

ORIGINAL

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MEMORANDUM

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Arizona Corporation Commission

TO: THE COMMISSION

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2012 JUN -6 P 4:40

FROM: Utilities Division

JUN 06 2012

AZ CORP COMMISSION
DOCKET CONTROL

DATE: June 6, 2012

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION 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 FCC (DOCKET NO. T-20822A-12-0138)

I. Procedural History

On April 6, 2012, T-Mobile West Corporation (“T-Mobile”), pursuant to sections 214(e)(2) of the Communications Act of 1934 (the “Act”) and the rules of the FCC, including 47 C.F.R. §§ 54.1003, petitioned the Commission 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

II. Mobility Fund Phase I

On November 18, 2011, the Federal Communications Commission (“FCC”) released its Report and Order and Further Notice of Proposed Rulemaking in the Matter of Connect America Fund, WC Docket Nos. 10-90, *et al.* (FCC 11-161) (“*USF/ICC Transformation Order*”) in which the FCC established a universal service goal of “ubiquitous availability of mobile services”.² In transforming the federal Universal Service High-Cost Fund and to support this new goal, the FCC created a universal service support mechanism, the Mobility Fund, dedicated exclusively to mobile services. The first part of 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

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”).*

² *See In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*), at para. 298.*

broadband services in unserved area."³ There are numerous unserved census block groups⁴ throughout the country where carriers may bid to receive Mobility Fund support to build infrastructure over which to deliver 3G or better broadband and voice service.⁵ Specifically, there are unserved census blocks in every county in Arizona (see Attachment A).

In order to participate in Auction 901, a carrier must be designated as an ETC at the time it files its Short-form application for participation in the auction. T-Mobile seeks ETC designation for federal universal service support 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*.⁶ In order to meet the deadline to file Short-form applications for Auction 901, which are due prior to 6:00 pm, Eastern Time on July 11, 2012⁷, T-Mobile has also requested expedited Commission review of this application.

III. Company Overview

T-Mobile West Corporation is a Delaware corporation headquartered out of Bellevue, Washington and is a subsidiary of T-Mobile USA, Inc., which is owned by Deutsche Telecom AG ("DT"). T-Mobile has been providing wireless services in Arizona since 1998, under its predecessor's name, VoiceStream Wireless Corporation. In 2001, Voicestream Wireless was acquired by DT and renamed T-Mobile.⁸

In its Application⁹, T-Mobile states it is a national facilities-based provider of wireless voice, messaging, and data services. T-Mobile further states it employs more than 400 individuals at approximately 37 Company-owned retail locations along with other points of dealer-owned distribution in Arizona. T-Mobile states it had approximately 33.2 million mobile customers nationwide at the end of the fourth quarter of 2011.

³ See *USF/ICC Transformation Order*, para. 28.

⁴ Census blocks are the smallest geographic area for which the Bureau of the Census collects and tabulates census data. A census block group is a combination of census blocks.

⁵ See http://wireless.fcc.gov/auctions/default.htm?job=auction_summary&id=910. 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*").

⁶ See *USF/ICC Transformation Order*, footnote 665; 47 C.F.R. section 54.1003(a).

⁷ Public Notice, DA 12-641, May 2, 2012, Mobility Fund Phase I Auction Scheduled For September 27, 2012, Notice and Filing Requirements and Other Procedures for Auction 901 ("*Auction 901 Notice and Filing Requirements*").

⁸ Response to STF 1.1.

⁹ Application, Page 3.

IV. Requirements for Designation as an ETC and T-Mobile's Compliance with the Requirements

Designation as an ETC makes a carrier eligible to receive federal universal service funds. The requirements for designation of ETCs are specified by federal law in 47 U.S.C. § 214(e)(1), which states:

“A common carrier designated as an eligible telecommunications carrier under paragraph (2) or (3) shall be eligible to receive universal service support in accordance with section 254 and shall throughout the service area for which the designation is received: (A) offer the services that are supported by Federal universal service support mechanisms under section 254(c), either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier); and (B) advertise the availability of such services and the corresponding charges using media of general distribution.”

The Telecommunications Act of 1996 (“1996 Act”) defines “service area” as a geographic area established by a State commission for the purpose of determining universal service obligation and support mechanisms. In the case of an area served by a rural Incumbent Local Exchange Carrier (ILEC), “service area” means such company's “study area” unless and until the Commission and the States, after taking into account recommendations of a Federal-State Joint Board instituted under section 410(c), establish a different definition of service area for such company.¹⁰

For the purposes of this Application, the term “census block” will be used in place of “service area”.

A. Offering the Services Designated for Support

On December 23, 2011, the FCC adopted and released an Order on Reconsideration, in which the FCC modified, on its own motion, the definition of “voice telephony”, as adopted in the *USF/ICC Transformation Order*.¹¹ In that Order, the FCC reduced its former list of nine supported services to four supported services and amended 47 C.F.R. § 54.101 to specify the “voice telephony services” supported by federal universal service support mechanisms.¹²

¹⁰ 47 U.S.C. § 214(e)(5).

¹¹ See *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform-Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Order on Reconsideration, FCC 11-189 (rel. Dec. 23, 2011) (*USF/ICC Transformation Order on Reconsideration*) at para. 3.

¹² *Id.* at para. 78; see also *id.* App. A at 536 (revising section 54.101(a) of the Commission's rules); see 76 FR 73830, 73870 (Nov. 29, 2011) (revising 47 C.F.R. § 54.101(a) with an effective date of December 29, 2011).

