 the creation of an administrative subcommittee.

7 (Laughter.)

8 MS. ROOKER: Okay.

9 MR. KALTENBACH: But I think that the fact that
10 this committee at this juncture in its foundling stages
11 maybe shouldn't be taking such actions in terms of
12 inclusiveness or exclusiveness, but more in terms of
13 procedures and points of order to make the process start to
14 function and work.

15 By delegating these issues to a subcommittee we
16 would have a process where we could handle these issues,
17 take them off the plate and focus more on telecommunications
18 issues.

19 MS. ROOKER: I believe that we'll have to take a
20 vote on that motion before we can consider yours. Am I
21 correct, procedurally?

22 MR. KALTENBACH; And I think that was going to be
23 my second motion. My second motion was basically to set up
24 an administrative thing that I had an idea for but let's --

25 MS. ROOKER: Okay.

1 MR. KALTENBACH: -- let's get this one out of the
2 way.

3 MS. ROOKER: We had another comment.

4 Belinda has a comment. We're going to have to
5 come to some resolution here shortly.

6 MS. NELSON: Right.

7 MS. ROOKER: Belinda, your comment will be the
8 last comment.

9 MS. NELSON: Thank you, Shirley. This is Belinda
10 Nelson from Gila River Telecommunications in Arizona.

11 I am sitting on a fence I guess, so to speak,
12 because I do represent the unserved and the undeserved
13 population of America, but also as a general manager for a
14 telephone company.

15 Many times at my local level I'm both trying to
16 educate the consumer, my subscribership and also explain,
17 you know, the issues that a telecommunications company faces
18 in serving these consumers.

19 So what I see here happening at that meeting
20 happens at my home many times, but I do know that USTA has
21 represented subscribers very well. In fact, they did a
22 campaign and inquiry and survey on enhanced lifeline among
23 their membership and they're very proactive from a
24 subscriber standpoint. So I do have to say that on behalf
25 of USTA. Thank you.

1 MS. ROOKER: That you cannot vote both ways.

2 (Laughter.)

3 All right. All right. I think we have a motion
4 on the floor which has been discussed, that motion is to
5 vote to not accept these applications but to make the
6 recommendation rather to the Chair -- the Commissioner that
7 these applications not be accepted but that they participate
8 in the subcommittee process. Am I -- is that stated
9 accurately?

10 A PARTICIPANT: Yes.

11 MS. ROOKER: All right.

12 A PARTICIPANT: Wait a minute. Wait a minute.
13 They don't have votes.

14 MS. ROOKER: And they don't have votes.

15 A PARTICIPANT: On the full committee.

16 MS. ROOKER: On the full committee. But they will
17 have full input and access to LIST SERV. Okay. That is the
18 motion that has been made. I believe it has been seconded,
19 is that correct?

20 A PARTICIPANT: Right.

21 MS. ROOKER: All right. So now we're going to put
22 a vote. I would ask for a show of hands for all people who
23 are members or the alternates representing the Board. If
24 you're an alternate or the member, one vote for each
25 membership.

1 We will count it and -- so now we will have the
2 vote for those in favor of the motion to deny membership,
3 which is it? Okay. We're going to have somebody help me
4 count.

5 MS. GRANT: And, Shirley, you're going to have to
6 ask on the phone, as well.

7 MS. ROOKER: Yes. And Kathleen and Micaela?

8 MS. O'REILLY: Mm-hmm.

9 MS. ROOKER: You all are there? Which way do you
10 want to vote?

11 MS. O'REILLY: I'm in favor of the motion.

12 MS. ROOKER: You're in favor? Kathleen's in favor
13 of the motion. Micaela, how about you?

14 MS. TUCKER: I'm in favor of the motion.

15 MS. ROOKER: Okay. So that's two that are on the
16 phone. All right. And we're counting here.

17 (Pause.)

18 I count 25.

19 MS. GRANT: Plus the two on the phone.

20 MS. ROOKER: Plus the two on the phone.

21 MS. GRANT: That's what I got.

22 MS. ROOKER: Which is 27.

23 MS. GRANT: Right.

24 MS. ROOKER: Okay. And those opposed?

25 (Pause.)

1 Okay. The motion is accepted by a vote of the
2 Committee. Consequently, the recommendation will be made to
3 the Commissioner that these memberships not be accepted but
4 that they participate at the subcommittee level.

5 Are we here?

6 MR. ELLIS: For point of order.

7 MS. ROOKER: Yes, Rich?

8 MR. ELLIS: Just to make sure everybody knows the
9 full scale, could you please announce the votes pro and con
10 on all issues?

11 MS. ROOKER: Yes. There were 27 votes for the
12 motion and five against it.

13 A PARTICIPANT: And were there any abstains?

14 MS. ROOKER: And any abstains? One abstain. No.
15 Okay.

16 MR. McELDOWNEY: Shirley?

17 MS. ROOKER: Yes, Ken?

18 MR. McELDOWNEY: I guess I'd like to move that we
19 establish the administrative committee that would be the
20 committee Chairs plus Shirley to handle sort of
21 administrative items like this and other things so that the
22 body itself can handle more policy issues.

23 MR. KALTENBACH: I send the motion.

24 MS. ROOKER: Okay. Matt, do you have a comment?

25 MR. KALTENBACH: No. I seconded the motion.

1 MS. ROOKER: Oh, I'm sorry. Okay.

2 MS. ROOKER: The motion --

3 MS. O'REILLY: This is Kathleen O'Reilly. I'm not
4 sure, Ken, what you mean by handle. Does that mean resolve
5 or bring a recommendation to the Committee?

6 I think some of the administrative issues go to
7 the heart of our mission, our priorities. I'm reluctant to
8 have those decisions made by others.

9 MS. ROOKER: That's a good point. Other
10 discussion?

11 MS. TUCKER: This is Micaela. I agree with
12 Kathleen.

13 MS. ROOKER: Yes. Paul Schroeder?

14 MR. SCHROEDER: Yeah. I would concur and I don't
15 know that the subcommittee Chairs -- I'm not sure that
16 that's representative of the Committee as whole, in
17 particular.

18 MS. ROOKER: Okay. Larry?

19 MR. GOLDBERG: Just to add in another negative, I
20 think we probably have enough subcommittees, taskforce,
21 working groups and bureaucracy here. Another one might not
22 really be needed.

23 (Laughter.)

24 MS. ROOKER: And, Shelley, do you have a comment?

25 MS. NIXON: I want to make a motion that all

1 future applications or just go through some really --
2 vacancy.

3 MS. ROOKER: Okay. Unless there's a vacancy that
4 all applications simply go to that they can be a member of
5 the subcommittee Chair. Now where are we? Can somebody
6 tell me?

7 MS. STRAUSS: We have a motion on the table.

8 MS. ROOKER: We have a motion on the table from
9 Ken to establish an extra Committee that was seconded. I'd
10 like to have the vote on that, please. All in favor of that
11 motion?

12 MS. CARROLL: Point of order.

13 MS. ROOKER: Yes.

14 MS. CARROLL: Madame Chairman --

15 MS. ROOKER: Hi, Julie!

16 MS. CARROLL: -- I think questions were raised for
17 point of clarification that weren't clarified.

18 MS. ROOKER: Okay.

19 MS. CARROLL: What is the intention of the role of
20 this Committee?

21 MS. ROOKER: Good point. Ken?

22 MR. McELDOWNNEY: Well, it's very confusing. It's
23 because we've been meeting, for example, you know things
24 about the agenda the committee Chairs and Shirley are
25 already handling.

1 So I guess I was thinking of it being Shirley's
2 sort of administrative stuff and not policy-related. I like
3 Shelley's, you know, subsequent motion in terms of sending
4 all the ones, you know, just basically denying them up
5 front.

6 I just think there's some almost housekeeping type
7 things that, you know, probably can be, you know, dealt with
8 separately outside of the Committee, but I think I would
9 sort of leave it up to Shirley to determine the ones that
10 were sort of policy that needed to be brought to the full
11 committee.

12 MS. ROOKER: Okay. So we've got a motion that we
13 establish an administrative subcommittee. We need to take a
14 vote on that. All in favor say aye? Raise your hand.

15 (Pause.)

16 Okay. Against?

17 (Pause.)

18 I do believe the motion has been defeated. Okay.
19 Do we have --

20 MS. O'REILLY: I'm against, just for the record.

21 MS. ROOKER: Yes.

22 I'm sorry. Kathleen and Micaela, what are your
23 votes?

24 MS. O'REILLY: Against.

25 MS. ROOKER: Against. Okay. And Micaela.

1 MS. TUCKER: This is Micaela. Against.

2 MS. ROOKER: Yes.

3 MS. O'REILLY: And for the future, as a point of
4 order, before a vote is taken could we at least entertain a
5 motion to close discussion so we know that that's the end?

6 MS. ROOKER: Sure. Sure. Somebody remind me to
7 do that. That would be great. Thank you, Kathleen.

8 MS. O'REILLY: Mm-hmm.

9 MS. ROOKER: Now we have another motion. What is
10 the other motion that's on the floor? That is Shelley's
11 motion which had not been seconded.

12 Do we have a second to Shelley's motion that
13 future applications for membership go directly to the
14 Chairman with the recommendation of the Committee?

15 A PARTICIPANT: The subcommittee.

16 MS. ROOKER: That they go to the subcommittees and
17 that our recommendation would be to the Chairman that we not
18 include them as voting members? Is that correct?

19 MS. PALMER: I think there is also a statement
20 about whether that if there is a vacancy that would be the
21 exception.

22 MS. ROOKER: Yes, that is correct. If there's a
23 vacancy that would be an exception and that would constitute
24 a member being accepted onto the Board -- the Committee.
25 Rich?

1 MR. ELLIS: Well, in discussion I'm not clear how
2 the Committee is structured. If I were to leave tomorrow
3 does that create a vacancy for anyone or does that create a
4 vacancy for Verizon to fill again?

5 MS. ROOKER: That's a good question.

6 MR. MARSHALL; I can speak to that.

7 MS. ROOKER: Scott will --

8 MR. MARSHALL: Yes. If you were to -- you're
9 representing Verizon, which -- and we're actually facing the
10 situation right now with Quest, whose representative is no
11 longer working for Quest. Quest is continuing on the
12 Committee and needs to designate its representative.

13 We do have provisions in the operating protocols
14 right now about vacancies. I think they address the issue
15 of making recommendations to the Chairman with respect to
16 filling a vacancy. Let me see if I can find the provision
17 here.

18 (Pause.)

19 Go ahead. I'll --

20 MS. ROOKER: I would like to also say, Kathleen,
21 thank you for your recommendations to our operating
22 protocols. They are going to be distributed to the
23 Committee members and we would like to discuss them, review
24 them and bring them up at the November meeting if that's
25 okay with you, Kathleen?

1 MS. O'REILLY: Yes. I had assumed that we would
2 be taking up a variety of protocol issues at the November
3 meeting and not today.

4 MS. ROOKER: Okay. Thank you so much. We
5 appreciate your work. Those will be distributed to you.

6 Okay. Now where are we? We're at the point where
7 we need -- yes, Bob?

8 MR. CHROSTOWSKI: Bob Chrostowski.

9 I'd like to make an amendment to that motion. The
10 amendment is that the applications be reviewed by the
11 subcommittee who then make their recommendations for the
12 full committee and their vote.

13 MS. ROOKER: The applications be reviewed by
14 subcommittee --

15 MR. CHROSTOWSKI: The motion, as I understand it,
16 was that any application for membership to the full
17 Committee be sent to the subcommittee.

18 A PARTICIPANT: No.

19 MS. ROOKER: No. That's not accurate.

20 MR. CHROSTOWSKI: Then can I have --

21 MS. ROOKER: No. The subcommittee was not going
22 to make a recommendation on membership. These people were
23 going to be invited to join the appropriate subcommittee --

24 MR. CHROSTOWSKI: Oh, I'm sorry. I misunderstood
25 --

1 MS. ROOKER: -- or subcommittees.

2 MR. CHROSTOWSKI; -- I misunderstood because --

3 A PARTICIPANT: I did, too.

4 MR. CHROSTOWSKI: -- maybe -- can we have a
5 reading again of what the actual motion was?

6 MS. ROOKER: Shame on you, Bob, for reading.

7 Thank you very much.

8 MR. CHROSTOWSKI: Okay.

9 MS. ROOKER: Shelley made the motion that future
10 members of applications for membership be referred to ask
11 that they be -- that the indication be made, that they could
12 serve on subcommittees, on LIST SERVS, etcetera, but they
13 would not be voting members of the Committee. Is that
14 accurate?

15 MS. ROOKER: Okay. All right.

16 MS. NIXON: Shirley?

17 MS. ROOKER: Now we need to table this motion and
18 move on because our speaker is here and we've got to get
19 into the Universal Service issues.

20 We need to take a vote on Shelley's motion. Has
21 that been seconded? Did someone second it?

22 A PARTICIPANT: Yes.

23 MS. ROOKER: Yes. And it has been seconded. All
24 in favor of Shelley's motion -- we need to move to close the
25 discussion.

1 A PARTICIPANT: Exactly.

2 MS. ROOKER: Can we take a vote?

3 MS. O'REILLY: I move to close the discussion.

4 MS. ROOKER: Thank you, Kathleen.

5 A PARTICIPANT: I second.

6 MS. ROOKER: Accepted? Yes.

7 All right. We're going to take a vote. Are you
8 in favor of Shelley's motion? All in favor?

9 A PARTICIPANT: Aye.

10 MS. ROOKER: I think there's confusion about the
11 motion.

12 A PARTICIPANT: Can you restate the motion?

13 MS. ROOKER: All right.

14 If I'm stating this incorrectly, Shelley, please
15 forgive me. The statement was is that when there are future
16 applications to the Committee, that instead of being
17 accepted as membership to the Committee that they be
18 referred to subcommittees where they can participate, their
19 voices can be heard, they can serve on one or more
20 subcommittees and they can be on the LIST SERVS, but they
21 would not be recommended as members. All right.

22 MS. STRAUSS: Unless there's a vacancy.

23 MS. ROOKER: Unless there's a vacancy. In the
24 vacancy's case that would be the person from the corporation
25 would be replaced by another member from that corporation or

1 association, etcetera. Now I mean Shelley needs to speak
2 for herself. Thank you.

3 MS. NIXON: I really don't care whether we motion
4 pass or -- is just kind of discussions -- where we stand
5 approximately and that our -- over -- this type of stuff.

6 MS. ROOKER: Yes, I understand that. Thank you,
7 Shelley.

8 All right. We have the motion on the floor. It's
9 been seconded.

10 MS. STRAUSS: The motion for discussion --

11 MS. ROOKER: Yes. The motion for discussion to close
12 it has passed. We need to vote. May I see a show of hands
13 who accept Shelley's motion and put them up high, please, so
14 we can count them.

15 (Pause.)

16 I think that's the majority. Could we see those
17 opposed?

18 (Pause.)

19 Opposed? Abstentions? Okay. Shelley's motion
20 has been --

21 Kathleen and Micaela, how about you guys?

22 MS. O'REILLY; I'm in favor of the motion.

23 MS. ROOKER: You favor it?

24 MS. TUCKER; Micaela Tucker's in favor of the
25 motion.

1 MS. ROOKER: Okay. Thank you very much. The
2 motion is accepted as approved. Thank you very much. Now
3 we need to move on.

4 (Pause.)

5 The FCC's notice of proposed rulemaking on
6 financing Universal Service Fund is our topic of
7 conversation. Andrea Williams has put together for us the
8 comments that she has gotten from a number of members of the
9 Committee and that is being passed out to you I believe as
10 we speak.

11 Anita Cheng is with us today. She's the Assistant
12 Division Chief of the FCC's Account Policy Division which
13 oversees the Universal Service Fund. She also has two of
14 her colleagues with her.

15 Ms. Cheng has been with the FCC since 1995. Her
16 two colleagues are joining her today. They will be
17 available for -- to fill in questions. Please join me in
18 welcoming Anita Cheng.

19 (Applause.)

20 MS. CHENG: Thank you. I should point out that I
21 only have one of my colleagues here today. This is Greg
22 Guice over to my left. Paul Garnett is actually stuck
23 somewhere in Boston this morning. So he won't be joining us
24 unless he gets lucky with a flight.

25 As I said, I'm Anita Cheng. I'm the Assistant

1 Chief of the Accounting Policy Division in the Common
2 Carrier Bureau of the FCC. In short, I'm one of the people
3 that works on the Universal Service Fund.

4 Today I'm going to talk to you about the Universal
5 Service Fund, what it is, what it does, where the money
6 comes from and why we at the FCC think that the system may
7 need to be changed.

8 The Universal Service Fund is a fund that helps to
9 promote telephone and telecommunications service to all of
10 the people in America including those people that live in
11 rural areas or that have low incomes.

12 The Universal Service Fund is one central fund
13 that pays out to four mechanisms or programs, the high-cost
14 program; the low-income program; the schools and libraries
15 program, which is also called E-Rate, and the rural
16 healthcare program.

17 The high-cost program provides discounts to
18 telephone companies who provide service in areas of the
19 country where the cost of providing service is very high.
20 The low-income program provides discounts to consumers with
21 low incomes who might otherwise be able to afford telephone
22 service. The E-Rate program enables schools and libraries
23 to get discounts on telephone service, internet access and
24 internal wiring for these services.

25 Finally, the rural healthcare program enables

1 healthcare providers in rural areas to have access to such
2 things as telemedicine for the same costs as their
3 counterparts in urban areas.

4 We've seen a lot of success with the Universal
5 Service Fund. For example, when we started the E-Rate
6 program in 1997 less than 20 percent of the nation's poorest
7 schools were connected to the internet. As of the year
8 2000, however, over 60 percent of these poorest schools are
9 connected to the internet.

10 As another example, our Native American population
11 is grossly underserved. Of the nationwide penetration rate
12 is well above 90 -- well, a little bit above 94 percent.
13 Only about 47 percent of our Native Americans have telephone
14 service. On the Navajo Reservation, which is the largest
15 reservation in the United States, only 22 percent of
16 households have telephone service.

17 To address this problem, in July 2000 the
18 Commission adopted a special enhanced, low-income program
19 geared towards promoting telephone service on tribal lands.

20 In the six months after the enhanced program started, the
21 new enhanced link-up program, which provides a substantial
22 discount off of telephone installation, generated over 4,700
23 new subscribers on tribal lands.

24 As you can imagine, it takes quite a bit of money
25 to do all of these good things. So now I'll talk about

1 where the money comes from.

2 In 1996 Congress mandated that all carriers that
3 provide interstate telecommunications shall contribute to
4 Universal Service. In 1997 the Commission did two things.
5 First, it created the Universal Service Administrative
6 Company. I can't read that sign. Speak slower?

7 MR. JACOBS: Speak a little bit slower.

8 MS. CHENG: Okay. That's always my problem. So I
9 guessed it even though I couldn't read your sign.

10 (Laughter.)

11 Okay. In 1997 the Commission created the
12 Universal Service Administrative Company. It's also called
13 USAC and they administer the Universal Service Fund. This
14 means that USAC collects contributions, pays out money
15 through the various programs.

16 Second, the Commission adopted a plan that
17 requires carriers to contribute a percentage of the revenues
18 that they earn from providing interstate and international
19 telecommunications service. That's generally revenues from
20 basic phone service and it doesn't include revenues from
21 stuff like internet access.

22 This percentage that the carriers contribute is
23 also called the contribution factor. It's calculated each
24 quarter by comparing carrier revenues with an estimate of
25 how much money the Universal Service Administrative Company

1 will need in the upcoming quarter.

2 The Commission recalculates this contribution
3 factor each quarter to ensure that we collect just enough
4 money for the fund's needs; not too much and not too little.

5 Carriers are permitted to recover their
6 contribution costs from their customers and most of them do
7 that, do just that. They put a lot -- a lot of carriers put
8 a line item on the telephone bill sometimes called a Federal
9 Universal Service Fee or something similar to that.

10 The system that the Commission adopted in 1997
11 based contributions on carrier revenues that were billed
12 from the prior year. Just this past March the Commission
13 modified the system slightly so that contributions can be
14 based on more current revenues, revenues from the prior six
15 months instead of the prior year.

16 However, there is still much to fix about our
17 Universal Service contribution system and here's why.

18 First, we have a lot of limitations on how we can
19 fund the Universal Service Fund. In the 1996 Act, Congress
20 placed specific limitations on the Commission.

21 Even though the bulk of Universal Service support
22 goes towards connecting people to local telephone service,
23 Congress has mandated that contributions can only come from
24 carriers who provide interstate telecommunications service,
25 which is for the most part long distance. This is

1 problematic because at this time there's a lot of
2 traditional long distance companies that are suffering a
3 decline in revenues. Second, the contribution factor is
4 pretty high.

5 The Universal Service support programs have grown
6 tremendously. In 1999, for example, USAC paid out about
7 \$3.6 billion in support. In 2001 USAC estimates that it
8 will pay out almost \$6 billion in support. The problem is
9 that the growth in the contribution revenue base has not
10 kept pace with the program growth. This makes the
11 contribution factor increase. For example, at the end of
12 1999, the contribution factor was 5.9 percent. Right now
13 the contribution factor is 6.9 percent.

14 Third, carrier recovery practices vary very
15 widely. This results in quite a bit of consumer confusion.
16 Some carriers impose line items only on certain end users.
17 For example, carriers will impose line items on their
18 presubscribed customers, which is the customers that have
19 the long distance service at their homes but not on their
20 dial around customers, and that's customers that use the
21 1010 321 services.

22 Line items amounts also vary widely. Even though
23 the contribution factor for the second quarter of 2001 was
24 6.9 percent, one carrier was charging 12 percent for a time.
25 Just so you know, that carrier has since dropped its line

1 item back down to 10 percent, but still this is a problem.

2 Finally, the telecommunications marketplace is
3 changing. Contribution amounts are a percentage of
4 interstate and international telecom revenues that were
5 earned six months prior. This means that new long distance
6 carriers like the big local telephone companies who are just
7 beginning to offer long distance service don't have to
8 contribute for the first six months after they have started
9 in the long distance business.

10 There are also established long distance carriers
11 who have declining long distance revenues. This means that
12 they end up contributing based on revenues that are higher
13 than the revenues that they currently earn.

14 Carriers are also marketing their products
15 differently. For example, some carriers now offer long
16 distance and local service packages for one price. They
17 also offer telecommunications services along with non-
18 telecommunications services, also for a single price.

19 Bundling services like this makes it very
20 difficult to determine how to assess contributions on only
21 the interstate telecommunications part of a carrier's earned
22 revenue.

23 These are reasons why the Commission issued a
24 notice of proposed rulemaking in May. We want to determine
25 the scope of the problem and we want to fix it. So we've

1 sought comment on several proposals including (1) whether
2 carriers should continue to contribute based on a
3 percentage, or whether we should move to a flat fee such as
4 a per line charge; (2) whether the Commission should limit
5 the way carriers can recover their contribution costs; and
6 (3) whether carriers should title their line items all in
7 the same way. All of these proposals if adopted would have
8 very far-reaching effects.

9 Currently carriers contribute based on a
10 percentage of revenues that were billed to its customer six
11 months ago. There's two key concepts here that might be
12 significant.

13 First, basing the contribution on reported
14 historical revenues means that carriers have to report their
15 revenue information to the Commission on a fairly frequent
16 basis. This also means that contributions may not reflect
17 current marketplace trends because it's based on old revenue
18 information.

19 Accordingly, the Commission has sought comment on
20 ways to get revenue information -- on different ways to get
21 revenue information, such as allowing carriers to submit
22 projected revenues and letting carriers true up their
23 contributions by submitting actual revenue information, say
24 once a year.

25 A second concern we have is that basing

1 contributions on billed revenues rather than on revenues
2 that were actually collected means that carriers have to pay
3 contributions on revenues that they are unable -- that they
4 may be unable to collect from subscribers. As we know, not
5 all subscribers pay their bills. This means that a carrier
6 who chooses to recover using a line item has to bump up that
7 line item a little bit to account for uncollectables.

8 So, for example, if the contribution factors 6.9
9 percent the carrier may have to collect a little bit more
10 than 6.9 percent from its subscribers to account for the
11 fact that a certain percentage of subscribers will not pay
12 their bill. So the Commission has proposed collect --
13 having carriers submit information on collected revenues
14 rather than their billed revenues.

15 Alternatively, the Commission has sought comment
16 on collecting contributions based on a flat fee rather than
17 on a percentage. For example, carriers may pay \$1 -- might
18 have to contribute \$1 per line. Although this seems like it
19 might be really simple it may or may not be. There are all
20 kinds of lines, residential lines, secondary residential
21 lines, business lines. We've sought comment on whether
22 there should be at the same flat fee for all these kinds of
23 lines or, if not, how this fee structure should be.

24 There's also the problem of carrier recovery. If
25 a carrier is allowed to recover its flat fee costs from its

1 subscribers, then each subscriber pays the same flat fee
2 regardless of how much that subscriber uses his phone. That
3 means that it's possible that a disproportionate share of
4 contributions might be shifted to low-volume users.

5 Then again if you think about it, a flat fee
6 concept might be great for consumers in that there might be
7 a lot less consumer confusion. Every consumer could compare
8 costs across the board because every carrier would be
9 charging the same amount for universal service.

10 Concern about consumer confusion is the basis for
11 the next Commission proposal, which is to limit the way
12 carriers can recover contributions -- contribution costs
13 from its consumers.

14 Under the Commission's proposal carriers could
15 recover contributions either through their rates or through
16 a line item that is no higher than the actual amount that
17 the carrier pays for contribution costs. In this way
18 consumers would be better able to compare rates because the
19 universal service cost would be the same across carriers.
20 Equally important, this proposal might prevent carriers from
21 recovering other non-related costs through the Universal
22 Service line item.

23 One more thing about changing the basis for
24 contribution. If the Commission were to change the basis
25 for contribution say from the percentage that it is now to a

1 percentage of collected revenues or to a flat fee, then
2 carriers would have to change the way that they report
3 information to us.

4 The problem here is that this may have
5 implications beyond Universal Service. This is because
6 carriers currently report their billed revenues to the
7 Commission not just for purposes of Universal Service but
8 also for other program such as the Telecommunications Relay
9 Service, North American Numbering Program Plan, Local Number
10 Portability and regulatory fees.

11 Therefore, we really need to consider the needs of
12 these other programs and whether any changes in the
13 information submitted would be inconsistent with these non-
14 universal service programs.

15 What I've given you today is really just a very
16 general and high-level overview of this proceeding that we
17 have before us. I'm sure that you can tell that this is
18 quite a task that the Commission has. The Universal Service
19 Fund, it's a great program and we really all want to make it
20 work. We welcome your questions and look forward to your
21 recommendations. Thank you.

22 MS. ROOKER: Thank you, Anita.

23 (Applause.)

24 MS. CHENG: I will bring up now Greg Guice and our
25 colleague, who made in from Boston, Paul Garnett. They're

1 going to help me answer questions. Paul and Greg are the
2 primary authors of this item that's coming up and they're
3 your guys to answer questions.

4 MR. SCHROEDER: Shirley?

5 MS. ROOKER: Yes. I think if you can recognize
6 him -- who's down here? Paul Schroeder.

7 MR. SCHROEDER: Yeah. I wonder if -- one of the
8 things that was very confusing in the notice and hard to
9 understand is the way things are currently handled in the
10 wireless area and what would be changed in the proposed
11 rule.

12 MS. CHENG: I'll explain what's going on with the
13 wireless area. Most carriers -- carriers generally
14 contribute a percentage of their interstate
15 telecommunications revenues.

16 However, with wireless carriers because it may be
17 difficult to separate interstate from intrastate service on
18 the wireless phone because a lot of, you know, carriers -- a
19 lot of wireless carriers bundle their local and long
20 distance all into one package and they charge one rate for
21 it we adopted what we call an interim safe harbor, which
22 means that wireless carriers currently contribute only based
23 on -- contribute a percentage of their telecom -- interstate
24 telecom revenues.

25 We assume -- the safe harbor is that we assume

1 that 15 percent of their revenues are interstate in nature.

2 So what we sought comment on is whether realistically in
3 this, you know, three years later if, indeed, interstate
4 telecom revenues for wireless carriers are still only at 15
5 percent or whether that might be higher now since so many
6 people have wireless phones and have the -- you know, the
7 one rate package and may be using their wireless phones for
8 more long distance calls.

9 MR. SCHROEDER: Just to clarify and follow-up.

10 MS. CHENG: Oh.

11 MR. SCHROEDER: And so you're not proposing a
12 change in the 15 percent structure? You're looking at --
13 essentially it's an inquiry?

14 MS. CHENG: We're seeking comments on -- we
15 haven't proposed anything specific and we certainly don't
16 have another number out there, but we're seeking comment on
17 if this number should change. If it should, then what?

18 MR. SCHROEDER: And there hasn't been a study? I
19 mean it seems like that would be a knowable number, a
20 knowable item to know what percent of revenue is coming from
21 interstate.

22 MS. ROOKER: Andrea?

23 MR. GUICE: Actually, wireless carriers --

24 MS. ROOKER: I'm sorry.

25 MR. GUICE: I'm sorry. Let me just answer that

1 real quick. Okay.

2 MS. WILLIAMS: This is Andrea Williams with CTI
3 and we represent the wireless industry.

4 With respect to Universal Service Fund why we do
5 not break out interstate, you have to understand that
6 wireless -- we were built on a different regulatory
7 structure than wire line, particularly in terms about
8 boundaries. Many wireless companies, we don't respect what
9 I would call the geopolitical boundary state lines. Our
10 areas cover in some instances multiple states because of the
11 licensing scheme that the FCC has decided to use for
12 wireless.

13 You may have very wide geographical areas under
14 what we call the MTA's and BTA's which may -- which may
15 overlap states. Because of that structure, the wireless
16 industry has it's very -- we do not break out in terms of
17 interstate revenue. It's very difficult to do, it's very
18 costly. So what many wireless carriers have done is use the
19 interim safe harbor.

20 Now the way the FCC came up with that number was
21 using a number that NECA, is what we call DEMS, the dial
22 equipment minutes waiting program and NECA for wire line.
23 That number came out to 15 percent. Currently, NECA has
24 revised that DEMS estimate down to 13.25 percent. So that
25 is, you know, one of the things that we need to look at and

1 we will be discussing in the proposal.

2 Because there were commentors from the consumers
3 groups that I received that asked that same question in
4 terms of they really needed additional information in terms
5 of why wireless is treated differently than wire line.

6 Many of the industry commentors I would say took
7 the time to explain the process of how we operate in the
8 wireless industry.

9 MS. ROOKER: Thank you, Andrea. Paul or Greg, do
10 you have anything to add to that? That will be the last
11 comment before we take a break because we're going to
12 continue discussing this after our break.

13 MR. GUICE: That's fine.

14 MS. ROOKER: Is that okay? Okay. What we're
15 going to do is we're going to take a break. Paul and Greg
16 will be joining us for the subsequent discussion after the
17 break. We have a 10 minute break.

18 We'll be coming back in and I just wanted to say
19 that during the break for those who need it, there's a
20 braille copy here of Andrea Williams' comments that she
21 received on the proposed rulemaking and that will be
22 available and will be read by Arlene to anyone who needs it.

23 Julie, if you want it and anybody else, it is
24 available. Where do we want them to go, Scott?

25 MR. MARSHALL: I think if they just huddle out in

1 the hall --

2 MS. ROOKER: Huddle out in the hall.

3 MR. MARSHALL: -- or in the corner of the room
4 here.

5 MS. ROOKER: Or somewhere here that's convenient.
6 Where's Arlene?

7 A PARTICIPANT: She's outside.

8 MS. ROOKER: Okay. She's outside. Will she find
9 Julie?

10 A PARTICIPANT: Yeah.

11 MS. ROOKER: Okay. Thank you.

12 Ten minute recess.

13 (Off the record at 10:41 a.m.)

14 (On the record at 11:00 a.m.)

15 MS. ROOKER: We need to start our discussion on
16 Universal Service Fund, please.

17 A PARTICIPANT: Okay.

18 (Pause.)

19 MS. ROOKER: I'm sorry to be a nag but we really
20 need to get back to our table.

21 (Pause.)

22 Okay. I'll nag.

23 (Laughter.)

24 (Pause.)

25 Somebody says I'm going to use the gavel.

1 A PARTICIPANT: Yeah, use it. Go ahead.

2 MS. ROOKER: Does it work?

3 (Pause.)

4 It's power here, the power.

5 MR. MARSHALL: Just make sure that we're
6 reconnected on the phone, Shirley.

7 MS. ROOKER: Okay.

8 MR. MARSHALL; You might just make sure and all
9 that sort of --

10 MS. ROOKER: Micaela and Kathleen, are you there?

11 MS. TUCKER: I'm here.

12 A PARTICIPANT: Somebody's there.

13 MS. ROOKER: Our phone folks, are they there?
14 Micaela?

15 MS. TUCKER: Yes, Micaela's here.

16 MS. ROOKER: Kathleen?

17 MS. O'REILLY; Yes. I'm here.

18 MS. ROOKER: Good. Thank you.

19 All right. If we could get everyone back to your
20 places at the table, please, so we can continue our
21 discussion on the Universal Service Funding.

22 A PARTICIPANT: Dane will be back. The Chairman
23 called.

24 MS. ROOKER: Okay. Dane had to leave us briefly.
25 The Chairman called. We tried to convince him he shouldn't

1 go but he said, "No."

2 (Laughter.)

3 But he will be rejoining us shortly. Now we are
4 going to continue our discussion and I think Greg and Paul
5 are with us. Yes, they are here.

6 Ken McEldowney and then Andrea Williams have been
7 doing a considerable amount of work collecting information
8 from you and getting your thoughts and comments on many of
9 the issues involved in the Universal Service.

