

**STATEMENT OF  
CHAIRMAN MICHAEL K. POWELL**

*Re: AT&T Corp. Petition for Declaratory Ruling Regarding Enhanced Prepaid Calling Card Services, WC Docket No. 03-133; Regulation of Prepaid Calling Card Services, WC Docket No. 05-68.*

Companies cannot engage in misdirection or word games to avoid their universal service obligations. And they certainly cannot unilaterally decide when and where they pay their universal service charges. These payments are the law of land – and they apply to all calling cards that offer telecommunications services. Today we reject any ambiguity created by these companies' efforts to duck their universal service responsibilities.

The original calling card service described in the petition is a telecommunications service and therefore the provider must pay universal service fees. Recent filings with the Securities and Exchange Commission indicate that one company alone has withheld approximately \$160 million from the Fund. That amount would subsidize telephone service for over 6 million low income consumers for an entire quarter. Or provide enough resources for the first four years of the rural telemedicine program. One carrier's failure to comply with its universal service obligations means that other carriers and their customers pay more for service, and the burden is shifted from one group to another – unfairly.

AT&T has engaged in a campaign to suggest that consumer rates would rise 20 percent or more if carriers are required to pay their fair share. They have gone so far as to take the extraordinary step of conscripting consumers into a lobbying effort directed at this Commission and members of Congress. Shamelessly, they trumpet the impact of this decision on our soldiers serving in Iraq. What is remarkable about this allegation is that other carriers are offering comparable rates to people serving in the military – some have even offered to donate free service - without taking funds from our rural universal service program or programs designed to help low-income individuals. The FCC must be and is concerned about the impact of our rulings on servicemen and their families. However some companies' advocacy on this issue is better seen as an attempt to distract the public from companies' underlying effort to evade their regulatory responsibilities to the Universal Service Fund. Today we level the playing field so that all calling card carriers pay their fair share.