47 C.F.R. § 54.101, sets forth the services that a carrier must offer in order to receive Federal universal service fund support. The services and T-Mobile's response to the provision of each service are as follows:

- (1) Voice grade access to the Public Switched Network. "Voice grade access to the Public Switched Network" is defined as a functionality that enables a user of telecommunications services to transmit voice communications, including signaling the network that the caller wishes to place a call, and receive voice communications, including receiving a signal indicating there is an incoming call. For purposes of this Part, bandwidth for voice grade access should be, at a minimum, 300 to 3,000 Hertz. T-Mobile states¹³ it meets this requirement through its provision of mobile voice communications service and interconnection to the public switched telephone network.
- (2) Local usage. "Local usage" means minutes of use for local exchange service, prescribed by the Federal Communications Commission, provided free of charge to end users. T-Mobile states¹⁴ it 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 access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code "911", to call emergency services through a Public Safety Access Point ("PSAP") operated by the local government. "Enhanced 911" is defined as 911 service that includes the ability to provide automatic numbering information ("ANI"), which enables the PSAP to call back if the call is disconnected, and automatic location identification ("ALI"), which permits emergency service providers to identify the geographic location of the calling party. "Access to emergency services" includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems. T-Mobile states¹⁵ it meets this requirement by providing 911 service and meeting all requests for E911 service from local PSAPs.
- (4) Toll Limitation for Qualifying Low-Income Consumers. "Toll limitation denotes either toll blocking or toll control for eligible telecommunications carriers that are incapable of providing both services. For eligible telecommunications carriers that are capable of providing both services, 'toll limitation' denotes toll blocking and toll control."¹⁶ T-Mobile states¹⁷ its typical service offerings do not distinguish between

¹³ Application, Page 9.

¹⁴ Application, Page 9.

¹⁵ Application, Page 9.

¹⁶ 47 C.F.R. § 54.400(d).

¹⁷ Application, Pages 9-10.

toll and non-toll calls and therefore toll limitation service is not applicable to such offerings.¹⁸

T-Mobile states¹⁹ it is a common carrier, and it has the ability to provide all the supports services and functionalities required in the proposed ETC census blocks to all subscribers taking service under its Lifeline plan. Based on the above information and explanations provided by T-Mobile, Staff believes that T-Mobile meets this requirement for ETC designation.

In order to be designated as an ETC, a carrier must offer Lifeline service to all qualifying low-income customers within its service area.²⁰ Lifeline service provides basic telephone service, typically by passing on discounts to monthly telecommunications charges. T-Mobile proposes to provide post-paid services with a discount applied to monthly service charges for Lifeline customers residing within the census blocks should T-Mobile be awarded Mobility Fund Phase I support.

In its application²¹, T-Mobile states it will offer all of the supported services using its own facilities within the census blocks in Arizona should it win Mobility Fund Phase I support. Therefore, Staff believes that T-Mobile meets this requirement for ETC designation.

B. Advertising of Supported Services

47 U.S.C. § 214(e)(1)(B) requires a common carrier designated as an eligible telecommunications carrier to advertise the availability of such services and the corresponding charges using media of general distribution. To comply with this requirement, T-Mobile states²² it 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.²³ T-Mobile states it currently advertises its wireless telecommunications services using radio, television, billboards, print, internet, and targeted mailings. T-Mobile states it will use the appropriate media outlets to advertise its universal service offerings in a manner consistent with applicable requirements, and, 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.²⁴

Lifeline advertising will be specifically targeted to those who may qualify for Lifeline service and be provided in both English and Spanish. In addition, T-Mobile agrees to comply

¹⁸ 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.

¹⁹ Application, Page 7.

²⁰ 47 C.F.R. §§ 54.405 and 54.411(a).

²¹ Application, Page 7

²² Application, Pages 8 and 10-11.

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

²⁴ 47 C.F.R. §§ 54.405(b) and (c).

with all FCC form and content requirements that apply to all ETCs providing Lifeline service. T-Mobile provided examples of its Lifeline advertisements in other jurisdictions directly to Staff for review.

Based on the information above and T-Mobile's advertising materials provided to Staff, Staff concludes that T-Mobile will advertise the availability of its supported services and the corresponding charges using media of general distribution as required by 47 U.S.C. § 214(e)(1)(B). Staff believes that T-Mobile meets this ETC designation criteria.

C. Additional ETC Requirements

In addition to the requirements listed above, on February 6, 2012, the FCC released an Order in FCC 12-11, *Lifeline and Link Up Reform and Modernization ("Lifeline Reform Order")*²⁵, in which 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. Below are the additional requirements and T-Mobile's response to each requirement.

C.1 A Commitment and Ability to Provide Supported Services

In 47 C.F.R. § 54.202(a)(1)(i) and (ii), the FCC required the applicant to:

- (i) Certify that it will comply with the service requirements applicable to the support that it receives; and
- (ii) Submit a five-year plan that describes with specificity proposed improvements or upgrades to the applicant's network throughout its proposed service area.²⁶

T-Mobile states²⁷ it will serve all consumers within its designated census blocks, and certifies that it will comply with the service requirements applicable to the support that it receives.

In addition, T-Mobile states²⁸ it will use universal service funding consistent with the applicable requirements for funding received under the Phase I Mobility Fund. The FCC has specific requirements that providers must meet when awarded Mobility Fund Phase I support. Mobility Fund Phase I recipients are obligated to provide supported services over a 3G or better network with specific data transmission speeds.²⁹ Specifically, recipients that provide the

²⁵ *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*").

²⁶ *Ibid.*, ¶ 21.

²⁷ Application, Pages 8 and 11.

²⁸ Application, Pages 11-12.

²⁹ See FCC ICC/USF Transformation Order at paragraphs 360-362.

supported services over 3G networks will have two years from authorization of support to meet their requirements while 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.³⁰

T-Mobile states that it will use the funding to construct facilities and provide service in the census blocks where it receives Mobility Fund Phase I funding. T-Mobile commits it will prepare and file with the Commission a comprehensive service improvement plan (“SIP”) for its ETC census block areas after the FCC awards funding through its reverse auction, and will provide the SIP to the Commission pursuant to the appropriate protective order.

Based on the above information, Staff believes that T-Mobile meets this ETC designation criteria.

C.2 Remain Functional in Emergency Situations

In 47 C.F.R. § 54.202(a)(2), the FCC outlines the requirement that an ETC applicant demonstrate its ability to remain functional in emergency situations. Specifically, “an applicant must demonstrate that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.”³¹

T-Mobile states it has the “ability to remain functional in emergency situations.”³² T-Mobile also states it 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.