10 I'm going to turn the floor over to the two of
11 them and let them guide our discussion this morning. Ken?
12 Andrea?

13 MR. McELDOWNEY: Yeah. What we did was sort of
14 take the -- sort of jumped off from some of the initial e-
15 mail that came up from Scott that sort of outlined some
16 questions that he thought that the Commission would be
17 interested in getting feedback from us on.

18 Andrea then expanded on that with some additional
19 questions that she and her committee thought would be
20 important to be addressed.

21 We had sent those out on all three LIST SERVS and
22 Andrea was kind enough to sort of consolidate those comments
23 and that's what you see in front of you today.

24 I think what we pretty much think would make sense
25 to do in a sense that for us this is sort of trying to ride

1 a bicycle with training wheels. It's sort of the first time
2 that this Committee has tried to come up with some
3 recommendations. So I think it's going to be sort of a
4 learning experience for us all.

5 I think what we've decided to do is to look at
6 sort of three main areas, (1) would be the areas where it
7 appears from the comments that there is a consensus, (2)
8 areas where with perhaps further discussion and refinement
9 there could be consensus; and (3) areas where there is so
10 much dissent, so much opposition, that probably it doesn't
11 make sense to spend time today trying to reach some sort on
12 consensus on it.

13 So I'm going to toss this now to Andrea to sort of
14 start with the first ones in terms of where she thinks
15 there's already consensus or consensus could be gained
16 fairly quickly.

17 MS. WILLIAMS: What I did was when I took the
18 comments and the issues sort of -- there are three basic
19 categories where the issues dealing with the Universal
20 Service Funding mechanism. One was the mechanisms for
21 carrier contributions to the Universal Service Fund. The
22 second one was the issue was cost recovery from end users,
23 and the third big issue was what I call truth in billing and
24 Universal Service Fund charges.

25 Basically, under the mechanisms for carriers

1 contributions to Universal Service Fund -- first of all, let
2 me thank those who participated and provided me with their
3 comments. They were very, very helpful. Secondly, please
4 stop me if I use acronyms that folks are not familiar with.

5 Sometimes being in Washington you use a lot of letters and
6 we just need to be reminded that not everyone knows what
7 those letters mean.

8 (Laughter.)

9 Under the mechanisms for carrier contributions
10 there were basically three areas where issues where we --
11 subissues that we were looking at, whether carriers should
12 contribute based on a percentage of collected revenues or
13 billed revenues, whether carriers should be assessed based
14 on current or projected revenues, and whether the different
15 treatment for wireless carriers should continue. And that
16 meaning the currently wireless carriers may use FCC's 15
17 percent safe harbor which allows wireless carriers to use 15
18 percent of their interstate revenues as a base for Universal
19 Service Fund contributions.

20 Under that title I found that almost -- well, it
21 was unanimous among all the commentators, industry commentators,
22 as well as consumers, that the assessment for Universal
23 Service contributions be based on current revenues.

24 Many of the commentators felt that trying to do
25 projected revenues would be almost virtually impossible to

1 be accurate because the marketplace is changing dramatically
2 every day and trying to keep up with those changes would
3 just be pretty much impossible.

4 There was also comments that were made in terms of
5 that the FCC recently had revised its rule governing carrier
6 reporting obligations and, as Anita pointed out, they're now
7 every six months -- that the assessment is based on the
8 preceding six months worth of collected revenues.

9 Many of the industry commentors and I believe one
10 of the industry commentors noted that before the FCC changed
11 that report requirement again -- my understanding is it's
12 been changed a number of times -- that they look and review
13 the effectiveness of the process that they have put in place
14 before we change it again.

15 So I think most of the consensus was that to
16 support a recommendation that the CDTAC would support
17 assessment of Universal Service contributions based on
18 current revenues for the reasons that are described here in
19 this document.

20 MR. McELDOWNEY: I guess one question here is just
21 in terms of -- to get one thing out of the way, is just in
22 terms of are there folks who did not comment or would not
23 sort of believe that that is something that they would, you
24 know, believe. Is that really a consensus?

25 MS. ROOKER: Susan?

1 MS. GRANT: I was on vacation. But I think there
2 were so few comments because probably a lot of other people
3 were on vacation that I don't think that we should just
4 assume any consensus.

5 MR. McELDOWNNEY: That's what I was asking.

6 MS. GRANT: Right. Right.

7 MR. McELDOWNNEY: Whether there is a consensus.

8 MS. GRANT: Right.

9 MR. McELDOWNNEY: So people -- you know, if people
10 -- when Andrea says there seemed to be a consensus on this,
11 I guess what I want then to do is to find out whether or not
12 there is a consensus or whether or not there's disagreement
13 with that.

14 MS. WILLIAMS: Let me also explain to you that in
15 terms of the recommendations that you see here that, first
16 of all, the summary of comments are just a summary of those
17 who sent me their comments. It's not all the comments in
18 the docket.

19 Secondly, the recommendations here are really just
20 to facilitate discussion and open up a discussion if there's
21 not a consensus. I'm only going on what I received and
22 where I perceived that there may be some consensus. As Ken
23 mentioned, if there isn't this is the time where we need to
24 discuss that.

25 MS. O'REILLY: This is Kathleen O'Reilly. I guess

1 I have a broader timing question. Am I correct that the
2 actual formal comment period is completed as well as the
3 reply comments. So that is it assumed that what we're
4 talking about is a potential ex parte opinion from the
5 Advisory Committee? If so, what is the current timing of
6 this entire docket as to when the Commission is expected to
7 take it up and, therefore, when the gate will close on ex
8 parte?

9 MS. STRAUSS: Kathleen, this is Karen. Is my mike
10 working? I think I can answer that. Okay. There it goes.

11 This is Karen Strauss and I think I can answer that.

12 You are correct. This would be an ex parte
13 document or a late filed comment document. The docket is
14 still very much open though, and we've been told that the
15 recommendations from this Advisory Committee will be taken
16 into consideration.

17 There is no formal closing date for ex partes or
18 for late filed comments. The goal, however, as we
19 understand it is to move fairly quickly with respect to the
20 final recommendations to the Commissioners in the form of a
21 final order.

22 So the goal is to get some kind of consensus and
23 recommendation from this meeting because the Bureau does
24 want to work on -- the Common Carrier Bureau does want to
25 try to complete this in the next few months.

1 MS. O'REILLY: My concern is given the way that
2 this has sort of been approached, I was not aware that we
3 were being solicited to actually comment on every issue. it
4 was never really clear to me how these comments started
5 circulating around, how they were necessarily going to be
6 used.

7 If we cannot agree on all the basic points at
8 today's meeting, I'm not sure what process we have available
9 to us to achieve that outside of this meeting.

10 I feel handicapped in only understanding some of
11 the comments submitted by those who have been circulating
12 them and was not able to access on the FCC website all of
13 the comments that have already been filed in any current ex
14 partes.

15 So I'm concerned about what we're doing and why
16 we're doing it and how much we can practically achieve.
17 Even the framework of the very first question posed to all
18 of us seemed to implicitly assume that the issue was whether
19 or not the charge would be, you know, across the Board for
20 all customers, whether it would be a percentage or whether
21 it would be a stated amount, and that the option of not
22 having it included as a line item at all was not really
23 hinted at in the way it was posed to us, although that's an
24 option that's part of the MPRM.

25 It's not even an option that I necessary espouse.

1 But it just seems to me that the issues as they were raised
2 to our Committee sort of already started steering us down
3 certain paths that are more narrow than what are potentially
4 possible under the MPRM.

5 MS. WILLIAMS: Kathleen, this is Andrea. In terms
6 of what I tried to do was to focus on particular issues
7 keeping in mind what Commissioner Copp stated this morning
8 that there are a number of issues and that we're trying to
9 focus on those issues that we can really provide some
10 discussion, is helpful to the Commissioners.

11 We don't want to bite off more than we can chew,
12 as he pointed out. What we tried to do was to prioritize
13 those issues from the MPRM, and took into account all the
14 comments that were provided to me. Some were from industry,
15 some were from consumers.

16 In fact, I think the one that -- the e-mail that I
17 got from you recommended that I look at the National -- what
18 was it? National Association of State --

19 MS. O'REILLY: Utility Advocates.

20 MS. WILLIAMS; Yes. And I went and with that
21 recommendation that you provided I went to those comments
22 and pulled out from those comments where they addressed some
23 of the issues that we are focused on here.

24 It is not the intent that we are going to go
25 through the entire MPRM and go point by point for every

1 single issue.

2 MS. O'REILLY; I understand. I'm just asking a
3 question that to me is just sort of a practical trying to
4 understand the scope of what's feasible for our Committee
5 given that the timing of this meeting -- the ultimate
6 decision.

7 Did this get on the agenda because the FCC is
8 soliciting our Committee's opinion or because someone on the
9 Committee wanted it discussed? How did this get to our
10 plate?

11 MR. McELDOWNEY: Kathleen, I guess I'm a little
12 confused because it was talked about at the last meeting in
13 terms of this being something that it was felt -- my
14 understanding both internally and externally -- is this was
15 a good place for us as a Committee to make some initial
16 recommendations to the Commission.

17 MS. O'REILLY; Yeah. I'm just -- but that was in
18 the timeframe -- I guess the practical question, Ken, is do
19 we have a process as a Committee beyond today's meeting?

20 MR. McELDOWNEY: No. I mean again --

21 MS. O'REILLY; Okay.

22 MR. McELDOWNEY: -- what we're trying to do and I
23 think what Andrea is trying to do is come up -- basically
24 there are a number of different issues. What we're trying
25 to do is come up with certain issues where there can be a

1 consensus, and pull a statement around that recognizing that
2 in a perfect world we might be able to thrash out much more.

3 But we're under a time deadline and we're trying
4 to just focus on those that we think we can reach a
5 consensus on as a Committee. The intent here is for this to
6 be the comments of the Committee as opposed to some broader
7 universe.

8 MS. O'REILLY: I just don't know that I feel
9 comfortable being able to vote on whether I'm part of or not
10 part of a consensus on a variety of issues since some of
11 them are so inseparable from each other. And I still feel
12 handicapped in not having been able to read the entire
13 record.

14 So I'll take it on a point by point basis, but
15 it's a very piecemeal approach that I'm not sure that we can
16 accomplish much but I'll -- that's my point of view.

17 MR. McELDOWNNEY: Okay. I mean again -- I mean,
18 Kathleen, if, in fact, we come up with something that you
19 don't feel comfortable with I would urge you to vote not to
20 support it.

21 But I think I mean given the time pressures I
22 think we should move ahead with basically the procedure that
23 Andrea and I have come up with.

24 MS. O'REILLY: Is it possible or helpful to as
25 part of this discussion determine whether we as a Committee

1 want to today for even on an ad hoc basis develop a post-
2 meeting procedure for this narrow issue so that people could
3 potentially take a reasonable although short period of time
4 to reflect on what's recommended and then to either weigh in
5 or -- with a support or opposition to certain points?

6 MR. MARSHALL: This is Scott, Kathleen. It is
7 certainly possible if someone has a dissenting point of view
8 that they can attach that dissenting point of view to
9 whatever recommendations the Committee comes up with.

10 As Ken has said, we're really operating on a very
11 tight timeline. If we were to have a second meeting, that
12 would have to be noticed in the Federal Register. I
13 actually raised this with our Office of General Counsel
14 about whether we could even have a teleconference meeting to
15 further discuss this matter after this meeting.

16 Even that's problematic. It can be done. It does
17 raise some access issues for some of us, but in addition to
18 that, it would still have to be noticed in the Federal
19 Register. There would have to be a mechanism for public
20 comment and so forth.

21 Again, just to be clear, I think Ken and Andrea
22 are saying that they haven't looked at the record, either.
23 I mean these are comments that were received through the
24 LIST SERV from this Committee or members that commented that
25 were part of the LIST SERV.

1 MR. McELDOWNEY: Kathleen, I guess the other thing
2 I would add is I know that you and I have sort of had this
3 discussion before on a previous thing in terms of trying to
4 reach consensus on a statement.

5 I think that one of the things that's important is
6 for this Committee to come up with a statement on behalf of
7 the Committee that probably given the nature of this MPRM is
8 going to be relatively short and relatively general. But
9 there's nothing to prohibit individual members of this
10 Committee filing their own more comprehensive comments.
11 I guess that's something I would encourage you to do,
12 Kathleen, is --

13 MS. O'REILLY: Oh, I'm definitely not going to do
14 that. I don't have the time and I don't have the -- there's
15 no practical way for me to do that. I'm just --

16 MR. McELDOWNEY: Kathleen --

17 MS. O'REILLY: I'll do the best I can under the
18 timeframe then.

19 MR. McELDOWNEY: Okay. Kathleen?

20 MS. O'REILLY: Mm-hmm.

21 MR. McELDOWNEY: Could --

22 MS. ROOKER: This is Shirley Rooker, Kathleen --

23 MR. McELDOWNEY: Could we move ahead with this.

24 MS. O'REILLY: Yes. I just --

25 MS. ROOKER: I would suggest that we move ahead.

1 MR. McELDOWNNEY: I think we really have to.

2 MS. ROOKER: I appreciate and I've heard your
3 concerns but I think we've got -- we have a very short time
4 today, if you don't mind, so that we could move on with
5 their discussion.

6 MS. O'REILLY: Sure.

7 MR. McELDOWNNEY; Okay. Let's go back to this
8 thing in terms of -- I've even forgotten what it was but --

9 (Laughter.)

10 Andrea, could you restate what you felt was the
11 first consensus and we could --

12 MS. WILLIAMS: Yes. The first --

13 MR. McELDOWNNEY: -- go around the room to see
14 whether or not people agree with it.

15 MS. WILLIAMS: The first consensus was whether
16 carriers should contribute based on a percentage of
17 collected revenues or billed revenues? I'm sorry. It
18 should be whether carriers should be -- carriers should be
19 assessed based on current or projected revenues.

20 The industry and consumer commentators that I
21 received unanimously agreed that carriers should be assessed
22 on current rather than projected revenues because it is
23 virtually impossible, as they noted, to accurately predict
24 future revenues, particularly in today's changing
25 marketplace.

1 It was also brought up that the FCC recently
2 revised its rules governing carriers reporting obligations
3 with respect to the USF contributions. And the FCC rules
4 now mandate that carrier revenue assessments --

5 MR. McELDOWNNEY; Andrea, let's stop on that one
6 because I think there's disagreement on that one.

7 MS. WILLIAMS; Okay.

8 MR. McELDOWNNEY; I think let's just focus -- let's
9 just focus in terms of current --

10 MS. WILLIAMS: No. That was the reasoning they
11 gave that before you go changing the mechanism at least
12 evaluate the effectiveness of the current rule.

13 MR. McELDOWNNEY: Right. I guess consumer action
14 at AARP thought it should be the previous month or previous
15 quarter.

16 MS. WILLIAMS: Right.

17 MR. McELDOWNNEY: So let's just talk right now in
18 terms of --

19 MS. WILLIAMS: Okay.

20 MR. McELDOWNNEY: -- versus projected.

21 MS. WILLIAMS: And --

22 MR. McELDOWNNEY: Susan?

23 MS. WILLIAMS: -- what the recommendation was is
24 that CDAC supported a statement that the assessment of
25 Universal Service contributions be based on current

1 revenues. Simple as that.

2 MR. McELDOWNNEY: Susan?

3 MS. GRANT: That makes sense. I just have a
4 question. And that is about the new entrants and the fact
5 that it appears that they wouldn't be making any
6 contribution to the funds for the first six months. I'm
7 wondering if in the case of new entrants, their contribution
8 shouldn't be on a projected basis.

9 Surely they have some projections that they're
10 operating on the basis of and getting into the marketplace.

11 It strikes me as only fair that they should have to
12 contribute something in that first six months. So I'm
13 wondering if that's feasible?

14 MR. McELDOWNNEY: Susan, I guess in California with
15 the Lifeline program what basically happens is that people
16 do it basically -- the surcharges are based on the previous
17 month in which they bill their customers. I think that ends
18 up being the most accurate way of doing it. Then if, in
19 fact, in the future there are uncollectables, they can then
20 true it up but it appears to be much simpler
21 administratively.

22 Whether or not we go ahead with the previous
23 month, the previous quarter, is a separate issue but I think
24 that that would be something that at least a couple of
25 consumer groups would support.

1 MS. ROOKER: Mike?

2 MR. DelCASINO: This is Mike DelCasino. All of
3 this discussion focuses around the fact that the
4 contribution being made based on revenue. I guess I would
5 like to put on the table the possibility -- and I think that
6 Anita and I think that the MPRM opened that up that
7 contribution be made on other than a revenue basis.

8 The Universal Service Fund has very specific
9 things that it is attempting to accomplish. It seems to me
10 that generating the fund to -- generating the dollars to
11 support that fund on a usage basis that's one way to do it,
12 clearly. By the way, I think I would argue that if you were
13 going to do that that it be on a current revenue basis.

14 But there's also the option of assessing it on a
15 per line basis so that once the Commission or the Fund
16 Manager determines how much money is required to do the work
17 that the Universal Service Fund needs to do then that can
18 simply be recovered directly from consumers as a pass
19 through from the companies. I guess I'd like to have that
20 option kicked around a little bit.

21 MR. McELDOWNEY: How would the -- I guess one of
22 the concerns I have with that is that with the growing
23 amount of folks using 1010 dial around, how would the dial
24 around folks pay into the fund?

25 MR. DelCASINO: That's -- you know, I don't know

1 how to answer that, Ken.

2 MR. McELDOWNNEY: Okay.

3 MR. DelCASINO: I don't know how to answer that.
4 I think there's a lot -- there are so many different kinds
5 of service offerings, even the wireless service offerings.
6 I personally can't speak to that. By the way, that's one of
7 the reasons -- I kind of sympathize with some of the earlier
8 discussion.

9 This is such a complex subject that it seems -- I
10 know for myself, I certainly can't speak to all aspects of
11 dial around and wireless and wire line services and what
12 not, so --

13 MS. ROOKER: Matt and then Bob?

14 MR. KALTENBACH: This is -- hello? This is Matt
15 Kaltenbach, Ericsson.

16 I'd like to concur with Michael's assessment that
17 the existing mechanism doesn't recognize the difference
18 between circuit switch and packet switch technologies.

19 Because I thought the goal was universal access,
20 not just to circuit switch but to information. That the
21 only mechanism that would be inherently universal would be
22 one that was account-based and one that recognized that
23 there would be a metric let's say subscriber month and that
24 by the fact that all carriers and utilities and providers
25 have to keep an account of the number of accounts they have

1 active. This mechanism would be inherently extremely simple
2 to administer, easier to account for and lower the cost
3 structure of the administration to the point where a flat
4 fee per account could be achievable.

5 This could be achievable cross technology and
6 cross access mechanism. So unless we actually address those
7 fundamental changes which I think are at the core of the
8 reason for this MPRM, we haven't addressed the issue.

9 MS. ROOKER: Bob?

10 MR. McELDOWNEY: What, Shirley?

11 MS. ROOKER: Bob?

12 MR. McELDOWNEY: Yes. You can see people better
13 than I can.

14 MS. ROOKER: Okay. All right.

15 MR. SEGALMAN: What would the advantage be to
16 doing it in on an on-line basis as opposed to on a revenue
17 basis?

18 MR. DelCASINO: I guess I'll take a stab at that.
19 Matt indicated that at least one example, and that is that
20 it would be I believe also very simple to administer the
21 requirement of determining the revenues upon which the
22 percentages would be based would be virtually eliminated in
23 this case.

24 The issues associated with -- and I think Anita
25 pointed some of these out -- associated with discrepancies

1 between companies with declining revenues rather than
2 companies with increasing revenues would be eliminated. The
3 notion that companies have the ability to vary the
4 percentage rate for things like uncollectables, vary the
5 percentage rate based on who they choose and what services
6 they choose to recover the money from their consumers.

7 All of those things would be eliminated and,
8 therefore, the whole process I believe would be a whole lot
9 simpler.

10 MR. McELDOWNEY: So you're basically saying that
11 any company, any customer, regardless of whether it was
12 wireless or dial one, there would be a per line charge
13 regardless of the volume of their calls? So it would be
14 wireless plus dial one presubscribed?

15 MR. DelCASINO: If I could just back off of the
16 wireless piece.

17 MR. McELDOWNEY: Yes. Well, I think that's a key
18 one.

19 MR. DelCASINO: Yeah.

20 MR. McELDOWNEY: Because if you don't -- that
21 would be the only reason why I would even consider that
22 because otherwise the low-volume customers get basically
23 screwed.

24 MR. DelCASINO: I guess let me say that -- to
25 answer your question I think I would say yes.

1 MR. McELDOWNNEY: Okay.

2 MR. DelCASINO: Yes.

3 MR. McELDOWNNEY: It sounds like it's time -- yeah.

4 MR. DelCASINO: Universally applied to all lines,
5 but I have to temper that with my caution.

6 MR. McELDOWNNEY: Okay.

7 MR. DelCASINO: The low-volume customer,
8 obviously, is always an issue. To me if you think about
9 what the Universal Service Fund is addressing, you kind of
10 have to ask yourself the general question about what does
11 usage have to do with it?

12 If my children are all over the country and I make
13 \$100 a month in long distance calls and you have one person
14 that you call in Maryland and your bill is \$20, what is it
15 about that situation that says that I should be contributing
16 five times what you contribute for universal service.

17 It seems to me that --

18 MS. O'REILLY: This is Kathleen O'Reilly. I would
19 like --

20 MR. DelCASINO: -- that --

21 MS. O'REILLY: -- to address that.

22 MR. McELDOWNNEY: Kathleen?

23 MS. O'REILLY: Okay.

24 MR. McELDOWNNEY: Susan Palmer's been waiting to
25 talk.

1 MS. O'REILLY: Okay. Just tell me when I'm next
2 in line.

3 MR. McELDOWNNEY: Huh?

4 MS. O'REILLY: Just let me know when I'm next in
5 line.

6 MR. McELDOWNNEY: Okay. I know. You're fourth.

7 MS. O'REILLY: Okay.

8 MR. McELDOWNNEY: Susan, Jim, Joseph and then
9 Kathleen.

10 MS. PALMER: One of the things that a per line
11 charge does is that you contribute -- you don't contribute
12 if you're a long distance carrier.

13 Another thing that happens is what happens in a
14 situation where you have hearing carry over or voice carry
15 over, you have two lines? Then you're paying double
16 automatically even though the usage may not be the same.
17 That doesn't make sense to me.

18 You know, I think that there are some serious
19 challenges. I really strongly feel the way that we're doing
20 now is more equitable. I'm not saying that because I'm a
21 wireless carrier or that, just from a practical standpoint.
22 I think you can simplify it but you can simplify and be
23 unfair.

24 MR. TOBIAS: Well, let's see. I'd like to start
25 off first by demystifying this microphone technology.

1 (Laughter.)

2 Is someone potting this up as we begin to speak or
3 is it automatically adjusting? Can anyone in this room
4 answer that question?

5 MR. McELDOWNEY: If they like you then your
6 microphone is turned on.

7 (Laughter.)

8 MR. TOBIAS: No. I'm serious about that question.

9 MS. ROOKER: Jim, identify yourself.

10 MR. TOBIAS: Jim Tobias.

11 MS. ROOKER: Thank you.

12 MR. TOBIAS: Well, we'll get an answer later.

13 MS. ROOKER: We're going to get the answer.

14 MR. TOBIAS: Okay. Well, if there's no one -- is
15 there someone in the control room or is there no one in the
16 control room, I guess is the good -- we don't know? Okay.
17 At any rate, let's move on to the content.

18 (Laughter.)

19 I have some detailed questions here that maybe the
20 statistics folks from the FCC can help me with. It's about
21 this issue of usage versus per line.

22 In a usage environment or a revenue environment,
23 rather, is it possible for a carrier to -- it is possible
24 for a carrier to distribute those charges onto bills however
25 they choose. Is there any evidence -- because carriers are

1 obviously predisposed to keeping their large volume
2 customers happier and those large volume customers are
3 correspondingly tighter on accounting for what they're
4 getting billed for.

5 Is there any evidence that carriers are reducing
6 charges to large volume customers and tipping the balance of
7 recovery onto single line or other small, residential
8 customers?

9 MS. CHENG: The answer to that is that, yes, to a
10 certain extent. Carriers charge a different line item for
11 residential subscribers than they do for their business
12 subscribers.

13 MR. TOBIAS: For USF?

14 MS. CHENG: For USF, yes.

15 MR. TOBIAS: Is that tariffed or is that flexible
16 in negotiation? In other words, if I'm a carrier and I want
17 to get the business from some 100,000 line company, am I
18 free to say, "We'll give you a deal on USF?"

19 MS. CHENG: I think it is tariffed but -- I'm
20 sorry. Come on up.

21 MR. GUICE: It's Greg Guice. To the extent that
22 large business consumers enter into contracts with their
23 carriers they can negotiate away the fee that they would be
24 required to contribute under the tariff.

25 MR. TOBIAS: Okay.

1 MR. GUICE: And those contracts supersede the
2 tariff.

3 MR. TOBIAS: Okay. So that's an issue right there
4 I would guess that we need to think about.

5 The second point is on the other side of the
6 argument and that is the per line issue. I'm especially
7 interested in any work that the Commission has done or is
8 looking at, voice-over IP cannibalizing essentially the
9 number of lines.

10 MR. GUICE: Mm-hmm.

11 MR. TOBIAS: Here again large organizations are
12 already moving in that direction. So, you know, a company
13 that might have had 10,000 lines last year has ditched all
14 but a few thousand of them and is putting all of its
15 internal voice traffic on its data network and maybe even
16 some of its external traffic, as well.

17 You know, as a SoHo consumer I have recently been
18 approached with -- I have a cable modem service and I can
19 buy a device that allows me to replicate four outgoing voice
20 lines on my cable modem and I could throw away, were it not
21 for number portability issues in IP telephony, I could throw
22 away those voice lines.

23 Has the Commission looked at -- has it seen any
24 trend in that right now and has it looked at sort of what
25 might happen over time to Universal Service Fund revenues

1 based on different slopes of adoption of IP telephony?

2 MS. CHENG: Yeah. This is Anita Cheng. This is a
3 topic that we have raised in the notice of proposed
4 rulemaking. At this time the Commission has no plans to
5 start basing contributions on voice saver IP but it is a
6 concern that we have that voice over IP along with several
7 other factors seems to be eroding away or possibly maybe
8 eroding away at our interstate -- traditional wire line
9 interstate long distance services that we base our
10 contributions on. So it's something that we're looking at.

11 MR. TOBIAS: Okay.

12 MS. ROOKER: I will give you an answer on the
13 microphones. They're activated once you start speaking by
14 someone in the control booth, so give them time. They can't
15 leave them all on because of the noise factor. So that's
16 the situation. Just give them a second to get it going when
17 you start to talk.

18 I think Susan Palmer has a follow-up question and
19 then we need to go to Kathleen on the phone.

20 MR. McELDOWNEY: No. Joseph's next.

21 MS. ROOKER: Oh. Joe. Okay. Okay. All right.
22 Susan?

23 MS. PALMER: Go ahead with Kathleen.

24 MS. ROOKER: Did you have a follow-up on that or
25 you had just made a comment?

1 MS, PALMER: No. Let me --

2 MS. ROOKER: Okay. Joe?

3 MR. McELDOWNEY: Joe?

4 MR. GASKINS: Joe Gaskins with ConnectBid. Taking
5 a look at how the Universal Service Fund is collected, it's
6 -- philosophically I guess I have an issue with it being
7 collected based on revenues because to me although the
8 carriers are being assessed it's really the consumer that
9 winds up paying for this. The consumer has virtually no
10 control over what they pay. They're paying based upon the
11 revenues that a carrier generates.

12 So to me it would make more sense of being able to
13 pass on -- coming up with some type of formula that you can
14 pass on the contribution to the Universal Service Fund to
15 the consumer and, in essence, the carriers become more of a
16 collection-type agent like you would -- similar to a
17 retailer collecting state and local sales tax at the point
18 of sale.

19 I also think that you need to have a combination
20 of fixed component, perhaps a per line charge, and a
21 variable component based on perhaps usage and an additional
22 charge for value-added services, for ISDN lines, for DSL
23 lines.

24 All of this, of course, would have to be metered
25 by the ability of the carriers and their billing systems,

1 because billing systems really haven't been able to keep up
2 the speed with what's going on with technology and packet
3 switch services. So there's that issue, as well.

4 But it seems to me that passing the control of the
5 Universal Service Fund contributions on to the consumer
6 would really be more fair overall and allow the carriers to
7 focus on their core business which is, you know, increasing
8 their revenues.

9 MS. ROOKER: Thank you, Joe. Kathleen? You are
10 next.

11 MS. O'REILLY: Yes. Peter, in his reference to
12 the voice-over ISP cannibalization actually gave a wonderful
13 example of the issue that I wanted to address, and that is
14 to those who propose doing this on a line basis how do you
15 assess a non-voice line under the old slice and dice issue?

16 Because in the growing trend to eliminate that it
17 would in my view shift the cost of universal service to the
18 most low-volume, low-tech, unsophisticated customers, which
19 is related to the whole issue of the -- the question raised
20 what's unfair about someone who makes only one long distance
21 call a month paying the same as someone who make 100.

22 My response to that is that I think many of us
23 would have preferred that the Universal Service Fund be paid
24 for out of progressive income taxes and not under the most
25 regressive way on the phone bills.

1 But at least that differential is minimized a bit
2 by ensuring that the low-volume customer, often senior
3 citizens on fixed incomes or working class families, not be
4 forced to pay amounts that are way out of whack with what is
5 being negotiated in high volume contracts where corporations
6 and sophisticated individual users are able to sidestep an
7 enormous amount of what would otherwise be their fair share
8 of this cost.

9 MS. ROOKER: Thank you, Kathleen. Matt?

10 MR. KALTENBACH: This is Matt Kaltenbach,
11 Ericsson. I'd like to address one issue that is paramount
12 (1) this mike is dead.

13 MS. ROOKER: No. You're on.

14 MR. KALTENBACH: Oh, it is?

15 MS. ROOKER: Yes.

16 MR. KALTENBACH: Okay. Number one, there's a huge
17 difference between circuit access and the term "lines."
18 When we use lines we're commonly referring to circuit switch
19 access.

20 I want to point out that several months ago data
21 traffic exceeded voice traffic. So anyone that doesn't
22 recognize that packet switched access, which is what the
23 world is going to, is not just in the future, it already
24 happened.

25 So assessing per line doesn't recognize the

1 paradigm shift that's occurred in communication technology.

2 Packet switch technology changes everything and within just
3 a few short years packet switch technology is going to
4 obliterate line technology.

5 So line technology no longer exists. We can
6 already recognize it and we can't bill on it. So,
7 therefore, I'm going to again propose that we look more at
8 account and if we're going to term this, it's the account ID
9 for access. It should be independent of packet switch, line
10 switch. It's an access identified that's the only
11 fundamentally fair mechanism that recognizes the paradigm
12 shift.

13 MS. O'REILLY: But would that distinguish between
14 voice and non-voice communication?

15 MR. KALTENBACH: No. It's universal.

16 MS. O'REILLY: So you're getting back to a very
17 simplified every customer is going to pay the same amount
18 and then by customer you will break that down by the
19 services that customers subscribe to?

20 So that if I am a five service customer of a long
21 distance company I will pay this five times? Is that how I
22 should understand what you're proposing?

23 MR. KALTENBACH: I think what we need to do is
24 talk to the manufacturer of the technology that Jim Tobias
25 just referenced because you don't need five accounts to a

1 single long distance company any longer. You only need one
2 point of access, it's called IP. When you have that one
3 point of access you can have as many lines as you would
4 like.

5 MS. O'REILLY: But that would result in an
6 individual who makes one long distance call a month and has
7 no other contractual relationship with the provider paying
8 the same for Universal Service as a multi-billion dollar
9 corporation?

10 MR. KALTENBACH: No. Because the inherent cost
11 structure of a packet switch technology is one tenth to one
12 one hundredth that of a line switch technology.

13 If you look at net to phone or any of the other
14 switch technologies you could have an internet telephone
15 that inherently costs you one tenth of what it costs you
16 today for line switch technology.

17 MS. ROOKER: Okay. It was Andrea and then Rich
18 and then Paul.

19 MS. WILLIAMS: This is Andrea Williams. I just --
20 well, you've proven me wrong in terms of whether we can come
21 up with a consensus --

22 (Laughter.)

23 -- on the first -- on the first and the second
24 subissue.

25 (Laughter.)

1 I'd like to suggest that from what I'm hearing of
2 the discussion that there appears to be too many variables
3 to these issues to reach a consensus on number one and
4 number two, and that perhaps the better way to approach this
5 is to provide the FCC with a copy of the transcript so they
6 could have the benefit of the discussion that took place,
7 attach that with the ex parte communication. Would you
8 believe that FCC would find that helpful?

9 MR. McELDOWNNEY: Yes. I think it makes sense to
10 move on to the next point.

11 MS. WILLIAMS: Yes.

12 MS. ROOKER: Let's -- Rich did have a comment and
13 then Paul Schroeder.

14 MR. ELLIS: Just very briefly. Again, the problem
15 with the per line or per count charge is that it does tend
16 to shift a lot of the cost over to the local service
17 provider and I think -- I would hate to speak for Congress
18 because, Lord knows, they have a hard time speaking for
19 themselves sometimes --

20 (Laughter.)

21 -- but I think their idea and basing it on
22 interstate revenues was it would push the cost over on folks
23 who readily could afford it more and at the same time
24 keeping the basic rate low so folks who just want to have a
25 basic rate to call their doctor, call the police, would be

1 paying less opposed to somebody who had friends across the
2 country who could afford to spend more. So I think that's
3 what the theory was on that.

