

ORIGINAL

NEW APPLICATION



0000135957

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

GARY PIERCE- CHAIRMAN
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

2012 APR -6 P 4:01
AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF PETITION OF T-MOBILE)	DOCKET NO. T-20822A-12-0138
WEST CORPORATION FOR CONDITIONAL)	
DESIGNATION AS AN ELIGIBLE)	
TELECOMMUNICATIONS CARRIER FOR THE)	
PURPOSES OF ESTABLISHING ELIGIBILITY)	
TO PARTICIPATE IN THE MOBILITY FUND)	
PHASE I AUCTION ON SEPTEMBER 27, 2012)	
AT THE FEDERAL COMMUNICATIONS)	
COMMISSION)	

Arizona Corporation Commission
DOCKETED

APR - 6 2012

DOCKETED BY	ne
-------------	----

**PETITION OF T-MOBILE WEST CORPORATION
 FOR CONDITIONAL DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS
 CARRIER FOR THE PURPOSES OF ESTABLISHING ELIGIBILITY TO
 PARTICIPATE IN THE MOBILITY FUND PHASE I AUCTION ON SEPTEMBER 27,
 2012 AT THE FEDERAL COMMUNICATIONS COMMISSION
 AND
REQUEST FOR EXPEDITED CONSIDERATION**

T-Mobile West Corporation, wholly-owned subsidiary of T-Mobile USA, Inc. and doing business as T-Mobile (referred to as “T-Mobile” or “Company”), pursuant to 47 U.S.C. § 214(e)(2) and 47 C.F.R. § 54.1003. hereby petitions for conditional designation as an Eligible Telecommunications Carrier (“ETC”) for the purpose of establishing eligibility to participate in the Mobility Fund Phase I auction at the Federal Communications Commission (“FCC”) that is scheduled to be held on September 27, 2012 (“Auction 901”).¹ As explained in greater detail

¹ *Mobility Fund Phase I Auction Scheduled for September 27, 2012, Comment Sought on Competitive Bidding Procedures for Auction 901 and Certain Program Requirements, AU Docket No. 12-25, Public Notice, DA 12-121 (rel. Feb.2, 2012) (“Phase I Mobility Fund PN”).*

below, the FCC, in its *USF/ICC Transformation Order*², established for the first time a universal service support mechanism dedicated exclusively to mobile services – the Mobility Fund. Phase I of the Mobility Fund will provide up to \$300 million in one-time support to “immediately accelerate deployment of networks for mobile voice and broadband services in unserved areas.”³

There are numerous unserved census block groups in Arizona where carriers may bid to receive Mobility Fund support to build infrastructure over which to deliver 3G or better broadband and voice service.⁴ However, a carrier must be designated as an ETC to participate in Auction 901 and a carrier must be designated as an ETC at the time it files its short-form application for participation in the auction. Short-form applications for Auction 901 are expected to be due 90 days prior to the start of the auction, which would mean that short-form applications could be due on **June 29, 2012**. The deadline for short-form applications for Auction 901 has not been set by the FCC, and it is possible that the short-form application deadline could be set for an earlier or later date than the typical 90 days prior to the start of an auction.

T-Mobile desires to participate in the FCC’s Mobility Fund Phase I auction to bring voice and mobile broadband services to unserved areas in Arizona, thereby giving Arizona consumers increased access to basic and advanced telecommunications services. T-Mobile is a facilities-based telecommunications carrier with a substantial Arizona presence that is seeking the

² Connect America Fund, WC Docket No. 10-90, A National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing an Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Lifeline and Link-Up, WC Docket No. 03-109, Universal Service Reform – Mobility, WT Docket No. 10-208, *Report and Order and Further Notice of Proposed Rulemaking*, FCC 11-161, rel. November 18, 2011 (“*USF/ICC Transformation Order*”).

³ Id. at paragraph 28.

⁴ See http://wireless.fcc.gov/auctions/default.htm?job=auCTION_summary&id=901. See also *Eligible Telecommunications Carrier Designation for Participation in Mobility Fund Phase I*, WC Docket No. 09-197; WT Docket No. 10-208; AU Docket No. 12-25, Public Notice, DA 12-271 at para. 2 (rel. February 24, 2012) (“*Phase I Mobility Fund Designation PN*”).

approval necessary to be eligible to participate in the Mobility Fund Phase I auction. T-Mobile seeks ETC designation that is conditioned upon T-Mobile winning support from the Mobility Fund Phase I auction, which is permitted by the FCC's USF/ICC Transformation Order.⁵

T-Mobile meets all statutory and regulatory prerequisites for ETC designation and the public interest would be greatly served by granting this application, thereby enabling T-Mobile to bid in the FCC's Auction 901 and if successful, deploy mobile wireless infrastructure in order to provide mobile voice and broadband service to unserved areas of the state that would benefit consumers in rural Arizona.