Based on the above information, Staff believes that T-Mobile meets this ETC designation criteria.

C.3 Satisfy Consumer Protection and Service Quality Standards

In 47 C.F.R. § 54.202(a)(3), the FCC requires an ETC applicant to demonstrate its commitment to meeting consumer protection and service quality standards in its application...³³ The sufficiency of other commitments will be considered on a case-by-case basis.

To demonstrate its commitment to meeting consumer protection, T-Mobile states³⁴ it will satisfy applicable consumer protection and service quality standards in accordance with

³⁰ *Auction 901 Notice and Filing Requirements*, ¶ 28 and ¶ 142.

³¹ *Ibid.*, ¶ 25.

³² 47 C.F.R. § 54.202(a)(2).

³³ *Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, FCC 05-46* (rel. March 17, 2005), ¶ 28.

47 C.F.R. § 54.202(a)(3). T-Mobile states it abides by the CTIA-The Wireless Association's Consumer Code for Wireless Service ("Consumer Code") and has been a signatory of the Consumer Code since 2003. In Exhibit 1 of the Application, T-Mobile included a CTIA letter of certification, dated October 7, 2011, indicating it was CTIA compliant with the Consumer Code.

Based on the above information, Staff believes that T-Mobile meets this ETC designation criteria.

D. Steps to Limit Fraud, Waste and Abuse of the FUSF

In the *Lifeline Reform Order*, the FCC adopted various new measures and revised or eliminated other existing measures in order to limit fraud, waste and abuse of the Federal Universal Service Fund ("FUSF"). These measures include establishing uniform eligibility criteria to qualify for Lifeline services, clarifying the restriction of one Lifeline telephone allowed per household, initial certification and annual re-certification of consumer eligibility, establishing a national lifeline accountability database to ensure and enforce the one-per-household requirement, total elimination of toll limitation support for wireless carriers and a tapered elimination of toll limitation support for landline ETCs, elimination of the Link Up subsidy except on federally-recognized tribal lands and establishing additional provisions for USAC audits.

T-Mobile states³⁵ it will take steps to limit fraud, waste and abuse of the FUSF and will comply with all applicable Lifeline requirements and implement measures to prevent fraud, waste, and abuse.

E. Public Interest Determination

Under Section 214 of the Act, the FCC and state commissions must determine that an ETC designation is consistent with the public interest, convenience and necessity for rural areas. They also must consider whether an ETC designation serves the public interest consistent with Section 254 of the Act. Congress did not establish specific criteria to be applied under the public interest tests in Sections 214 or 254. The public interest benefits of a particular ETC designation must be analyzed in a manner that is consistent with the purposes of the Act itself, including the fundamental goals of preserving and advancing universal service; ensuring the availability of quality telecommunications services at just, reasonable, and affordable rates; and promoting the deployment of advanced telecommunications and information services to all regions of the nation, including rural and high-cost areas.³⁶ Accordingly, before designating a carrier as an ETC, the Commission must make an affirmative determination that such designation is in the public interest, regardless of whether the applicant seeks designation in an area served by a rural or non-rural carrier.

³⁴ Application, Page 12.

³⁵ Application, Page 8 and footnote 28.

³⁶ In the Matter of Federal-State Joint Board on Universal Services, CC Docket No. 96-45, Order FCC 05-46 (¶40), Adopted: February 25, 2005, Released: March 17, 2005.

T-Mobile believes its designation as an ETC serves the public interest by expanding the availability of next generation networks that increase customer choice and service availability and making available to consumers new service offerings, including wireless broadband and Lifeline services. 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. If T-Mobile is successful in winning support from the FCC's Mobility Fund, the public interest is served by (i) more customer choices 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. Additionally, T-Mobile's designation will not impact the federal universal service fund, since the FCC has set aside up to \$300 million for the Mobility Fund Phase I auction.

F. Designated Service Area

The Commission must establish a geographic area for the purpose of determining universal service obligations and support mechanisms for each designated ETC. *See* 47 U.S.C. § 214(e)(2); 47 C.F.R. § 54.201(b).

Given that T-Mobile is seeking conditional ETC designation so that it may participate in the Mobility Fund Auction Phase I, the census blocks that T-Mobile will be serving have yet to be determined. As such, when T-Mobile is awarded Mobility Fund support, T-Mobile shall make a tariff filing with a description of the census block areas. This tariff filing must include the coverage area of the census blocks, both in map form and by wire center and/or zip code and/or alternative description acceptable to Staff.

G. Reporting Requirement for Prepaid Wireless Deactivations

At this time, T-Mobile is only proposing to offer post-paid calling plans to Lifeline customers. However, if in the future T-Mobile offers prepaid calling plans to Lifeline customer, Staff recommends that T-Mobile be required to provide a quarterly report of the number of customers with periods of inactivity greater than 60 days, but did not cancel service with T-Mobile, are no longer qualified for Lifeline service or who voluntarily deactivate service. The purpose of this report is to monitor the number of deactivated customers so that T-Mobile does not continue to receive Lifeline reimbursement per handset for these customers every month from the Universal Service Administrative Company ("USAC"). In compiling the data for these reports, T-Mobile must comply with 47 C.F.R. §54.405(e)(3), in which the FCC outlines the deenrollment policy for non-usage and 47 C.F.R. §54.407(c), in which the FCC defines activities that constitute usage. The quarterly report must also include the total number of Lifeline customers and, as separate items, the number of customers who voluntarily relinquish their T-Mobile provided Lifeline service, the number of customers who do not annually recertify their eligibility for Lifeline services and the number of customers deactivated for 60 days of inactivity.