4 So I'm also concerned about a per line account
5 where one person could have a regular dial tone line and pay
6 the same as a person with a DSL line using it to make six or
7 seven different line equivalents worth of calls.

8 MS. ROOKER: And Paul?

9 MR. SCHROEDER: This is Paul Schroeder. Two
10 observations and a question.

11 The two observations are that I think Andrea and
12 others are quite right that one of the problems that's
13 emerged here is exactly what we've said all along, and that
14 is that there are so many of us who are ill equipped to
15 debate these issues.

16 When looking at the comments on this item I think
17 most consumer groups said, "Yeah. It logically makes sense.
18 Base it on current revenue as opposed to projected. Base
19 it on collected as opposed to billed." You know, those
20 things they just seem logical until you start peeling it
21 apart and pulling it apart in this way.

22 I think that's one of the great contributions that
23 this Committee can make is helping the Commission to
24 understand that it's got to find ways for more voices to be
25 heard in this debate and not just the technical experts who

1 are slicing and dicing and, frankly, are largely corporate.

2 I mean largely the players that are affected by the fees,
3 but not the players that are affected as consumers either on
4 the receiving end as low-income consumers, for example, or
5 the paying end in terms of their costs on the phone bills.

6 The second -- I guess that's really -- that's the
7 observation I wanted to make, but the question I wanted to
8 get at which we haven't really resolved and I just wonder if
9 we have a quick answer to it, and that's on dial around and
10 how that's currently structured.

11 Because, as I understand it, in many instances the
12 dial around companies are, in fact, segments of larger long
13 distance companies that are -- and I guess that's billed
14 differently. But how are those -- how are those revenues
15 collected for the Universal Service Fund and how are
16 consumers aware of what they're paying as a percentage of
17 their rates for the Universal Service Fund?

18 MS. ROOKER: Does anyone have an answer for him?

19 MR. McELDOWNNEY: I guess that you could probably
20 direct that to the FCC perhaps, I guess.

21 A PARTICIPANT: Yeah.

22 MR. GARNETT: This is Paul Garnett. To the extent
23 that dial around traffic is interstate telecommunications
24 revenue, then carriers would be assessed on those revenues.
25 As for how they actually recover those contributions from

1 end users, I think it really depends on the carrier. Some
2 don't recover those revenues from dial around -- through
3 dial around traffic and some do. I really think it just
4 depends.

5 MR. McELDOWNEY: While you're up there, I guess
6 another question I have is how do the companies handle the
7 pre-paid cards, which in some ways it seems it raises some
8 of the issues as the wireless phones?

9 MR. GARNETT: The story is the same in the prepaid
10 context to dial around. Some -- it really depends on the
11 provider and how they recover their, you know -- the various
12 different mechanisms that they use, whether it's purely on a
13 revenue basis or a flat fee or whether it's just in the
14 rate.

15 MS. ROOKER: Okay. Susan Palmer had a question.

16 MS. PALMER: There's one thing -- I think there's
17 some debate certainly over line versus the other route but
18 I'm wondering if we could make a recommendation that if they
19 go this certain route we have consensus on that.

20 So if we just add the word "if" to agree and then
21 maybe add some cautionary notes when you get to -- if you go
22 this other route then you need to make sure that people
23 aren't, you know, having to pay twice as much for the same
24 functional access and things along those lines. Would that
25 be a possibility for --

1 MR. McELDOWNNEY: Could you -- Susan, could you --

2 MS. ROOKER: Susan?

3 MR. McELDOWNNEY: -- make that sort of a full
4 sentence?

5 (Laughter.)

6 MS. PALMER: I'm lacking the ability to read the
7 actual proposal.

8 MR. McELDOWNNEY: I know.

9 MS, PALMER: But if you just say if --

10 MR. McELDOWNNEY: What would your sentence be
11 though?

12 MS. PALMER: If the FCC goes around -- they were
13 talking about if we're doing the recommendation, if they do
14 that then we agree on the rest.

15 MS. WILLIAMS: Well, that's the other thing --

16 MR. McELDOWNNEY: Susan?

17 MS. WILLIAMS: That's one of the things that I
18 just asked in terms of taking off the table that because
19 there seems to be such a difference of opinion, and that
20 there's so many different variables that would impact how
21 question number one and two we responded.

22 It doesn't look like there could be any consensus
23 and probably the better thing to do is to acknowledge that
24 there is a difference of opinion, provide the FCC with a
25 transcript of this discussion so they would have the benefit

1 of the discussion in their deliberations, because we can be
2 here all day I think discussing whether revenue or line item
3 or flat fee or --

4 MR. McELDOWNEY: Susan?

5 MS. GRANT: I don't even think that a transcript
6 of this discussion really fully captures everything that
7 people may think or people may wonder. I mean I have so
8 many questions now which we don't have time for.

9 So just the discussion that's happened so far
10 doesn't reflect all the questions that I want to ask that we
11 don't have time for. I would prefer not to make any
12 recommendation in this regard or pass anything to the
13 Commissioners that purports to show even the diverse
14 opinions because I don't think that we've heard them all or
15 have time to hear them all.

16 A PARTICIPANT: Okay.

17 MR. McELDOWNEY: Well, maybe the thing to do would
18 be to wait until the end of the day to decide whether or not
19 based on the discussion here, the discussion -- the joint
20 discussion of the Committees in the afternoon when we come
21 back together, just in terms of whether or not we think
22 there would be any value whatsoever in having the transcript
23 go.

24 MS. GRANT: That's fine.

25 MR. McELDOWNEY: Andrea, why don't you move on to

1 the next consensus item?

2 MS. WILLIAMS: Yeah.

3 (Laughter.)

4 MR. McELDOWNEY: And then later we'll get to the
5 hard ones.

6 MS. ROOKER: Vernon James has a --

7 Vernon?

8 MR. JAMES; Thank you, Shirley.

9 MS. ROOKER: Thank you.

10 MR. JAMES: This is Vernon James -- Vernon James -
11 - hello?

12 ALL: Hello. We're there.

13 MR. JAMES: Vernon James, San Carlos Apache Tribe.

14 I agree with the comments that there's a lot of
15 discussion that's necessary and that everybody has different
16 opinions.

17 My question is this MPR, is it completely closed,
18 bringing up Shirley's initial question? Is it closed for
19 discussion? If so, I think just the fact that there's been
20 so much discussion and so much misunderstanding, so many
21 questions to be asked, I think the recommendation should go
22 forward that the notice for proposed rulemaking be extended
23 so that there could be additional comments made so that we
24 can have opportunities throughout this large country for
25 input.

1 I disagree that it needs to be closed. I think
2 there's need for additional discussion. Thank you.

3 A PARTICIPANT: Yeah.

4 MS. WILLIAMS: Vernon, this is --

5 MR. McELDOWNNEY: I think that --

6 MS. WILLIAMS: Let me --

7 MR. McELDOWNNEY: Yeah.

8 MS. WILLIAMS: Can I just respond to that --

9 MR. McELDOWNNEY: Yeah.

10 MS. WILLIAMS: -- from the FCC processes?

11 Under the Administrative Procedures Act the FCC
12 has to provide a certain period of time to allow interested
13 parties to comment and reply comments. However, that is not
14 the last opportunity that an interested party can let the
15 FCC know how they feel about a specific issue.

16 In this case we're using what is called the ex
17 parte communication. It is a provision that allows you to
18 still bring your issues and questions to the FCC even after
19 the comment period is closed but before the FCC decides it's
20 going to make a certain decision.

21 Usually the FCC puts out a notice when they're
22 going to make that decision. And a week before that
23 decision is made, that is when at that point the FCC doesn't
24 take comments, whether they're comments, reply comments, ex
25 parte communications. That week no one can talk to the

1 Commission about that particular issue while they're doing
2 their deliberations.

3 So there is still time for those who have
4 additional questions to bring those issues to the FCC in ex
5 parte communications.

6 MR. JAMES: But I hear a lot of discussion and a
7 lot of questions being asked around the table and I don't
8 think it should be a recommendation that it's a consensus or
9 even give that kind of implication. I think that everybody
10 has different opinions and it shouldn't be a general
11 statement made that this is -- if, you know, and this is
12 consensus because I don't think it is. I don't hear it.

13 MS. WILLIAMS: Well, I agree with you, Vernon.
14 That's why I'm suggesting we just move on because we can't
15 come to a consensus on number one and two because there are
16 so many different opinions.

17 MR. McELDOWNEY: Andrea, why don't you move on to
18 the next one?

19 MS. WILLIAMS: Right.

20 MR. McELDOWNEY: Hopefully, we can get one more
21 out of the way before --

22 MS. WILLIAMS: Okay.

23 MR. McELDOWNEY: -- the lunch break.

24 MS. WILLIAMS: The other one, the last issue that
25 was under this particular -- under mechanism for carrier

1 contributions, had to deal with the different treatment for
2 wireless companies.

3 While both industry and consumer commentators agree
4 that treatment should be fair and equitable for all
5 carriers, it appeared from the commentators -- some of the
6 industry commentators -- I mean consumer commentators, they
7 prefer to have additional information in terms of why they
8 were treated differently.

9 Earlier today Anita and I and FCC staff and myself
10 sort of explained the difference between this is sort of an
11 anomaly of wireless that essentially -- because wireless
12 services have such unique characteristics, we don't fit very
13 easily into that regulatory model where things were decided
14 by state boundaries.

15 What happens is that you have Universal Service
16 Fund are to be recovered from interstate revenues ,and as
17 one commentator explained, that CMRS carriers which are
18 wireless carriers provide services and design their networks
19 without regard to these type of political boundaries and
20 also pursuant to their Federal licenses which don't
21 necessarily line up with the state -- particular state
22 boundaries.

23 Typically in the wireless context customers are
24 free to call from anywhere within a large geographic area.
25 In some instances it's nationwide, and from constantly

1 changing locations. For example, you may start a call in
2 Maryland and end up in Virginia and in between there have
3 been in D.C. Well, how do you determine what's the
4 interstate revenue?

5 So what the FCC recognized back in 1998 and came
6 up with a safe harbor for wireless carriers because it was
7 very difficult, while the wireless carriers did try to what
8 I call fit that square into a round -- oh, it's a round peg
9 into a square hole. Something like that.

10 (Laughter.)

11 That what was happening was that you had some
12 companies that were wireless companies were overreporting
13 and some were underreporting. So the FCC decided to make it
14 -- to simplify it and come up with an interim safe harbor of
15 15 percent. Now where they got that number from was based
16 on the level of interstate traffic that was experienced by
17 wire line companies.

18 They used what they call the percentage of
19 interstate wire line traffic for purposes of what they call
20 the dial equipment minutes waiting program. The bottom
21 line, that they call -- refer to as DEMS, that percentage
22 has changed. It's now down to 13.25 percent.

23 One of the questions that the FCC asked is should
24 they continue this interim safe harbor for wireless
25 carriers? Also, some of the commenters -- one commentor

1 pointed out not only should they continue it because that
2 situation still exists, but should they lower the safe
3 harbor so that it's in line with NECA's waiting program to
4 13.25 percent?

5 Now the recommendation that you see listed here
6 was CDTAC would support the -- that the FCC maintain the
7 safe harbor. Well, really there's two parts. First of all,
8 that the FCC would maintain the interim safe harbor for
9 wireless carriers and, secondly, whether there should be
10 some discussion of whether we should reduce that to 13.25
11 percent? With that said, I'm going to open the floor up, I
12 guess --

13 MR. McELDOWNEY: I guess I would sort of expand
14 that a little.

15 I know that sort of my position was really one
16 that was sort of, you know, again not having the expertise
17 in the safe harbor thing, my position really was that the
18 surcharge should be applied to wireless in the same way as
19 to land line.

20 I think then that leaves it open then to the
21 Commission to determine -- to make sure that, you know,
22 wireless is being surcharged properly. I just don't think
23 we have the expertise around the table to determine whether
24 or not these safe harbor percentages are ripe. I think it
25 would then be up to the industry and to the Commission to

1 come up with a way of splitting off the interstate and the
2 intrastate.

3 MR. KALTENBACH: Shirley?

4 MS. ROOKER: Okay, Matt?

5 MR. KALTENBACH: Matt Kaltenbach, Ericsson.

6 I'd like to suggest three things, number one, I
7 think that the current youth cases today are not limited to
8 wire line even though wire line seems to be the sole focus
9 of the apportionment and assessment methodology. So I think
10 it needs to encompass IP. It needs to encompass other
11 technologies and a methodology which is independent of the
12 technology.

13 Number two, I'd like to say it's information to
14 access and not just a wire line service. I think that
15 pretty much encompasses everyone that sits in the room
16 today.

17 Number three, I'd like to say that the
18 apportionment should be also equitable and flexible. It
19 should be able to be utilized by the most cost-effective
20 technology that services the goals of the program, the rural
21 schools, the rural end users, the rural medical. Each and
22 every one of these people just are not looking for access to
23 wireline services.

24 So why should we limit our focus or our scope or
25 our goal to that when it's information that they're trying

1 to access. That's what you're trying to mainstream. So I'd
2 like to suggest that we take a broader stroke in terms of
3 guidance to the FCC to keep it a little bit more open to
4 really make it universal access and not competitor access.

5 MS. WILLIAMS: Okay. Susan?

6 MS. PALMER; I really hear the first question as
7 being should wireless be treated differently? I mean I
8 think that's one very broad question.

9 Certainly our position would be it's a different
10 animal. It should be equitable and I think we need to make
11 that cautionary note, but I think the treatment should be
12 different just for the reasons that Andrea outlined earlier.

13 There are a lot of technical issues, there are billing
14 issues that are very different in that environment, but I
15 think we -- and I think that that's the first question more
16 than the amount. That I would like to hear some discussion
17 on.

18 MS. WILLIAMS: Okay.

19 MR. McELDOWNNEY: Susan?

20 MS. GRANT: I think that we could all agree that
21 wireless should pay its fair share. Beyond that though I
22 think it's hard to figure out how that would be calculated
23 when we can't even reach a consensus on the land line which
24 ostensibly should be easier to calculate.

25 MS. WILLIAMS: Very good point.

1 MS. GRANT: So I don't know if we can go beyond
2 that as a statement.

3 MR. KALTENBACH: Matt Koltenbach, Ericsson.
4 I'd like again to suggest a flat fee per account ID using a
5 subscription month as the metric.

6 MS. WILLIAMS: Matt, I think that's the type of
7 recommendation though that many people here would have to go
8 back to their companies and their organizations to see if
9 that's acceptable.

10 I think what the purpose of the Advisory Committee
11 again this process is we went to MPRM and took specific
12 issues that were related to consumers. We could be here
13 again for ages talking about Universal Service, whether it
14 should be IP, telephony, whether it should be wireless, who
15 should be included.

16 What we were trying to do is just to narrowly
17 focus on these specific issues. Now if you -- I suggest
18 that by broadening it -- if we can't even reach consensus on
19 some of these subissues and some of these narrowly focused
20 issues, I don't see how we're going to be able to reach
21 consensus on the broader issues.

22 MS. ROOKER: Well, maybe what we ought to do is
23 have lunch.

24 (Laughter.)

25 MR. McELDOWNEY: Shirley?

1 MS. ROOKER: And we'll be a little bit more awake.
2 Yes? Who do we have down here? Judith?

3 MS. VIERA: Judy -- I think the message that we're
4 -- use a little sign language to identify --

5 I think maybe what we should send a message to the
6 Commission is that we would like to see a more forward
7 looking look at this issue.

8 Many of the comments that have come up today are
9 around the fact that things are changing very fast and if we
10 just look at this very narrow way of assessing Universal
11 Service that we've had in the past, we as consumers and as
12 experts in the industry can see that we're going to be going
13 nowhere fast.

14 We have declining revenues in this limited sector.
15 We have increasing use of the Fund and we have technologies
16 that are changing in ways that are going to make the whole
17 world change. So that would be I think a message that we
18 could send that would not be as narrowly focused on the MPRM
19 which has a life of its own and has had a full comment
20 period, anyway.

21 MS. ROOKER: Thank you, Judy. And on that note --

22 MS. WILLIAMS: Thank you, Judy.

23 MS. ROOKER: -- one more question. Where is --
24 who do we have? Oh, we have a question from the public.
25 Yes?

1 MS. WOODARD: My name is Gwendolyn Woodard. I'm
2 President of Worldwide Educational Consultants.

3 Once AT&T and Verizon/Bell Atlantic had one bill.
4 Now they are separate. You get the Universal Service fee
5 on the Verizon bill and the Universal Service fee on the
6 AT&T bill. What I want to know is how are those monies
7 that's being collected from the AT&T side being used?

8 Question number two, will this Committee recommend
9 to the Chairman to move the E-Rate program from the FCC to
10 the Department of Education and recommend that to Congress?
11 So it's two questions.

12 MS. ROOKER: Who wants to answer the first part of
13 that question? Rich

14 MR. ELLIS: I can take a little crack at it.
15 The Universal Service charge on the Verizon bill for most
16 customers is just based on subscriber line charge. So it's
17 about 50 cents. That's the majority of the interstate
18 collection that we do.

19 The other long distance companies would collect a
20 larger extent because most long distance calls are
21 interstate but the money all goes to the same pot.

22 MR. DelCASINO: And I'll add to that. I think the
23 fact that the AT&T bill and the Verizon bill used to be one
24 for some customers, used to be one bill and now it's two
25 bills, really doesn't change anything in terms of the

1 payments that the customer made.

2 If AT&T long distance charges were included on a
3 Verizon bill as part of a Verizon bill, there was a
4 Universal Service Fund charge from AT&T on that bill. Now
5 that you're getting the AT&T bill separately it's still the
6 same Universal Service Fund charge.

7 MS. ROOKER: All right. Now as to the second
8 question that you had, which has to do with recommendations,
9 I'm certainly not qualified to answer that. Is there
10 someone here that can? Scott? Can you respond to her?

11 MR. MARSHALL: I don't think I'm qualified,
12 either, to respond --

13 (Laughter.)

14 -- to that question. Clearly, I think if you have
15 concerns about this you can raise them also in writing to
16 the Committee and we can circulate this item and maybe
17 discuss it at a future meeting.

18 But keep in mind though that we are somewhat
19 confined by our recommendations to what is within the
20 jurisdiction of the FCC to do. If we -- we can certainly --
21 I mean, you know, excuse me -- you could certainly as a
22 Committee make a recommendation for a statutory change.
23 That's fine. But know that the FCC is not able to bring
24 that about.

25 MS. ROOKER: Okay. Thank you. We're going to

1 adjourn for lunch. Those members of the panel are invited
2 to have lunch here -- of the Committee. For the rest of
3 you, there is a cafeteria, where?

4 MR. McELDOWNNEY: Courtyard level.

5 MS. ROOKER: Courtyard level, there are two
6 cafeterias. Be back here at what time? 12:45? No, 1:00.
7 Be back here at 1:00. Thank you.

8 (Lunch break at 12:14 p.m.)

9 (On the record at 1:05 p.m.)

10 MS. ROOKER: We're late. You've had five minutes
11 of grace period.

12 (Pause.)

13 Thank you all for coming back. I would like to
14 thank Susan Palmer and Cingular Wireless again for our lunch
15 which was delicious.

16 Now I would like to -- we have, as was requested
17 at our last meeting, we have speaking to us today someone
18 that Dane Snowden, the Bureau Chief or CIB, is going to
19 introduce. I'd like to turn the floor over to Dane now.
20 Thank you.

21 MR. SNOWDEN: Thank you. I understand you all had
22 a very spirited conversation about Universal Service Fund
23 and I look forward to catching up more on that matter as we
24 go forward.

25 It is my pleasure to introduce to you Marsha

1 MacBride, who is the Chief of Staff to the Chairman and to
2 the Federal Communications Commission.

3 Marsha, before coming back to the Commission, she
4 worked at the Walt Disney Company for -- as the VP for
5 Government Relations for again the Walt Disney Company.
6 Before that, before she left, she actually was here at the
7 FCC as a legal advisor to then Commissioner Powell.

8 So it is my pleasure to introduce Marsha and she
9 will take some questions at the end of her remarks, as well.

10 Thank you.

11 (Applause.)

12 MS. MacBRIDE: A long time veteran of the FCC. I
13 came in 1991 and finally slipped out the door last summer
14 only to be on the boomerang plan. Didn't know that, but I'm
15 happy to be back and certainly happy to be working with the
16 Chairman in the Chief of Staff position.

17 Good afternoon and welcome to the FCC on this very
18 classic Washington, D.C. day. You can see about four feet
19 in front of you outside. If you haven't been out in a while
20 that's a good thing.

21 I'm pleased to have this opportunity to talk to
22 this group and I'm really looking forward to working with
23 you all on developing telecom policy that really focuses on
24 the interests and the needs of consumers.

25 I'm also pleased that you've had this opportunity

1 to meet Dane Snowden. Dane comes to this job with a
2 tremendous amount of energy and a lot of new ideas and we're
3 extremely excited to have him here.

4 Unfortunately, Dane is getting his lesson in
5 patience, for some of you who work for the government would
6 know, we don't move too quickly around here. So I keep
7 saying, "Yes, we'll do that in due time." But he's getting
8 used to that and a little more comfortable with it.

9 I promised you that our commitment, the Chairman's
10 commitment, today and in the work of the CIB is great. As
11 I'm going to talk about today, I want to give you kind of an
12 overview of the role that we see with CIB and its
13 relationship to this group and how that's so important in
14 what we do and everything that we do at the Commission.

15 You've probably heard a lot of talk about
16 competitive markets and I want to talk a little bit about
17 consumers in competitive markets today because that's kind
18 of the foundation of where we start from.

19 You know, I think if you look around the world and
20 you look at what's happened in the latter half of the 20th
21 Century you've noticed that a lot of countries that have
22 tried different models, economic models, have come back to
23 competitive markets as the model that best serves the
24 overall needs of consumers.

25 But I think as we've also seen since the passage

1 of the 1996 Act that competitive markets have their own set
2 of unique problems for consumers. For instance, when we
3 only had one phone company the government had a single point
4 of contact. We could make a decision and that company could
5 implement that decision across its entire network. You
6 could reasonably and reliably predict the impact of a
7 decision from the government on both the consumer as well as
8 the company itself.

9 In a competitive market the actions of governments
10 are a lot more complicated and a lot less predictable.
11 Competitors have very different business models and
12 different technical architectures. This makes the one size
13 fits all rule very, very challenging.

14 In capital markets, as we have seen, sometimes can
15 play an extremely volatile role in the continuing viability
16 of competitors in a competitive marketplace. We have found
17 that the need to coordinate with local and state officials
18 on areas of consumer interest is great and is a challenge
19 because it's spread across so many different entities across
20 the country.

21 So now we're faced with the following questions,
22 how do we develop policies for competitive markets that will
23 ensure the consumers reap the benefits of those markets and
24 how do we help protect consumers from market abuses?

25 Of course, answering those questions is why you're

1 here. We're really looking forward to working with this
2 group to help us focus on the issues and focus on what
3 answers there are for us to use.

4 The Chairman recently gave a speech on his
5 perspective on consumers and markets and I thought I'd take
6 this opportunity to review with you a little bit of the
7 highlights of that speech. I have copies of it as well
8 which I will leave if you haven't seen it.

9 The main thrust of his remarks was to emphasize
10 that everything we do is about consumers. I think this is
11 an extremely important piece of how the Chairman looks at
12 the issues that he faces and the Commission faces on a daily
13 basis.

14 As public servants we only have one real client
15 and that is the consumer. Competition policy that focuses
16 on competitors but doesn't take that next step of looking at
17 what the impact of those competitors are on the consumer
18 sorely misses the mark.

19 In market economies consumers cannot be docile
20 recipients of services but must be extremely avid, smart
21 players. They must make decisions about what to buy and
22 what price and those decisions can turn around and make or
23 break a company's particular product line or even the long-
24 term viability of the company itself.

25 So while government can take steps to promote

1 competitors in a market it is ultimately up to the consumer
2 as to whether the goods and services being offered by that
3 particular company are particularly appealing.

4 So most of our emphasis so far has been trying to
5 find ways to help consumers navigate through the maze of
6 goods and services that are currently available by this very
7 active, competitive market that we have. How do we do this?

8 Well, some of the following ways we think help
9 bring FCC -- help the FCC bring consumers very squarely into
10 the marketplace as very active and solid players.

11 The first thing we have to do is help manage
12 expectations. When the government and the companies and the
13 press are all touting new goods and services that have yet
14 to be rolled out in any kind of a mass market way or have
15 yet to be tested, we frustrate consumers. It's an
16 understandable frustration.

17 It also can backfire in that they can then be
18 turned off to particular goods and products that actually
19 will be available, but it will take time for those services
20 to be available to everybody at the kinds of prices people
21 are willing to pay and with the kind of reliability people
22 have come to be accustomed to, especially in communications
23 services.

24 Brochures, consumer alerts, consumer forums, our
25 webpage -- these are all ways that we try and reach out to

1 consumers. As Dane always says, he needs to take the road
2 show outside the Beltway. One of the things that we're
3 really looking at is how can we bring all of this
4 information that the FCC has in a very proactive way out to
5 consumers instead of just sitting there expecting consumers
6 to find us? So we're regularly challenging Dane. So far
7 he's doing okay.

8 Customer confusion. We have to find ways that we
9 can reduce or even eliminate customer confusion. They have
10 to be able to make informed decisions. Managing
11 expectations is a piece of that, but also the phone bills.
12 Helping people understand how to read them. And helping
13 people understand what the services are and have reasonable
14 expectations of what they'll get from those services is
15 extremely important. One of the main pieces of that is
16 absolutely clarifying, doing everything that we can to
17 clarify confusion.

18 We have a standard of efficiently trying to
19 resolve consumer complaints. We continuously strive to
20 improve our processes and we are really, you know, pleased
21 that over the last year we have been able to take what's
22 been in CIB and get rid of the backlog. So Dane's coming in
23 thanks to his predecessor in a very nice way to come in and
24 look forward.

25 We don't have a lot of backlog. We've got a lot

1 of our times and our efficiencies down. Now the question is
2 what's next? We're very excited about what we are -- have
3 planned for that.

4 The other thing is is that we think that to
5 protect the interest of consumers in market-driven economies
6 that we have to be -- we have to have headlights on what's
7 going on in the consumer marketplace through the complaint
8 process.

9 We take in a wealth of information at our call
10 centers. We're trying to develop new systems that will help
11 us analyze that data, get that data back to the policy
12 bureaus that work on particular areas and get solutions to
13 that involved in the policies as they're being developed
14 from the front end. That's an extremely important part of
15 what we're doing now.

16 Accommodating special needs. We're very aware of
17 our responsibility to work with organizations like yours and
18 others to accommodate special needs because we know that
19 there are some areas that the market just will not
20 effectively address.

21 Congress recognized this in Section 255 and we
22 have a concerted effort on trying to figure out ways we can
23 work with groups to develop technology that will produce
24 access for this community. This task force is absolutely
25 crucial -- absolutely crucial to that endeavor.

1 We also are very focused on advancing opportunity
2 in the communications fields. But finding ways to
3 accomplish the goals of both introducing ownership and
4 employment in the communications area is very difficult
5 to -- it's very challenging to find a way to do it that's
6 Constitutionally sustainable by today's Courts.

7 As you're likely aware, the Chairman has also
8 strongly supported the McCain tax bill, tax credit bill,
9 and we are working with them regularly to try and move this
10 in Congress because we think this is also a good way of
11 helping consumers and more and more different types of
12 consumers have involvement in the communications industry,
13 both through employment and through ownership.

14 Finally, critically, it's our continuous struggle
15 to find new and effective ways of improving access to the
16 network. The fact that there are still large numbers of
17 low-income individuals that are leaving money on the table
18 that are designed to help them gain access to the system is
19 just not -- it's not acceptable.

20 Only 30 percent of all of those low-income
21 individuals that are eligible for Lifeline will actually
22 take advantage of those services. We're committed to
23 working with the states and local communities in developing
24 increased participation in these low-income groups.

25 Access today means more than it ever has. Access

1 is access to voice, it's access to data, it's internet.
2 It's high-speed data. We are committed to doing what we can
3 to facilitate as much access to this as we can in a
4 reasonable manner, in a timely manner and in a manner, if I
5 may go full circle, that is reasonably manages the
6 expectations of consumers to these services and minimizes
7 their confusion so they can be active players in the
8 marketplace.

9 So I thank you for giving me this opportunity to
10 share with you what we've been thinking about consumers.
11 Hopefully, I've explained a little bit about how we
12 envisioned CIB's processes in this.

13 We are committed to making CIB an active
14 participant in every level of our process and, as Dane goes
15 regularly knocking on all the Bureau Chief's doors, I can
16 assure you he is a very, very active participant and a very
17 avid proponent of his role and the role of CIB in everything
18 that the Commission does. We're very happy to have such a
19 strong leader in that spot.

20 I also believe that working through CIB this
21 organization will be extremely helpful and crucial to our
22 making the right decisions for consumers about the issues
23 that are part of your charter and we're really looking
24 forward to working with you through Dane to try and
25 accommodate the needs of all of Americans as we move forward

1 today. So thank you very much and I would be happy to take
2 a few questions.

3 (Pause.)

4 That's quick. Been thinking about that one.

5 MR. McELDOWNEY: Yes. I was thinking about that
6 one. I'm with a group called Consumer Action. I guess I
7 wanted to sort of make a comment and then a question.

8 Consumer Action has a multi-lingual complaint
9 hotline in English, Cantonese, Mandarin and Spanish.

10 A PARTICIPANT: Could you use the mike?

11 MR. McELDOWNEY: Oh, I'm sorry. I was -- my name
12 is Consumer Action and we work with a wide -- with sort of
13 the changing demographics. We have a complaint hotline in
14 English, Cantonese, Mandarin and also Spanish. We work very
15 closely with Federal agencies such as HUD, Department of the
16 Treasury, Federal Reserve, in terms of translating and
17 distributing their materials nationally in both Spanish and
18 Asian languages.

19 I guess one of the real concerns that I've had I
20 guess about the FCC in the past is that I think that they
21 have been very slow in terms of reaching out to the diverse
22 population in Spanish and Asian language to (1) resolve
23 confusion, to educate and to make sure the complaints are
24 received.

25 I'm just wondering what you all are going to be

1 planning on doing in terms of both making your complaint
2 hotline in Spanish and Asian languages but also in terms of
3 getting your materials out in a wide number of languages.

4 MS. MacBRIDE: I'll let Dane answer the specifics
5 of that, but it's certainly something that we have been
6 thinking about very, very much.

7 One of the perspectives that Dane has brought to
8 his job is that the Consumer Information Bureau is the
9 Consumer Information Bureau, it's all consumers. He has
10 really been focusing on how to make sure there's access to
11 all American consumers of services and this is one of the
12 areas in which he has also identified a need to move more
13 quickly than we have moved in the past.

14 MR. SNOWDEN: To address your question
15 specifically, we actually currently in our consumer centers,
16 both in Gettysburg and here in Washington, if you call and
17 you're a Spanish-speaker you can have another Spanish-
18 speaker communicating with you.

19 The other languages we're looking into right now
20 in terms of our outreach plan we are looking at the census
21 data that is currently available telling us what is out
22 there and what languages we should be targeting first. We
23 have to make certain languages a priority over others.

24 Obviously, Spanish-speakers are definitely a
25 priority in this country as we develop and also Asian-

1 Americans as well. So we are moving in that direction with
2 lightening speed.

3 MS. MacBRIDE: And the more gracious Congress is
4 with our budget the more we'll be able to do in that regard
5 --

6 (Laughter.)

7 -- without a doubt. Yes?

8 MS. GRANT: Hi! Susan Grant, National Consumers
9 League.

10 The convergence of different kinds of
11 communications and the emergence of interactive TV raise
12 huge privacy concerns. I'm wondering what the Commission is
13 doing to get out in front of that issue?

14 MS. MacBRIDE: We're very aware of those of those
15 concerns, as well. We actually have been -- the Hill has a
16 great concern about those things. I don't know how much of
17 solving that problem is directly in the purview of the
18 Commission.

19 But at the same time, one thing we really
20 recognize and are trying to really work with Congress on is
21 that we want to help be the technical experts. If Congress
22 has to pass a law, if there has to be legislation of any
23 kind that handles these things because we don't handle them,
24 it's not within it, we want to make sure that we've got the
25 independent, technical expertise and policy expertise that

1 will be able to help Congress make those decisions.

2 So this is one of the areas that we look at,
3 whether it be 911, the interactive television piece. It's
4 hard when we don't know exactly what those things are going
5 to look like yet, but I do think it's very important from
6 the very beginning that we are very vocal about the needs
7 for companies to be thinking about these issues as they move
8 forward.

9 You know, you hope to some degree that the
10 companies through either their own self-interest or
11 otherwise will be active in protecting those interests as
12 well so they, in fact, end up without having I think a lot
13 of bad publicity that can come from mishandling privacy
14 information. There's really nothing I think that upsets
15 consumers more. Yes? I'll work around the table.

16 MR. BAKER: Hi! My name is Chris Baker and I'm
17 with AARP.

18 I know through survey work that we've done that
19 many of our members and many older people in general use
20 wireless telephone service. What we couldn't find out from
21 our survey work was how many had complaints or problems with
22 their service and how many, you know, had drop calls or so
23 forth.

24 I'm just wondering what the FCC is doing to record
25 those complaints or publicize the complaints that people

1 make about cellphone service?

2 MS. MacBRIDE: We are doing that, just for the --

3 MR. SNOWDEN: We've received several inquiries
4 about the information, the complaint information, that we
5 are currently gathering and we are in the process of
6 gathering it and making sure it is accurate because once we
7 release that information we realize that there will be
8 people on both sides of the issues saying one thing about
9 the information.