Due to the upcoming Auction 901 that is scheduled to occur on September 27, 2012, and the FCC's requirement that all carriers that wish to participate must be designated as ETCs at the time the auction short-form applications are filed with the FCC, T-Mobile requests expeditious review and consideration of its Petition.⁶

I. BACKGROUND.

A. Company Overview.

T-Mobile is a national facilities-based provider of wireless voice, messaging, and data services capable of reaching over 293 million Americans. T-Mobile employs approximately 42,000 individuals nationwide and has had a long-standing presence in Arizona, where it employs more than 400 individuals at approximately 37 Company-owned retail locations (along with other points of dealer-owned distribution). At the end of the fourth quarter of 2011, T-

⁵ See ICC/USF Transformation Order footnote 665; 47 C.F.R. section 54.1003(a).

⁶ T-Mobile does have a pending Petition for designation as an ETC for purposes of receiving traditional high-cost support. See Docket No. T-20822A-11-0394. That Petition, however, is different from this Petition in important respects. T-Mobile's Petition in Docket No. T-20822A-11-0394 seeks designation for the purposes of receiving high cost support from the federal universal service fund. This Petition seeks designation for the sole purpose of becoming eligible to participate in the FCC's Mobility Fund Phase I auction. As explained in greater detail herein, the Mobility Fund is a new fund separate and distinct from the high cost fund that was created by the FCC in its ICC/USF Transformation Order. In addition, this Petition seeks ETC designation that is contingent on T-Mobile successfully bidding for Mobility Fund Phase I support in the FCC's upcoming reverse auction.

Mobile had approximately 33.2 million mobile customers nationwide. T-Mobile has deployed an advanced telecommunications network capable of serving consumers' basic and advanced communications needs.

B. Previous ETC Designations.

T-Mobile's corporate affiliates have been designated as an ETC in ten jurisdictions -- nine states and Puerto Rico.⁷ The nine states in which T-Mobile has been designated include Florida, Georgia, Hawaii, Idaho, Kentucky, Louisiana, Minnesota, North Carolina, and Washington. T-Mobile also has nineteen pending requests for high cost or Lifeline-only ETC designation in Alabama, Arizona, Connecticut, Delaware, District of Columbia, Indiana, Massachusetts, Maryland, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Tennessee, and Virginia. In addition, T-Mobile has filed or will soon file requests for conditional ETC designation for purposes of obtaining Mobility Fund Phase I support in a number of states in addition to Arizona.

⁷*Order Granting Eligible Telecommunications Carrier Designation, In Re: Petition for designation as eligible telecommunications carrier by T-Mobile South LLC*, Docket No. 090507-TP, Order No. PSC-IO-0475-PAA-TP (Florida Public Service Commission, July 28, 2010) (*Florida ETC Order*); *Application of T-Mobile South LLC for designation as an Eligible Telecommunications Carrier pursuant to Section 214(e)(2) of the Communications Act of 1934*, Docket No. 32967 (Ga. Pub. Serv. Comm'n, decided Feb. 10, 2012, adopted Nov 17, 2011) *Decision and Order, In Re the Application of T-Mobile West Corporation For Designation as an Eligible Telecommunications Carrier in the State of Hawaii*, Docket No. 2010-0119 (Hawaii Public Utilities Commission, March 14, 2011); *Order, In Re the Application of T-Mobile West Corp. For Designation as an Eligible Telecommunications Carrier*, Case No. TMW-T-10-01, Order No. 32319 (Idaho Public Utilities Commission, August 9, 2011) (*Idaho ETC Order*); *Order, In Re Petition of T-Mobile Central LLC and Powertel/Memphis, Inc. for Designation as Eligible Telecommunications Carriers Pursuant to Section 214(E)(2) of the Communications Act of 1934* (Kentucky Public Service Commission, July 14, 2010); *Public Decision, T-Mobile Central, LLC, ex parte. In Re Application for Designation as an Eligible Telecommunications Carrier (ETC) for the purposes of receiving Universal Service Support for low income and rural service*, S-31865 (Louisiana Public Service Commission, Minutes from Open Session, October 12, 2011 (corrected), Ex. 31, p. 7); *Order Granting Petition for ETC Designation, Setting Conditions, and Requiring Compliance Filings, In Re T-Mobile Central LLC's Petition for Designation as an Eligible Telecommunications Carrier (ETC) in Minnesota*, Docket No. P-6856/M-11-123 (Minnesota Public Utilities Commission, September 27, 2011); *Order, High-Cost Universal Service Support; Federal-State Joint Commission on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Order, 23 FCC Rcd 8834, 8837-50, ¶ 42 (2008) (*Interim Cap Order*); *Order Granting Designation as an Eligible Telecommunications Carrier, In Re the Petition of T-Mobile West Corporation for Designation as an Eligible Telecommunications Carrier*, Docket No. UT-101060 (Washington Utilities and Transportation Commission, October 14, 2010); *Resolution and Order, Telecorp Communications, Inc., d/b/a AT&T Wireless*, Case No. JRT-2003-SU-0003 (Puerto Rico Telecommunications Regulatory Commission, September 10, 2003).