V. Staff Recommendation

Staff recommends that T-Mobile's Application for conditional designation as an ETC be approved subject to the following conditions:

1. T-Mobile shall be designated as an ETC only for the census blocks in which it is awarded Mobility Fund Phase I support and approved by the FCC. T-Mobile shall notify the Commission within 10 days of receiving notice from the FCC that it was awarded Mobility Fund Phase I support. If the Company is not awarded support, T-Mobile shall file written notice in this Docket informing the Commission of this fact within 10 days of the FCC publically announcing carriers to be awarded Mobility fund Phase I support. Upon filing of such notice, the Staff shall recommend to the Commission that it issue an order finding T-Mobile's conditional designation to be null and void, for all Census Blocks that it was not awarded support from the Mobility Fund Phase I auction.
2. T-Mobile shall coordinate with Tribal communities should there be federally recognized tribal lands within the census block areas in which T-Mobile is awarded Mobility Fund Phase I support and meet any and all federal requirements associated with providing Lifeline services in tribal communities.
3. Within 90 days prior to providing service, T-Mobile shall file either a new tariff or amend an existing tariff, in a format acceptable to Staff, for those census blocks for which it was awarded Mobility Fund Phase I support and approved by FCC. The tariff filing must include the coverage area of the census blocks, both in map form and by wire center and/or zip code and/or alternative description acceptable to Staff.
4. Should T-Mobile seek to expand its Lifeline and Link Up service beyond the designated census blocks for which T-Mobile wins Mobility Fund Phase I support, T-Mobile shall be required to seek ETC designation from the Commission to serve additional areas.
5. In the event of a Transfer of Control that involves T-Mobile, a new ETC petition shall be filed with the Commission. This will ensure ETCs undergoing reorganization remain financially viable and able to provide the supported services throughout the designated service areas as originally approved by the Commission.
6. T-Mobile shall notify the Commission of any future changes to its rates, terms and/or conditions regarding its Lifeline offerings and file such changes in its tariff and amend its tariff in compliance with A.R.S. § 40-367.
7. T-Mobile shall apprise the Commission of any customer complaints that may arise from its ETC service offerings by making a filing in Docket No. T-20822A-12-0138.
8. T-Mobile shall provide a regulatory contact to the Commission by filing such information in Docket No. T-20822A-12-0138.

9. In the event that T-Mobile requests to relinquish its ETC status and no longer provide Lifeline services, it must provide notice to both the Commission and its customers. Such notice(s) shall be in accordance with A.A.C. R14-2-1107.
10. T-Mobile shall submit an annual report by April 15th of each year, beginning April 15, 2013, that contains its total number of Lifeline subscribers, total amount of Federal USF support received and an affidavit stating that the Lifeline discounts or the equivalent are equal to the amount of total Federal USF support per line. The annual filing shall be submitted as a compliance item in this docket.
11. In the event T-Mobile offers prepaid Lifeline calling plans, T-Mobile shall submit a quarterly report detailing the total number of Lifeline customers, the total number of customers removed from the customer base due to 60-day inactivity, the number of customers removed from the customer base due to annual verification and the total number of customers who voluntarily relinquished Lifeline service. In compiling the data for these reports, T-Mobile must comply with 47 C.F.R. §54.405(e)(3), in which the FCC outlines the deenrollment policy for non-usage and 47 C.F.R. §54.407(c), in which the FCC defines activities that constitute usage. The quarterly report should be submitted as a compliance item in this docket on the 15th of the month following the end of each calendar quarter, beginning with the first complete quarter following the offering of prepaid Lifeline calling plans.



for Steven M. Olea
Director
Utilities Division

SMO:LLM:sms\MAS

ORIGINATOR: Lori Morrison

1 **II. Mobility Fund Phase I**

2 2. On November 18, 2011, the Federal Communications Commission ("FCC")
3 released its Report and Order and Further Notice of Proposed Rulemaking in the Matter of
4 Connect America Fund, WC Docket Nos. 10-90, et al. (FCC 11-161) ("*USF/ICC Transformation*
5 *Order*") in which the FCC established a universal service goal of "ubiquitous availability of
6 mobile services".² In transforming the federal Universal Service High-Cost Fund and to support
7 this new goal, the FCC created a universal service support mechanism, the Mobility Fund,
8 dedicated exclusively to mobile services. The first part of Phase I of the Mobility Fund will
9 provide up to \$300 million in one-time support to "immediately accelerate deployment of
10 networks for mobile voice and broadband services in unserved area."³ There are numerous
11 unserved census block groups⁴ throughout the country where carriers may bid to receive Mobility
12 Fund support to build infrastructure over which to deliver 3G or better broadband and voice
13 service.⁵ Specifically, there are unserved census blocks in every county in Arizona (see
14 Attachment A).

15 3. In order to participate in Auction 901, a carrier must be designated as an ETC at the
16 time it files its Short-form application for participation in the auction. T-Mobile seeks ETC
17 designation for federal universal service support that is conditioned upon T-Mobile winning
18 support from the Mobility Fund Phase I auction, which is permitted by the FCC's *USF/ICC*
19 *Transformation Order*.⁶ In order to meet the deadline to file Short-form applications for Auction
20

21
22 ² See *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and*
23 *Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified*
24 *Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal*
25 *Service Reform – Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket
26 No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report
27 and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011) (*USF/ICC Transformation*
28 *Order*), at para. 298.

³ See *USF/ICC Transformation Order*, para. 28.

⁴ Census blocks are the smallest geographic area for which the Bureau of the Census collects and tabulates census data. A census block group is a combination of census blocks.

⁵ See http://wireless.fcc.gov/auctions/default.htm?job=auction_summary&id=910. 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*").

⁶ See *USF/ICC Transformation Order*, footnote 665; 47 C.F.R. section 54.1003(a).

1 901, which are due prior to 6:00 pm, Eastern Time on July 11, 2012⁷, T-Mobile has also requested
2 expedited Commission review of this application.