10 So what we're going to do is make sure the
11 information is accurate and in due course time begin to
12 release some of that information.

13 MS. MacBRIDE: The idea is to get it out, but the
14 idea is to make sure that what we've got is accurate, and
15 that what we've got reflects market trends and reflects
16 problems, not little, isolated problems, but overall. We're
17 trying to look at this from a very national point of view.

18 So we have -- wireless was our first one up so
19 we're probably farther along on the wireless side than we
20 are on some of the other sides.

21 You know, part of the technology and part of the
22 struggle that wireless companies have for more spectrum is
23 to fix a lot of the reliability issues. You've got to
24 remember how young that service is. We sometimes think of
25 it because we all glommed onto it so quickly that, you know,

1 it's just a couple of years ago.

2 So it does not yet have the infrastructure for the
3 type of reliability that you get in a wire line side. So
4 we're really trying to work with companies to make sure that
5 they use spectrum efficiently and in a manner that they can.
6 The whole issue of getting polls out into the communities
7 and the struggle with that all has to do with that.

8 So that's why when we want to make sure that when
9 we release data that we have thought about it and its
10 perspective. So it's again so we don't create confusion, we
11 actually help to solve it. That's really where we are and
12 we're very close on that, as well. All of that data has
13 been going to the wireless bureau just so you know.

14 So as they focus through and help us understand it
15 they are already kind of paying attention to any issues that
16 have kind of arisen from it. So far I don't think they have
17 found anything that has been anything more than what we
18 expected to find in the complaint process as well. Yes,
19 sir?

20 MR. SCHROEDER: Hi! Paul Schroeder with the --

21 MS. ROOKER: When you -- I'm sorry.

22 MR. SCHROEDER: Oops! I'm sorry.

23 MS. ROOKER: Go ahead.

24 MR. SCHROEDER: Who --

25 MS. ROOKER: Paul?

1 MR. SCHROEDER: Okay. Paul Schroeder, Alliance
2 for Public Technology and American Foundation for the Blind.

3 I have two questions for you. One has to do with
4 infrastructure and I gather there might be another
5 proceeding coming up on 706, but not so much specifically on
6 that but what would you like -- what would be helpful for
7 the Commission to hear from us around the issues of access
8 to broadband services, making sure that consumers in all
9 categories have access assured to them, what kinds of
10 recommendations around universal service, if any, would be
11 useful in that area? That's question one. I mean I think
12 this issue of infrastructure deployment and development is
13 pretty critical.

14 The second one is somewhat 255-related and that is
15 are you looking at the impact on access to converged
16 technologies, that is to say technologies with data and
17 voice. But primarily 255 has focused on voice because of
18 distinctions, but obviously there are a number of issues
19 around data. We've already talked today about the fact that
20 data has already surpassed voice in terms of its use on the
21 lines.

22 So the question is what is the Commission planning
23 to do to try to keep 255 up to speed with the reality of
24 technology?

25 MS. MacBRIDE: Two very good questions. Let me

1 answer your second question first. The Commission is
2 following this as fast as we can in terms of what's
3 available out there, what technologies are available out
4 there. We have a -- on the technology side who has a group
5 that just looks at what's going to be coming down the
6 pipeline in terms of technology challenges for individuals
7 with specific assess needs and also how we're going to
8 conceptualize those in the rules and policies that we're
9 putting out today.

10 You know, the FCC can do a lot but we don't always
11 know exactly what the right answer is of what we should
12 require. What's going to be effective? How is it going to
13 be effective? Then certainly that kind of comes back to
14 your first question and that's really what we're looking at
15 from this group.

16 We look at the data. We can analyze the data
17 about what we can see out there. We don't have great data,
18 we're working on that as well, and that's 706 that's
19 supposed to help us do that. From that we are supposed to
20 be able to decide what kinds of trends are necessary.

21 But there are new products out there all the time.
22 There are new ways that people are developing access.
23 There are new technologies out there that don't have access
24 as part of their thinking.

25 It really is kind of -- my thought that the focus

1 of this group really talks about those things, tries to
2 categorize them, tries to put them in a perspective that we
3 can then develop some type of policy that would help
4 effectuate the goals of getting more service to particular
5 groups of people who for whatever reason aren't able to do
6 so. And identifying where they are and coming up with some
7 solutions about how to do that. That's the hard part,
8 there's no doubt about it. That's the hard part. Yes, sir?

9 MR. GOLDBERG: Larry Goldberg from the National
10 Center for Assessable Media, WGBH.

11 The Commission's done some wonderful things in
12 terms of solving some of the marketplace failures in terms
13 of close captioning and video description. The captioning
14 rules have been tremendously effective. The video
15 description rules were also well written, but as you know
16 are now in the Court of Appeals being challenged.

17 Can you give us a little bit of an update on where
18 that stands and how the Commission might be dealing with
19 that?

20 MS. MacBRIDE: Stands right there in the Courts.
21 I think that the biggest issue that we have with that is
22 whether or not the Courts are going to sustain it given its
23 statutory basis.

24 I think you find the one thing that we are really
25 struggling with here at the Commission is having the do-

1 overs. We have a lot of do-overs that we have before us now
2 because we did not write rules sustained by a record that
3 the Court would accept. As a result we are struggling to
4 keep within the bounds.

5 So even if we don't take as big a step as we would
6 like to take we've taken a step that the Courts will say,
7 "Yes. Congress clearly included this within the authority
8 which it gave you to do." That is a little bit more
9 conservative in approach, but it's the approach that the
10 Chairman has already spoken quite a few times about the way
11 he'll take it, a much more judicial approach.

12 We will have to see, just like we did in the cable
13 area. We will have to see what guidance the Court gives us
14 about how far we can push in that area. They may think that
15 what was there for statutory authority was sufficient, in
16 which case that gives us a whole different set of roads to
17 travel than if it sends it back and says, "You can't go near
18 these things."

19 So right now, unfortunately, we've been on the --
20 you know, on the hurting end I think a little bit of the
21 expanse of our authority independent of specific comments
22 from Congress. The Courts have been very wary of giving us
23 deference on issues and we're working very hard to repair
24 that relationship. To do so, I think it's going to take
25 some very kind of step-by-step approaches so we don't end up

1 two years really have gone nowhere at all because we
2 overreached the first time. Yes?

3 MS. WILLIAMS: Hi! I'm Andrea Williams from CTIA.
4 This morning Commissioner Copps reminded us that even as an
5 Advisory Committee that we can't address everything. I
6 think it would be helpful if you could give us some idea
7 what are some of the -- if you give us the top four of five
8 priorities in the Commission that we as a committee can have
9 some impact and provide some guidance or advice to the
10 Commission.

11 MS. MacBRIDE: That would be helpful?

12 MS. WILLIAMS: That would be helpful, mm-hmm.

13 MS. MacBRIDE: Well, I can certainly give you my
14 list but I think given that charge I would prefer to work
15 with Dane and the Chairman himself. Because they would be -
16 - if you're asking for his priorities and the priorities of
17 the Commissioners we could certainly pull that together for
18 you. I think that would be extremely helpful.

19 I would agree that you can't be in all the places
20 that you need to be at once. Let me take that back to Dane
21 and we will work on what we think, or what the areas of the
22 proceedings and the things that working out that your
23 involvement in those we think are crucial to our coming up
24 with the right answer. Okay.

25 MS. BATTAT: To follow-up to your response to

1 Chris about publicizing the complaints, is that also going
2 to include complaints on disability issues?

3 MS. MacBRIDE: Do we collect them that way?

4 MR. SNOWDEN: Yes, we do collect them --

5 MS. MacBRIDE: Then the answer is yes. We're
6 really just -- it's a big project and it's a big project
7 that has not been particularly funded. So we're now really
8 getting to the point where we can develop data bases and we
9 can develop processing of data that allows us to be
10 effective in pulling together trends.

11 As long as we're collecting it we can move from
12 there. What we'll do is we'll find areas that we're not
13 collecting information that we should be and will modify
14 them. It will always be kind of a work in progress.
15 Is that it?

16 (No response.)

17 Well, thank you and I'll let you get back to work.

18 MS. O'REILLY: Is it still possible to ask a
19 question?

20 MS. MacBRIDE: Oh, sure.

21 MS. O'REILLY: This is Kathleen O'Reilly on the
22 line. I have a question that might be in the category of
23 something to take back to the Chairman and the
24 Commissioners.

25 You've brought the message that the Chairman

1 himself has reiterated that he views consumers as the number
2 one constituency of the Commission and competitive markets
3 being the superior way to protect them and that there are
4 areas where competitive markets are not working. He has
5 expressed frustration that finds in his view have not been
6 sufficient to create the incentive for compliance with the
7 law and is looking to make recommendations as far as
8 increasing the Commission's enforcement rules.

9 I'm wondering beyond increasing fines at levels
10 that would make it less profitable for there to be
11 violations of the law. What specific other enforcement
12 tools that the Commission already has is the Commission
13 looking at to enforcing? Specifically, cease and desist or
14 when information filed under oath is found to be false? In
15 particular cases to turn these matters over for criminal
16 prosecution or licensing revocation? Some of the other
17 enforcement tools that would give consumers more protection
18 than we've been getting with really inadequate fines?

19 MS. MacBRIDE: The issue of inadequate fines,
20 obviously, is a very serious one and one we've been
21 haranguing from the very beginning. The problem that we
22 have is that fines are a deterrent mechanism. They're like
23 triple or treble damages that you get in the anti-trust. We
24 are not going to fix every little place that we find a
25 problem, always.

1 If we have complaints that come to us that's fine,
2 but in order to get companies and in order to make sure that
3 our rules are respected and abided by across the country, it
4 really requires that there be a deterrence effort. That's
5 really the main part of those fines, to make it so if you
6 get caught you get stung a little bit.

7 We're looking at lots of different ways to do it.

8 That was actually one of the main goals of developing the
9 enforcement bureau was to try and find more specific ways to
10 permit the government to have an impact in the way that its
11 rules are abided by across the country and it's been working
12 on that.

13 Some rules, some statutory rules, allow us to have
14 revocation as a solution and some statutory rules do not, so
15 it varies from area to area.

16 But I think one of the things that we're really
17 been successful on is identifying -- beginning to identify
18 where there are greater needs in the enforcement bureau. I
19 would actually probably leave it to David Solomon, who has
20 spent a lot of time working and thinking about this to
21 answer your question. But it is something we're absolutely
22 committed to and we do look at fines as only a piece -- a
23 piece of that solution, although I think an extraordinarily
24 large piece of it. Okay?

25 MS. O'REILLY: Thank you so much.

1 MS. MacBRIDE: Thank you.

2 (Applause.)

3 MS. ROOKER: Now we are going to go into our
4 breakout sessions and Scott will give you the logistics on
5 that.

6 MR. MARSHALL: Indeed. We're breaking out into
7 two groups this afternoon, the Disability Subcommittee --
8 I'm sure you know who you are but in case you don't, people
9 with yellow badges will go to room 442, which is right again
10 across the hall out the door here to my right and straight
11 across the hall and down the hall past the turn to the
12 restrooms, a few more yards and 442 is on your left.

13 Chairing that group today will be Jim Tobias.
14 Thank you, Jim. Micaela will also be joining you via
15 teleconference in that group. If you could be back here say
16 at about 25 to --

17 MS. ROOKER: 3:40.

18 MR. MARSHALL: 3:40, okay, is the word from our
19 Chairman. That would be great.

20 The rest of you in the blue and the pink, that is
21 the Consumer Subcommittee and the Affordability
22 Subcommittee. If you could stay right here we will be
23 having a joint meeting with those two groups. Thanks.

24 MS. ROOKER: Actually you're meeting is from 1:30
25 to 3:30 and you get a 10 minute break.

1 MR. SCHROEDER: Shirley?

2 MS. ROOKER: So don't ever say we're too bad.

3 Yes, Paul?

4 MR. SCHROEDER: Paul Schroeder. Do we have a
5 charge of what we're -- are we talking about this Universal
6 Service thing? What are we doing?

7 MS. ROOKER: Well, in the -- with the
8 accessibility -- the Affordability and the Consumer
9 Subcommittees that are going to meet here, we are going to
10 be talking about Universal Service.

11 The Disabilities Committee has its own issue --
12 list of issues and priorities that they're going to discuss
13 because they're coming together to some consensus on their
14 priorities. So does that answer your question?

15 MR. SCHROEDER: Mm-hmm.

16 MS. ROOKER: Okay. All right. Thank you very
17 much.

18 (Off the record at 1:38 p.m.)

19 (On the record at 1:45 p.m.)

20 MS. ROOKER: Well, it was apparent to me this
21 morning that there are so many opinions on the Universal
22 Service Fund that there might be some items of agreement.
23 I'm not willing to give that up yet, but I'm probably overly
24 optimistic.

25 Andrea and Ken and I were discussing at lunch how

1 we might proceed this afternoon. Perhaps what we should do
2 is to spend the first hour or so looking at the many issues
3 in Universal Service and then seeing -- because if we find
4 that we can't reach an agreement, which I think is probably
5 likely, it might be useful for us to see if we could come up
6 with some differing opinions and being presented as that,
7 not as recommendations but as some of the thoughts and
8 concerns that we have about the various sections.

9 Those can be conflicting. They don't have to be,
10 as I said -- it's not an opinion, but that these would be
11 items that had been discussed by the Committee,
12 subcommittees, and presented to the Committee. I don't know
13 whether that's reasonable or not.

14 My goal was to see if we could come up with
15 something to present to the Chairman. Certainly we're not
16 going to present recommendations, it doesn't seem.

17 What is your thought on us trying to come up with
18 maybe three or four items with -- or points of discussion
19 with some of the various aspects of Universal Service Fund?

20 Does that make sense? I'd like to hear -- I mean I'm just
21 looking for a way for us to come up with something
22 constructive. Belinda?

23 MS. NELSON: Thank you, Madame Chair.

24 I think we need to go back to the basics of the
25 Universal Service concept, kept that in mind and try to keep

1 some focus here for the subcommittee.

2 As I understand it, Universal Service is -- the
3 concept is the ability for everyone in the country to afford
4 telephone service. So the funds and the issue that we have
5 before us as a subcommittee is to make that funding work.

6 So if we keep our focus on the funding -- and I
7 speak on behalf of the unserved and undeserved population of
8 this country -- and I'm all for making those populations
9 have access to telephony or to technology or to information,
10 so let's try to keep the focus on the funding issue and then
11 perhaps from there my suggestion would be to build some kind
12 of consensus on principles and how to get some kind of
13 methodology for building these contributions from different
14 carriers.

15 I do know and I understand that there's different
16 technologies out there and, for instance, usage might not be
17 feasible because of voice-over IP. That technology doesn't
18 allow to measure for minutes of use so usage might be thrown
19 out.

20 Concepts or principles such as being equitable,
21 you know, have all carriers contribute in some manner that's
22 equitable to all carriers. As the gentleman from Ericsson
23 said, should be independent of technology because there's
24 just such a wide array of technology here.

25 So maybe if we concentrate on principles of how to

1 adapt that methodology then we won't be so torn on the
2 different types of technology and maybe perhaps gain a
3 broader sweep of how we're going to attack this issue.

4 MS. ROOKER: Well, actually Andrea and Ken are
5 going to be running this meeting. I only put out my
6 thoughts as a -- just to kick us off. So what I'd like for
7 them to do is to take over and run it. I'm going to go take
8 a nap.

9 (Laughter.)

10 MS. NELSON: Don't you dare.

11 MS. ROOKER: But, at any rate, I would like for
12 them to take it over and go with it to where it may. Thank
13 you.

14 MS. WILLIAMS: I think Nancy had --

15 MS. ELLIS: Nancy Linke-Ellis, Tri Caption Films.
16 Hope nobody's on the phone line.

17 Really mine is more of a comment that anything --
18 and speaking from a deaf consumer standpoint, the more I
19 hear the more confused I become.

20 I don't work for Verizon and I don't work for any
21 of the major telephone carriers. But for somebody like
22 myself who is an end user, and we sit here and we discuss
23 whether it's, you know, current or projected incomes and I'm
24 sitting here saying, "Well, does it -- where does my two-way
25 pager fit in? Where does my PDA fit in? Where does my

1 cellphone? Where do my bundled phone services?"

2 I think in order to make any kind of intelligent
3 comment I would like to know how these are covered? My
4 second comment is -- or at least what category they're
5 specified in so that we don't get off on track of, you know,
6 all the different things.

7 We talk about the revenues and we talk about how
8 they should be discerned, but nowhere have I heard about the
9 monies or the efforts put forward to developing the new
10 undeserved areas. Obviously, we don't want companies to go
11 under trying to, you know, provide for this, but on the
12 other hand, when you have the Native American side that is
13 under 30 percent coverage, somewhere that we'll call it
14 development or increased outreach, I want to know where does
15 that fit into all of the percentages of coverage and carrier
16 fees?

17 MS. WILLIAMS: Michael?

18 MR. DelCASINO: This is Michael DelCasino.
19 I'd like to take off just for a minute, not for a nap --

20 (Laughter.)

21 -- but to take off for a minute on Belinda's
22 notion of principles but maybe take it to a different level.

23 This is a consumer advisory committee so it seems
24 to me that if we did anything we could pass along to the
25 Chairman some principles against which to evaluate all of

1 the comments that he's -- the separate comments that he's
2 received from companies and industry and consumer groups and
3 what not.

4 I'm just going to throw out a few thoughts, but
5 one is the notion of simplicity. From a consumer
6 perspective it seems to me anything that they do with
7 Universal Service ought to be as simple as possible. I'm
8 just making that statement. How do you define simplicity?
9 We could probably talk for hours about that, but simplicity
10 is a principle that they might want to undertake and that we
11 can talk about a little bit, something that's easy to
12 understand from the consumer perspective.

13 Then the other item is how do you communicate this
14 change to consumers? This is an area maybe where this group
15 could identify some ways where industry, the FCC, and maybe
16 the consumer groups and associations, industry associations,
17 could jointly put together some communication packages for
18 consumers.

19 That should -- it seems to me that would ease the
20 consumers minds if you see some sort of communication that's
21 coming from the FCC and Verizon and AT&T and the American
22 Association for the Blind and what not, that they would be,
23 you know, a little bit more -- put a little bit more at
24 ease.

25 So whatever the decision finally comes out to be

1 if we could put together some communication package or
2 something like that. That's -- just a few thoughts in that
3 regard.

4 MS. WILLIAMS: So -- Susan?

5 MS. PALMER: I really want to support the idea of
6 guiding principles -- I'm not on? Okay. Of guiding
7 principles because I think that there are some things we can
8 agree upon. We may -- and one of them might be that, you
9 know, there needs to be more consumer involvement early on
10 so they can understand the issues better and make informed
11 recommendations.

12 Because I think -- I mean I have a good support
13 system in my company and I still have a lot of trouble with
14 this -- this issue. So certainly education sounds like it's
15 a piece and there's some other issues. I think if we can
16 focus our discussion on things we generally agree upon and
17 things we can support. We could go back with some
18 meaningful recommendations, even if it's not go with this
19 technology or go with this process. But at least these are
20 guiding principles in making decisions.

21 My only question is is that going to be useful to
22 the people from the FCC or is there no one here who could
23 respond to that?

24 MS. WILLIAMS: Ken?

25 MR. McELDOWNEY: Yeah. I think maybe -- I sort of

1 like the idea of the guiding principle thing. Two that sort
2 of came in my mind -- I know that one of the questions that
3 they were asking was whether or not the surcharge Lifeline
4 customers.

5 Certainly in California it's -- the Lifeline
6 surcharge is not applied on Lifeline customers. I would
7 think that that would be a guiding principle that we could
8 have here just in terms of should not be on Lifeline
9 customers.

10 The second one I think really would be that if, in
11 fact, a company is choosing to pass on the surcharge to
12 their customers, that they pass it on to all of their
13 customers in an equitable fashion.

14 I guess I never thought that someone would be more
15 cynical than me, but it never crossed my mind that long
16 distance companies would negotiate contracts with large
17 business customers in which they would tell them that they
18 did not have to pay the surcharge. It never crossed my
19 mind.

20 So I think that that would be a guiding principle,
21 that if they're going to pass it on to their customers that
22 they have to pass it on to all of their customers in an
23 equitable fashion.

24 MS. WILLIAMS: Ken, one of the things that I'd
25 like to follow-up on. First of all, I like this idea of

1 guiding principles. I think that's something that we can
2 all coalesce around. Unless I hear otherwise, we will
3 proceed in that fashion.

4 Also, those who are sitting out in the audience,
5 this is a subcommittee meeting and you are welcomed to
6 provide us with your input, as well. One of -- oh --

7 MR. McELDOWNNEY: Andrea, Rich has been having --

8 MS. WILLIAMS: I think, Ken, one of the issues
9 that you just pointed out in terms of making sure customers
10 can understand the simplicity, as Michael pointed out, I
11 think all of us in this room would agree that the goal
12 should be providing consumers with accurate and
13 understandable bills with non-misleading information
14 concerning the Universal Service Fund.

15 Is that a principle that everyone can agree to or
16 --

17 MS. PALMER: Is someone charting these? I mean I
18 hate to mention that since I can't read the chart, but that
19 might be helpful if it's not being done.

20 MS. WILLIAMS: Pardon me? Susan, I can't hear
21 you.

22 MS. PALMER: To chart the ideas so people can look
23 at them in addition to listening? Is that a possibility --

24 MS. WILLIAMS: Yes. Can I have --

25 MS. PALMER: -- to have like a --

1 MS. WILLIAMS: -- volunteer who would --

2 (Pause.)

3 There's a chart right behind us. A volunteer who
4 would write some of these guiding principles that we --

5 (Pause.)

6 MS. ALWARD: I'd be happy to do it.

7 MS. WILLIAMS: Rayna has come.

8 MS. ALWARD: Just one clarification before we move
9 forward with the discussion.

10 Since there seems to be a general accord about
11 focusing on guiding principles rather than going into
12 technical --

13 MS. WILLIAMS: Recommendations, right.

14 MS. ALWARD: So does this then place our
15 committee, our subcommittee, as kind of an interim or an
16 intermediary function so that we're not going to be making
17 any specific recommendations, but we are going to be giving
18 recommendations or general operating principles to yet
19 another group that is then going to be composed of the
20 different interest groups and they are the ones that are
21 going to hammer out the actual --

22 MS. WILLIAMS: No. But I see the goal of the two
23 subcommittees is that we would come up with -- try to
24 develop some guiding principles and then when we get back
25 with the other subcommittee have a discussion. These are

1 the guiding principles that these two committees came up
2 with and were able to get consensus on and have their input.

3 I'm sure there's maybe -- some people may want to
4 broaden some of those guiding principles or shorten them.
5 But at the end of the day that we will have one set of
6 guiding principles that we all can vote and Shirley can put
7 before the full Committee to vote and adopt, but that
8 they --

9 MR. McELDOWNNEY: That would then go to the
10 Chair -- to the Chairman of the Commission as a -- in
11 essence, our recommendation to the Chairman would be the
12 guiding principles.

13 MS. ALWARD: So instead of actually coming to any
14 kind of resolution about whether --

15 MR. McELDOWNNEY: Right.

16 MS. ALWARD: -- the revenue -- the --

17 MR. McELDOWNNEY: Right.

18 MS. ALWARD: -- the revenue should be on current
19 or billed or all of those things. In effect, we're taking
20 the questions that were brought to us and putting them in a
21 different framework and then we're kind of handing it back
22 to the Commission saying, "You still have to make all of the
23 decisions."

24 MS. ROOKER: Well, that was not our goal
25 initially, but the discussion this morning when we talked

1 about it, it seemed to me that there were so many divergent
2 opinions that we'd never get to a consensus.

3 Now if you think that there are some issues that
4 we can find consensus we are not precluding putting together
5 consensus opinions for the major committee.

6 MS. ALWARD: I'm not -- I'm seeing that that's the
7 case and, in fact, even in the e-mails that we -- even
8 within the corporate industry representatives who are
9 responding there wasn't -- there wasn't consensus among them
10 about the particular answers.

11 So it's just -- I think it's leading to a somewhat
12 different definition of what our group is doing. That's the
13 only point I'm making.

14 MS. WILLIAMS: Right. Instead of having --
15 getting specific responses for what was passed out today we
16 have now jumped off -- this has only been a facilitator to
17 get to where we are now --

18 MS. ALWARD: Yeah.

19 MS. WILLIAMS: -- in terms of looking at this in
20 terms of guiding principles as opposed to specific
21 recommendations.

22 I think, as Ken and Shirley and I were talking at
23 lunch today, I think that our time is better spent in coming
24 up with either if there is, as Shirley pointed out, a
25 divergent -- different opinions rather than coming up with

1 recommendations.

2 Belinda had another idea which were principles
3 which a number of people in here now agree that maybe that
4 is the best approach. That is why I asked if everyone
5 thought that was a better approach.

6 Believe me, I -- me, personally, I am not wedded
7 to this. As I said, I'm here -- I see my role as helping to
8 facilitate discussion to get us to where everyone believes
9 they can have some input and come out with something that we
10 can provide the Commission to give them some guidance,
11 whether they be guiding principles -- I don't like to use
12 the word "recommendations" because it gets back to this
13 original document.

14 But, yes, we are going down a different -- a
15 little different route and that's fine.

16 MS. ROOKER: Rich has a question.

17 MR. ELLIS: My comment's a little out of sync but
18 it's so rare that Verizon and AT&T agree on a lot of issues
19 I wanted to --

20 (Laughter.)

21 -- highlight them when we do.

22 (Laughter.)

23 MS. WILLIAMS: Well, we don't even agree sometimes
24 on wireless here.

25 (Laughter.)

1 MR. ELLIS: Until one of us buys the other.

2 (Laughter.)

3 But I think Mike is right on target, that no
4 matter what we do here our overriding priority has got to be
5 to try and foster more education of consumers about what
6 Universal Service Funds are for. Regardless of how it's
7 collected and who pays for it, the bottom line is customers
8 don't understand what it is even when they understand the
9 words on their bill.

10 To say Universal Service Fund is meaningless to
11 customers. I'll tell you an anecdote that came out of one
12 of customer advisory board meetings recently where Pat Wood,
13 the Chairman of -- the former Chairman of the Texas Public
14 Service Commission, was speaking about a complaint he got
15 from a customer in Valentine, Texas who didn't want to pay
16 the Universal Service fee.

17 He said, "Well, that's about \$1.00 on your bill."

18 She said, "That's correct." He said, "Well, do you realize
19 that it costs about \$1,000 a month to provide service to you
20 in Valentine, Texas and you're paying about \$8 a month and
21 you have the choice."

22 (Laughter.)

23 All of a sudden the Universal Service fee seemed
24 real good to her.

25 (Laughter.)

1 I think if a lot of customers knew what the
2 Universal Service Fund was they'd be more supportive of it.

3 I know from Verizon's perspective we get lots of
4 calls from customers who don't know what it is and are
5 complaining about it on their bill. I know the FCC does, as
6 well. So we really need to focus on the good, social good,
7 this Universal Service Fund does so that customers will
8 support it.

9 Second of all, while I've got the mike I wanted to
10 do a blatant plug for a website that was set up by several
11 of the phone companies that were involved in the Calls
12 Coalition in coordination with USTA. For those who don't
13 know what the acronym stands for, it doesn't make any
14 difference.

15 A lot of the phone companies got together and put
16 up a website that lists the qualifying information for
17 Lifeline and link up services by states. It's probably more
18 applicable to service organizations rather than individual
19 consumers but it's www.lifelinesupport.org. You can click
20 on your state and then click on the phone company that
21 serves you and it talks all about the requirements for
22 Universal Service and Lifeline funding for your
23 organization or your state.

24 With that, I surrender the mike. Thank you.

25 MS. WILLIAMS: Susan?

1 MS. GRANT: I think it makes a lot of sense to go
2 down the road we're heading down now. There really are two
3 issues, one is how the companies are assessed for the fund.
4 I don't think we want to go there.

5 Then the other issue is how our individual
6 subscribers assessed, which I think we can identify some
7 basic principles to put forward to the whole council.

8 Then the other thing I just wanted to remind
9 people is that it's a better thing to talk about public
10 education than consumer education, especially since I think
11 at least a fair number of people around the table think that
12 business customers should share the responsibility for these
13 costs to be passed along to them one way or another, either
14 as a separate line item or as part of the rate that they
15 pay.

16 I think it's important for everybody who in one
17 way or another contributes to this fund to understand the
18 social benefits and the importance of it. So let's not just
19 think that residential consumers need this information, but
20 talk about public education broadly.

21 MS. WILLIAMS: Let me summarize so far. Thanks,
22 Rayna, for volunteering. Some of the guiding principles
23 that have been discussed: simplicity, public education --

24 MS. ALWARD: Simplicity for consumers and not
25 necessarily --

1 MS. WILLIAMS: I can't hear you, Rayna.

2 MS. ALWARD: Simplicity will be more to the public
3 and not --

4 MS. WILLIAMS: Right.

5 MS. ALWARD: --

6 MS. PALMER: And equity I think, simplicity and
7 equity.

8 MS. WILLIAMS: I'm sorry, Susan.

9 MS. PALMER: Simplicity and equity I think are
10 one.

11 MS. WILLIAMS: Yes. Equity in terms of that all
12 of --

13 MS. PALMER: That we all share --

14 MS. WILLIAMS: Share --

15 MS. PALMER: -- share the responsibility.

16 MS. WILLIAMS: -- share the burden or share the
17 responsibility. Another guiding principle is public
18 education.

19 MS. PALMER: Not just consumer education.

20 MS. WILLIAMS: Not just consumer education, but
21 public education on the social benefits of Universal
22 Service.

23 (Pause.)

24 MS. ALWARD: We can call that the Valentine,
25 Texas --

1 (Laughter.)

2 MS. WILLIAMS: Ken, you had mentioned --

3 MR. McELDOWNEY: Well, I was wondering whether or
4 not -- and it sort of shades a little past or principle. I
5 wondered if there would be consensus around a sense that the
6 surcharges should not be applied to Lifeline customers since
7 they're benefitting from it.

8 A PARTICIPANT: Madame Chair, that is the
9 requirement from what I understand. One of the orders is
10 that Lifeline customers are not charged anyway, so it's
11 already mandated to all carriers --

12 MR. McELDOWNEY: I think --

13 A PARTICIPANT: They're not to be charged --

14 MR. McELDOWNEY: -- that was one of the questions
15 that was raised in the MPRM.

16 A PARTICIPANT: Mm-hmm.

17 MS. WILLIAMS: Could someone from the FCC staff --
18 and I believe you're correct, that the --

19 MR. GARNETT: My understanding is that -- is that
20 price cap -- local exchange carriers as part of the Calls
21 Order are not permitted to collect Universal Service charges
22 from Lifeline customers. Rate of return, local exchange
23 carriers, still have that ability to assess Universal
24 Service charges on Lifeline customers, I believe. If
25 someone knows something different --

1 A PARTICIPANT: --

2 MR. GARNETT: Right, yes, that's also true.

3 MS. WILLIAMS: Susan?

4 MR. McELDOWNNEY: Wait. I think -- was there -- is
5 a sense that would there be a consensus on that around the
6 table on exclusion of Lifeline customers?

7 (No response.)

8 MR. McELDOWNNEY: Okay. Good.

9 MS. WILLIAMS: I would have to abstain because
10 from a wireless standpoint we don't have Lifeline customers.
11 Am I --

12 (Multiple voices.)

13 MR. McELDOWNNEY: Certainly that's one of the
14 issues that are being considered in states like California
15 in terms of whether or not there should be -- given the --
16 given the penetration rate of wireless, whether or not we
17 should start considering wireless as a -- you know, as a
18 possibility of Lifeline service. You just hold your hand up
19 half up.

20 (Laughter.)

21 MS. WILLIAMS: Okay. That's -- I can tell you, I
22 would not be able to speak for CTIA in terms of whether
23 wireless could be part of the Lifeline program. That is
24 something -- that is an issue that I would have to take and
25 get Board approval.

1 MR. McELDOWNNEY: Well, I guess the way I worded
2 it, basically, was that wire line customers -- I mean
3 Lifeline customers would not be subject to the surcharge.
4 So it seems like that's independent. I don't think -- it
5 seems like you would still be able to support that. It's
6 just that sentence as opposed to broadening it.

7 MS. WILLIAMS: Yes?

8 MS. PALMER: I think it's just uncomfortable since
9 we're not -- it doesn't impact -- I mean --

10 MS. WILLIAMS: Right.

11 MS. PALMER: -- I would feel uncomfortable
12 responding because it doesn't impact us directly. So I
13 can't really weigh the consequences, but I certainly
14 wouldn't oppose, either.

15 MR. McELDOWNNEY: Okay. That's a fair way of
16 saying it.

17 MS. WILLIAMS: Mike?

18 MR. DelCASINO: This is Mike DelCasino. To try it
19 another way, maybe we could state Ken's idea as a principle
20 that, for example, Lifeline -- that the Commission when it's
21 evaluating -- when it's coming to its decisions regarding
22 Universal Service Fund should consider exemption for
23 Lifeline customers as a principle.

24 MS. PALMER: Yeah. You could even broaden it to
25 say -- I mean for specific categories such as Lifeline or

1 situations where you have the need in terms of accessibility
2 for two lines for the same functional equivalency. So there
3 might be a broader way of saying it that would incorporate
4 that if people are comfortable with that, that there are
5 sometimes specific circumstances that may make exceptions
6 necessary.