C. The Mobility Fund – Phase I Auction and Commission Authority to Designate ETCs.

On November 18, 2011, the FCC adopted comprehensive reforms of the universal service and intercarrier compensation systems “to ensure that robust, affordable voice and broadband service, both fixed and mobile, are available to Americans throughout the nation.”⁸ The FCC recognized that “too many Americans today do not have access to modern networks that support broadband” and that “[t]here are unserved areas in every state of the nation and its territories, and in many of these areas there is little reason to believe that Congress’s desire to ‘ensure that all people of the United States have access to broadband capability’ will be met any time soon with current policies.”⁹

As part of the FCC’s reform of the universal service program, the FCC created a Mobility Fund as part of the Connect America Fund, which is the first universal service mechanism dedicated to ensuring availability of mobile wireless networks for voice and broadband services. In Phase I of the Mobility Fund, the FCC stated that it will provide up to \$300 million in one-time support to accelerate the deployment of next generation 3G or better networks for mobile voice and broadband services in unserved areas. Mobility Fund Phase I support will be awarded through a nationwide reverse auction, administered by the FCC, which will be held on September 27, 2012.¹⁰ The FCC has published a list of census blocks that are potentially eligible for Mobility Fund Phase I support, which include census blocks that the FCC considers unserved today by mobile broadband services, which is based on a centroid analysis of whether there is service at the center of the census block.¹¹ T-Mobile seeks designation as an ETC in all census blocks in Arizona that are designated as eligible for bidding in the Mobility Fund Phase I

⁸ *USF/ICC Transformation Order* at paragraph 1.

⁹ *Id.* at paragraph 4.

¹⁰ *See Phase I Mobility Fund PN.*

¹¹ *See* http://wireless.fcc.gov/auctions/default.htm?job=auction_summary&id=901.

auction. A preliminary list was released by the FCC on February 10, 2012, along with an interactive map of the potentially eligible blocks on the list.¹² The FCC has not yet released a final list, but T-Mobile will provide the final list from the FCC once it is published.¹³

A carrier must be designated as an ETC to participate in Auction 901 and a carrier must be designated as an ETC at the time it files its short-form application for participation in the auction. The typical timeframe for submitting a short-form application in a spectrum auction is 90 days prior to the start of the auction, which, in this case, would make a short-form application due by June 29, 2012, and thereby would require T-Mobile to be designated as an ETC in a reasonable timeframe before that short-form application deadline.

In states such as Arizona which retains jurisdiction for designating ETCs, it is the state commission that must grant the ETC designation. The FCC stated that:

By statute, the states, along with the [FCC], are empowered to designate common carriers as ETCs. ETCs must satisfy various service obligations, consistent with the public interest. We decline to adopt new federal rules to govern the ETC designation process solely for purposes of designating entities to receive non-recurring support, as suggested by some commenters. In light of the roughly comparable amounts of time required for the Commission and states to process applications to be designated as an ETC . . . parties contemplating requesting new designations as ETCs for purposes of participating in the auction should act promptly to begin the process. The Commission will make every effort to process such applications in a timely fashion, and **we urge the states to do the same**¹⁴.

Therefore, the Commission has the authority necessary to designate T-Mobile as an ETC pursuant to this petition. 47 U.S.C. § 214(e) and 47 C.F.R. 54.1003 provide the Commission with the authority to designate competitive carriers as ETCs, which the Commission exercised in the designation of wireless carriers as ETCs. T-Mobile seeks ETC designation conditioned upon

¹² See http://wireless.fcc.gov/auctions/Auction_901_Attachment_A_Jan2012.htm.

The map can be found at <http://www.fcc.gov/maps/mobility-fund-phase-1-potentially-eligible-areas>.

¹³ Many parties, including T-Mobile, filed comments on March 16, 2012 challenging the FCC's determinations regarding the potential eligibility of specific census blocks for Mobility Fund Phase I support. Reply comments were filed on March 26. .

¹⁴ *USF/ICC Transformation Order* at para. 390 (emphasis added).

T-Mobile winning support from the Mobility Fund Phase I auction, which is permitted by the FCC's USF/ICC Transformation Order.¹⁵ Therefore T-Mobile would ultimately be an ETC in the areas in which it won Mobility Phase I support.

T-Mobile satisfies all of the requirements for designation as an ETC, including: (i) common carrier status; (ii) offering all of the supported services; (iii) offering service throughout its designated ETC service area; (iv) advertising the availability of its universal service offerings; and (v) meeting all other requirements for designation as an ETC. Based on satisfying the ETC designation requirements, and the FCC's encouragement to the states to process ETC applications in a timely fashion so that carriers can participate in Auction 901, the Commission should expeditiously designate T-Mobile as an ETC in Arizona.