3 **III. Company Overview**

4 4. T-Mobile West Corporation is a Delaware corporation headquartered out of
5 Bellevue, Washington and is a subsidiary of T-Mobile USA, Inc., which is owned by Deutsche
6 Telecom AG ("DT"). T-Mobile has been providing wireless services in Arizona since 1998, under
7 its predecessor's name, VoiceStream Wireless Corporation. In 2001, Voicestream Wireless was
8 acquired by DT and renamed T-Mobile.⁸

9 5. In its Application⁹, T-Mobile states it is a national facilities-based provider of
10 wireless voice, messaging, and data services. T-Mobile further states it employs more than 400
11 individuals at approximately 37 Company-owned retail locations along with other points of dealer-
12 owned distribution in Arizona. T-Mobile states it had approximately 33.2 million mobile
13 customers nationwide at the end of the fourth quarter of 2011.

14 **IV. Requirements for Designation as an ETC and T-Mobile's Compliance with the** 15 **Requirements**

16 6. Designation as an ETC makes a carrier eligible to receive federal universal service
17 funds. The requirements for designation of ETCs are specified by federal law in 47 U.S.C. §
18 214(e)(1), which states: "A common carrier designated as an eligible telecommunications
19 carrier under paragraph (2) or (3) shall be eligible to receive universal service support in
20 accordance with section 254 and shall throughout the service area for which the designation is
21 received: (A) offer the services that are supported by Federal universal service support
22 mechanisms under section 254(c), either using its own facilities or a combination of its own
23 facilities and resale of another carrier's services (including the services offered by another eligible
24 telecommunications carrier); and (B) advertise the availability of such services and the
25 corresponding charges using media of general distribution."

26 _____
27 ⁷ Public Notice, DA 12-641, May 2, 2012, Mobility Fund Phase I Auction Scheduled For September 27, 2012, Notice
and Filing Requirements and Other Procedures for Auction 901 ("*Auction 901 Notice and Filing Requirements*").

28 ⁸ Response to STF 1.1.

⁹ Application, Page 3.

1 7. The Telecommunications Act of 1996 (“1996 Act”) defines “service area” as a
2 geographic area established by a State commission for the purpose of determining universal
3 service obligation and support mechanisms. In the case of an area served by a rural ILEC, “service
4 area” means such company’s “study area” unless and until the Commission and the States, after
5 taking into account recommendations of a Federal-State Joint Board instituted under section
6 410(c), establish a different definition of service area for such company.¹⁰

7 8. For the purposes of this Application, the term “census block” will be used in place
8 of “service area”.

9 **A. Offering the Services Designated for Support**

10 9. On December 23, 2011, the FCC adopted and released an Order on
11 Reconsideration, in which the FCC modified, on its own motion, the definition of “voice
12 telephony”, as adopted in the *USF/ICC Transformation Order*.¹¹ In that Order, the FCC reduced
13 its former list of nine supported services to four supported services and amended 47 C.F.R. §
14 54.101 to specify the “voice telephony services” supported by federal universal service support
15 mechanisms.¹²

16 10. 47 C.F.R. § 54.101, sets forth the services that a carrier must offer in order to
17 receive Federal universal service fund support. The services and T-Mobile’s response to the
18 provision of each service are as follows:

- 19 a) Voice grade access to the Public Switched Network. “Voice grade access to the Public
20 Switched Network” is defined as a functionality that enables a user of
21 telecommunications services to transmit voice communications, including signaling the
22 network that the caller wishes to place a call, and receive voice communications,
including receiving a signal indicating there is an incoming call. For purposes of this
Part, bandwidth for voice grade access should be, at a minimum, 300 to 3,000 Hertz.

23
24 ¹⁰ 47 U.S.C. § 214(e)(5).

25 ¹¹ See *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and*
Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified
Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal
Service Reform-Mobility Fund, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket
26 No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Order on
27 Reconsideration, FCC 11-189 (rel. Dec. 23, 2011) (*USF/ICC Transformation Order on Reconsideration*) at para. 3.
28 ¹² *Id.* at para. 78; see also *id.* App. A at 536 (revising section 54.101(a) of the Commission’s rules); see 76 FR 73830,
73870 (Nov. 29, 2011) (revising 47 C.F.R. § 54.101(a) with an effective date of December 29, 2011).

1 T-Mobile states¹³ it meets this requirement through its provision of mobile voice
2 communications service and interconnection to the public switched telephone network.

3 b) Local usage. "Local usage" means minutes of use for local exchange service,
4 prescribed by the Federal Communications Commission, provided free of charge to end
5 users. T-Mobile states¹⁴ it meets this requirement by providing an amount of local
6 usage free of charge in each universal service rate plan.

7 c) Access to emergency services. "Access to emergency services" includes access to
8 services, such as 911 and enhanced 911, provided by local governments or other public
9 safety organizations. 911 is defined as a service that permits a telecommunications
10 user, by dialing the three-digit code "911", to call emergency services through a Public
11 Safety Access Point ("PSAP") operated by the local government. "Enhanced 911" is
12 defined as 911 service that includes the ability to provide automatic numbering
13 information ("ANI"), which enables the PSAP to call back if the call is disconnected,
14 and automatic location identification ("ALI"), which permits emergency service
15 providers to identify the geographic location of the calling party. "Access to emergency
16 services" includes access to 911 and enhanced 911 services to the extent the local
17 government in an eligible carrier's service area has implemented 911 or enhanced 911
18 systems. T-Mobile states¹⁵ it meets this requirement by providing 911 service and
19 meeting all requests for E911 service from local PSAPs.

20 d) Toll Limitation for Qualifying Low-Income Consumers. "Toll limitation denotes either
21 toll blocking or toll control for eligible telecommunications carriers that are incapable
22 of providing both services. For eligible telecommunications carriers that are capable of
23 providing both services, 'toll limitation' denotes toll blocking and toll control."¹⁶ T-
24 Mobile states¹⁷ its typical service offerings do not distinguish between toll and non-toll
25 calls and therefore toll limitation service is not applicable to such offerings.¹⁸

26 11. T-Mobile states¹⁹ it is a common carrier, and it has the ability to provide all the
27 supports services and functionalities required in the proposed ETC census blocks to all subscribers
28 taking service under its Lifeline plan. Based on the above information and explanations provided
by T-Mobile, Staff believes that T-Mobile meets this requirement for ETC designation.