7 MR. McELDOWNNEY: Right. Certainly that's one of
8 the things we've done in California when there's been two
9 line -- when there's a need for two lines for the single
10 line functionality, they're both entitled to the Lifeline
11 coverage.

12 MS. WILLIAMS: Susan?

13 MS. GRANT: I don't want to quibble, but I do.

14 (Laughter.)

15 MR. McELDOWNNEY: Next?

16 (Laughter.)

17 MS. WILLIAMS: Okay. You know, that's fine.

18 (Laughter.)

19 MS. GRANT: I wonder if people would be agreeable
20 to substituting easy to understand for simplicity.

21 Simplicity makes me a little nervous because it could be
22 read as recommending a flat rate scenario which --

23 MS. WILLIAMS: I see.

24 MS. GRANT: -- a number of people, including
25 myself, have concerns about. It might be the simplest thing

1 to do, but maybe not the most equitable thing. So if there
2 was an easy to understand way of computing it that would
3 make me more comfortable.

4 MS. WILLIAMS: Rayna?

5 MS. ALWARD: --

6 MS. WILLIAMS: So we would change that to easy to
7 understand?

8 MS. ALWARD: Understandable.

9 MS. WILLIAMS: What about what I said earlier in
10 terms of accurate, easy to understand, and not misleading?

11 MS. O'REILLY: This is Kathleen O'Reilly. It
12 seems to me that to state as a principle something that is
13 already law is not particularly useful. The truth in
14 billing order of the FCC already compels that what is
15 disclosed is supposed to be truthful and not misleading.

16 By the same token, if I understood the principle
17 with respect to Lifeline, did I understand that as it's now
18 worded up on the board, it's for the FCC to consider
19 exempting Lifeline and potentially other customers?

20 MS. WILLIAMS: No. Susan, do you want to
21 rephrase?

22 MS. PALMER: I think -- I probably didn't word it
23 well, either. But it is to say to the FCC that there may be
24 exceptions that need to be examined. These could include
25 the Lifeline and the other issues around accessibility.

1 Somebody else, I'm sure, can word it much better
2 but that was the thought that I had.

3 MS. O'REILLY: Well, considering that they are
4 currently exempted and the Commission through its MPRM has
5 already indicated it is going to consider that, it just
6 seems redundant to ask them to consider something they've
7 already said they're going to consider.

8 That we should either make it a strong principle
9 that we export exclusion for Lifeline customers or say
10 nothing.

11 MS. WILLIAMS: Kathleen, I don't know if you heard
12 the conversation that Susan and I had in terms of our
13 reluctance to even address Lifeline customers because
14 wireless does not have Lifeline --

15 MS. O'REILLY: Right. And I understand that many
16 people around the table from industry need to abstain. Even
17 though it may not affect your company, the precedent is
18 something that strategically your principles may not want to
19 have on the books.

20 But I think that the consumer and disability
21 representatives around the table would, hopefully, be in a
22 position to either support or not to support the exemption
23 for Lifeline customers and that that should be the driving
24 force behind our committee.

25 MS. WILLIAMS: What should be the driving force?

1 MS. O'REILLY: -- point in asking the Commission
2 to consider exceptions that exist and to consider keeping
3 them when, in fact, they've made it very clear they are
4 going to consider keeping them.

5 MS. PALMER: I also said that I wouldn't oppose if
6 that's something that the rest of the group is talking
7 about. Certainly I think maybe it's to open it up and get a
8 sense from the other consumers, as well, if they feel
9 strongly about it or not.

10 MS. WILLIAMS: Michael?

11 MR. DelCASINO: Well, I guess I would just ask why
12 did the Commission ask the question in the MPRM?

13 MS. WILLIAMS: Good point.

14 MS. PALMER: Right. Right.

15 MS. O'REILLY: I think it's very disturbing they
16 asked the question and that this is our opportunity to take
17 away any doubt as to where we stand.

18 MR. McELDOWNEY: Yeah. I mean I think that one of
19 the things I just sort of am looking at there in the MPRM
20 and one of the issues they raised is they are worried or
21 expressed concern that exempting Lifeline customers would
22 cause a sharp fall in the fund. So it looks like there are
23 already pressures to start collecting it from Lifeline
24 customers.

25 MS. O'REILLY: Absolutely.

1 MR. McELDOWNNEY: So I think it's important for us
2 to state that we do not believe -- recognizing the need to
3 put it in the principle, that we do not believe that
4 Universal Service contributions should be collected from
5 Lifeline customers.

6 MR. KALTENBACH: I'd like to propose -- this is
7 Matt Kaltenbach. I would like to propose that there's one
8 of two possible avenues we could take here.

9 If we choose to go through developing guiding
10 principles, the Commission has in its MPRM provided us six
11 specific scopes within their introduction which in general
12 describe the problems and then we have the opportunity of
13 providing guiding principles towards the scope of those
14 problems and some guidance.

15 If we choose to get more specific into the actual
16 structural inadequacies of it I would think that would
17 require a more detailed approach of the rest of the MPRM.

18 But we could probably be more effective by
19 providing some guidance towards at least a feedback or some
20 form of consensus view on the top six scope items in the
21 introduction without getting too much detail from the rest
22 of the MPRM.

23 That would allow us at least to be concise. It
24 will at least give us a voice and potentially take off line
25 some of the more technical issues of the MPRM.

1 MS. O'REILLY: This is Kathleen O'Reilly.

2 MS. WILLIAMS: Kathleen, wait, wait, wait. One
3 second.

4 MS. O'REILLY: All right.

5 MS. WILLIAMS: Nancy has been waiting patiently.

6 MS. O'REILLY: But mine is a follow-up to the
7 point I made, if I might.

8 (Laughter.)

9 All right. I'll wait until I'm identified.

10 MS. NELSON: No. Go ahead. Go ahead. I'll wait.

11 MS. WILLIAMS: Go ahead, Kathleen. Nancy said
12 she'll wait.

13 MS. O'REILLY: I think that this issue illustrates
14 one of my concerns about the Committee composition and our
15 mission and how we reconcile the inherent divergent between
16 some of these issues as to where the consumer disability
17 community would come out and where industry would come out.

18 I am not wedded to the need for us to achieve
19 consensus on every issue if by achieving consensus it means
20 that some of the more peer consumer disability issues get
21 eliminated from the table because they don't rise to the
22 level of being at such a lowest common denominator.

23 I very much would like there to be a recorded vote
24 on the issue of whether Lifeline customers are or are not to
25 be billed for Universal Service Fund and would not like it

1 removed from the table simply because there is some concern
2 that we could not reach consensus on it.

3 MR. KALTENBACH: I think the issue here is that
4 we're trying to be responsive to the timeframe that's been
5 provided by the MPRM to file ex parte comments.

6 I think that I also agree that there's a need to
7 provide substantive and detailed responses, but that should
8 be the result of proposals and comments by individuals that
9 get worked -- in committees potentially after we file ex
10 parte comments.

11 MS. PALMER: Is there any reason not to do a straw
12 man at this point?

13 MS. WILLIAMS: Could Nancy --

14 MS. O'REILLY: I didn't hear that point.

15 MS. WILLIAMS: Excuse me. Could Nancy finally
16 get --

17 MS. ELLIS: I just want to say this because I
18 think maybe this is why we've gotten a little derailed.

19 When we put number three on the board of guiding
20 principles it had to do with public consumer education.
21 Basically, what that was is (1) to explain to the public at
22 large what, you know, the --

23 MS. WILLIAMS: What Universal Service Fund --

24 MS. ELLIS: That's right. What it is; and (2) who
25 benefits and who is eligible for the Lifeline?

1 I think what Rich said about somehow explaining,
2 you know, the social good will also help bring in more
3 people who will use the Lifeline because, as I understand
4 it, most of the people who are eligible for it don't even
5 know about it. So I think we were talking more about an
6 education principle rather than deciding who would be exempt
7 and who wouldn't.

8 MS. O'REILLY: I thought it was a separate
9 principle.

10 MS. WILLIAMS: Susan?

11 MS. GRANT: My understanding is that they are
12 separate principles. I think that this is a really, really
13 important issue. If we can't agree on this basic issue that
14 for those kinds of carriers who are making those charges now
15 and who might in the future, that we all agree that people
16 who meet the criteria of Lifeline should not be charged the
17 fee that enables them to get that benefit.

18 If we can't agree on that then I don't know what
19 we can agree on. This is something that I think, you know,
20 the consumer and disability people, and I imagine a lot of
21 the company people as well, feel really strongly about.

22 The people who feel that for some reason they
23 can't voice an opinion on that particular issue if they
24 don't object to it and wish to abstain, then I'd like to see
25 a show of hands if that would be an order for the ones that

1 would support that principle as opposed to the ones that
2 would actively object to it.

3 MS. WILLIAMS: Let me -- let me -- before we close
4 the discussion there's Belinda, Rayna, Joseph and Chris.

5 MS. NELSON: Thank you, Madame Chair. I don't
6 know why it's so complicated to decide on whether or not we
7 want to exempt Lifeline users.

8 You know, I'm looking at material here that was
9 supported our telephone company about the NECA tariff and it
10 states in there that in Tariff 3.9 it exempts Lifeline
11 customers from the charge.

12 As I understand it, as the gentleman from the FCC
13 staff mentioned, price cap carriers charge their end users.

14 But right now there's an order, from what I understand,
15 that will allow rate of return carriers to also pass on the
16 charge to the customers.

17 But in the NCCA tariff -- I have it before me -- I
18 mean the information regarding the charge, that in Section
19 3.9 of their tariff they exclude Lifeline customers from
20 this charge but, nonetheless, I believe we should just from
21 a consumer standpoint state that we support the principle
22 that these customers should not be charged these charges and
23 should be exempt whether or not we're industry or otherwise.

24 Thank you.

25 MS. WILLIAMS: Rayna?

1 MS. ALWARD: I agree with everything everybody has
2 said.

3 (Laughter.)

4 I agree with everything and disagree with
5 everything. But I am -- with all of the passion I feel for
6 the Lifeline principle and the exemption seeming to be
7 equitable, I'm still caught by the example of employment --
8 unemployment benefits and social security benefits,
9 disability benefits, all of which are charged income tax.
10 So there is a precedent for the Federal Government
11 taking with the right hand what it gives with the left.

12 MS. WILLIAMS: --

13 MS. ALWARD: One other thing. If it's based on a
14 flat fee then it's one thing. If it's based on a percentage
15 of the bill and the Lifeline consumers are paying
16 considerably less, then maybe there's a little bit more
17 wiggle room in that regard in terms of equity.

18 MS. WILLIAMS: Joseph?

19 MR. GASKINS: I just had a real quick question
20 just out of curiosity more than anything else.

21 But are there -- is there anybody sitting around
22 the table today that would have issue with number two, as
23 well, the equity side? The reason I ask is because I would
24 imagine that would put carriers potentially in a difficult
25 situation, too, if that's something that hasn't been brought

1 to the Board it would eliminate a negotiated table for the
2 people, for their salespeople.

3 MS. WILLIAMS: I'm sorry. I didn't catch the last
4 part, Joseph.

5 MR. GASKINS: I just said that because it could
6 potentially eliminate a negotiating tool for their
7 salespeople if you were to say that you couldn't waive
8 universal charges. I was just wondering. Anybody have an
9 issue.

10 MS. WILLIAMS: Okay. Chris?

11 MR. BAKER: I just want to strongly support
12 Susan's comments about the need to have a vote on this.

13 I think it is important for consumers to be able
14 to say or for this group to be able to say where they stand
15 on this basic issue.

16 Then also I wanted to make sure we didn't forget
17 Kathleen's point before about the possibility of exempting
18 everybody from this charge and not having a line item fee.
19 It seems to fit with what Michael was saying about
20 simplicity and equity. Is that something you would be
21 interested in, exempting the fee?

22 MS. WILLIAMS: Aren't we then getting into --

23 MR. BAKER: Issues more?

24 MS. WILLIAMS: -- more of the issues rather than
25 the --

1 MR. BAKER: Okay.

2 MS. WILLIAMS: -- guiding principles?

3 MR. BAKER: Well, I mean --

4 MS. WILLIAMS: Well, Mike, let me let you speak
5 for yourself.

6 MR. DelCASINO: To me this is almost like a --
7 it's almost we're talking -- it seems like we're talking all
8 around ourselves. I think I can say unequivocally AT&T
9 doesn't charge the Lifeline customers USF. So it's not an
10 issue here for AT&T.

11 I thought we were going down a path of trying to
12 establish guidelines for the Commission to use when they
13 evaluated the substance of the USF MPRM, the substance of
14 the comments. If we can -- if we can stick to that then we
15 need to stay away from the specific substance of the MPRM.

16 One of the specific substantive items in the MPRM
17 was whether or not to charge Lifeline customers? We
18 shouldn't answer that question if we're going to stick to
19 producing guidelines.

20 That doesn't mean that we can't say that the
21 Commission should -- that one of the principles that the
22 Commission should apply when it evaluates the USF comments
23 is that its current procedures for exempting Lifeline
24 customers and perhaps even expanding those exemptions where
25 applicable.

1 MS. WILLIAMS: Right.

2 MR. DelCASINO: Some kind of language like that.
3 You're putting a very firm principle in front of them
4 against which to analyze all of the comments that they have
5 in front of them, but you're not specifically answering one
6 of the substantive issues in the proceeding.

7 MR. BAKER: My second question about that though
8 is if we're describing principles about Lifeline charge and
9 what it should be haven't we already assumed then or does
10 that imply that we should have a Lifeline charge?

11 MS. WILLIAMS: No. I think what Michael is saying
12 is that we're not going to be telling the Commission whether
13 they should or shouldn't. That we look at it in terms of a
14 principle.

15 Mike, you just so eloquently stated that --

16 MR. DelCASINO: I've never been accused of that,
17 by the way.

18 (Laughter.)

19 MS. WILLIAMS: Pardon me?

20 MR. DelCASINO: I've never been accused of that --

21 (Laughter.)

22 -- being eloquent.

23 (Laughter.)

24 MS. WILLIAMS: That when the Commission is looking
25 at all of the comments, the reply comments that they receive

1 in ex parte communications, that there are certain guiding
2 principles that they should look at.

3 Now when do they get to the issue of whether there
4 should be exemptions for any particular group that this
5 group may want to say that the Commission may want to
6 consider continuing the exemption for Lifeline and other --
7 what was the word you used, Michael? And other --

8 (Pause.)

9 I'm sorry? Any other?

10 MR. DelCASINO: Lifelines and in case there are,
11 you know, other similar circumstances.

12 MS. WILLIAMS: Circumstances where applicable.

13 A PARTICIPANT: Right.

14 MS. WILLIAMS: So that gives the Commission a
15 framework in reviewing these comments. It does not -- we
16 don't say, "You know, this is what you should do on
17 Lifeline." It doesn't take a yes, a pro or a con. It
18 remains neutral.

19 MR. DelCASINO: And by the way though, part of the
20 way that I phrased it said that one of the principles would
21 be to at least continue the exemptions as they are in
22 existence today and perhaps expand them to other areas as
23 applicable.

24 MR. KALTENBACH: I think we may have found the
25 first thing we can agree on today, Michael.

1 MR. DelCASINO: We'll see.

2 (Laughter.)

3 MR. JAMES: I just want to go back to what Joseph
4 said. I just would like to revisit a statement by Joseph
5 about equitable, the equitable application of USF.

6 It should be equitable to all entities and not
7 just specific and it should also be applied to wireless, as
8 well. Western Wireless is a good example of the most recent
9 company that is using USF funds.

10 MS. WILLIAMS: I'm sorry. Rich?

11 MR. ELLIS: I'm going to address both Joe and
12 Chris' equitable and the line item fee.

13 In our discussion of Universal Service I think we
14 need to take a step back and really look at this as what it
15 is. It's a social program that in the best of all possible
16 worlds -- and I think I heard Kathleen say this earlier
17 on -- so it's a wonderful day of agreement for everybody
18 here. In the best of all possible worlds, this would have
19 been funded through an income tax that would have hit
20 everybody.

21 But, politically speaking, the reality is it's a
22 social program that has to get funded by somebody. The
23 question is does it get funded by the users, all the users,
24 just some users, or does it get funded by the companies
25 which means it gets funded by the shareholders?

1 If the shareholders fund it it's a tax on them.
2 They're going to say, "Well, why should I invest in this
3 company, you know, paying this money when I can go and
4 invest someplace else and get a better return?"

5 So the question isn't, you know, can we take this
6 line item off the bill and pretend it's not going to exist?

7 Somebody has to pay for all of these services.

8 So when we talk about expanding Lifeline or
9 expanding Universal Service to cover other things, remember
10 that the bottom line is somebody has to pay for it
11 eventually. The question is how to do it most equitably?

12 We heard earlier that some people said we
13 shouldn't allow companies to pick and choose who they put
14 the fund on. And the theory was that the business customers
15 aren't paying it and the residential customers are taking
16 flack. But if it were slipped the other way I'm sure that
17 many folks would say, that's a great idea, you know.

18 So there's two sides to every issue and I think
19 what the companies are saying is, "Give us the flexibility
20 in terms of how we assess it on consumers and as long as you
21 make it explicit of how it's coming out then consumers can
22 decide whether that makes sense or not."

23 MR. BAKER: Well, wouldn't you have the
24 flexibility if you didn't charge them that fee and you could
25 -- once you get them on your network then you can charge

1 them for call waiting or call forwarding or -- not call
2 waiting and call forwarding, but bundled services?

3 You certainly get the benefit of having people on
4 your network and not having that fee might increase the
5 amount of people on the network.

6 MR. ELLIS: Well, that would make sense if the
7 money -- for example, we collect in Massachusetts or let's
8 take Washington, D.C., which is a low-cost area.

9 The people in Washington, D.C. are paying on their
10 phone bills to subsidize people in other parts of the
11 country, Montana, Utah, West Virginia, where the costs are
12 high, you know. So in theory if we sold a lot of services
13 here, you know, we could subsidize the services here but
14 that doesn't help people in Montana. They're never going to
15 sell enough Caller ID in Montana to subsidize the cost of
16 providing local service in Montana.

17 MR. BAKER: Well, I disagree about the subsidies,
18 of whether D.C.'s subsidizing Utah, but I understand.

19 MS. WILLIAMS: Larry Sargeant from USDA.

20 MR. SARGEANT: Just on this gentleman's point.
21 One of the things you have to look at in Section 254 is the
22 fact that -- and this is reiterated by the Fifth Circuit --
23 Universal Service must be explicit.

24 We are moving from a system that has Universal
25 Service embedded in the cost of service to taking it out and

1 making it explicit, which is why we have an explicit fund
2 today and an explicit funding mechanism and it's why the rate
3 of return carriers, in fact, who have their Universal
4 Service recovery in their access rates were ordered by the
5 Fifth Circuit Court of Appeals within the last six months to
6 take it out and make it explicit.

7 So the law requires that it be explicit and that
8 you not recover it in your rates to customers for other
9 services.

10 MS. GRANT: This isn't the problem that I have
11 with reaching consensus on the equity point then, Rich, is
12 whether we would agree that it's equitable if, in fact,
13 consumers are -- residential subscribers are bearing the
14 entire cost.

15 MR. ELLIS: Well, first of all, I don't think that
16 residential customers are bearing the entire cost.

17 But when you look at telecommunications services I
18 don't think anybody's just paying for their own service,
19 everybody's sort of being subsidized and -- as to others.
20 I'm sure a lot of business costs are subsidizing residential
21 services as well and so we're trying to get more to where
22 things pay for themselves.

23 MS. O'REILLY: Kathleen O'Reilly. I'd just like
24 to be in line at some point.

25 MR. McELDOWNEY: Okay. Rich, I guess one of the

1 questions -- one of the concerns I have is that certainly I
2 think that's true and I think it's --

3 One of the issues I guess is when a Federally-
4 mandated surcharge where I think a consumer would assume
5 that residential and business customers were pay it equally.
6 My guess is that consumers -- if consumers learned that 50
7 percent of the large business customers were not paying it
8 because it was negotiated out of a contract, and they were
9 paying it instead, and that's why their rate was 10 or 12
10 percent as opposed to 6.1, my guess is there would be some
11 real issues there in terms of whether or not they would
12 consider that equitable.

13 MR. ELLIS: Again, this isn't really a Verizon
14 issue because in our case it is everybody getting charged,
15 which is my understanding.

16 But the other thing is that it's not a Federally-
17 mandated surcharge, as the FCC will be the first to point
18 out. The companies are required to pay into the fund but
19 how they recover it my understanding is --

20 A PARTICIPANT: Right.

21 MR. ELLIS: -- it's their prerogative. Is that
22 right, Larry?

23 MR. SARGEANT: Well, you just can't embed it in
24 your other rates.

25 MR. ELLIS: Right.

1 MS. WILLIAMS: No, you can't.

2 MR. SERGEANT: -- subsidy in your other rates.

3 MR. ELLIS: Right.

4 (Pause.)

5 MS. WILLIAMS: Rayna?

6 MS. ALWARD: I think in some way we're getting as
7 involved in the equity and resource division here in
8 discussion as involved as it is on income tax and whether
9 it's going to be progressive or recessive and how the people
10 have lots of money to pay little taxes and things like that.

11 We're not -- we're not going to get any answer
12 there and we're not going to be able to solve the IRS
13 situation. It's there because, it's not the best but it's
14 the only way that we seem to be able to do things.

15 So given this very, very complicated situation in
16 which we have so many decentralized telephone companies and
17 we don't have the kind of universal resourcing that maybe
18 really something as broad as this should be.

19 I think both as consumers and as industry we're
20 interconnected and we have to realize that there's just --
21 there's a limited pie. The pie is -- in this case it's
22 basically on the industry to portion -- to divide up, to
23 resource this fund.

24 If we have continuing use of the fund -- in other
25 words, there are more and more areas that we're going to be

1 funding out of that -- it can't be coming from that same pie
2 which, in fact, is shrinking in terms of what's happening
3 economically now.

4 As consumers if telephone companies keep having to
5 pay more and more to this fund, they are going to have to
6 reduce something somewhere or charge more. They're not
7 going to charge more if they can help it so that they remain
8 competitive.

9 So what will happen is it's like the parallel
10 between what's happened with directory assistance. As
11 companies have had to reduce their expenses in some ways,
12 they've reduced the services for 411.

13 If you look at the parallel with public education,
14 which we fund out of private property, in areas where the
15 property taxes go down, the services to the schools go down.

16 So I think taking it back to the whole issue of
17 equity, it needs to be equitable on all sides, on the
18 industry side, on the consumer side, because really it's
19 interconnected.

20 So as we're thinking about, oh, we want to -- and,
21 yes, we do want to expand. There are more and more
22 underserved communities, and there are more and more people
23 that need accessibility, yes, but keeping it within the
24 context of what is achievable in our situation.

25 MS. WILLIAMS: Well, that said, Rayna, I think we

1 should move on in terms of the guiding principles.

2 Right now we have easy to understand, equitable
3 with respect to industry and consumers, public education.
4 And I don't think we reached any -- well, no, Mike DelCasino
5 suggestion that the Commission at least keep the exemption
6 for current programs and possibly consider expansion to
7 other. Am I wording that correctly, Mike?

8 MR. McELDOWNEY: Current, not program exemption.

9 MS. WILLIAMS: Pardon me?

10 MR. McELDOWNEY: It's current exemption, I think,
11 not program. Right? Maintain the current -- the current
12 exemption for Lifeline customers and possibly expand it
13 which again --

14 MS. PALMER: I think we may want to qualify the
15 expansion, too, in terms of what I raised was a very
16 specific issue in terms of basic communication where you
17 need two lines.

18 MR. McELDOWNEY: Mm-hmm.

19 MS. PALMER: Similar to what you're talking about
20 in California. I think we need to narrow it a little that
21 way otherwise it just gets more confusing than helpful.

22 It's a very small percentage of the population but
23 there are people who need two lines for one line
24 functionality because of disability.

25 MR. McELDOWNEY: Well, I think he is probably

1 talking about the -- which I think was considering expanding
2 it to rate of return carriers, as well.

3 MR. DelCASINO: From my perspective --

4 MR. McELDOWNEY: Yeah.

5 MR. DelCASINO: -- that's one way that it --

6 MR. McELDOWNEY: Yeah. That's one way. So I
7 think it's not just two lines, there's a big one in there,
8 as well.

9 MS. WILLIAMS: I'd like to hear from the FCC in
10 terms of the MPRM, the issue with respect to Lifeline and
11 other programs were considering expansion. My sense is that
12 the FCC has a concern that the fund is going to come up
13 short and how they're going to make up that funding. Is it
14 going to be through carriers? Is it going to be through
15 consumers? Is that correct?

16 (Pause.)

17 MR. GARNETT: This is with regard to the Lifeline
18 issue specifically?

19 MS. WILLIAMS: Right, mm-hmm. The reason why you
20 were asking that question, the way I read the MPRM was you
21 were asking that question in the context of if we exempt --
22 continue the exemption for Lifeline and even expand it to
23 other programs, what does that mean in terms of the shortage
24 in the fund?

25 MR. GARNETT: Right.

1 MS. WILLIAMS: And how should the FCC make up for
2 that shortage?

3 MR. GARNETT: Yeah. I mean any time we're talking
4 about reducing the pool of revenues from which we would
5 assess contributions, of course, we're concerned about that
6 but I don't think specifically we were targeting Lifeline
7 customers --

8 MS. WILLIAMS: Okay.

9 MR. GARNETT: -- as an area of specific concern.
10 I think we raised that issue generally throughout the notice
11 of proposed rulemaking.

12 MS. WILLIAMS: Okay.

13 MR. GARNETT: And the other issue is that even if
14 we were to extend the current prohibition that we have on
15 the recovery of Universal Service contributions from
16 Lifeline customers, we may still access Universal Service
17 contributions on Lifeline revenues.

18 So it might not necessarily be as big of a
19 reduction in terms of the pool of revenues that we could
20 assess as if we just did not assess on Lifeline revenues.

21 MS. WILLIAMS: Okay.

22 MR. GARNETT: -- at all. Thank you. Steve?

23 MR. JACOBS: Thank you. One thing that occurred
24 to me, and I don't know if this would be possible, and I
25 guess the members of industry would have to say whether or

1 not this is doable, but we really can't calculate the
2 financial impact of any of our recommendations. For
3 example, what was just discussed.

4 Would it be possible to put together some type of
5 a spreadsheet that would be -- that would fairly represent
6 the different variables of this formula? I mean there has
7 to be some kind of a formula to calculate the total amount
8 of funding and determine whether or not a set of
9 recommendations will meet that or not rather than just to
10 approve a set of recommendations.

11 If we had that to work with I think it would help
12 us to understand how reasonable whatever it is we recommend
13 is, and whether it really makes a large enough difference to
14 make sense. Does that make sense?

15 MS. WILLIAMS: Yes, yes. Rayna?

16 MS. ALWARD: Absolutely, Steven. That actually --
17 you need to look at both sides of the equation. We've only
18 been looking at the resourcing part but we need to look at
19 the expenditure part, too.

20 If we had some kind of a spreadsheet or a list of
21 variables, we would also be able to look at the uses of the
22 fund, how much we basically have to deal with under
23 different circumstances and have to look at the actual
24 appropriations and the span of the fund before we start
25 saying, "Well, it has to cover this and it has to cover that

1 and it has to cover that."

2 I mean basically we have -- we don't have a zero
3 sum game here. We do have a limited amount of resources.

4 A PARTICIPANT: Are you --

5 MS. WILLIAMS: But don't we also --

6 A PARTICIPANT: Sorry.

7 MS. WILLIAMS: -- aren't we then also getting back
8 to getting away from the principle that these are just
9 guiding the -- guiding the Commission in terms of when they
10 look at the substantive comments?

11 MS. ALWARD: I think this is like a principle to
12 suggest to them that when they're going through their
13 deliberations that they have such a calculus to take into
14 account and that it looks at both the amount of resources
15 available --

16 MS. WILLIAMS: I see.

17 MS. ALWARD: -- and the needs that can be
18 addressed by it.

19 MR. KALTENBACH: I think what's being proposed --

20 MS. ALWARD: Can we --

21 MR. KALTENBACH: -- is a functional model on both
22 the supply side and on the expenditure side. Yes,
23 spreadsheet just models where the allocations are going.

24 MS. WILLIAMS: Rayna, can you put that up on
25 the --

1 MS. ALWARD: Because that does have implications
2 for consumer groups.

3 MS. ROOKER: I just wanted --

4 MR. JACOBS: Does --

5 MS. ROOKER: Oh, excuse me.

6 MR. JACOBS: Can industry to an agreement on how
7 to define the different variables? I don't have a sense for
8 that. I don't really know the answer to that.

9 MR. KALTENBACH: I think the recommendation would
10 be to have the Commission go off and authorize the
11 construction of a model that would allow the explanation of
12 both the revenue income and the expenditure outgo of the
13 program.

14 MR. JACOBS: Thank you.

15 MS. WILLIAMS: The only thing I -- Larry, did you?
16 Because I think one of the things that I want to point --
17 hasn't the Commission already done that?

18 A PARTICIPANT: Yeah. I mean wouldn't we assume
19 that they were doing it?

20 MS. WILLIAMS: The cost methodology?

21 MR. SERGEANT: Yeah. We should --

22 A PARTICIPANT: I can't believe they haven't.

23 MR. SARGEANT: Before you reinvent the wheel, you
24 might want to have the Commission staff check with USAC and
25 see the data that USAC already collects in administering the

1 funds and see what's available and whether it meets your
2 needs.

3 One of the difficulties in industry going to other
4 members of industry to populate a spreadsheet on revenues is
5 that's competitively sensitive information, and I can't
6 imagine industry would want to attempt that.

7 But to the extent that there is information that
8 has to be reported to the USAC in order to administer the
9 fund both on the collections side and probably on the
10 disbursement side, that is probably a place where you may
11 already have what you need and maybe it would be worth just
12 checking before the Commission commands anybody to gather
13 more data.

14 MS. WILLIAMS: Michael and then Shirley.

15 MR. DelCASINO: Maybe now it's time for me to
16 throw the bouquet the other way to Verizon.

17 (Laughter.)

18 A PARTICIPANT: God bless you!

19 (Laughter.)

20 MR. DelCASINO: I think in one of the comments
21 that Rich sent around, and maybe this becomes another
22 principle, that this is not to be -- the Universal Service
23 Fund should not be considered as a profit center.

24 MS. GRANT: Right.

25 MR. DelCASINO: I think those were your words.

1 MS. GRANT: Right. Right.

2 MR. DelCASINO: So, therefore, the amount of
3 expenditure has to equal the amount that you collect from
4 the consumer.

5 MS. GRANT: Okay. We added -- oh, can I say
6 something?

7 MS. WILLIAMS: Shirley and then --

8 MS. ROOKER: Well, that's okay. They're -- I'm
9 waiting to say something else.

10 MS. WILLIAMS: Oh. Susan?

11 MS. GRANT: I want the bouquet.

12 (Laughter.)

13 We also though added that we thought that it would
14 not be unfair for companies to recover the cost of
15 implementing the program.

16 We agree that it should not be a profit center for
17 the company. It should not be -- they should not unfairly
18 profit. But we do think that it's also reasonable to say
19 companies could recover the cost for administering the
20 program.

21 MS. WILLIAMS: Is that a principle we want?

22 MS. GRANT: That's one I would put in.

23 A PARTICIPANT: Yeah, I don't have any problem --

24 MS. GRANT: But I didn't get any flowers. I'm
25 sorry.

1 MS. ROOKER: Sure you did, Susan. We're sending
2 them to you.

3 (Laughter.)

4 MR. DelCASINO: I'll talk to you later.

5 MS. WILLIAMS: Is that a principle that -- another
6 principle that we want to --

7 Can someone take over -- oh, Rayna's going in.

8 A PARTICIPANT: Thank you, Rayna.

9 MS. WILLIAMS: Susan?

10 MS. PALMER: Companies should not unfairly profit
11 from collection of universal service funds but should also
12 be able to recover costs for implementing the program.

13 MS. GRANT: But do you need the word "unfairly"
14 should not profit from? Because recovering their costs
15 would not --

16 MS. PALMER: Yeah.

17 MS. GRANT -- be a profit.

18 MS. PALMER: Yeah. That's okay.

19 (Multiple voices.)

20 MR. McELDOWNEY: Susan, I guess --

21 MS. GRANT: I think that's fair, you know.

22 MR. McELDOWNEY: Susan, the question I have for
23 you, would you consider a company that did not charge their
24 large business customers and then like say increase the
25 rates on the residential customers. Would that be profiting

1 from?

2 MS. PALMER: That's a really tough question
3 because I would say personally --

4 MR. McELDOWNEY: This determines whether or not
5 you get your flowers.

6 MS. PALMER: Yeah, okay.

7 (Laughter.)

8 I may or may not.

9 I would say that I'm not so convinced that the
10 consumers are always carrying the burden for the businesses
11 and that it doesn't work the other way. So without knowing
12 that, it's hard for me to answer.

13 I know that when I -- and I don't know Verizon, so
14 don't get made at me, Rich. I have two -- if you have two
15 lines, if you have a business line and the consumer line,
16 the business line costs a lot more. I don't know why, but I
17 suspect it's to help with some of the other things. Am I
18 misquoting that?

19 MR. ELLIS: That's my understanding, as well. And
20 also, just --

21 MS. PALMER: So I --

22 MR. ELLIS: While we're talking about the waiving
23 of fees, I just want to make it clear that it's not just
24 businesses that get the fees waived.

25 For example, Verizon's long distance company,

1 which is a whole different part than I really represent but
2 just FYI, has several plans for consumers, I think five or
3 six plans. One of them does not charge Universal Service
4 fee on their customers.