II. T-MOBILE MEETS THE STATUTORY AND REGULATORY PREREQUISITES FOR ELIGIBLE TELECOMMUNICATIONS CARRIER DESIGNATION.

As demonstrated herein, T-Mobile meets the requirements for designation as an ETC as established under federal law,¹⁶ Federal Communications Commission ("FCC") rules,¹⁷ and applicable Arizona requirements. In particular, T-Mobile:

1. is a common carrier;¹⁸
2. will offer the services supported by federal universal service support mechanisms;¹⁹
3. will use its own facilities to provide the supported services;²⁰
4. will provide the supported services throughout its designated service area;²¹

¹⁵ See ICC/USF Transformation Order footnote 665; 47 C.F.R. section 54.1003(a).

¹⁶ 47 U.S.C. § 214(e)(1).

¹⁷ 47 C.F.R. § 54.201(d). In its *USF/ICC Transformation Order*, the FCC modified the required supported services in 47 C.F.R. § 54.101 and the additional requirements for designation as an ETC in 47 C.F.R. § 54.202.

¹⁸ 47 U.S.C. § 214(e)(1); 47 C.F.R. § 54.201(d).

¹⁹ 47 U.S.C. § 214(e)(1)(A); 47 C.F.R. §§ 54.201(d)(1) and 54.405.

²⁰ 47 U.S.C. § 214(e)(1)(A); 47 C.F.R. § 54.201(d)(1).

²¹ 47 U.S.C. § 214(e)(1); 47 C.F.R. § 54.201(d).

5. will advertise the availability of its universal service offerings and charges for such offerings using media of general distribution;²²
6. will make Lifeline service available to qualifying low-income consumers;²³
7. will meet the additional application requirements:
 - a) certify that it will comply with the service requirements applicable to the support that it receives;²⁴
 - b) submit a 5-year service improvement plan;²⁵
 - c) able to remain functional in emergency situations;²⁶
 - d) satisfy consumer protection and service quality standards;²⁷
8. will comply with all applicable reporting requirements; and
9. will take steps to limit fraud, waste and abuse of the FUSF.²⁸

Furthermore, T-Mobile's designation as an ETC serves the public interest by expanding the availability of next generation networks that increase customer choice and service availability²⁹ and making available to consumers new service offerings, including wireless broadband and Lifeline services.

T-Mobile's compliance with each of the applicable federal requirements to obtain designation as an ETC is further discussed below.

²² 47 U.S.C. § 214(e)(1)(B); 47 C.F.R. § 54.201(d)(2).

²³ 47 C.F.R. § 54.405; see also *In the Matter of Lifeline and Link Up Reform and Modernization, Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 11-42, FCC 12-11, released February 6, 2012 ("*Lifeline Reform Order*"). The FCC adopted comprehensive reforms to the federal low-income program, including steps to limit fraud, waste and abuse within the program.

²⁴ 47 C.F.R. § 54.202 (a)(1)(i).

²⁵ 47 C.F.R. § 54.202 (a)(1)(ii).

²⁶ 47 C.F.R. § 54.202(a)(2).

²⁷ 47 C.F.R. § 54.202(a)(3).

²⁸ See *Lifeline Reform Order*. T-Mobile will comply with all applicable Lifeline requirements and implement measures to prevent fraud, waste, and abuse.

²⁹ 47 U.S.C. § 214(e)(2)

A. T-Mobile is a Common Carrier.

T-Mobile is a Commercial Mobile Radio Service (“CMRS”) provider, and, as such, T-Mobile is regulated as a common carrier,³⁰ subject to all applicable regulations. Therefore, T-Mobile meets the ETC requirement of being a common carrier.

B. T-Mobile Offers the Services Supported by the Federal Universal Service Support Mechanisms.

T-Mobile provides each of the four services supported by the federal universal service support mechanisms and will provide toll-limitation service for qualifying low-income consumers upon designation as an ETC as set forth below.³¹

1. Voice Grade Access To The Public Switched Telephone Network³² - T-Mobile meets this requirement through its provision of mobile voice communications service and interconnection to the public switched telephone network.
2. Local Usage – an amount of minutes of use provided free of charge to end users.³³ T-Mobile meets this requirement by providing an amount of local usage free of charge in each universal service rate plan.
3. Access To Emergency Services – access to emergency services includes both access to 911 and E911 services to the extent the local government has implemented such services.³⁴ T-Mobile meets this requirement by providing 911 service and meeting all requests for E911 service from local public service answering points (“PSAPs”).
4. Toll Limitation For Qualifying Low-Income Consumers – toll limitation means both toll blocking and toll control, or, if a carrier is not capable of providing both toll blocking and toll control, then toll limitation is defined as either toll blocking or toll control.³⁵ Upon implementing any Lifeline service offering that distinguishes between toll and non-toll calls, T-Mobile will offer toll limitation to qualifying low-income consumers at no additional charge. However, T-Mobile’s

³⁰ 47 C.F.R. § 20.9.