24 _____
25 ¹³ Application, Page 9.

26 ¹⁴ Application, Page 9.

27 ¹⁵ Application, Page 9.

28 ¹⁶ 47 C.F.R. § 54.400(d)

¹⁷ Application, Pages 9-10.

¹⁸ 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.

¹⁹ Application, Page 7.

1 12. In order to be designated as an ETC, a carrier must offer Lifeline service to all
2 qualifying low-income customers within its service area.²⁰ Lifeline service provides basic
3 telephone service, typically by passing on discounts to monthly telecommunications charges. T-
4 Mobile proposes to provide post-paid services with a discount applied to monthly service charges
5 for Lifeline customers residing within the census blocks should T-Mobile be awarded Mobility
6 Fund Phase I support.

7 13. In its application²¹, T-Mobile states it will offer all of the supported services using
8 its own facilities within the census blocks in Arizona should it win Mobility Fund Phase I support.
9 Therefore, Staff believes that T-Mobile meets this requirement for ETC designation.

10 **B. Advertising of Supported Services**

11 14. 47 U.S.C. § 214(e)(1)(B) requires a common carrier designated as an eligible
12 telecommunications carrier to advertise the availability of such services and the corresponding
13 charges using media of general distribution. To comply with this requirement, T-Mobile states²² it
14 will advertise the availability of, and charges for, its universal service offerings using media of
15 general distribution, and will undertake outreach initiatives to increase consumer awareness of T-
16 Mobile's Lifeline service offering, consistent with all applicable requirements.²³ T-Mobile states it
17 currently advertises its wireless telecommunications services using radio, television, billboards,
18 print, internet, and targeted mailings. T-Mobile states it will use the appropriate media outlets to
19 advertise its universal service offerings in a manner consistent with applicable requirements, and,
20 for its Lifeline service offerings, it will undertake outreach initiatives designed to reach eligible
21 low-income consumers and will include all required disclosures in its Lifeline advertising and
22 outreach.²⁴ Lifeline advertising will be specifically targeted to those who may qualify for Lifeline
23 service and be provided in both English and Spanish. In addition, T-Mobile agrees to comply with
24 all FCC form and content requirements that apply to all ETCs providing Lifeline service.

25
26 _____
27 ²⁰ 47 C.F.R. §§ 54.405 and 54.411(a).

28 ²¹ Application, Page 7

²² Application, Pages 8 and 10-11.

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

²⁴ 47 C.F.R. §§ 54.405(b) and (c).

1 T-Mobile provided examples of its Lifeline advertisements in other jurisdictions directly to Staff
2 for review.

3 15. Based on the information above and T-Mobile's advertising materials provided to
4 Staff, Staff concludes that T-Mobile will advertise the availability of its supported services and the
5 corresponding charges using media of general distribution as required by 47 U.S.C. §
6 214(e)(1)(B). Staff believes that T-Mobile meets this ETC designation criteria.

7 **C. Additional ETC Requirements**

8 16. In addition to the requirements listed above, on February 6, 2012, the FCC released
9 an Order in FCC 12-11, *Lifeline and Link Up Reform and Modernization ("Lifeline Reform*
10 *Order")*²⁵, in which the FCC adopted comprehensive reforms to the low-income program to revise
11 and modernize the Lifeline service requirements and implement measures to address fraud, waste,
12 and abuse within the system. Below are the additional requirements and T-Mobile's response to
13 each requirement.

14 **C.1 A Commitment and Ability to Provide Supported Services**

15 17. In 47 C.F.R. § 54.202(a)(1)(i) and (ii), the FCC required the applicant to:

16 (a) Certify that it will comply with the service requirements applicable to the
17 support that it receives; and

18 (b) Submit a five-year plan that describes with specificity proposed
19 improvements or upgrades to the applicant's network throughout its
20 proposed service area.²⁶

21 18. T-Mobile states²⁷ it will serve all consumers within its designated census blocks,
22 and certifies that it will comply with the service requirements applicable to the support that it
23 receives.

24 19. In addition, T-Mobile states²⁸ it will use universal service funding consistent with

25
26
27 ²⁵ *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*").

28 ²⁶ *Ibid.*, ¶ 21.

²⁷ Application, Pages 8 and 11.

²⁸ Application, Pages 11-12.

1 the applicable requirements for funding received under the Phase I Mobility Fund.
2 The FCC has specific requirements that providers must meet when awarded
3 Mobility Fund Phase I support. Mobility Fund Phase I recipients are obligated to
4 provide supported services over a 3G or better network with specific data
5 transmission speeds.²⁹ Specifically, recipients that provide the supported services
6 over 3G networks will have two years from authorization of support to meet their
7 requirements while those deploying 4G networks will have three years. At the end
8 of the build-out periods, recipients must provide service over the areas in which they
9 received support over at least 75 percent of the total road miles in the identified
10 census blocks.³⁰

11 20. T-Mobile states it will use funding to construct facilities and provide service in the
12 census blocks where it receives Mobility Fund Phase I funding. T-Mobile commits it will prepare
13 and file with the Commission a comprehensive service improvement plan (“SIP”) for its ETC
14 census block areas after the FCC awards funding through its reverse auction, and will provide the
15 SIP to the Commission pursuant to the appropriate protective order.

16 Based on the above information, Staff believes that T-Mobile meets this ETC designation
17 criteria.

18 C.2 Remain Functional in Emergency Situations

19 21. In 47 C.F.R. § 54.202(a)(2), the FCC outlines the requirement that an ETC
20 applicant demonstrate its ability to remain functional in emergency situations. Specifically, “an
21 applicant must demonstrate that it has a reasonable amount of back-up power to ensure
22 functionality without an external power source, is able to reroute traffic around damaged facilities,
23 and is capable of managing traffic spikes resulting from emergency situations.”³¹

24 22. T-Mobile states it has the “ability to remain functional in emergency situations.”³²
25 T-Mobile states it has a reasonable amount of back-up power to ensure functionality without an

26
27 ²⁹ See FCC ICC/USF Transformation Order at paragraphs 360-362.