5 So it's not just businesses don't get charged and
6 residents do. It's the flexibility to charge some customers
7 and not others with the end result being that the amount of
8 money that we collect from customers is the same as we send
9 out to the Universal Service Fund.

10 MS. PALMER: And I would also say that if you were
11 a customer and you're paying a lot more for something you
12 can go somewhere else. At least that would be my sense.

13 MS. O'REILLY: This is Kathleen O'Reilly and I'm
14 still on line. I just want to make sure that I'm on the
15 list.

16 MR. McELDOWNNEY: Oh, go ahead.

17 (Laughter.)

18 MS. O'REILLY: Well, I'll start from that last
19 point on the subsidy because it's the second time it's been
20 raised. Although for years it was true that business
21 customers subsidized residential and local service, in at
22 least eight or 10 years it's been just the opposite.

23 Every state commission that has looked at that
24 issue using the local phone company's data has concluded
25 that residential customers are subsidizing business, the

1 most recent such finding coming out of Georgia.

2 But my real question was one of clarification.
3 I'm not sure if we're proceeding in sort of brainstorming
4 fashion or whether we are actually as this morning going
5 through points in trying to vote on and wrap them up
6 individually because I thought I had a motion on the floor
7 for which there had not yet been, and maybe never will be a
8 second, as to a recorded vote on the Lifeline exemption
9 issue.

10 I was not aware that in deciding to focus our
11 discussion on guiding principles rather than individual,
12 specific items in the MPRM, that we had precluded our
13 ability to take as a guiding principle something that is a
14 specific issue in the MPRM.

15 I didn't think it was either/or. And, therefore,
16 I want to repeat my desire that we as a subcommittee
17 actually vote on whether or not we do or do not support
18 exclusion of Lifeline customers from being assessed a
19 Universal Service fee.

20 MS. WILLIAMS: Kathleen, this is Andrea. Your
21 motion I think was modified in that --

22 MS. O'REILLY: It can't be modified unless I say
23 so. I mean I can either accept a friendly amendment or we
24 can scrap my motion and start anew, but that's why I'm
25 confused about how we're proceeding. It sounds like we're

1 kind of bouncing back and forth between equity and public
2 entity and --

3 MS. WILLIAMS: Well, I'll tell you what, Kathleen.
4 We will take a vote on whether to accept your motion and
5 then we will move to -- if it's accepted, fine, we'll move
6 on. If it's not accepted then we'll look at the amended
7 motion as Mike DelCasino put forth.

8 MS. O'REILLY: But it sounded to me -- and again I
9 apologize, I'm handicapped by being on the phone and not
10 there maybe to hear everything -- that the reason it was
11 being sort of pushed aside was on some underlying assumption
12 that in discussing guiding principles we would not and could
13 not address anything with such specificity as to then wander
14 into the arena of taking a position on the MPRM?

15 MS. WILLIAMS: That's correct.

16 MS. O'REILLY: And that's my question.

17 MS. WILLIAMS: That's correct.

18 MR. McELDOWNNEY: Kathleen, I may have a different
19 -- sort of a slightly different perspective on it.

20 As I understand it, given sort of the role of the
21 subcommittee and the full Committee, since the
22 recommendations would be coming from the full Committee, I
23 would think that if you're seeking an actual vote on the
24 Lifeline exemption that it should come before the full
25 Committee and not the subcommittee.

1 MS. O'REILLY: I guess I don't understand why we
2 cannot take or at least try to take a position on
3 recommendations that are specific if, in fact, the Consumer
4 and Disability Committee, the majority, can reach some kind
5 of a position.

6 I understand from this morning's discussion that
7 the odds of us doing that on most things is slight to nil.
8 But I stated at the outset, and I think Susan agreed and
9 others that if there's one issue I would think that the
10 Consumer and Disability representatives could come to an
11 agreement on is the exclusion of Lifeline customers from
12 this assessment.

13 MS. WILLIAMS: Kathleen, it was the process that
14 we agreed to at the beginning of the subcommittee was that
15 we would -- and as you may recall the discussion that Rayna
16 raised the issue of whether we were going down a different
17 path and it was agreed that we would go down a different
18 path in terms of providing -- looking at guiding principles
19 to help the Commission to -- when they sit down to review
20 the substantive comments that are already in the docket that
21 these are guiding principles that they will use in reviewing
22 and evaluating those comments.

23 That we are not here to determine yay or nay, you
24 know, if A than B. What this Committee is working on -- is
25 providing guiding principles for the FCC with respect to how

1 they review the substantive comments.

2 Now I agree with Ken, if the consumers that are on
3 the Board and industry members on the Board, as well, on the
4 Committee, the full Committee, that want to address
5 specifically whether we should vote yay and nay on the
6 Lifeline, I agree with Ken, that is an issue that can be
7 raised at the Committee level.

8 But at the subcommittee level we have agreed,
9 again, that we are going to look at guiding principles so --
10 to give the FCC when they are looking at the substantive
11 comments. Susan then Shirley.

12 MS. GRANT: I agree with Kathleen that this could
13 be seen as a guiding principle, however. Also, in terms of
14 process, correct me if I'm wrong, but this subcommittee or
15 this combined subcommittee we are going to hopefully by the
16 end of our subcommittee meeting adopt recommendations that
17 we then give to the full Committee, the full council, for
18 its consideration. Is that correct?

19 MS. WILLIAMS: No.

20 (Multiple voices.)

21 MS. GRANT: Because that's what I --

22 MS. WILLIAMS: -- let's get rid of that word
23 "recommendations." That what we are going to -- to tell the
24 full Committee, "These are guiding principles. There are no
25 specific recommendations. We all agree, there are no

1 specific recommendations that we can give the Commission to
2 the issues that were originally brought earlier today
3 because there is a divergence."

4 MS. GRANT: Are we --

5 MS. WILLIAMS: But we can't --

6 MS. GRANT: -- are we trying to agree on these
7 principles though?

8 MS. WILLIAMS: Right.

9 MS. GRANT: Okay.

10 MS. WILLIAMS: Okay.

11 MS. GRANT: So then I think the only problem here
12 is that some of us are seeing this as a principle.

13 MS. O'REILLY: Exactly.

14 MS. WILLIAMS: Okay.

15 MS. GRANT: And I'm having a hard time
16 understanding the difference between Mike's wording and the
17 more straightforward espousal of that principle. I welcome
18 your explaining it, but --

19 MS. PALMER: Can I ask just an access question?

20 MS. WILLIAMS: Sure.

21 MS. PALMER: Can I hear the two different
22 wordings? Because they probably are written down somewhere
23 but I don't know what they are now because I'm confused. So
24 if we could get just like a side-by-side. What did Kathleen
25 say and what did Mike say and how much do they differ?

1 MS. O'REILLY: Thank you.

2 MS. WILLIAMS: Kathleen? Mike?

3 MS. O'REILLY: Mine, which I consider both a
4 principle and a specific position on the MPRM is that
5 Lifeline eligible customers may not be assessed for
6 Universal Service costs.

7 (Pause.)

8 MS. WILLIAMS: Mike?

9 MR. DelCASINO: I don't know if I can do this
10 again.

11 (Laughter.)

12 MS. WILLIAMS: You were so eloquent.

13 MR. DelCASINO: Okay. To preface it a little bit,
14 to me that statement gets right at one of the very specific
15 items for consideration in the MPRM. So I have chosen not
16 to word it that way, but I guess I'll try and reconstruct
17 what I was suggesting.

18 What I was suggesting was that we provide the
19 Commission with a principle that says when you are
20 evaluating the substance of the MPRM issues that you
21 consider -- I believe I said maintaining the existing
22 Lifeline exemptions at a minimum and perhaps extending them
23 where circumstances are -- where it's appropriate.
24 Something like that.

25 (Pause.)

1 I think it pretty much -- frankly, I mean I think
2 it pretty much -- pretty much says the same thing. It
3 leaves a little bit of a door open for however the substance
4 of the MPRM comes out. When the Commission is considering
5 all of those factors in the MPRM they've got -- you know,
6 they've got some latitude as to how they treat Lifeline, but
7 when they do decide to treat Lifeline they treat it with
8 this principle in mind.

9 MS. WILLIAMS: Rayna?

10 MS. ALWARD: After all, we are in Washington where
11 every little nuance of a word like, you know --

12 (Laughter.)

13 -- what is the definition of "is" kind of thing.
14 So I think that maybe the basic difference, the nuance
15 difference, between a recommendation and a principle is the
16 recommendation says, "You should do such and such." The
17 guiding principle is, "It's important to consider."

18 So I think isn't that what we're saying here, that
19 it's important to consider this particular factor --

20 MS. WILLIAMS: Exactly.

21 MS. ALWARD: -- but we're not saying --

22 Kathleen, does that make sense?

23 MS. O'REILLY: Well, it goes back to my original
24 point, they're going to consider it anyway so I don't know
25 why we need to even expend time on such a policy guideline.

1 I don't see that's it's either/or, we either take a vote on
2 the specifics of the MPRM or we have guiding principles.

3 If, in fact, there's an overlap, as I think there
4 is here, then I think we should proceed to test the waters
5 to see if there is an agreement.

6 MS. WILLIAMS: Well, let me ask what is the
7 pleasure of the rest of the members of the subcommittee? Do
8 you want to choose which version you want or --

9 Okay.

10 MS. ALWARD: Could we just maybe make for the
11 record that there was strong feeling on the part of some
12 members of our subcommittee that there be this emphatic
13 support for the principle? Could that be part of our
14 recommendation? Because, obviously, it concerned a number
15 of us --

16 MS. WILLIAMS: Mike?

17 MR. DelCASINO: Let me try and add maybe just a
18 slightly different perspective on this.

19 Suppose in the course of the development of the
20 Commission's conclusions with respect to the USF issue they
21 are considering expanding exemptions for some reason. I
22 have no idea whether that's even a possibility, but suppose
23 they were.

24 If we were to say that they should exempt
25 Lifeline, and not say anything about any other exemptions,

1 haven't we kind of not -- we've kind of locked them out a
2 little bit? You know, we can always --

3 MS. O'REILLY: I disagree. There is nothing --
4 (Multiple voices.)

5 MR. DelCASINO: -- have the option.

6 MS. O'REILLY: -- in the language that says that
7 and they can refer to the transcribed minutes of this
8 meeting to be the equivalent of a legislative history to
9 ensure that they do not read into it that unintended
10 interpretation.

11 MS. WILLIAMS: But the thing is this was not a
12 legislative history, and it was already stated that we would
13 not just give the transcript to the FCC. There were a
14 number of members on the Committee who felt that that would
15 not be appropriate, particularly when there were some
16 members who felt that they were not at a place where they
17 felt comfortable commenting.

18 MS. O'REILLY: Yes. I've not suggested that the
19 minutes of the meeting be given to the Commissioner so that
20 they can interpret the recommendation. I am saying that it
21 is already a given the transcribed minutes of this meeting
22 will be available to them or anyone else.

23 So if before they do or do not cite such a
24 recommendation if it were approved by this Committee either
25 in their opinion order, or in their own discussions and

1 wanted to ensure that they were not misinterpreting it to be
2 so narrow as to preclude and expansion of exemption they
3 could have access to the minutes for that purpose.

4 MR. BAKER: Well, why can't we say what Kathleen
5 said, Lifeline customers may not be assessed for Universal
6 Service charges and then also say if there are other
7 circumstances where it is appropriate to expand that we
8 should do that, as well? I mean if that's your concern I
9 think that would get to it.

10 MS. O'REILLY: But the exemption then could bring
11 in the business customers that can and several of us have
12 expressed a concern about a different treatment of business
13 versus residential customers.

14 I'm concerned about anything so open-ended as
15 appropriate. I'd rather state that our recommendation that
16 Lifeline customers not be assessed Universal Service charges
17 should not be construed as a prohibition against any
18 potential consideration of an expansion.

19 But I would want all of us to have an opportunity
20 to comment on such a proposal rather than give an almost
21 carte blanche preapproval to whatever is open-endedly
22 considered appropriate.

23 MR. BAKER: Fine. But can deal with it -- with
24 your first thought first, and then talk about the
25 considerations second?

1 MS. O'REILLY: Certainly.

2 MS. WILLIAMS: Okay. I'm going to take one more
3 comment. Then right now let me make sure I have this
4 straight, we were getting ready to vote on two different
5 definitions, one would be -- that would get right to the
6 specific MPRM recommendation and the other would be
7 providing a guiding principle.

8 MR. BAKER: Yes.

9 MS. WILLIAMS: And even the one that is a
10 recommendation has been amended by Chris.

11 MS. GRANT: I think they're both being offered in
12 the spirit of being principles.

13 MS. O'REILLY: Yes.

14 MS. GRANT: I'd like to --

15 MS. WILLIAMS: Okay.

16 MS. GRANT: -- make that clear.

17 MR. BAKER: And I'm not --

18 MS. WILLIAMS: Principles, okay.

19 MR. BAKER: And I wasn't --

20 MS. WILLIAMS: Susan?

21 MR. BAKER: I'm sorry. I wasn't changing his
22 motion. It's his motion so, you know, it's just a
23 suggestion.

24 MS. WILLIAMS: Oh, okay.

25 MS. GRANT: Yeah.

1 MS. WILLIAMS: Susan?

2 MS. PALMER: I'd like to propose a friendly
3 amendment to Mike's, which is --

4 (Laughter.)

5 -- to put residential in there, which I think
6 addresses Kathleen's.

7 But I'd like to know how people feel on both? Are
8 people pretty much comfortable with both? If that's the
9 case maybe we should bring that to the full Committee on
10 vote on, you know, which they like better. I don't know.

11 MS. PALMER: We could do that.

12 MS. WILLIAMS: Okay. We've got three motions on
13 the floor now.

14 (Laughter.)

15 MS. PALMER: And waiting.

16 MS. WILLIAMS: Okay.

17 MS. ROOKER: Why don't we just take them in order?

18 MS. WILLIAMS: Okay.

19 MR. BAKER: Isn't Michael's motion -- that's two
20 issues. One issue is Lifeline customers and the other issue
21 is other possible exemptions.

22 MS. WILLIAMS: Right.

23 MR. BAKER: Can't we vote -- are we going to vote
24 on Michael's -- the first part of his --

25 MS. WILLIAMS: No. We're going to vote on the --

1 the first part is what Kathleen --

2 MR. BAKER: Right.

3 MS. WILLIAMS: -- said that Lifeline eligible
4 customers may not be assessed for Universal Service Fund
5 costs, period.

6 MR. BAKER: But I think -- I think that's slightly
7 different than what he was --

8 MS. WILLIAMS: I know.

9 MR. BAKER: Okay.

10 (Multiple voices.)

11 MR. MARSHALL: Let me finish.

12 MR. BAKER: Okay.

13 MS. WILLIAMS: The next motion is the one that
14 Mike --

15 MS. PALMER: Right.

16 MS. WILLIAMS: -- put forward is when you are
17 evaluating the substance of an MPRM -- the substance of the
18 comments to the MPRM that the FCC consider maintaining the
19 Lifeline exemption and perhaps consider -- wait a minute --

20 MR. BAKER: Expansion.

21 MS. WILLIAMS: -- perhaps they consider -- when
22 you are evaluating the MPRM that they consider maintaining
23 the existing Lifeline exceptions at a minimum and perhaps
24 extending them where circumstances are appropriate.

25 The third motion that Susan just put on the table

1 is to amend -- which one?

2 (Laughter.)

3 MR. WALSH: It's just -- no, it's as Mike -- it's
4 clarifying as appropriate for residential customers as
5 appropriate.

6 MS. WILLIAMS: Are appropriate --

7 MS. PALMER: And I was asking Mike if he felt that
8 would be a friendly amendment?

9 MR. McELDOWNEY: I'm not sure it's needed for
10 Mike's --

11 MR. BAKER: -- as appropriate?

12 MR. McELDOWNEY: Yeah. Because it's -- his
13 specifically talks about Lifeline.

14 MR. BAKER: Right.

15 MR. McELDOWNEY: And extending the Lifeline
16 exemption.

17 MS. PALMER: And Lifeline is --

18 (Multiple voices.)

19 MS. WILLIAMS: Okay.

20 MR. McELDOWNEY: And it says basically
21 residential, anyway.

22 A PARTICIPANT: Do you want to withdraw that?

23 MS. PALMER: Yes -- Kathleen's point, but I can
24 withdraw. That's fine.

25 MR. McELDOWNEY: Yes.

1 MS. WILLIAMS: Okay.

2 Okay.

3 (Laughter.)

4 On the first motion, all of those who would like
5 to put before the Commission a principle which states that
6 Lifeline eligible customers may not be assessed for
7 Universal Service Fund costs. First I need a second on that
8 motion.

9 MS. ALWARD: Second.

10 MR. McELDOWNEY: Second.

11 MS. WILLIAMS: Okay. Second by Rayna. All those
12 in favor of that wording please say aye.

13 MR. McELDOWNEY: Raise your hand.

14 MS. WILLIAMS: Raise your hand.

15 (Pause.)

16 Shirley, can you count?

17 (Laughter.)

18 A PARTICIPANT: If she takes off her shoes.

19 (Laughter.)

20 MS. ROOKER: Eight.

21 MS. WILLIAMS: Eight?

22 MR. McELDOWNEY: Eight.

23 MS. WILLIAMS: Kathleen?

24 MS. O'REILLY: I support the motion.

25 MS. WILLIAMS: That's nine for. Those opposed?

1 (Pause.)

2 Six.

3 A PARTICIPANT: Which one is number one again?

4 MR. McELDOWNEY: Kathleen's.

5 (Laughter.)

6 MS. WILLIAMS: Okay.

7 MR. McELDOWNEY: It was Kathleen's.

8 MS. WILLIAMS: The principle that Lifeline
9 eligible customers may not be assessed for Universal Service
10 Fund costs. Those in favor -- there were nine in favor.

11 A PARTICIPANT: I'm sorry. I -- I --

12 MS. ROOKER: Who's in favor of it?

13 MR. McELDOWNEY: Too late.

14 MS. ALWARD: Butterfly ballot.

15 MR. McELDOWNEY: Too late.

16 (Laughter.)

17 MS. WILLIAMS: Okay. Are you saying, Rayna, that
18 you're opposed?

19 MS. ALWARD: I was for the one that Mike proposed.

20 MS. WILLIAMS: Okay.

21 So that's eight, seven. How many abstaining?

22 (Pause.)

23 Okay. The motion passed that we will use the
24 principle Lifeline eligible customers may not be assessed
25 for Universal Service Fund costs.

1 MS. ROOKER: Keeping in mind that we're
2 recommending this to the committee. We're not saying --

3 A PARTICIPANT: Right.

4 (Multiple voices.)

5 MS. ROOKER: -- for the committee.

6 A PARTICIPANT: Right.

7 MS. WILLIAMS: Okay. Yes. Are there any other
8 principles that we would like to --

9 MR. McELDOWNEY: Well, now --

10 MS. WILLIAMS: Yes?

11 MR. McELDOWNEY: -- Mike's principle. Mike's
12 principle.

13 MS. ROOKER: Well, you can't introduce both of
14 them, can you? I mean --

15 MR. BAKER: Well, sure, because he's --

16 (Multiple voices.)

17 MR. BAKER: -- been non-Lifeline.

18 MS. ROOKER: We can all vote on it too.

19 MR. McELDOWNEY: Huh?

20 MS. WILLIAMS: I'm sorry. Ken, can you speak in
21 the mike because I can't hear you.

22 MR. McELDOWNEY: Oh, I'm sorry. Did you want to
23 vote on Mike's, too, or are you assuming that because
24 Kathleen's passed, Mike's wouldn't pass?

25 (Multiple voices.)

1 A PARTICIPANT: I'm confused.

2 A PARTICIPANT: I'm confused, also.

3 MS. PALMER: I thought we were voting number one
4 was Mike.

5 MS. WILLIAMS: Okay. Let's do this again now.

6 (Laughter.)

7 The first motion --

8 MS. PALMER: Could we make this any more --

9 MS. WILLIAMS: -- is a principle proposed by
10 Kathleen O'Reilly that states, "Lifeline eligible customers
11 may not be assessed for Universal Service Fund costs."

12 All those in favor of this language raise your
13 hand.

14 MS. ROOKER: Didn't we vote on this already?

15 MR. McELDOWNNEY: Yeah. But there was confusion.

16 A PARTICIPANT: We're doing it again.

17 MS. PALMER: I thought the point was to find out
18 what -- if there was a strong preference for one over the
19 other. So it might be better to say vote for one or two.

20 A PARTICIPANT: Yeah.

21 MS. WILLIAMS: Oh, okay.

22 MR. McELDOWNNEY: That's good. I like that.

23 MS. PALMER: And then that gives a sense of, you
24 know, is there a strong majority --

25 MS. WILLIAMS: Oh, I see.

1 MS. PALMER: -- one way or the other.

2 MS. WILLIAMS: So you're saying it's not
3 either/or?

4 MS. PALMER: Yeah.

5 MR. BAKER: Could you read Mike's again, just the
6 first part of it? Because I don't think -- I think he has
7 two parts to his and I don't think the first part seems that
8 much different or I'm not sure if the first part is
9 different.

10 MS. WILLIAMS: Okay. Let me read the first part.

11 (Multiple voices.)

12 MR. BAKER: Consider. So that is a difference --

13 MS. WILLIAMS: Okay.

14 MR. BAKER: -- a big difference.

15 MS. WILLIAMS: The first -- let me read Mike
16 DelCasino's proposed principle. "When the Commission is
17 evaluating the substance of the MPRM that the Commission
18 consider -- consider maintaining the existing Lifeline
19 exemptions at a minimum and perhaps extending them where
20 circumstances are appropriate."

21 MS. PALMER: That's number two.

22 MS. WILLIAMS: That's number two. The difference,
23 the first one says, "Lifeline eligible customers may not be
24 assessed for Universal Service Fund costs, period."

25 MR. BAKER: Could -- could we --

1 MS. WILLIAMS: The second one says that we provide
2 the Commission with the principle that says, "When the
3 Commission is evaluating the MPRM or the comments to the
4 MPRM that it considers maintaining the existing -- the
5 existing Lifeline exemptions at a minimum and perhaps
6 extending them where the circumstances are appropriate."

7 MR. BAKER: So couldn't we just compare apples to
8 apples here and say the first part of Mike's versus
9 Kathleen's and then the second part, which Kathleen doesn't
10 talk about --

11 MS. WILLIAMS: Right.

12 MR. BAKER: -- in her motion would be the third?
13 Would be another --

14 MS. ROOKER: Well, there's two. There's two.

15 A PARTICIPANT: No. Mike's --

16 MS. ROOKER: You can't do that.

17 A PARTICIPANT: No.

18 MS. ROOKER: You can't split them.

19 MR. BAKER: Okay. That was my question.

20 MS. ROOKER: There's one and there's two.

21 A PARTICIPANT: Yeah.

22 MR. BAKER: All right.

23 MS. ROOKER: One is Kathleen's, the second one is
24 Mike's. I think the suggestion that we vote for either one
25 or two makes a lot of sense.

1 A PARTICIPANT: Exactly.

2 MS. ROOKER: So why don't we just vote -- who
3 wants to vote for number one?

4 (Pause.)

5 Six.

6 MS. WILLIAMS: Six?

7 A PARTICIPANT: And Kathleen?

8 MS. ROOKER: Kathleen?

9 MS. O'REILLY: Yeah.

10 MS. ROOKER: And Kathleen is seven.

11 MS. WILLIAMS: Seven.

12 For number two?

13 (Pause.)

14 Eight for number two.

15 MS. ROOKER: So number two carries?

16 MS. WILLIAMS: What about is anyone abstaining?

17 (Pause.)

18 Four people are abstaining.

19 (Pause.)

20 Okay.

21 MS. ROOKER: Moving on.

22 (Laughter.)

23 All right. Could I --

24 MS. O'REILLY: Was this done simply by a count of
25 hands or is this a recorded vote?

1 MS. ROOKER: It was a count of hands.

2 MS. O'REILLY: I would request a recorded vote.

3 MS. ROOKER: I don't know what you mean.

4 MR. McELDOWNEY: You want paper ballots?

5 MS. O'REILLY: No. I would like the minutes to
6 reflect which members voted which way.

7 MS. ROOKER: Oh.

8 MR. McELDOWNEY: Kathleen, I think that's a little
9 too --

10 MS. ROOKER: We've got to move on. We've only got
11 15 minutes left and we really have a lot of other things.
12 We've spent about 45 minutes debating between two issues.
13 Couldn't we move it on? Could I make a motion that we move
14 on?

15 MS. ROOKER: Do I hear a second? Do I hear a
16 second?

17 A PARTICIPANT: Second.

18 A PARTICIPANT: Second.

19 MS. WILLIAMS: Moved and seconded. We move on.
20 All those in favor?

21 ALL: Aye.

22 MS. WILLIAMS: All those opposed?

23 (No response.)

24 All those -- any abstentions?

25 (No response.)

1 Let's move on.

2 MS. ROOKER: Yes. I wanted to bring up something
3 as a principle that Susan Palmer had brought up earlier that
4 I don't think made it our list. And that was -- and I
5 thought it was very interesting -- she said the early
6 consumer involvement in issues that are going to be raised
7 before the FCC, before the Commission, and I -- so that
8 we're involved early in the process of development.

9 I thought that was -- would be a very good guiding
10 principle. Somehow, Susan, thank you very much, it didn't
11 make it to our list.

12 MS. WILLIAMS: Okay. Involvement of consumers.

13 A PARTICIPANT: Is this -- does this Committee --

14 MS. WILLIAMS: That would be under public
15 education.

16 MS. ROOKER: I think it would be -- no. This
17 would be --

18 MS. WILLIAMS: It would be a separate --

19 MS. ROOKER: -- making certain -- well, the
20 Committee or the consumer. I don't know. You would have to
21 ask her how she --

22 Susan, what did you say?

23 MS. PALMER: Well, it was early consumer
24 involvement on issues like this, but particularly in
25 Universal Service, any movement forward.

1 I think this also goes with Judy Harkins'
2 recommendation earlier that we're forward thinking in the
3 approach.

4 (Pause.)

5 MR. McELDOWNEY: Yeah. Judith isn't here but --
6 and I can't remember the -- but I thought it made a lot of
7 sense. I'm just not exactly sure what the wording was. But
8 do you remember it more, Susan?

9 (Pause.)

10 I think it was -- I think it was more that
11 encouraging the FCC to in a sense to look --

12 MS. PALMER: Right.

13 MR. McELDOWNEY: -- forward thinking as opposed to
14 backward thinking because --

15 MS. PALMER: Right.

16 MR. McELDOWNEY: -- so much of this MPRM is sort
17 of already dated.

18 MS. PALMER: Right. And maybe -- and maybe I
19 should --

20 MS. WILLIAMS: Judy -- oh -- Judy had mentioned
21 that with rapid -- with rapidly changing technology it is
22 important that the FCC look forward with respect to
23 Universal Service Fund contributions.

24 A PARTICIPANT: Right.

25 MR. McELDOWNEY: That's good.

1 MS. ROOKER: But I think this is broader, not just
2 Universal Service. What Susan Palmer had said was much
3 broader.

4 MS. WILLIAMS: Okay.

5 MS. PALMER: And maybe I should -- might qualify
6 by saying consumer and industry or a joint --

7 MS. ROOKER: Yes. I think both.

8 MS. PALMER: Because I think that that would be
9 helpful maybe to avoid some situations in the future that
10 are not as clear.

11 You know, the thing that I'm finding here that,
12 you know, there's actually probably more disagreement within
13 the industry than there is between industry and consumers.
14 But there's a lot of opportunities here to find some common
15 ground where we can approach issues and prevent problems and
16 miscommunications that we have, or complexities here that we
17 have.

18 MS. ALWARD: Shirley, if I could just ask, would
19 you consider this Committee itself to be one of consumer
20 involvement?

21 MS. ROOKER: Sure.

22 MS. ALWARD: And if this Committee had been
23 meeting --

24 A PARTICIPANT: Use the microphone.

25 MS. ALWARD: Sorry. If this Committee had been

1 meeting say a year before as these issues were beginning to
2 be considered and worded and put into -- put out, would that
3 have addressed what you're talking about?

4 MS. ROOKER: Well, actually what I was repeating
5 is what Susan Palmer had brought up earlier, but it would
6 certainly -- yes, it would be exactly if it came to the
7 attention of this Committee --

8 A PARTICIPANT: My -- my --

9 MS. ROOKER: -- and I suspect it would have if we
10 had been in existence.

11 A PARTICIPANT: And my point is beyond just the
12 Committee or people on the Beltway, but in general --

13 MS. WILLIAMS: I think it's very much what Dane --
14 what Marsha MacBride said -- alluded to, that Dane's looking
15 to take the show on the road.

16 I can't tell you how important that is because
17 it's so often -- you know, all of us sitting around this
18 table, consumer groups as well as industry, we understand or
19 know the FCC. We know it's more than just that label you
20 stick up on a phone or you see once in a while in a public
21 service announcement.

22 But I know that the FCC used to have regional
23 offices, and part of the responsibility of those regional
24 offices were consumer outreach as well as engineering and
25 technical issues. I think what the FCC is seeing now

1 because of that cut back -- and I understand appropriations
2 are what appropriations are -- but they lost a valuable
3 asset and tool.

4 I can only stress and urge and comment the CIB,
5 Consumer Information Bureau Chief, for bringing that back
6 into the FCC's process.

7 MS. PALMER: Do we want to add another guiding
8 principle, which is that they should support CIB and the FCC
9 in its efforts to do these things? Because I think that
10 that might be some practical but still a guiding principle.

11 MS. ALWARD: I think maybe -- would that be a
12 subset of that one principle. Not to quibble about it, but
13 that's one way to -- certainly a way to make sure that
14 that happens.

15 A PARTICIPANT: Yeah.

16 MR. JAMES: Maybe that should be the Preamble to
17 all of this?

18 MS. ALWARD: All of this.

19 MR. JAMES: Incorporate that statement to begin
20 with?

21 MS. ROOKER: Support for the CIB. I think that's
22 a great idea.

23 MR. JAMES: And also be pro-active by consulting
24 with us --

25 MS. PALMER: And I think it could be --

1 MR. JAMES: -- about changes.

2 MS. PALMER: Yeah. Beyond CIB. I mean CIB and
3 other departments that might be involved or other activities
4 that would lead to because it might -- it might be a
5 satellite office or it might be something else that they
6 think of that would promote that.

7 MS. GRANT: I don't necessarily object to these
8 principles, but aren't we getting off the topic of the
9 Universal Service Fund and do we mean to? Is that
10 appropriate? Are we straying?

11 MS. WILLIAMS: The issue came up in terms of early
12 consumer involvement in terms of the Universal Service Fund
13 issues. Susan felt that that should be not just limited to
14 Universal Service Fund but as a part of CIB's mission not
15 only just as advisory -- looking just to this advisory
16 committee but being pro-active, as Vernon said, and reaching
17 out and consulting with consumers not just inside the
18 Beltway, but outside the Beltway as well. So that's where
19 it comes in.

20 MS. GRANT: Okay.

21 MS. WILLIAMS: Are there any other guiding
22 principles?

23 MS. PALMER: Can you review what's on there?

24 MS. WILLIAMS: Yes.

25 MR. McELDOWNNEY: I'm sorry. I just want to say

1 one more thing. I think it's important though, so there's
2 not confusion, is that when this is finally written up that
3 it be tied somehow to the MPRM so that it's -- I think some
4 of the things -- some of the aspects of what Susan was
5 saying I would certainly support, but I think that it may
6 read better if at least at this point it's tied to the MPRM.

7 MS. PALMER: I don't oppose that at all.

8 MR. McELDOWNNEY: Yeah.

9 MS. PALMER: I agree.

10 MR. McELDOWNNEY: And I think there's going to be
11 plenty of opportunity for us to pass subsequent motions
12 around what we want CIB to do and the role we want it to
13 play.

14 MS. PALMER: And just for clarification, I'm not
15 trying to get the overworked people at CIB made at me.

16 (Laughter.)

17 MR. McELDOWNNEY: Or your company.

18 MS. PALMER: Although they may already be. I
19 don't know.

20 (Laughter.)

21 MS. WILLIAMS: Okay. Let's -- what I'm going to
22 do now is review what we put down so far.

23 (Pause.)

24 MR. McELDOWNNEY: She's holding it hostage.

25 (Pause.)

1 MS. WILLIAMS: I'm going to try to multi-task
2 here. Yeah, could you --

3 A PARTICIPANT: Do you need some help with --

4 MS. WILLIAMS: And excuse us if our backs are to
5 you.

6 In terms of the guiding principles that the FCC
7 will consider when they are reviewing and evaluating the
8 notice of -- the comments to the notice of -- the
9 substantive comments to the notice of proposed rulemaking
10 that the FCC would -- guiding principle number one is easy
11 to understand, that the Universal Service Fund be easy to
12 understand.

13 Equity is the seconding guiding principle. Equity
14 in terms of consumers and industry.

15 A PARTICIPANT: Financial obligations.

16 MS. WILLIAMS: Yes. Equity in terms of financial
17 obligations of consumers as well as industry.

18 Three, public education on the social benefits of
19 the Universal Service Fund.

20 Okay. Four is -- oh, God! Four is the language.

21 (Laughter.)

22 Okay. Steve is going to give us -- okay. Number
23 four, is guiding principles.

24 MR. JACOBS: Easy for me to say. I just --

25 MS. WILLIAMS: Oh, no!

1 (Laughter.)

2 A PARTICIPANT: Wait, wait, wait, wait.

3 (Laughter.)

4 A PARTICIPANT: -- with the principle --

5 (Laughter.)

6 A PARTICIPANT: Let's start over.

7 (Laughter.)