³¹ In the *USF/ICC Transformation Order*, the FCC revised the supported services to eliminate the requirement to offer dual tone multi-frequency signaling, single party service, access to operator service, access to interexchange service, and directory assistance, but T-Mobile continues to provide these services and functionalities as part of its universal service offerings, including Lifeline service.

³² 47 C.F.R. § 54.101(a).

³³ 47 C.F.R. § 54.101(a).

³⁴ 47 C.F.R. § 54.101(a).

³⁵ 47 C.F.R. § 54.101(a); 47 C.F.R. § 54.400(d).

typical service offerings do not distinguish between toll and non-toll calls and therefore toll limitation service is not applicable to such offerings³⁶.

C. T-Mobile is a Facilities-Based Wireless Telecommunications Carrier.

T-Mobile is a facilities-based wireless telecommunications carrier with its own switching, cell sites, and associated telecommunications facilities in Arizona, enabling T-Mobile to provide universal service throughout its proposed designated ETC service area.³⁷ The Company uses radio licenses issued by the FCC to provide CMRS and will use its own extensive network facilities throughout Arizona to provide service to consumers in its requested ETC Service Area.

D. T-Mobile Will Provide Service Throughout Its Designated Service Area.

T-Mobile commits to provide all of the supported services throughout its designated service area, consistent with all applicable requirements. T-Mobile holds radio licenses from the FCC that cover the entire state of Arizona.

E. T-Mobile Will Advertise the Availability of Its Universal Service Offerings and Charges for Such Offerings Using Media of General Distribution.

T-Mobile will advertise the availability of, and charges for, its universal service offerings using media of general distribution, and will undertake outreach initiatives to increase consumer awareness of T-Mobile's Lifeline service offering, consistent with all applicable requirements.³⁸ T-Mobile currently offers and advertises its wireless telecommunications services, including those offerings that include all of the supported services, using radio, television, billboards, print, internet, and targeted mailings, among others. T-Mobile will use the appropriate media outlets to advertise its universal service offerings in a manner consistent with applicable requirements, and,

³⁶ In its *Lifeline Reform Order*, the FCC stated “[i]n this Order, we relieve ETCs of the obligation to offer TLS in the first instance if their Lifeline offering does not distinguish in the pricing of toll and non-toll calls, which may relieve many ETCs of the obligation to offer TLS.” *Lifeline Reform Order* at ¶ 238. T-Mobile has not previously sought and has no plans in the future to seek reimbursement for any toll limitation services provided to Lifeline customers.

³⁷ 47 U.S.C. § 214(e)(1)(A); 47 C.F.R. § 54.201(d)(1).

³⁸ 47 U.S.C. § 214(e)(1)(B); 47 C.F.R. § 54.201(d)(2).

for its Lifeline service offerings, it will undertake outreach initiatives designed to reach eligible low-income consumers and will include all required disclosures in its Lifeline advertising and outreach.³⁹

F. T-Mobile Meets the Additional Requirements for Designation as an ETC.

1. Certify Compliance With Applicable Service Requirements.

T-Mobile will serve all consumers within its ETC service area, and certifies that it will comply with the service requirements applicable to the support that it receives, consistent with 47 C.F.R. § 54.202(a)(1)(i).

2. Service Improvement Plan (“SIP”).

T-Mobile will use universal service funding consistent with the applicable requirements for funding received under the Phase I Mobility Fund. The FCC has set forth several specific requirements for providers who are awarded Mobility Fund Phase I support. Mobile service providers are obligated to provide the supported services over a 3G or better network with specific data transmission speeds.⁴⁰ Recipients that provide the supported services over 3G networks will have two years from authorization of support to meet their requirements; those deploying 4G networks will have three years. At the end of the build-out periods, recipients must provide service over the areas in which they received support over at least 75 percent of the total road miles in the identified census blocks.⁴¹

T-Mobile will use funding to construct facilities and provide service in the census blocks where it receives Mobility Fund Phase I funding. The FCC has not released the final list of census blocks eligible for Mobility Fund Phase I support, but T-Mobile will provide the final list

³⁹ 47 C.F.R. §§ 54.405(b) and (c).

⁴⁰ See FCC ICC/USF Transformation Order at paragraphs 360-362.

⁴¹ Id. at paragraph 365. The percentage build-out requirement is subject to change based on the FCC's final rules on the Mobility Phase I auction.

as soon as it is released by the FCC. T-Mobile will prepare and file with the Commission a comprehensive service improvement plan ("SIP") for its ETC service area after the FCC awards funding through its reverse auction, and will provide the SIP to the Commission pursuant to the appropriate protective order.