³⁰ *Auction 901 Notice and Filing Requirements*, ¶ 28 and ¶ 142.

³¹ *Ibid.*, ¶ 25.

³² 47 C.F.R. § 54.202(a)(2).

1 external power source, is able to re-route traffic around damaged facilities, and is capable of
2 managing traffic spikes resulting from emergency situations.

3 23. Based on the above information, Staff believes that T-Mobile meets this ETC
4 designation criteria.

5 C.3 Satisfy Consumer Protection and Service Quality Standards

6 24. In 47 C.F.R. § 54.202(a)(3), the FCC requires an ETC applicant to demonstrate its
7 commitment to meeting consumer protection and service quality standards in its application...³³

8 The sufficiency of other commitments will be considered on a case-by-case basis.

9 25. To demonstrate its commitment to meeting consumer protection, T-Mobile states³⁴
10 it will satisfy applicable consumer protection and service quality standards in accordance with 47
11 C.F.R. § 54.202(a)(3). T-Mobile states it abides by the CTIA-The Wireless Association's
12 Consumer Code for Wireless Service ("Consumer Code") and has been a signatory of the
13 Consumer Code since 2003. In Exhibit 1 of the Application, T-Mobile included a CTIA letter of
14 certification, dated October 7, 2011, indicating it was CTIA compliant with the Consumer Code.

15 26. Based on the above information, Staff believes that T-Mobile meets this ETC
16 designation criteria.

17 D. Steps to Limit Fraud, Waste and Abuse of the FUSF

18 27. In the *Lifeline Reform Order*, the FCC adopted various new measures and revised
19 or eliminated other existing measures in order to limit fraud, waste and abuse of the Federal
20 Universal Service Fund ("FUSF"). These measures include establishing uniform eligibility criteria
21 to qualify for Lifeline services, clarifying the restriction of one Lifeline telephone allowed per
22 household, initial certification and annual re-certification of consumer eligibility, establishing a
23 national lifeline accountability database to ensure and enforce the one-per-household requirement,
24 total elimination of toll limitation support for wireless carriers and a tapered elimination of toll
25 limitation support for landline ETCs, elimination of the Link Up subsidy except on federally-
26 recognized tribal lands and establishing additional provisions for USAC audits.

27 ³³ *Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, FCC 05-46* (rel. March
28 17, 2005), ¶ 28.

³⁴ Application, Page 12.

1 28. T-Mobile states³⁵ it will take steps to limit fraud, waste and abuse of the FUSF and
2 will comply with all applicable Lifeline requirements and implement measures to prevent fraud,
3 waste, and abuse.

4 **E. Public Interest Determination**

5 29. Under Section 214 of the Act, the FCC and state commissions must determine that
6 an ETC designation is consistent with the public interest, convenience and necessity for rural
7 areas. They also must consider whether an ETC designation serves the public interest consistent
8 with Section 254 of the Act. Congress did not establish specific criteria to be applied under the
9 public interest tests in Sections 214 or 254. The public interest benefits of a particular ETC
10 designation must be analyzed in a manner that is consistent with the purposes of the Act itself,
11 including the fundamental goals of preserving and advancing universal service; ensuring the
12 availability of quality telecommunications services at just, reasonable, and affordable rates; and
13 promoting the deployment of advanced telecommunications and information services to all regions
14 of the nation, including rural and high-cost areas.³⁶ Accordingly, before designating a carrier as an
15 ETC, the Commission must make an affirmative determination that such designation is in the
16 public interest, regardless of whether the applicant seeks designation in an area served by a rural or
17 non-rural carrier.

18 30. T-Mobile believes its designation as an ETC serves the public interest by expanding
19 the availability of next generation networks that increase customer choice and service availability
20 and making available to consumers new service offerings, including wireless broadband and
21 Lifeline services. Granting T-Mobile ETC designation will allow T-Mobile to participate in the
22 FCC's Auction 901 and bid to serve portions of Arizona that currently do not have access to 3G or
23 better mobile wireless services. If T-Mobile is successful in winning support from the FCC's
24 Mobility Fund, the public interest is served by (i) more customer choices for basic and advanced
25 communications needs; (ii) new service offerings with competitive pricing, services, and features;
26 and (iii) construction and operation of telecommunications facilities and services in unserved areas

27 ³⁵ Application, Page 8 and footnote 28.

28 ³⁶ In the Matter of Federal-State Joint Board on Universal Services, CC Docket No. 96-45, Order FCC 05-46 (¶40),
Adopted: February 25, 2005, Released: March 17, 2005.

1 of the state to deploy 3G or better networks. Additionally, T-Mobile's designation will not impact
2 the federal universal service fund, since the FCC has set aside up to \$300 million for the Mobility
3 Fund Phase I auction.

4 **F. Designated Service Area**

5 31. The Commission must establish a geographic area for the purpose of determining
6 universal service obligations and support mechanisms for each designated ETC. *See* 47 U.S.C. §
7 214(e)(2); 47 C.F.R. § 54.201(b).

8 32. Given that T-Mobile is seeking conditional ETC designation so that it may
9 participate in the Mobility Fund Auction Phase I, the census blocks that T-Mobile will be serving
10 have yet to be determined. As such, when T-Mobile is awarded Mobility Fund support, T-Mobile
11 shall make a tariff filing with a description of the census block areas. This tariff filing must
12 include the coverage area of the census blocks, both in map form and by wire center and/or zip
13 code and/or alternative description acceptable to Staff.