8 A PARTICIPANT: Wait a minute.

9 MS. WILLIAMS: Number four is that when the
10 Commission is valuating the substance of the notice of
11 proposed rulemaking that the FCC consider -- consider at a
12 minimum maintaining -- consider maintaining the Lifeline
13 exemption at a minimum, and perhaps consider extending such
14 exemptions where appropriate.

15 (Laughter.)

16 Okay. No. Five, Universal Service Fund calculus
17 supply side and outgoing. This is where Larry Sargeant
18 suggested that the Commission use USAC's spreadsheets or
19 methodologies in terms of collecting --

20 MR. SARGEANT: Information they gather to
21 implement the fund.

22 MS. WILLIAMS: The information that the USAC
23 gathers to implement the fund.

24 MS. GRANT: Did we agree to that?

25 MS. WILLIAMS: I'm sorry. Susan?

1 MS. GRANT: I'm sorry. Did we agree to that? I
2 thought -- I may have misunderstood, but I thought the
3 sentiment around the table was that the Commission was going
4 to do that kind of analysis anyway so that we didn't need to
5 include that in our principles.

6 I, frankly, don't know enough about it to know
7 what --

8 MS. WILLIAMS: The USAC?

9 MS. GRANT: -- I think of that principle.

10 MS. ALWARD: I think we left it that if it were
11 not being done then we suggested it be done, but we assumed
12 that it was such a logical thing to be done that --

13 MS. GRANT: I mean do --

14 MR. DelCASINO: Wasn't that the one that was
15 reworded to say that it wouldn't be unduly or wouldn't be a
16 profitable --

17 MS. ALWARD: No, that's a separate one.

18 MS. GRANT: That's a separate one.

19 MR. DelCASINO: Is that a separate one?

20 MS. GRANT: Yeah.

21 MR. DelCASINO: Okay. I'm sorry.

22 MS. GRANT: I mean I don't know that we really got
23 into deciding that we wanted to recommend some sort of cost
24 benefit analysis or whatever the heck that is. I mean I
25 just --

1 MS. ROOKER: These are not recommendations, these
2 are guidelines.

3 MS. GRANT: I don't know that that's a principle
4 that we -- that there was a consensus around the table that
5 we --

6 MS. WILLIAMS: Okay.

7 MS. GRANT: -- said. Yes.

8 MS. WALLS: Oh, I thought the reason that that
9 came up --

10 MS. WILLIAMS: Karen, you have to talk into the
11 microphone.

12 MS. WALLS: Well, I don't think it's working. So
13 that's why I'm not -- but I think the reason that that came
14 up is we were talking about what if Lifeline consumers were
15 exempted, what would the financial impact on the revenue of
16 the program be, and what could the USF do in various funding
17 scenarios? What would happen to the funds revenue if we
18 exempted Lifeline folks?

19 A PARTICIPANT: Right.

20 MS. WILLIAMS: I think that what Steve suggested
21 that is there some way of determining what's coming in and
22 what's coming out, and is this something that the carriers
23 can put together?

24 Larry Sargeant indicated it's -- the USAC already
25 does that and rather than reinventing the wheel, to use that

1 information rather than reinventing the wheel. Susan?

2 MS. GRANT: I don't see that as fitting in with
3 the sort of consumer principle side of things that I thought
4 was the road that we were on. That's almost an issue for
5 the companies, but I just don't know enough about that to
6 incorporate that as a consumer principle.

7 MR. McELDOWNNEY: Can I --

8 MS. WILLIAMS: Ken?

9 MR. McELDOWNNEY: Yeah. I guess the other issue I
10 have is that I think it sort of runs counter to our earlier
11 principle that Mike expressed.

12 I mean we've said flatly that should consider
13 maintaining the current exemption and expanding it when
14 appropriate. It then seems really inappropriate later on to
15 say, "Oh, if it doesn't -- if it doesn't work don't do it."

16 So I -- again, I don't feel comfortable with this one,
17 either.

18 MS. WILLIAMS: Rayna?

19 MS. ALWARD: Well, let me just start with what
20 Susan said about this being a consumer --

21 MS. O'REILLY: It's very hard to hear. Could
22 whoever is talking --

23 MS. ALWARD: What happens is at the beginning it
24 takes a little while for the mike to warm up. Is it warmed
25 up yet? Oh, boy!

1 A PARTICIPANT: No.

2 MS. ALWARD: Okay.

3 A PARTICIPANT: Hold it closer.

4 A PARTICIPANT: Keep going.

5 MS. ALWARD: Like a torch singer. Okay. I think
6 that this is meant to be a holistic viewpoint, a holistic
7 set of principles, not just consumer aimed, number one.

8 I think that the phrase "as appropriate" means
9 where -- looks at the supply side as well as the demand
10 side. I think the reason that this -- it doesn't have to be
11 a guiding principle.

12 If this kind of research is being done, we hope
13 that it will be taken into consideration, but it's to show
14 that it's not just -- there's not the -- what did I say?
15 The unlimited pie. That we are dealing with a certain
16 amount of resources that we have to take into account as we
17 look at how we're going to be using them.

18 MR. McELDOWNNEY: Again --

19 MS. ROOKER: Why don't we just kind of decide --
20 let the Committee take --

21 A PARTICIPANT: Yeah.

22 MS. ROOKER: -- the subcommittee take a vote
23 whether they want to include it?

24 MR. McELDOWNNEY: Yeah.

25 MS. ROOKER: Because we're out of time and we're

1 going to have to move on.

2 MS. WILLIAMS: Okay. All those in favor of
3 leaving that on raise your hands.

4 (Pause.)

5 Kathleen?

6 MS. O'REILLY: No.

7 MS. WILLIAMS: Okay. All those opposed?

8 (Pause.)

9 MS. ROOKER: Take it off.

10 MS. WILLIAMS: Take it off?

11 A PARTICIPANT: Take it off.

12 MS. ROOKER: Take it off.

13 A PARTICIPANT: Take it off.

14 MS. WILLIAMS: Okay. Number -- the next one --
15 principle is that the Universal Service Fund should not be a
16 profit center. Companies should only recover fees and --

17 MS. ALWARD: Administrative costs.

18 MS. WILLIAMS: -- and administrative costs.

19 Seven. Early consumer and industry involvement in
20 Universal Service Fund matters and the FCC -- that goes more
21 with the idea of forward thinking as technology changes, and
22 also -- the Preamble to these guiding principles that the
23 FCC support the Consumer Information Bureau in its outreach
24 efforts on Universal Service.

25 A PARTICIPANT: Yay!

1 MS. WILLIAMS: Well, we are out of time.

2 MS. O'REILLY: Is this being reported then as
3 there being total support of everything that wasn't voted
4 on? I'm confused as to what we voted on and what we did
5 not. I did not want to take the time to raise concerns
6 about the wording of some of the others.

7 MS. WILLIAMS: I'm sorry. Say that again,
8 Kathleen.

9 MS. O'REILLY: Well, I voted on some of these
10 principles and others were discussed, and then I guess just
11 kept on the list. And the assumption is that there's across
12 the board support.

13 MS. WILLIAMS: Are you asking -- well, let me ask
14 you, are you asking for a vote on each of the principles?

15 MS. O'REILLY: Well, I wasn't sure what we were
16 doing and I did not take the time to address concerns about
17 the wording of a couple of others and did not want my name
18 lending support to some of them.

19 But if you're just reporting in broad strokes to
20 the full committee that this is the package that the
21 subcommittee is bringing to them --

22 MS. WILLIAMS: Yes.

23 MS. O'REILLY: -- I guess that will be it.

24 (Pause.)

25 MR. McELDOWNEY: She says okay.

1 (Laughter.)

2 MS. WILLIAMS: No. It's just that I'm a little
3 bit behind because I --

4 MR. McELDOWNEY: Oh.

5 MS. WILLIAMS: -- I can't hear --

6 MR. McELDOWNEY: Yeah.

7 MS. WILLIAMS: -- very well with conference
8 phones. Okay.

9 (Pause.)

10 Any other questions?

11 MS. ROOKER: Five minutes. We have five minutes
12 before we leave.

13 MS. WILLIAMS: Are there any other issues? Ken?

14 MR. McELDOWNEY: Well, I guess -- I guess in terms
15 of the wordsmithing, I think we have the broad outlines.
16 Hopefully, it will go through for the full Committee. Then
17 I assume that what? The Committee Chairs will wordsmith it
18 or it will be wordsmithed by the FCC staff in consultation,
19 or how is the wordsmithing going to take place?

20 MR. MARSHALL: It was our hope that we could
21 wordsmith it today, if we could. The FCC staff really would
22 be very uncomfortable --

23 MR. McELDOWNEY: Okay.

24 MR. MARSHALL: -- wordsmithing your
25 recommendations --

1 MR. McELDOWNNEY: Okay. Good.

2 MR. MARSHALL: -- because it would want them to be
3 yours and we want to be sure that it's translated correctly.

4 MS. WILLIAMS: Scott, I can't hear you.

5 MR. MARSHALL: Okay.

6 It was our hope that the wordsmithing could be
7 done today, and we have a computer set up for that purpose.

8 If after you review these with the full committee there's
9 closure, if someone could then wordsmith and bring back the
10 document for final approval, we've got about an hour and a
11 half to do that in. That would be the ideal.

12 We're really not, as a staff here at the FCC, in a
13 position to wordsmith it for you and it would probably be
14 inappropriate if we did.

15 MR. McELDOWNNEY: Interesting.

16 (Laughter.)

17 MS. WILLIAMS: Well, I mean I can -- if someone
18 gives me a computer I can knock this out.

19 MR. MARSHALL: Yep.

20 MR. McELDOWNNEY: Good.

21 MR. MARSHALL: We have --

22 MR. McELDOWNNEY: Thanks, Andrea.

23 MS. WILLIAMS: Could I get a couple of people?

24 A PARTICIPANT: We have a couple --

25 MS. WILLIAMS: Oh. You have --

1 A PARTICIPANT: We have --

2 MS. WILLIAMS: Oh, okay. Well, can I get a couple
3 of volunteers? My memory is not as good as it used to be.

4 MR. JAMES: Andrea, may I --

5 MS. WILLIAMS: Sure, Vernon.

6 MR. JAMES: On number six, when I indicated
7 Preamble I was hoping that we would include number six, the
8 gist of what number six is saying --

9 MS. WILLIAMS: Okay.

10 MR. JAMES: -- in that Preamble that -- that FCC
11 supports CIB and would consult with this Committee in
12 looking at new legislation or NPR's or whatever's coming
13 down -- down the line as far as FCC is concerned so that we
14 can avert some of these problems that we're experiencing.

15 MS. ALWARD: So it's five principles?

16 MS. WILLIAMS: So -- right. Six should be --

17 MR. JAMES: It's actually the principles.

18 MS. WILLIAMS: -- and the Preamble -- that should
19 all be the Preamble. Okay.

20 A PARTICIPANT: Yeah.

21 MR. McELDOWNEY: Andrea, I'll help.

22 MS. WILLIAMS: Thanks, Ken. Anyone else? Rayna?

23 MS. ALWARD: Yes.

24 MS. WILLIAMS: Thank you.

25 (Pause.)

1 MR. McELDOWNNEY: So we're adjourned and come back
2 at what time, Shirley?

3 MS. ROOKER: In three minutes.

4 MR. McELDOWNNEY: Okay. Well --

5 (Laughter.)

6 Okay.

7 MS. ROOKER: At 3:40.

8 MR. McELDOWNNEY: Oh, I'm sure we can do it in
9 three minutes.

10 (Laughter.)

11 Is -- I guess the -- Scott, is the Disability
12 panel, are they going to be a part, as well?

13 MR. MARSHALL: They're prepared to give a report
14 of their activities while you go out and work on your --

15 MR. McELDOWNNEY: Okay. Good. So that -- that
16 will be the first thing on the agenda. Okay. Good.

17 (Off the record at 3:38 p.m.)

18 (On the record at 3:49 p.m.)

19 MS. ROOKER: What we'd like to do is to continue
20 the meeting. Some members of the Affordability and the
21 Consumer Subcommittees have left to prepare recommendations
22 for the full Committee. They'll be coming back to us with
23 their documents.

24 But what we'd like to do is get your attention,
25 have everyone sit down and go through the report from the

1 Disability Subcommittee. Are you ready to do that, Jim?

2 MR. TOBIAS: In the absence of the other?

3 MS. ROOKER: We'll have to. There's -- well, most
4 of us are here. It's just like three people from the other
5 committee are out preparing a report for us.

6 MR. TOBIAS: Oh, okay.

7 MS. ROOKER: Unfortunately, it's unavoidable. We
8 had to do it that way.

9 MR. TOBIAS: Okay. Give me a second --

10 MS. ROOKER: Okay.

11 MR. TOBIAS: -- and I'll see about the
12 transportation.

13 MS. ROOKER: Okay. There's a few housekeeping
14 items. Please leave this card as you go out, leave it out
15 by the registration desk or give it to an FCC staffer.
16 Don't take it with you.

17 Secondly, if you need transportation at 5:00 what
18 we'd like for you to do is to let us know, and we can order
19 cabs for you or whatever you need.

20 A PARTICIPANT: I'm sorry?

21 MS. ROOKER: Transportation. If you need
22 transportation after the meeting today.

23 A PARTICIPANT: Let's have a show of hands.

24 MS. ROOKER: Who needs a cab? All right. Susan
25 Palmer, Julie, Bob, Matt, Larry. Anybody else?

1 Five, six. Laura Ruby, Jim Tobias. Metro's a
2 couple of blocks away. So how many cabs? Let me -- again,
3 let's see a show of hands of how many people need cabs and
4 if you're going to airport. Who's going to the airport?

5 A PARTICIPANT: Larry. Larry is going to the
6 airport, okay.

7 So we need how many cabs? Show me your hands?
8 One, two, three, four. Laura, do you need a cab?

9 MS. RUBY: Yes.

10 MS. ROOKER: Put your hand up.

11 One, two, three, four, five, six. Six cabs.
12 Seven, eight. We need eight cabs.

13 A PARTICIPANT: Any sharing?

14 MS. ROOKER: Anybody able to share a cab? Who's
15 going to the airport?

16 A PARTICIPANT: Which airport?

17 A PARTICIPANT: National.

18 MS. ROOKER: National? Anybody going to National?

19 (No response.)

20 MR. TOBIAS: Anybody going to Reagan?

21 MS. ROOKER: Anybody going to Reagan? That's the
22 same thing.

23 (Laughter.)

24 Oh, Jim.

25 A PARTICIPANT: Oh, Jim.

1 MR. TOBIAS: I'm from Massachusetts. Thank you.

2 (Laughter.)

3 MS. ROOKER: Okay. So we don't know. So it looks
4 like we've got independent cabs here.

5 A PARTICIPANT: Eight individual -- okay.

6 MS. ROOKER: Eight cabs.

7 A PARTICIPANT: All right.

8 MS. ROOKER: Just one to the airport.

9 MR. MARSHALL: And you've got that --

10 A PARTICIPANT: I've got you, Scott.

11 MR. MARSHALL: Okay. Thanks.

12 MS. ROOKER: Okay. 5:00. All right. Thank you
13 very much.

14 Now, Jim --

15 MR. TOBIAS: Sure.

16 MS. ROOKER: -- are you prepared? All right.

17 MR. TOBIAS: Yes.

18 MS. ROOKER: Jim Tobias, in Micaela's absence, is
19 going to give us the report. Micaela, are you on the phone?

20 MS. TUCKER: Yes, I am.

21 MS. ROOKER: Oh, good. Welcome.

22 MS. TUCKER: Thank you.

23 MS. ROOKER: Jim's going to give us the Disability
24 Subcommittee report.

25 MR. TOBIAS: Okay. For those of you who have been

1 watching our progress on the LIST SERV I would encourage you
2 to continue to do so. Notes from today taken by Pam Gregory
3 and also taken by Micaela will be folded together and will
4 appear on the LIST SERV, as well. We are entirely open to
5 input from any member of the Committee and any member of the
6 public.

7 Today we discussed a number of items, of course,
8 our work priorities. In addition, we discussed splitting up
9 into working groups so that we'd have literally
10 subcommittees of the subcommittee. Two areas that we are
11 doing that on are Section 255 will be one large group and
12 TRS will be the other large group. There will be some
13 general overarching issues such as standards work, and
14 consumer outreach, and education that will be covered by
15 both of those.

16 In addition, there were some items that would not
17 fall under 255 or TRS and those will be handled either by
18 another group or by independent action.

19 What I'm going to do is read off the basic
20 priorities of our work and some of the discussion that we
21 had today.

22 One of the items was an appraisal of compliance of
23 Section 255, that is looking at the Telecomm Act of '96
24 being five years old and the regs being about two years old.

25 What has actually happened from an industry perspective,

1 what changes have been wrought in the products and services.

2 From a consumer perspective, what are consumers
3 experiencing, and then a request to the FCC for some
4 statistics, and an understanding of complaints, and how
5 those complaints have been processed.

6 We discussed better access to basic network
7 functionality, that is what network features are currently
8 not accessible, such as operator intercept messages, when
9 the number you call is no longer in service? We know that
10 some of those messages do have a TTY parallel and some don't
11 in different jurisdictions. There are several other network
12 functionality items in that category, as well.

13 Another topic we consider to be very important is
14 reimbursement for relay service. Both the current voice and
15 text translation relay services and emerging services such
16 as video relay, and internet IP telephony-based relay.

17 Currently only common carriers are authorized to
18 receive reimbursement for those services. We will make some
19 sort of suggestion to the Commissioners to expand that
20 program so that others who may be better situated to provide
21 new emerging services can do so without registering as
22 common carriers.

23 We discussed general issues of information access
24 and accessibility going beyond Section 255, it's current
25 understanding, and pressing the Commission to make a

1 determination about the coverage of other information
2 services such as web access and IP telephony, and all of the
3 things that were covered in the further notice of inquiry a
4 year and a half ago or so.

5 We've also discussed technical assistance to
6 consumers both in understanding how they can navigate
7 through the FCC's procedures, and also some product and
8 service-oriented information. We felt very strongly that
9 consumers with disabilities are not understanding all of
10 their product options. They don't know what products are
11 out there, what product categories are out there, that might
12 meet their needs better.

13 Although there are several existing channels, no
14 single channel was seen as reaching a large enough
15 proportion of those folks. So we want to urge the
16 Commission to take an active role in that.

17 There's a specific issue that we feel is ready for
18 routing to the Commissioners, and that has to do with
19 frequency allocation for assisted listening device and audio
20 description in theaters. These devices are not currently
21 primary in their spectrum slots and they are always kind of
22 subject to encroachment from other applications. So we want
23 to get a permanent, you know, kind of a game preserve or
24 something for ALD's and audio description.

25 Then we discussed at some length the idea of

1 creating a disability-specific Universal Service Fund
2 program. We have the existing four programs that we've
3 heard about, but what are the possibilities, and what would
4 have to happen, and which kinds of program elements should
5 be included in a disability-specific program?

6 For example, the issue of equipment distribution
7 programs in the various states came up. These programs are
8 administered differently, they have different needs
9 assessments, different requirements for qualification,
10 different kinds of equipment that are distributed through
11 different mechanisms. Consumers over the years have
12 complained about the disparities or inequities between the
13 state programs.

14 There are some products like braille TTY's or
15 telebrailles which are very low-volume, high-cost products
16 that almost no one can afford on their own and so the market
17 for them can never really be encouraged enough. So we would
18 consider that to be kind of a candidate element of a
19 disability-specific Universal Service Fund program.

20 That's basically what we did today in a nutshell.

21 We will continue to use e-mail and our LIST SERV very
22 richly. Again, we encourage full participation from all of
23 the members of the Committee.

24 MS. ROOKER: Well, I think we'd like to open up
25 the floor to discussion on the items that you've mentioned.

1 Does anyone want to elaborate, ask questions or whatever?

2 (No response.)

3 You're to be congratulated for coming up with such
4 an impressive working list. I know you all have been very
5 busy this summer.

6 Do we have comments or questions from anyone for
7 Jim or other members of the subcommittee?

8 (No response.)

9 What about from the public? I would invite you at
10 this time also if you want to make comments.

11 (No response.)

12 My goodness! It's a quiet group. It must be late
13 in the day.

14 (Laughter.)

15 All right. Well, thank you so much, Jim, and for
16 your subcommittee's hard work. I look forward to the
17 progress that we're making.

18 The next item -- the next agenda item is to talk
19 about the agenda for our November meeting. Scott, do you
20 have any instructions you want to give for people? I think
21 -- are we going to pass something around today to see if we
22 can set up a --

23 MR. MARSHALL: Yes.

24 MS. ROOKER: -- find a convenient --

25 MR. MARSHALL: Yes.

1 MS. ROOKER: -- date --

2 MR. MARSHALL: Right.

3 MS. ROOKER: -- for everyone for November. Do you
4 want to talk to them?

5 MR. MARSHALL: In your packets -- and if you need
6 some assistance with this just let us know. There is a
7 calendar sheet for the month of November. Yes, we have done
8 this before. I haven't lost my senses.

9 (Laughter.)

10 But we didn't come to closure on a good date in
11 November, preferably a Monday or a Friday, so that people
12 could have weekend stayovers that had to come a long
13 distance, for the air fare saving.

14 If you could tell us when you're not available,
15 the dates that you would not be available in November, that
16 would be helpful and then I will get back with you --

17 A PARTICIPANT: I will not be available the day
18 after Thanksgiving.

19 MR. MARSHALL: Then we will get back to you with a
20 whole -- the date memo ASAP.

21 As far as next year is concerned we were thinking
22 about -- I'd like your reaction to this, too, in the
23 discussion that follows -- that perhaps the best months for
24 us to meet weather-wise as well as activity-wise might be
25 March, June and October. I would be interested if that

1 sounds good to you, then we'll have to send out a canvass on
2 those dates, as well, or do it in November. But I'd be
3 interested in your thoughts about that, as well.

4 As far as agenda items are concerned, I think
5 that's an open floor for topics that you'd like to see on
6 the November agenda. Shirley and the Co-Chairs and I will
7 meet again very soon to try to develop that agenda even
8 earlier than we were able to do for this meeting.

9 MS. ROOKER: And you don't have to give them to us
10 today.

11 MR. MARSHALL: No.

12 MS. ROOKER: You can send them to us at any time.

13 MR. MARSHALL: Right.

14 MS. ROOKER: What Scott was referring to is this
15 calendar in your folders. If you would just put an X
16 through the days that you're not available --

17 MR. MARSHALL: Correct.

18 MS. ROOKER: -- that would --

19 A PARTICIPANT: What days?

20 MS. ROOKER: Mondays or Fridays. Any Monday or
21 Friday. The reason for that is the transportation issues.

22 A PARTICIPANT: Okay.

23 MS. ROOKER: So any Monday or Friday in November
24 that you're not available, probably the Friday after
25 Thanksgiving is one that most of us would not want to

1 participate in a meeting.

2 (Laughter.)

3 I strongly encourage you to X that one out.

4 (Laughter.)

5 But we had originally talked about the 2nd of
6 November, which I think is a conflict date for some of you.

7 So if you would let us know, please.

8 MR. MARSHALL: We're hoping that schedules have
9 changed.

10 MS. ROOKER: Yes. We're hoping that you're
11 suddenly free on the 2nd of November, but if you're not
12 that's -- we'll have to take that into consideration. So if
13 you would do that.

14 Does anyone have any suggestions or comments on
15 what we might want to consider in November? And in this
16 group I can't believe someone doesn't have a comment or a
17 suggestion. Yes, Nancy?

18 MS. ELLIS: Thank you. November 9th or November
19 12th.

20 MS. ROOKER: The 9th or the 12th are good for you?

21 MS. ELLIS: Mm-hmm.

22 MS. ROOKER: Okay. Well, mark that on your
23 calendar. Mark out -- if you have a priority date that is
24 your first choice put a "1" in it, but if you can't make it
25 put an "X" through it.

1 MS. ELLIS: Right.

2 MR. MARSHALL: Right.

3 MS. ROOKER: Okay.

4 A PARTICIPANT: Would you say that again?

5 MS. ROOKER: If you can't make a Monday or any
6 Friday in November put an "X" through it so that we know
7 that that is the day that you will not be available, that's
8 Mondays and Fridays in November.

9 If you have a day that's available and it's your
10 first choice and your second choice put "1" and "2" in them,
11 but don't "X" it out. "X" out the Friday after
12 Thanksgiving, okay.

13 (Laughter.)

14 Do you get a hint here from me?

15 (Laughter.)

16 All right.

17 A PARTICIPANT: Remember, not the Friday after
18 Thanksgiving.

19 MS. ROOKER: Right. Are there other things that
20 you'd like to discuss? We're waiting for the report from
21 the Consumer and the Affordability Subcommittees. They're
22 doing a little cleaning up of wording. I hope it doesn't
23 take them too long.

24 A PARTICIPANT: Okay.

25 MS. ROOKER: I hope it doesn't take them as long

1 as it did for us to get to this --

2 (Laughter.)

3 -- to get to the process of reporting to you, at
4 any rate.

5 (Pause.)

6 Oh, yeah. Why don't we -- while we're waiting for
7 them to get back, why don't we go to opening the floor to
8 any items of discussion welcoming public comment, as well?
9 I think it would be appropriate to do this. Then we won't
10 have to tack it on at the end of the day or we can do it
11 then, also.

12 So I would invite any of you who are here as
13 public members to comment, which I hope you felt free to
14 comment during the day, and some of you have. We appreciate
15 that very much. Are there any items for discussion?

16 (No response.)

17 Look, I don't sing and I don't dance.

18 A PARTICIPANT: Thank God for that!

19 (Laughter.)

20 MS. ROOKER: So some -- right.

21 (Laughter.)

22 So somebody's going to have to entertain us or
23 you're going to have me sitting here talking at you and
24 that's not entertaining.

25 A PARTICIPANT: My son with the guitar just left.

1 MS. ROOKER: Oh! Nancy, you have a comment?

2 MS. ELLIS: I don't know. This is just kind of in
3 general. One of the things that we've discussed in both
4 meetings is the fact that many people don't know what the
5 FCC does and how it applies to them. I think this is a
6 perfect example for some kind of PSA program that mentions
7 your phone bill, and mentions all of the other things that
8 we do, you know, disability and otherwise, and somehow
9 incorporate that into a television, radio, internet PSA.

10 MS. ROOKER: It's a great idea.

11 MS. ELLIS: I don't know if there's a budget for
12 it but --

13 MS. ROOKER: Well, we'll have to look around the
14 table and find somebody. Yes, Paul Schroeder?

15 MR. SCHROEDER: I wasn't volunteering money.

16 (Laughter.)

17 MS. ROOKER: Oh, weren't you, Paul?

18 (Laughter.)

19 MR. SCHROEDER: Well, let's see what I've got.

20 (Laughter.)

21 It's just -- I thought it might be interesting to
22 contemplate for an agenda item in November a discussion with
23 the CIB and the DRO, the Consumer Information Bureau and the
24 Disability Rights Office, how they're doing outreach to
25 consumer groups, what their travel plan schedules are, how

1 we can be of help in that, if any way?

2 But really get a better sense of what kind of
3 interaction they're having with consumers, how they're
4 structuring that, and also maybe some discussion about
5 making sure that Commissioners are more involved.

6 I thought it was wonderful what Commissioner -- I
7 think it was Copps -- said about his trip out to TDI, which
8 was outstanding. I would hope that every consumer group
9 starts pushing hard to get Commissioners out to their -- to
10 their meetings, especially in Sioux Falls where there's not
11 a whole lot else to do, I gather.

12 (Laughter.)

13 Andy's going to probably hit me here.

14 (Laughter.)

15 But I think that might be -- it's not necessarily
16 an agenda topic but it would be perhaps a good item for some
17 discussion to see how this group of organizations can be
18 helpful to the Bureau and to the office.

19 MS. ROOKER: I think that's an excellent
20 suggestion. Is that possible? Could we do this as an
21 agenda item for November?

22 MR. MARSHALL: Mm-hmm.

23 MS. ROOKER: Scott's saying yes, mm-hmm. Okay.

24 MS. STRAUSS: I can tell you that it was really
25 educational for the Commissioner to come out and I think

1 you're right.

2 MR. SCHROEDER: Just keep talking.

3 MS. STRAUSS: Okay.

4 (Laughter.)

5 MR. SCHROEDER: Sing first and then -- until they
6 get you on mike.

7 (Laughter.)

8 MS. STRAUSS: Anyway, I think it would be very
9 good if he came out to other consumer groups, if various
10 Commissioners came out to other consumer groups. I think
11 that it's very different when they're right on the site to
12 really witness and experience the variations in consumer
13 needs.

14 MS. ROOKER: Okay. I think Ms. Nixon had a
15 comment she wanted to make.

16 MS. NIXON: Is it appropriate? Did you open to
17 the floor?

18 MS. ROOKER: We did.

19 MS. NIXON: Okay.

20 MS. ROOKER: Absolutely.

21 MS. NIXON: This morning I was actually talking to
22 Margaret and Dane, Chief Snowden, right. I don't know him
23 that well to call him Dane. Anyway, I was making comment
24 and they suggested that I say it to the floor.

25 Normally, you have seen me flitting back and forth

1 between Shelley's chair. I am her mother. I tried to act
2 like wallpaper in these meetings so that I'm not, you know,
3 hovering over her. But I decided to follow-up and say what
4 I needed to say.

5 I jotted down some notes. I've been looking
6 around the room and I see a lot of generations here. Some
7 of you have learned about disabilities and the needs of
8 people with disabilities through your jobs. And many of you
9 have learned about the needs of disabilities through your
10 own disabilities, and through your own life experiences.
11 Many of this latter group can remember what life was like
12 before the ADA and IDEA and 255 and all of that.

13 I see all of these generations and I see Shelley.
14 Shelley is actually the next generation. All right. It
15 has occurred to me very clearly as I've worked with her over
16 the summer -- because we're in the process of trying to find
17 appropriate voice recognition and screen readers and all of
18 that -- so I have been her screen reader.

19 It has occurred to me quite clearly that the next
20 generation, Shelley's generation, has really not been
21 prepared to fill your seats. They will need to fill your
22 seats some day.

23 The current unemployment rate for young people
24 with disabilities or multiple handicaps are around 75
25 percent. So many of them will not learn how to advocate for

1 their needs on the job, as many of you have. So that leaves
2 them very few ways to learn the skills they need. And they
3 didn't really fight the fight to get all of these things
4 that are out there today.

5 Most of Shelley's contemporaries grew up with all
6 of these laws and all of these mandates. Therefore, they
7 really haven't learned the skills to -- that are taken to
8 get them, and they do not know how easily it can be lost, if
9 you're following me, okay.

10 So what I wanted to point out is that what all of
11 you need to know is that Shelley's participation on this
12 Committee is her first exposure, and her family's first
13 exposure to everything you've been discussed [sic] in these
14 last two meetings, everything.

15 That she is 24. She will be a senior in college.

16 She's had more meetings that we can even count with Centers
17 for Independent Living, Transition, IEP's, agencies, OVR and
18 not once, not once, have we ever heard any of this
19 discussed, which tells you that outreach and education.

20 So I guess you could be wondering what is my
21 point, and my point is that all of you are talking about
22 outreach, and education, and all of these issues, and I keep
23 hearing about how -- you know, what the FCC can do about
24 outreach, and education and it's critical. But I propose to
25 you that it should not be considered just FCC's

1 responsibility.

2 I would urge each of you to go back to your own
3 communities, your own organizations, your own jobs, and look
4 how are you outreaching? Are you shadowing anybody? Are
5 you mentoring anybody? Are you teaching anybody these
6 skills with even one or two people of this next generation
7 around you? Because, yes, the CIB can do it but they really
8 can't do it all. Shelley and our family is an example that
9 they can't do it all because it didn't reach us.

10 So I just urge you to educate not only what laws
11 are there, what mandates are there, how they got there, but
12 also Shelley's generation. What skills are you going to
13 need to keep them there? That's all.

14 MS. ROOKER: Thank you so much. You've given us
15 something to think about and to go look at our own lives.
16 Thank you.

17 There were some other comments. Susan Palmer?

18 MS. PALMER: I think this might be a good time to
19 put in a plug for AAPD Disability Mentoring Day. I know
20 that Cingular Wireless and Microsoft and probably several
21 other companies here are involved in that. If you are
22 interested as a company or an organization in mentoring a
23 person with a disability please contact AAPD and I'm sure
24 they can help you with that.

25 MS. ROOKER: And how do we do that?

1 MS. PALMER: I think it's AAP-DC-org.

2 A PARTICIPANT: Dot org.

3 MS. PALMER: Dot org. I'm sorry.

4 MS. ROOKER: Repeat that again for the slow ones
5 here, me.

6 MS. PALMER: AAPD-DC.org and it's www. Right?

7 A PARTICIPANT: Yeah.

8 MS. ROOKER: AAPD- -- that's the little up -- not
9 the underline -- DC.org.

10 MS. PALMER: Right.

11 MS. ROOKER: Okay. And that -- the date is when?

12 MS. PALMER: October 24th.

13 MR. TOBIAS: Yeah.

14 MS. PALMER: I think it's dash.

15 MS. ROOKER: October 24th.

16 A PARTICIPANT: Dash, yeah.

17 MS. ROOKER: That's the day that we want to focus,
18 but we want to carry it to the rest of our lives.

19 MS. PALMER: Well, I'm sure that they'll be very
20 happy to help you expand that if you want to.

21 MS. ROOKER: Great. Okay. Thank you. Jim?

22 MR. TOBIAS: With respect to the November agenda,
23 I know that something that was discussed on the disability
24 LIST SERV was some technical presentations because we felt
25 that many people in our group would benefit from knowing

1 more about, you know, say emerging technologies of one sort
2 or another.