3. Ability to Function in Emergency Situations.

T-Mobile has the "ability to remain functional in emergency situations."⁴² As demonstrated in its Emergency Operation Plan, T-Mobile has a reasonable amount of back-up power to ensure functionality without an external power source, is able to re-route traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations. T-Mobile's Emergency Operation Plan is confidential and will be provided upon the issuance of a Protective Order.

4. Consumer Protection and Service Quality Standards.

T-Mobile will satisfy applicable consumer protection and service quality standards in accordance with 47 C.F.R. § 54.202(a)(3). T-Mobile is a strong supporter of and abides by the CTIA-The Wireless Association's® Consumer Code for Wireless Service ("Consumer Code"). T-Mobile has been a signatory of the Consumer Code since 2003. Most recently, T-Mobile was certified as CTIA compliant with the Consumer Code as evidenced by the CTIA letter of certification dated October 7, 2011, attached hereto as Exhibit 1.

⁴² 47 C.F.R. § 54.202(a)(2).

G. Make Available Lifeline Service To Eligible Low-Income Consumers.

Upon designation as an ETC and receipt of Mobility Fund Phase I support, T-Mobile will make available to qualified low-income consumers a discounted service offering that meets all applicable Lifeline requirements. Consumers increasingly rely on their mobile phones for all of their communications needs and qualifying low-income consumers are no exception.

T-Mobile's planned initial Lifeline service offering, which is subject to change, will include:

- a low \$9.99 per month Lifeline rate;⁴³
- 145 Whenever minutes^{®44}, 500 night minutes, and 500 weekend minutes per month;⁴⁵
- additional minutes priced at \$0.05 per minute;
- an affordable handset; and
- terms and conditions of service as identified in generally available service offerings identified on its web page: <http://www.t-mobile.com/>.

T-Mobile's planned Lifeline service offering provides consumers additional benefits. For example, calls to 911 and to customer service (dialing 611 from the mobile handset) will be free calls, regardless of whether the customer has sufficient remaining minutes available in their account, and those calls will not be deducted from the monthly included minutes or charged as additional minutes. Additionally, qualified consumers who subscribe to T-Mobile's Lifeline offering are not charged a fee for the cost of the federal universal service fund or other government-related surcharges (including a fee for the cost of local number portability). In

⁴³ The \$9.99 per month discounted Lifeline rate is based upon a non-discounted rate of \$19.99 per month *minus* a \$10.00 Lifeline discount (\$19.99-\$10.00=\$9.99). In the *Lifeline Reform Order*, the FCC established an interim uniform Lifeline reimbursement of \$9.25 per month per eligible consumer. As such, the Company may revise the Lifeline discount available to eligible consumers to be consistent with the applicable reimbursement amount.

⁴⁴ Whenever minutes[®] are minutes that can be used at anytime and anywhere on T-Mobile's nationwide network.

⁴⁵ Weekend minutes are currently defined as midnight Friday to midnight Sunday, and nights are currently defined as 9:00 p.m. to 6:59 a.m. Monday-Friday, based on the start time of call.

addition to voice services, Lifeline customers will also have access to a variety of other standard features at no additional charge, including voice mail, caller identification and call-waiting services. T-Mobile may implement other Lifeline service offerings in the future, consistent with all applicable requirements. In its *Lifeline Reform Order* released on February 6, 2012, the FCC adopted comprehensive reforms to the low-income program to revise and modernize the Lifeline service requirements and implement measures to address fraud, waste, and abuse within the system. T-Mobile has thoroughly reviewed the Lifeline Reform Order and all newly-adopted requirements and will implement the internal controls and processes necessary to ensure compliance with the FCC's final rules and any subsequent FCC orders.⁴⁶ T-Mobile is a well-established universal service provider operating in multiple states with a comprehensive compliance program in place to address all existing and future requirements.

IV. DESIGNATING T-MOBILE AS AN ETC FOR MOBILITY FUND SUPPORT IS IN THE PUBLIC INTEREST.

Currently, T-Mobile serves the mobile communications needs of Arizona consumers, and, through its designation as an ETC and receipt of Mobility Fund support, T-Mobile will significantly expand its business in Arizona by making available to rural and low-income consumers new service offerings that meet their basic and advanced communication needs. As a CMRS provider, T-Mobile is not subject to universal service obligations in Arizona today, but, upon its designation as an ETC, T-Mobile will be subject to the following universal service obligations:

1. providing service offerings that includes all of the supported services;
2. committing to meet and maintain compliance with certain requirements applicable to ETCs, including:
 - a. complying with service provisioning requirements;

⁴⁶ T-Mobile notes that the *Lifeline Reform Order* may be subject to petitions for reconsideration.

