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November 15, 2010

***Via E-Filing***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

*Re: Pennsylvania Universal Service Fund 1/09 – 12/09 Period Report  
Docket No. M-00001337*

Dear Ms. Chiavetta:

I am writing on behalf of AT&T Communications of Pennsylvania, LLC, TCG Pittsburgh, and TGC New Jersey, Inc. (collectively, "AT&T") – all contributors to the Pennsylvania Universal Service Fund ("PaUSF") – in response to the PaUSF Administrator's Report of September 28, 2010. Counsel for AT&T was provided a copy of that report by electronic mail on November 8, 2010, and asked to provide any objections to it by November 15.

AT&T does not object to the report. However, AT&T is concerned with the Administrator's recommendation to increase the annual assessment for 2011 by 7.5 percent. According to data provided with the report, this is the largest single annual increase in the annual assessment in the past nine years, and it reflects the competitively imbalanced and unfair methodology under which the PaUSF operates. As the report shows, even as total intrastate revenues, the number of supported access lines and even the number of contributing carriers decreased between 2008 and 2009, the required monthly support rate paradoxically increased, thus requiring an increase in the annual assessment.

This result may make sense as a matter of mathematics, but not as a matter of sound telecommunications policy or of competitive equality. The significant increase in the assessment factor demonstrates the flawed nature of a fund that increases PaUSF

support burdens on carriers such as AT&T even as the number of customers who need that support shrinks. And that flaw will only be exacerbated going forward. This underscores the critical need for aggressive and immediate Commission action to eliminate the distortions in the market that currently afflict Pennsylvania's consumers by resolving the pending Recommended Decisions of both ALJ Melillo and of ALJ Colwell in Docket No. I-00040105.

Please contact me if you have any questions or concerns regarding this matter.

Very truly yours,

  
Michelle Painter

cc: *Via E-mail*  
Mr. Joel Cheskis, PA OCA  
Mr. Steven Gray, PA OSBA  
Mr. Bohdan Pankiw, Chief Counsel, PA PUC  
Mr. Robert Wilson, Director of FUS, PPUC  
Mr. Carl Lesney, Director of the Bureau of Audits, PA PUC  
Ms. Suzan D. Paiva, Verizon  
Ms. Sue Benedek, CenturyLink  
Mr. Norm Kennard, PTA  
Mr. Robert C. Barber, AT&T