3 I was pleased, but also surprised, to hear this
4 morning that the CIB and maybe the DRO has some internal
5 technical group that's doing research on the accessibility
6 of emerging technologies. Is that right, Karen?

7 MS. STRAUSS: Pam?

8 MR. TOBIAS: Pam?

9 MS. PALMER: Could you repeat that question?

10 (Laughter.)

11 MR. TOBIAS: I heard this morning --

12 MS. STRAUSS: I think you're referring to TAC?

13 A PARTICIPANT: Yeah.

14 MS. STRAUSS: Aren't you referring to the other --

15 MR. TOBIAS: No. I don't -- I didn't think so. I
16 thought --

17 MS. STRAUSS: -- an internal group that's doing --
18 somebody on staff doing research into emerging technologies
19 in DRO?

20 A PARTICIPANT: Emerging technologies.

21 A PARTICIPANT: Yeah.

22 MS. STRAUSS: DO you know something that I -- that
23 we don't know?

24 MR. TOBIAS: Who was it who was speaking when the
25 -- I think it might have been --

1 MS. ROOKER: Commissioner Copps?

2 MR. TOBIAS: -- Dane.

3 MS. ROOKER: Dane?

4 MR. TOBIAS: Possibly?

5 Okay. So there is no such thing.

6 (Laughter.)

7 But, hey, we're not going to fire somebody just
8 because they lied to --

9 (Multiple voices.)

10 Okay. So --

11 A PARTICIPANT: Well, let's get it going.

12 MR. TOBIAS: Yeah, let's get it going.

13 A PARTICIPANT: That sounds great.

14 MR. TOBIAS: So just as a raw idea, some kind of
15 presentation on that stuff.

16 MR. MARSHALL: Jim, it's Scott.

17 I think just -- I think I know what you're talking
18 about.

19 (Laughter.)

20 Our Technical Advisory Council --

21 MR. TOBIAS: Oh.

22 MR. MARSHALL: -- which is --

23 MR. TOBIAS: Okay.

24 MR. MARSHALL: -- another Federal advisory
25 committee, one of the six or seven that the FCC has, has a

1 subcommittee on disability.

2 MR. TOBIAS: Right. And Larry's the Chair.

3 MR. MARSHALL: And Larry is -- yeah. Larry, you
4 should be talking about this, not me. If you want to make a
5 comment about what your group does?

6 MR. GOLDBERG: Yes. Although I don't think it
7 solves the problem that Jim's asking for.

8 MR. MARSHALL: Okay. Then you're the best guy to
9 respond to that.

10 MR. GOLDBERG: In any case, the FCC Technological
11 Advisory Committee was formed four years ago -- well,
12 actually, no, two years ago -- and we're now in the second
13 two years, to look at issues over the horizon and try to
14 highlight for the FCC emerging technology concerns and
15 questions.

16 In the first round there was a disability working
17 group and Greg Vanderheiden headed that up. Out of that
18 there seemed to be recommendations that helped the impetus
19 to create this Committee. Having reformed now, it's made up
20 of a lot of CIO's and very high-tech individuals from
21 telecommunications companies and hardware and software.
22 They've re-upped on the disabilities activities and we're
23 just starting out. Our next meeting will be in mid-
24 September in gathering issues of concern on disabilities
25 issues, as well.

1 But they're not actually developing or studying,
2 as the way you couched it before, but are trying to provide
3 an advisory role for the FCC on such issues as spectrum band
4 width, home networking, and issues over the horizon the FCC
5 hasn't begun grappling with yet.

6 MS. ROOKER: Okay. Yes, Bob?

7 MR. SEGALMAN: I wanted to follow-up on what Ms.
8 Dickson [sic] said.

9 One of the ways to do outreach and education is
10 through the relay, and getting each state to work with each
11 department of vocational rehabilitation. I think if the FCC
12 could develop a relationship with the Rehabilitation
13 Services Administration you could get RSA to issue
14 information -- an information memorandum to the states to
15 develop this relationship.

16 MS. STRAUSS: I think that's a good idea. You
17 know, again it's a matter of resources. It depends on what
18 the priorities are of the Disability Subcommittee and what
19 order you want us to address different issues.

20 But we do have -- DRO, actually, does have
21 liaisons with lots of different governmental agencies. I
22 don't know whether RSA is one of them, and if it's not it
23 should be.

24 MS. ROOKER: Thank you, Bob. Well, we have --

25 MR. MARSHALL: Ask if somebody else has any

1 comments.

2 MS. ROOKER: Does somebody else have any other
3 comments? Someone else have a comment?

4 MR. MARSHALL: Jim, do you have another agenda
5 comment? I cut him off.

6 MS. ROOKER: Jim Tobias, did you have another
7 agenda comment?

8 No? Okay. All right. Then why don't we proceed
9 to the Consumer and the Affordabilities Committee report,
10 which is literally hot off the press. I'm going to start
11 these around. If you would take a copy, please, we'll pass
12 -- oops! Excuse me.

13 (Laughter.)

14 I'll get them.

15 (Pause.)

16 Okay. What we'd like to do is to -- Andrea and
17 Ken were the Co-Chairs of these two -- are the Chairs of
18 these two subcommittees. I don't know how you want to go in
19 presenting this. I'll leave that up to you, Andrea or Ken?

20 MR. MARSHALL: Copies shortly?

21 MS. ROOKER: Your copies are coming around. Where
22 are they?

23 A PARTICIPANT: Are these accessible --

24 MR. MARSHALL: Yeah. Braille is on the way.

25 MS. ROOKER: Yeah. Where are the brailles?

1 (Pause.)

2 It's not a really very long document.

3 MR. MARSHALL: Could we just quickly read it?

4 MS. ROOKER: Sure. Why don't we just take a
5 couple of minutes?

6 Do we have the braille copies available yet?

7 (No response.)

8 If not, they are very short. Can someone share
9 them with Paul and who else? Julie? Anybody else here that
10 wants --

11 A PARTICIPANT: Susan.

12 MS. ROOKER: Or Susan. Susan, yeah. Belinda,
13 would you share them with Susan, please?

14 I'm sorry. This is -- as I said, they really are
15 hot off the press. Why don't you just take a few minutes?

16 (Pause.)

17 MS. ROOKER: Okay. We've had a chance to take a
18 look at them. If so, I'm going to turn the microphones over
19 to Ken and Andrea.

20 MS. WILLIAMS: When our subcommittees met for
21 about two hours this afternoon and based on the discussion
22 this morning it was very clear to all of us that on the
23 subcommittee level that it would be very, very difficult, if
24 not impossible, to come to a consensus on the
25 recommendations and the earlier document that I presented.

1 What we agreed upon was to look at guiding
2 principles in which these are principles that we are
3 suggesting to the Commission -- that the Committee would
4 suggest to the Commission that when they are evaluating --
5 reviewing and evaluating the substantive comments in the
6 proceeding that they keep these guiding principles in mind.

7 Before we even get to the principles there's a
8 fundamental issue that we -- the subcommittee discussed that
9 really needs to be addressed and that is to make sure there
10 is support for the Consumer Information Bureau in their
11 efforts to engage early consumer and industry participation
12 in future Universal Service Fund proceedings.

13 We were also trying to include the concept that
14 Judy Harkins had mentioned earlier, that the Commission take
15 a forward-looking approach with respect to the Universal
16 Service Fund issues because of the rapidly evolving
17 technological environment in which they are dealing with.

18 As Judy pointed out, you know, we're already
19 talking about data and digital and that the Commission
20 should be thinking in that respect, as well. Judy, I hope
21 we captured the essence of the concept.

22 In terms of the principle, again this is -- these
23 are principles -- we were -- we did not feel that we could
24 say yay or nay or a particular recommendation because there
25 was such diverse views. And that is why we came up with

1 these five principles that we feel that everyone on the
2 Committee or that the Committee could endorse, and to
3 provide to the Chairman, and the Commissioners.

4 Number one, one of the things that we have kept
5 hearing from consumers and from everyone, not only just
6 consumers but also the industry, is that the Universal
7 Service Fund -- the whole mechanism needs to be simplified,
8 and that the contributions and assessments should be
9 calculated and disclosed in any easy to understand manner.

10 Number two, USF contributions and assessments
11 should be equitable to both consumers and members of the
12 telecommunications industry. This was a whole concept of --
13 that there's only so much in the pie, that everyone -- that
14 all telecommunications carriers fund the program. However,
15 if you keep having so many programs not everyone -- you
16 can't keep taking out when there's a decline in revenues
17 going in.

18 Did I -- Committee members, please jump in and
19 help me. And that this is an area --

20 MR. McELDOWNEY: Andrea?

21 MS. WILLIAMS: -- that it should be equitable, not
22 only for -- with respect among industry but the balancing of
23 consumers as well as industry.

24 MR. McELDOWNEY: I guess one of the things that I
25 would say about this and maybe some of the others is that I

1 think it might be good if we just sort of stick to the
2 language that's in the point. If there are then
3 questions --

4 MS. WILLIAMS: Okay.

5 MR. McELDOWNNEY: -- we can expand. Because my
6 guess is it's one of those things that the more you say the
7 more trouble you're going to --

8 (Laughter.)

9 -- we're going to get ourselves into. So --

10 (Laughter.)

11 -- so I -- let's just stick to the wording --

12 MS. WILLIAMS: Okay.

13 MR. McELDOWNNEY: -- that's --

14 MS. WILLIAMS: No problem.

15 MR. ELLIS: We're not going to put on my proposal
16 again, are we?

17 (Laughter.)

18 MS. WILLIAMS: God, no! I hope not.

19 (Laughter.)

20 The public should be educated on the social
21 benefits of the Universal Service Fund. When the Commission
22 evaluates the MPRM comments they should consider maintaining
23 the existing Lifeline exemptions, at a minimum, and perhaps
24 extending them where circumstances are appropriate. US --

25 MR. TOBIAS: Excuse me. Can I -- can I ask a

1 question just about that?

2 MR. McELDOWNNEY: Yes.

3 MS. WILLIAMS: Sure.

4 MR. TOBIAS: It's not clear to me what that means.

5 (Laughter.)

6 MS. WILLIAMS: Oh, God!

7 (Laughter.)

8 Jim, if you only knew the --

9 MS. ROOKER: Can I say something?

10 MS. WILLIAMS: Sure.

11 MS. ROOKER: I think we -- I think we meant to say
12 "as a minimum." I don't want to put words in Mike's mouth.

13 MR. TOBIAS: Right. Exactly. In other words, you
14 don't want the Lifeline exemptions to stay at some --

15 MS. ROOKER: "As a minimum."

16 MS. WILLIAMS: Oh, "as a minimum."

17 MR. TOBIAS: Yeah. Or should consider --

18 MS. ROOKER: Isn't that correct?

19 MR. TOBIAS: -- consider "at a minimum" --

20 MS. ROOKER: Yes.

21 MR. TOBIAS: -- maintaining --

22 MS. ROOKER: "As a minimum." That is the minimum
23 thing they should consider.

24 MR. TOBIAS: Or should consider "at" --

25 MS. ROOKER: "As."

1 MR. TOBIAS: -- "as" a minimum.

2 MS. ROOKER: "As a minimum."

3 MR. TOBIAS: Maintaining the existing Lifeline
4 exemptions.

5 (Multiple voices.)

6 MS. ROOKER: Is that what you said?

7 A PARTICIPANT: Yeah.

8 MS. WILLIAMS: "As a minimum."

9 MS. PALMER: The second part of that really had to
10 do with like two line voice carry-over, hearing carry-over,
11 and situations where a double line is really needed for
12 effective communication and would be comparable to one --
13 one line.

14 MS. WILLIAMS: Let me read that again. "When the
15 Commission evaluates the MPRM comments they should consider,
16 as a minimum, maintaining the existing Lifeline exemptions
17 and perhaps extending them where circumstances are
18 appropriate."

19 Five, the Universal Service Fund should not be a
20 profit center. However, companies should be able to recover
21 administrative costs for supporting the USF Fund program.

22 MS. STRAUSS: Can you -- I'm sorry. I wasn't in
23 this room. When you say "profit center" what does that
24 mean? What was your intent on that?

25 MR. McELDOWNEY: I think that was getting at that

1 whole thing in terms of the issue about some companies
2 charging far above the authorized rate.

3 MS. ALWARD: Can I just add something about the
4 process that went into particularly the one point, number
5 four, Jim, that you had questioned.

6 We probably spent three quarters of our time on
7 that point. I think that maybe we should -- the record
8 should reflect that that was the closest vote that we had.
9 I think it was eight to seven with four people left
10 standing.

11 The seven people wanting the point to be actually
12 prescriptive saying that the Lifeline exemption, or the
13 Lifeline users should be exempt from any of the fees. So
14 there was a very strong minority viewpoint on that
15 particular point.

16 MS. WILLIAMS: Susan?

17 MR. CHROSTOWSKI: This -- this -- I'm sorry.

18 MS. WILLIAMS: Oh, I'm sorry.

19 A PARTICIPANT: Sorry.

20 MS. WILLIAMS: Robert and then Susan.

21 A PARTICIPANT: Okay.

22 MR. CHROSTOWSKI: This is Bob Chrostowski. I
23 would suggest you add the words "reasonable" administrative
24 costs.

25 A PARTICIPANT: Good suggestion.

1 (Pause.)

2 MS. O'REILLY: If amendments are being entertained
3 -- this is Kathleen O'Reilly -- I would recommend
4 "demonstrable." In other words, they have to be proven.

5 MS. WILLIAMS: I'm sorry, Kathleen?

6 MS. O'REILLY: As a term of art often used for
7 audit purposes, "demonstrable costs."

8 In the absence of any standard, it's for every
9 carrier to simply self-select what their costs are and
10 there's no outside ability to evaluate that. "Demonstrable"
11 at least sets a standard.

12 MR. CHROSTOWSKI: I agree with what you're saying,
13 but to me that implies that as long as they can demonstrate
14 what they're doing. "Reasonable" implies that it falls
15 within --

16 MS. O'REILLY: How about "reasonable" and
17 "demonstrable?"

18 MS. ROOKER: I like that.

19 MR. CHROSTOWSKI: It falls -- you know, it falls
20 within reason. It's a common term used to -- when you do
21 not wish someone to exceed boundaries that are exorbitant.

22 MS. O'REILLY: The experience of audits has
23 demonstrated though a routine conflict between what certain
24 entities consider reasonable, and what regulatory staff and
25 consumer advocates think is reasonable.

1 Therefore, "demonstrable" at least in
2 accompaniment with that I think sends a strong signal
3 against padding.

4 MS. WILLIAMS: This is Andrea.

5 When we say the word "reasonable" and
6 "demonstrable" I would assume that it's the FCC -- well, it
7 would be the FCC's determination on what's reasonable and
8 not the company or the consumer, for that matter.

9 MS. O'REILLY: Right. And I'm aware that there
10 are different standards, but it's at least stronger than the
11 way it had been worded which had bothered me when in
12 subcommittee.

13 (Pause.)

14 MS. WILLIAMS: Susan?

15 MS. GRANT: I would support that addition and a
16 couple of other things, one really minor and one that might
17 open a can of worms. I don't know. Hopefully not. In
18 number four --

19 MS. WILLIAMS: Mm-hmm.

20 MS. GRANT: -- when the Commission evaluates MPRM
21 comments it should be "it" and not "they," Commission being
22 singular.

23 Then, number two, I thought when we were talking
24 about equity but we may not have had a full enough
25 discussion, that we were talking about equity, and the

1 burden of consumer and business customers for paying into
2 the fund, not equity between consumers and members of the
3 telecommunications industry.

4 MS. WILLIAMS: If you recall, we started the
5 discussion in terms of consumers, residential, and business,
6 and then Rayna pointed out -- and then the discussion went
7 from there to that it has to be equitable in terms of
8 everyone sharing their burden in terms of within the
9 telecommunications industry, for example, the land line --

10 MS. GRANT: Oh, okay. All right.

11 MS. WILLIAMS: -- wireless, everyone would --

12 MS. GRANT: Could I make a suggestion then?

13 MS. WILLIAMS: -- share the burden.

14 MS. GRANT: Okay. I understand you. Could we
15 change "consumers" to "subscribers" then? Two -- that's
16 two.

17 MR. McELDOWNEY: Would that be "subscribers" or
18 "customers?"

19 MS. GRANT: Or "customers?"

20 MS. WILLIAMS: Okay.

21 MS. GRANT: Either one.

22 MR. McELDOWNEY: "Customers," I think.

23 MS. GRANT: "Customers." Okay.

24 MR. McELDOWNEY: "Customers."

25 MS. WILLIAMS: Both.

1 MS. GRANT: Good point.

2 MS. WILLIAMS: I'm sorry. What was --

3 MR. McELDOWNNEY: "Customers."

4 MS. WILLIAMS: Oh, "customers," okay. Paul?

5 MR. SCHROEDER: Paul Schroeder. I wanted to stay
6 on two for a second to understand what "equitable" means in
7 this context. Is it equally sharing of burden or sharing a
8 burden equal to the ability to share the burden,
9 particularly among -- well, I guess really among all groups
10 being contemplated?

11 MS. WILLIAMS: Paul, we sort of looked at in two
12 aspects. One, as Susan was saying, the equitable to both
13 types of customers as well as among telecommunications
14 members.

15 The discussion focused on -- and I will let Rich
16 give the example of -- that he had with Pat Woods from the
17 Texas -- who's a former Texas PUC Chairman -- where -- and
18 example of where a woman subscriber called, and was
19 complaining about her USF charge for -- which was --

20 MR. ELLIS: A couple of dollars.

21 MS. WILLIAMS: -- a couple of dollars and --

22 Rich, why don't you explain it? You did a much
23 better job.

24 MR. ELLIS: Basically, what Commissioner Woods
25 said was he had received a call from a customer complaining

1 about the Universal Service Fund fee on her bill and the
2 numbers as I recall was -- it was a couple of dollars per
3 month. He said it costs -- and I think it was \$1,000 a
4 month, it was certainly in the multiple hundreds, to
5 thousands of dollars, per month to provide her service.

6 Once he had mentioned that's how much her service
7 actually cost she became an ardent supporter of the
8 Universal Service Fund on her bill.

9 (Laughter.)

10 MR. SCHROEDER: Okay. That's a good discussion
11 for why we need to do an education -- number three I think
12 it was, the social benefits.

13 (Laughter.)

14 But I'm still not quite getting the point. I
15 don't want to -- I don't have an answer to this, but I think
16 this could be read to say that we support a flat fee charge
17 to all consumers, and I don't know what it says about the
18 members of the industry. I haven't a clue how that would be
19 interpreted.

20 MR. McELDOWNEY: Well, I guess --

21 MR. SCHROEDER: And I'm not sure that we're saying
22 the first part, which is that we do agree with the flat fee
23 charge, for example. So --

24 MS. WILLIAMS: Susan?

25 MS. PALMER: I don't think we went into flat fee,

1 or percentage, or how -- but more that it's a burden that
2 all companies, all of the wireless, wire line, long
3 distance, local, across the board, should share equally. I
4 think that was the point that we were trying to get at on
5 that side.

6 MR. SCHROEDER: And on the consumer side?

7 MR. McELDOWNEY: I guess I've read it differently
8 than you did. I guess that's part of the problem when you
9 try to come down to a principle.

10 I guess I was looking at more as in terms of it
11 being equitable that, for example, residential customers
12 would not pay a disproportionate share as opposed to
13 business. It never -- to me it never -- at least in the
14 discussion had never -- the flat fee versus a percent never
15 came up.

16 A PARTICIPANT: No.

17 MR. McELDOWNEY: It was much more between
18 residential and business customers.

19 MR. SCHROEDER: Yeah. Well, that was going to be
20 my next -- my next point. So I would agree with your
21 interpretation, but I wasn't sure that that's what the
22 principle said necessarily.

23 MS. WILLIAMS: Paul, is there some language that
24 you could suggest that perhaps would make it clearer?

25 MR. SCHROEDER: I have to admit to you that I am

1 not real good at editing from memory so I don't recall what
2 this says and I can't -- without it being under my fingers,
3 but -- you know, I think for the moment I would accept -- I
4 think it's probably okay with the explanation.

5 I realize these are principles and the point is to
6 get something down and I think you're, first of all, to be
7 commended. I should have said that right from the
8 beginning, that you all have done some great work.

9 MR. McELDOWNEY: What if it said "residential
10 customers?" Would that help at all?

11 A PARTICIPANT: You would have to read it as a
12 whole with the change.

13 MR. McELDOWNEY: "USF contribution assessment
14 should be equitable to both residential customers, and
15 members of the telecommunication industry."

16 A PARTICIPANT: I would strongly disagree with
17 that because we have --

18 MS. WILLIAMS: Let me first --

19 MR. McELDOWNEY: Okay. Never mind. It doesn't
20 help.

21 MS. WILLIAMS: Robert? Mike and then Steve.

22 MR. DelCASINO: Trying to get at Paul's point a
23 little bit, I think the bottom line is we really didn't
24 define "equity" when we were talking about it and I think we
25 didn't define "equity" because we were talking about all of

1 these multiple circumstances.

2 There are a lot of aspects of specific content in
3 the Universal Service Fund MPRM and the point that we wanted
4 to try and get across is that when the Commission is
5 considering those points, they should consider the notion of
6 equity, so that if they're talking about percentage fees
7 versus flat fees, equity should be a principle that they
8 think about when they're making their decision.

9 If they're talking about whether it should be
10 universally applied to, you know, all consumers, equity
11 should be something that they think about. When they think
12 about what industries should bear the burden of USF, equity
13 should be a principle.

14 So it kind of applies in a lot of different ways
15 in the USF MPRM and their considerations. You know, the
16 word "equity" is going to mean something different in each
17 of those cases.

18 MS. WILLIAMS: Okay. Robert?

19 MR. CHROSTOWSKI: I was going to suggest that you
20 might want to change the word to both, change that word to
21 "among" implying that --

22 A PARTICIPANT: Oh.

23 MR. CHROSTOWSKI: -- you treat each --

24 A PARTICIPANT: Right.

25 MR. CHROSTOWSKI: -- entity as their own and among

1 themselves --

2 A PARTICIPANT: Right.

3 MR. CHROSTOWSKI: -- there's equity.

4 A PARTICIPANT: That's good.

5 MR. McELDOWNEY: That's good.

6 MS. WILLIAMS: So you're suggesting, Robert, that
7 it should be read "Universal Service Fund contributions and
8 assessments should be equitable among customers and members
9 of the telecommunications industry?"

10 MR. CHROSTOWSKI: Customers or consumers or some
11 entity.

12 MR. McELDOWNEY: That's good.

13 MR. ELLIS: Well, the editor of -- would amend it
14 and say "Equitable among customers and among members."

15 A PARTICIPANT: Yeah.

16 A PARTICIPANT: Yeah.

17 MR. McELDOWNEY: Okay.

18 A PARTICIPANT: Okay.

19 A PARTICIPANT: I didn't know you could write.

20 (Laughter.)

21 MR. ELLIS: Words is my business.

22 (Laughter.)

23 MS. WILLIAMS: Jim?

24 MR. TOBIAS: Okay. Not having sat on this
25 Committee, I'm entirely free to blast the product.

1 (Laughter.)

2 MS. WILLIAMS: You want to get out of here alive,
3 right, Jim?

4 (Laughter.)

5 MR. TOBIAS: I'm closer to the door than most of
6 the people who could catch up.

7 (Laughter.)

8 I guess my question is -- well, my first question
9 is is it conceivable that the Commissioners will not
10 consider equity in making this, in making their
11 determination?

12 But my real question is would it be valuable to
13 include the arguments in favor of one mechanism or the other
14 in terms of equity from the people represented in this room?

15 In other words, you know, we heard why some people
16 think flat fee is better for some reasons and we heard why
17 for other reasons. I don't know if the job of this
18 Committee is to inform the Commissioners as to those
19 arguments or whether they already know them. But I'm just
20 trying to put some more content into this to make it a more
21 valuable product.

22 MS. WILLIAMS: Jim, we had talked about providing
23 -- in addition to a document providing the Commission with
24 the transcript of the discussion and dialogue that occurred
25 this morning and this afternoon.

1 There were some concerns by some members of the
2 Committee that they did not feel it was appropriate at this
3 time -- they did not feel comfortable expressing their
4 views. They didn't feel that they had enough information to
5 -- that the Commission may not get the full benefit of
6 everyone's discussion. So that's why we decided not to
7 include the transcript.

8 Now, as you know, the minutes of the meeting will
9 be available to anyone and everyone on the website. I'm
10 sure the Commissioners and the Chairman will be reading the
11 minutes of the meeting. Susan?

12 MS. PALMER: I think we also need to remember that
13 people have commented, and replied, and also have the
14 opportunity I think to continue with ex parte presentations
15 should they feel more clarification is needed. But that is
16 about as much consensus as we can reach on that with very
17 different opinions on specifics how to.

18 MR. McELDOWNEY: I guess I would move that the
19 Committee adopt these guiding principles.

20 MS. WILLIAMS: There's a motion on the floor that
21 the Committee adopt the guiding principles and provide them
22 to the Commission, the Chairman.

23 MR. McELDOWNEY: I hope I get a second --

24 MS. WILLIAMS: Do I get a second.

25 MR. McELDOWNEY: -- after all of this --

1 MS. PALMER: Second.

2 MR. McELDOWNEY: Thank you, Susan.

3 MS. WILLIAMS: It's been moved and seconded. All
4 those in favor raise your hands.

5 (Pause.)

6 All those opposed?

7 (Pause.)

8 Kathleen?

9 MS. O'REILLY: I abstain.

10 MS. WILLIAMS: Micaela?

11 MS. TUCKER: Approve.

12 MS. WILLIAMS: We have one --

13 MR. POEHLMAN: And David Poehlman approves.

14 MS. WILLIAMS: Pardon?

15 A PARTICIPANT: Ask if there are other
16 abstentions?

17 A PARTICIPANT: Does David Poehlman approve?

18 MS. WILLIAMS: Are there any other abstentions?
19 Paul?

20 A PARTICIPANT: Is David Poehlman on the line?

21 MS. WILLIAMS: Paul, are you abstaining or do you
22 want to ask --

23 MR. SCHROEDER: I am.

24 MS. WILLIAMS: Okay. So we have two abstentions.
25 The motion so carries.

1 A PARTICIPANT: We've got another voter on the
2 line. David Poehlman.

3 A PARTICIPANT: David Poehlman.

4 MS. WILLIAMS: Oh. We have another --

5 A PARTICIPANT: He's on the line, I believe.

6 MS. WILLIAMS: David?

7 MR. POEHLMAN: Yes. I approve, thank you.

8 A PARTICIPANT: Just wanted to get that vote.

9 MR. McELDOWNEY: Good.

10 MS. WILLIAMS: Are there any other Committee
11 members on the line that I may have missed?

12 (No response.)

13 Thank you. The motion so moves. Madame Chairman,
14 I turn it back over to you.

15 MS. ROOKER: Well, thank you so much.

16 Are there any other items of business that we need
17 to attend to today? Yes?

18 MR. MARSHALL: Or comments?

19 MS. ROOKER: Comments? Rayna?

20 A PARTICIPANT: Is it open?

21 MS. ROOKER: Well, we will. We will do that.

22 A PARTICIPANT: Okay.

23 MS. ROOKER: But we've already done that but we'll
24 do it again.

25 A PARTICIPANT: Okay.

1 MS. ALWARD: I just was curious to know if the
2 representatives of the FCC were -- if this was the kind of
3 product they were looking for from this Committee or did you
4 expect to have a more concrete set of capital "R"
5 Recommendations to go forward?

6 MS. STRAUSS: Well, if you're asking what we were
7 hoping for, I think that we can probably concur that we were
8 hoping for more substantive recommendations, but given the
9 short time frame and the difficulty -- the difficult nature
10 of the subject matter I'm -- I guess this is better than
11 nothing and it's far better than nothing. I don't want to
12 make it sound like it's --

13 (Laughter.)

14 -- it's a start.

15 MS. ALWARD: Can we put that in quotes?

16 (Laughter.)

17 MS. STRAUSS: Please don't.

18 (Laughter.)

19 MS. ROOKER: Put the far better quote.

20 MS. STRAUSS: Yeah.

21 (Multiple voices.)

22 I mean it's disappointing but I can't -- I guess I
23 can't say that I'm surprised because I mean many of you have
24 sat on committees before and you all know how difficult it
25 is to come to an agreement.

1 I guess I would have been equally surprised to
2 have come to -- to have seen you come to conclusive
3 recommendations, as well. So I think it's a good start for
4 this Committee.

5 MS. EGLER: I'd just like to add something to
6 that. This is Margaret Egler.

7 The most important thing to us is that the
8 Committee is doing what it has set out to do. So as far as
9 it's pretty much up to the Committee to determine what it
10 wants to give to the Commission, and the Commission will
11 greatly value anything the Committee gives to it. But it's
12 up to the different subcommittees and the Committee as a
13 whole to decide how they're going to be an entity, that's a
14 unique and independent entity unto itself, and participate
15 in the rulemaking process.

16 So it's basically -- the answer is it's whatever
17 you want it to be. The Commission is extremely grateful for
18 anything you guys can give us and especially, as the
19 Chairman has pointed out, anything having to do with
20 consumers will only be helpful.

21 MS. ROOKER: Thank you, Margaret.

22 MS. ALWARD: At our next meeting we don't get
23 lunch, right?

24 (Laughter.)

25 We're not going to get lunch. I have a quick

1 question. I don't know, you may have talked to other
2 logistics of this, but do you have a mechanism as a
3 Committee for how you will be submitting this in a formal
4 document?

5 MS. ROOKER: I had asked Scott about that. I
6 think that since we've approved this document with the
7 changes made to it, that I will simply put a cover letter on
8 it and forward it to the Chairman, if that meets with your
9 approval and we can --

10 MR. MARSHALL: To the Secretary's office.

11 A PARTICIPANT: To the Secretary.

12 MS. ROOKER: To the Secretary of the Commission
13 and then that in turns goes on to the Chairman. Is there
14 any issue with that?

15 (No response.)

16 It will be simply a letter forwarding it.

17 MS. PALMER: I have a question.

18 MS. STRAUSS: Susan?

19 MS. ROOKER: Susan?

20 MS. PALMER: Does it just go to the Chairman or
21 does it go to all the Commissioners?

22 MS. ROOKER: It goes to the Secretary of the
23 Commission and then I guess it's distributed to the -- to
24 all the members of the Commission.

25 MS. STRAUSS: What usually happens is that people

1 send it to the Secretary's office and then they do courtesy
2 copies to all the different Commission offices and usually
3 to the Bureau that will be -- which is the Common Carrier
4 Bureau. So --

5 MS. O'REILLY: And then I assume that someone will
6 give you, Shirley, the form you need to fill out for ex
7 parte compliance requirements?

8 MS. ROOKER: I'm sorry. I didn't hear you.

9 MS. STRAUSS: She asked whether there was a form
10 to fill out for ex parte requirements? There really is no
11 form. You can just note it as --

12 MS. O'REILLY: But it has to be noted so that
13 other parties know that it's sitting there.

14 A PARTICIPANT: Yeah.

15 MS. STRAUSS: That's right. Just note is as an ex
16 parte letter.

17 MS. O'REILLY: And then there has to be a short
18 summary of it, I think --

19 MS. STRAUSS: This --

20 MS. O'REILLY: -- with that note.

21 MS. STRAUSS: -- this itself will be the short
22 summary and you can indicate that this --

23 MS. O'REILLY: Okay.

24 MS> STRAUSS: -- will be for the recommendations
25 of the CDTAC.

1 MS. WILLIAMS: Shirley, I would be happy to help
2 you with that. This is Andrea.

3 MS. ROOKER: Oh, thank you, Andrea. I appreciate
4 that. Okay. Do we have any other orders of business?

5 (No response.)

6 I would like to again invite public comment if we
7 don't have any other items of business from the Committee
8 itself.

9 (No response.)

10 Okay. Then do we have any other comments from the
11 public attendees, members, who are here? People from the
12 public who are attending today?

13 (No response.)

14 No? Well, then we're going to finish early.

15 A PARTICIPANT: That's all right, Shirley.

16 (Laughter.)

17 That's all right? Well, I would like to thank all
18 of you for braving the Washington weather, and for your
19 contributions today. Please leave your slip.

20 A PARTICIPANT: Your badge and your tent.

21 MS. ROOKER: Your badge and your tent. Your tent
22 is your name thing that's on the table in front of you. Now
23 I figured it out. When he said "tent" I thought what is he
24 meaning?

25 (Laughter.)

1 Anyway, leave those and shall we have a motion to
2 adjourn?

3 A PARTICIPANT: Shirley --

4 A PARTICIPANT: So moved.

5 MS. ROOKER: We move -- the motion to move to
6 adjourn. Do I hear a second?

7 MS. WILLIAMS: I second the motion.

8 MS. ROOKER: And all in favor, aye.

9 ALL: Aye.

10 MS. ROOKER: Thank you very much. Please leave
11 this. Leave this.

12 (Whereupon, at 4:51 p.m., the meeting in the
13 above-entitled matter was adjourned.)

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REPORTER'S CERTIFICATE

CASE TITLE: Consumer/Disability Telecommunications
Advisory Committee (CDTAC) Meeting

HEARING DATE: August 6, 2001

LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Federal Communications Commission.

Date: August 6, 2001

Beth Roots

Official Reporter
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I hereby certify that the proceedings and evidence were fully and accurately transcribed from the tapes and notes provided by the above named reporter in the above case before the Federal Communications Commission.

Date: August 16, 2001

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I hereby certify that the transcript of the proceedings and evidence in the above referenced case that was held before the Federal Communications Commission was proofread on the date specified below.

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