- b. meeting consumer protection standards; and
 - c. remaining functional in emergency situations.
3. increasing public awareness of the availability of Lifeline programs by:
- a. advertising the availability of its Lifeline offerings; and
 - b. undertaking outreach initiatives aimed at eligible low-income consumers.
4. Offering universal service consistent with the requirements of the Commission's rules and prior Commission orders designating ETCs.

The public interest benefits to consumers in Arizona will be significant. Granting T-Mobile ETC designation will allow T-Mobile to participate in the FCC's Auction 901 and bid to serve portions of Arizona that currently do not have access to 3G or better mobile wireless services. Arizona consumers will benefit if T-Mobile is successful in winning support from the FCC's Mobility Fund. This will lead to (i) customer choice for basic and advanced communications needs; (ii) new service offerings with competitive pricing, services, and features; and (iii) construction and operation of telecommunications facilities and services in unserved areas of the state to deploy 3G or better networks.

The benefits of competition are widely recognized and extend to all markets, as recognized by the FCC:

We note that an important goal of the Act is to open local telecommunications markets to competition. Designation of competitive ETCs promotes competition and benefits consumers in rural and high-cost areas by increasing customer choice, innovative services, and new technologies. We agree with Western Wireless that competition will result not only in the deployment of new facilities and technologies, but will also provide an incentive to the incumbent rural telephone companies to improve their existing network to remain competitive, resulting in improved service to Wyoming consumers [consumers in the proposed ETC service area]. In addition, we find that the provision of competitive service will facilitate universal service to the benefit of consumers in Wyoming by

creating incentives to ensure that quality services are available at “just, reasonable, and affordable rates.”⁴⁷

If T-Mobile obtains Mobility Fund Phase I support, T-Mobile’s conditional designation as an ETC will result in consumers having greater access to wireless telecommunications services, thereby advancing the basic goal of preserving and advancing universal service. To accomplish this goal, Congress established a competitive universal service framework to expand the level of competition among carriers vying for the business of consumers based on price, service offerings, coverage, and service quality. T-Mobile offers consumers competitive service offerings and great customer service, and through its entry into the universal service market, consumers will now have greater access to all of these benefits. The wireless service that T-Mobile offers will provide customers with an affordable alternative to traditional telecommunications service.

The wireless consumer in Arizona has taken advantage of heavy market penetration. Approximately 5.2 million Arizona residents are wireless subscribers.⁴⁸ According to the Centers for Disease Control, 29.4 % of adults in Arizona were living in wireless-only households in June of 2010.⁴⁹ And prices for wireless services continue to fall dramatically. Text messaging prices declined from \$0.011 per message in 2008 to \$0.009 in 2009.⁵⁰ Average smartphone prices net of carrier subsidies decreased from \$220 in 4Q06 to \$120 in 4Q09, with average prices

⁴⁷*In the Matter of the Federal-State Joint Commission on Universal Service, Western Wireless Corp. Petition for Designation as an Eligible Telecommunications Carrier in the State of Wyoming*, CC Docket No. 96-45, Memorandum Opinion and Order, DA 00-2896, ¶ 17 (released December 26, 2000).

⁴⁸ See *Local Telephone Competition: Status as of December 31, 2010*, tbls 8,9,17 (FCC, Industry Analysis & Technical Division, Wireline Competition Bureau, Oct. 2011)[available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db1007/DOC-310264A1.pdf.]

⁴⁹ See *Wireless Substitution: State-level Estimates From the National Health Interview Survey, January-June 2010*. U.S. Centers for Disease Control and Prevention, Division of Health Interview Statistics, National Center for Health Statistics. Table 1 (April 20, 2011), available at <http://www.cdc.gov/nchs/data/nhsr/nhsr039.pdf>

⁵⁰ *Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, 2011 FCC LEXIS 2636, ¶ 193 (2011) (FCC Report)..

for all handsets after discounts falling from \$85 in 4Q06 to \$50 in 4Q09.⁵¹ Although average monthly data traffic per subscriber grew 78% between 2008 and 2009, wireless data service ARPU rose only 22% in that period.⁵² Indeed, as the most recent data from the U.S. Bureau of Labor Statistics' Wireless Price Index shows, as of July 2011 the price of wireless service has fallen some 40% since December 1997.⁵³ Despite continuing economic difficulties, incremental capital investment increased from \$20.2 billion in 2008 to \$20.4 billion in 2009. Wireless accounts for more than 30% of all telecommunications investment, nearly a quarter of all information and communications technology investment, and two percent of total investment in the U.S. economy.⁵⁴

T-Mobile's designation will not impact the Arizona Universal Service Fund ("AUSF"), since T-Mobile is not seeking to participate in the AUSF. Nor will it impact the federal universal service fund, since the FCC has set aside up to \$300 million for the Mobility Fund Phase I auction.