14 **G. Reporting Requirement for Prepaid Wireless Deactivations**

15 33. At this time, T-Mobile is only proposing to offer post-paid calling plans to Lifeline
16 customers. However, if in the future T-Mobile offers prepaid calling plans to Lifeline customer,
17 Staff recommends that T-Mobile be required to provide a quarterly report of the number of
18 customers with periods of inactivity greater than 60 days, but did not cancel service with T-
19 Mobile, are no longer qualified for Lifeline service or who voluntarily deactivate service. The
20 purpose of this report is to monitor the number of deactivated customers so that T-Mobile does not
21 continue to receive Lifeline reimbursement per handset for these customers every month from the
22 Universal Service Administrative Company ("USAC"). In compiling the data for these reports, T-
23 Mobile must comply with 47 C.F.R. §54.405(e)(3), in which the FCC outlines the de-enrollment
24 policy for non-usage and 47 C.F.R. §54.407(c), in which the FCC defines activities that constitute
25 usage. The quarterly report must also include the total number of Lifeline customers and, as
26 separate items, the number of customers who voluntarily relinquish their T-Mobile provided
27 Lifeline service, the number of customers who do not annually recertify their eligibility for
28 Lifeline services and the number of customers deactivated for 60 days of inactivity.

1 **V. Staff Recommendation**

2 34. Staff recommends that T-Mobile's Application for conditional designation as an
3 ETC be approved subject to the following conditions:

- 4 (a) T-Mobile shall be designated as a ETC only for the census blocks in which it is
5 awarded Mobility Fund Phase I support and approved by FCC. T-Mobile shall notify
6 the Commission within 10 days of notice from the FCC if it is awarded Mobility Fund
7 Phase I support. If no support is awarded to T-Mobile, T-Mobile shall notify the
8 Commission within 10 days of the FCC publically announcing carriers to be awarded
9 Mobility Fund Phase I support. If T-Mobile is not awarded support, its ETC
10 designation shall be null and void upon notice filed in this docket from T-Mobile.
- 11 (b) T-Mobile shall coordinate with Tribal communities should there be federally
12 recognized tribal lands within the census block areas in which T-Mobile is awarded
13 Mobility Fund Phase I support and meet any and all federal requirements associated
14 with providing Lifeline services in tribal communities.
- 15 (c) Within 90 days prior to providing service, T-Mobile shall file either a new tariff or
16 amend an existing tariff, in a format acceptable to Staff, for those census blocks for
17 which it was awarded Mobility Fund Phase I support and approved by FCC. The tariff
18 filing must include the coverage area of the census blocks, both in map form and by
19 wire center and/or zip code and/or alternative description acceptable to Staff.
- 20 (d) Should T-Mobile seek to expand its Lifeline and Link Up service beyond the
21 designated census blocks for which T-Mobile wins Mobility Fund Phase I support, T-
22 Mobile shall be required to seek ETC designation from the Commission to serve
23 additional areas.
- 24 (e) In the event of a Transfer of Control that involves T-Mobile, a new ETC petition shall
25 be filed with the Commission. This will ensure ETCs undergoing reorganization remain
26 financially viable and able to provide the supported services throughout the designated
27 service areas as originally approved by the Commission.
- 28 (f) T-Mobile shall notify the Commission of any future changes to its rates, terms and/or
conditions regarding its Lifeline offerings and file such changes in its tariff and amend
its tariff in compliance with A.R.S. § 40-367.
- (g) T-Mobile shall apprise the Commission of any customer complaints that may arise
from its ETC service offerings by making a filing in Docket No. T-20822A-12-0138.
- (h) T-Mobile shall provide a regulatory contact to the Commission by filing such
information in Docket No. T-20822A-12-0138.
- (i) In the event that T-Mobile requests to relinquish its ETC status and no longer provide
Lifeline services, it must provide notice to both the Commission and its customers.
Such notice(s) shall be in accordance with A.A.C. R14-2-1107.

1 (j) T-Mobile shall submit an annual report by April 15th of each year, beginning April 15,
2 2013, that contains its total number of Lifeline subscribers, total amount of Federal
3 USF support received and an affidavit stating that the Lifeline discounts or the
4 equivalent are equal to the amount of total Federal USF support per line. The annual
5 filing shall be submitted as a compliance item in this docket.

6 (k) That in the event T-Mobile offers prepaid Lifeline calling plans, T-Mobile shall submit
7 a quarterly report detailing the total number of Lifeline customers, the total number of
8 customers removed from the customer base due to 60-day inactivity, the number of
9 customers removed from the customer base due to annual verification and the total
10 number of customers who voluntarily relinquished Lifeline service. In compiling the
11 data for these reports, T-Mobile must comply with 47 C.F.R. §54.405(e)(3), in which
12 the FCC outlines the deenrollment policy for non-usage and 47 C.F.R. §54.407(c), in
13 which the FCC defines activities that constitute usage. The quarterly report should be
14 submitted as a compliance item in this docket on the 15th of the month following the
15 end of each calendar quarter, beginning with the first complete quarter following the
16 offering of prepaid Lifeline calling plans.

11 CONCLUSIONS OF LAW

12 1. T-Mobile West Corporation is a telecommunications corporation as defined in
13 A.R.S. § 40-201.

14 2. The Commission has jurisdiction over the subject matter of the application.

15 3. Under 47 U.S.C. § 214(e)(1), a common carrier that is designated as an Eligible
16 Telecommunications Carrier must, throughout its census block areas, offer the services that are
17 supported by the Federal Universal Service Support mechanisms either by using its own facilities
18 or a combination of its own facilities and resale of another carrier's services. The carrier must also
19 advertise the availability of such services and the rates for the services using media of general
20 distribution.

21 4. T-Mobile meets the requirements for ETC designation under 47 U.S.C. § 214 and
22 C.F.R. § 54.201 *et seq.*, subject to T-Mobile's compliance with the conditions set forth in Finding
23 of Fact No. 34 herein.

24 ...

25 ...

26 ORDER

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IT IS THEREFORE ORDERED that the application of T-Mobile West Corporation for conditional designation as an Eligible Telecommunications Carrier pursuant to U.S.C. § 214(e)(1) for the purpose of establishing eligibility to participate in the Mobility Fund Phase I auction at the Federal Communications Commission that is scheduled to be held on September 27, 2012, be and hereby is approved, subject to T-Mobile West Corporation's compliance with the conditions set forth in Finding of Fact No. 34 above.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2012.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:LLM:sms/MAS

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