T-Mobile's conditional designation as an ETC will enable the Company to make available universal service offerings to consumers throughout its designated service area in Arizona, which, for some consumers, T-Mobile's service offerings will be their primary means of communications. Designating T-Mobile as an ETC will enable the Company to participate in the upcoming Phase I Mobility Fund auction on September 27, 2012, to expand its coverage and extend its services to consumers in rural areas. Designation of T-Mobile as an ETC will also help to secure, and potentially enhance, the contributions T-Mobile makes to Arizona's economy.

⁵¹*Id.* ¶ 334.

⁵²*Id.* ¶¶ 186, 203.

⁵³See Bureau of Labor Statistics Consumer Price Index – All Urban Consumers, Series ID CUUR0000SEED03, available at <http://data.bls.gov/pdq/querytool.jsp?survey=cu>.

⁵⁴*Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, 2011 FCC LEXIS 2636, (2011) (*FCC Report*).

V. CONCLUSION.

WHEREFORE, for the reasons stated above, T-Mobile respectfully requests that the Commission expeditiously: (i) designate T-Mobile as an ETC for eligibility for federal universal service funding conditioned upon T-Mobile winning support from the Mobility Fund Phase I auction, such that T-Mobile shall be deemed an ETC only in the areas in which it is awarded Mobility Fund support;(ii) send the appropriate notice of the Order designating T-Mobile as an ETC to the FCC and the Universal Service Administrative Company; and (iii) order such other relief as may be appropriate.

Respectfully submitted this 6th day of April, 2012

ROSKA DEWULF & PATTEN, PLC

By 

Michael W. Patten
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

and

Teri Y. Ohta
Principal Corporate Counsel, State Regulatory Affairs
T-Mobile USA, Inc.
12920 SE 38th Street
Bellevue, WA 98006

Attorneys for T-Mobile USA, Inc.

Original and 13 copies of the foregoing
filed this 6th day of April 2012 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered/mailed
this 6th day of April 2012 to:

Lyn Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Janice M. Alward, Esq.
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Steve Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

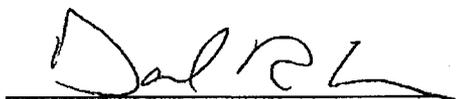
By Mary Ippolito

VERIFICATION

STATE OF WASHINGTON

KING COUNTY

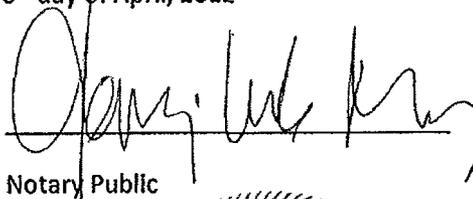
I, David R. Conn, state that I am Vice President State Regulatory for T-Mobile; that I am authorized to make this Verification on behalf of T-Mobile West Corporation; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document are true and correct to the best of my knowledge, information and belief.



Name: David R. Conn

Title: Vice President, State Regulatory

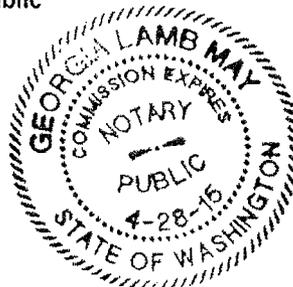
SWORN TO AND SUBSCRIBED before me on the 6th day of April, 2012



Notary Public

My commission expires:

4/28/2015



EXHIBIT

“1”

Steve Largent
President/CEO

October 7, 2011

Ms. Kelsey Joyce
Director of Legal Affairs
Marketing
T-Mobile USA, Inc.
12920 SE 38th Street
Bellevue, WA 98006

Dear Kelsey:

Congratulations! This letter is to notify you that T-Mobile USA ("T-Mobile") has completed the recertification process for the CTIA Consumer Code for Wireless Service ("Voluntary Consumer Code") for the period January 1, 2011 – December 31, 2011, and is deemed compliant with the principles, disclosures and practices set forth in the Voluntary Consumer Code. Accordingly, T-Mobile is authorized to use and display the CTIA Seal of Wireless Quality/Consumer Information, subject to the terms and conditions set forth in the attached License Agreement.

Please ensure that the relevant employees of T-Mobile review the License Agreement before using the Seal. Use of the Seal constitutes acceptance of these terms and conditions. Upon request, we will provide two specimens (color and black/white) of the Seal for T-Mobile's use on its website or collateral materials. If you should have any questions concerning the recertification process or use of the Seal, please contact Andrea Williams, CTIA's Vice President of Law and Assistant General Counsel, at (202) 736-3215 or awilliams@ctia.org.

CTIA commends T-Mobile for its ongoing leadership and participation in the CTIA Voluntary Consumer Code, and we look forward to continuing to work with T-Mobile on this important industry initiative.

Sincerely,

Congratulations!

Steve Largent
Steve Largent

Attachment

cc: Philipp Humm
Dave Miller

