

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, DC 200554

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| In the Matter of  | ) |                      |
|   | ) |                      |
| Modernizing the E-rate Program for Schools and<br>Libraries | ) | WC Docket No. 13-184 |
|   | ) |                      |
| Connect America Fund  | ) | WC Docket No. 10-90  |

**REPLY OF T-MOBILE USA, INC., IN SUPPORT OF ITS PETITION  
FOR RECONSIDERATION AND CLARIFICATION**

T-Mobile’s petition for reconsideration and clarification<sup>1</sup> of the *Second E-Rate Reform Order*<sup>2</sup> was unopposed, supported by all commenters who addressed it, and should be granted without delay. Specifically, as demonstrated in the Petition and supported by the record, the Commission should (1) reconsider and clarify its guidance on how upfront costs of WiFi networks are to be amortized for comparison to the yearly cost of mobile broadband service contracts, including seeking comment on amortization periods and providing a uniform and public template for cost-effectiveness comparisons (2) make clear that mobile broadband services are not necessarily duplicative in all cases; (3) clarify that schools and libraries may consider the likelihood of receiving Category Two funding on the same terms as any other non-cost factor in cost-effectiveness comparisons; and (4) clarify that the new cost-effectiveness showing to order mobile broadband services does not apply before the 2015 funding year.

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<sup>1</sup> Petition for Reconsideration and Clarification of T-Mobile USA, Inc., WC Docket Nos. 13-184 and 10-90 (filed March 6, 2015) (“Petition”).

<sup>2</sup> *Modernizing the E-rate Program for Schools and Libraries, Connect America Fund*, WC Docket Nos. 13-184 and 10-90, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538 (2014) (“*Second E-rate Reform Order*” or “Order”).

The record reveals no disagreement on the need to clarify the cost-effectiveness requirement for applicants seeking funding for mobile broadband solutions. As SouthernLINC Wireless points out, “[t]he *Second E-rate Reform Order* does not provide the clarity needed to properly guide applicants in assessing and demonstrating the cost-effectiveness of mobile broadband solutions.”<sup>3</sup> Sprint views additional guidance as a crucial step in ensuring that “E-rate applicants and USAC know the parameters of the cost-effectiveness analysis that must be performed; that the rule is applied consistently; that the rule promotes rather than impedes broadband deployment in schools and libraries; and that funding requests are handled promptly and fairly.”<sup>4</sup>

The FCC can eliminate that confusion by establishing a “clear and consistent methodology for calculating cost-effectiveness so that applicants can compare all costs associated with potential connection options.”<sup>5</sup> Sprint contends that if all “relevant and reasonable cost elements” are not considered, the result will be a “skewed financial analysis” that could lead to the rejection of an air card or mobile broadband data solution even if the proposal is more cost effective than fixed broadband connected to an internal WiFi network.<sup>6</sup> Sprint also warns that the “cost of all components” standard is “overly vague” and that the FCC must address the appropriate amortization period for WiFi network costs.<sup>7</sup> SouthernLINC also

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<sup>3</sup> Comments of Southern Communications Services, Inc. d/b/a SouthernLINC Wireless (“SouthernLINC Wireless”), Petition for Reconsideration and Clarification of T-Mobile USA, Inc. Docket Nos. 13-184 and 10-90 (April 29, 2015).

<sup>4</sup> Comments of Sprint Corporation (“Sprint”). Petition for Reconsideration and Clarification of T-Mobile USA, Inc. Docket Nos. 13-184 and 10-90. (April 29, 2015) at 5.

<sup>5</sup> SouthernLINC comments at 3.

<sup>6</sup> Sprint Comments at 2.

<sup>7</sup> Sprint Comments at 2.

supports clarification on amortization standards and the need for timelines over which the significant upfront costs of WiFi must be allocated.<sup>8</sup>

All commenters agree that the rules in the *Second E-rate Reform Order* should apply only prospectively. Sprint warns that “[t]he retroactive application of a new rule is both unfair and unlawful,” and that the cost-effectiveness rule only applies to funding requests made after March 6, 2015.<sup>9</sup> The Schools Health & Libraries Broadband (“SHLB”) Coalition<sup>10</sup> and SouthernLINC<sup>11</sup> agree.

Similarly, there is no disagreement that the Commission must clarify that mobile broadband services are not necessarily duplicative where a school or library also has deployed a wireless local area network (“WLAN”) on its premises. SHLB writes that “mobile broadband should not be considered presumptively duplicative in cases where schools and libraries have a supported WLAN.”<sup>12</sup> SouthernLINC agrees with the Petition that “mobile broadband can be necessary within a building or on a campus that has existing WLAN connectivity.”<sup>13</sup> Applicants and USAC need to know that the rule against duplicative services will be applied on a case-by-case basis based on the applicant’s specific circumstances.

Commenters are unanimous that the Commission needs to reconsider its guidance on the impact of the availability of Category Two E-Rate Support on the cost-effectiveness calculation.

Sprint explains that an applicant that has not received or is unlikely to receive support for

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<sup>8</sup> SouthernLINC Comments at 3, Sprint Comments at 2.

<sup>9</sup> Sprint Comments at 3.

<sup>10</sup> SHLB Comments at 10.

<sup>11</sup> SouthernLINC Comments at 8.

<sup>12</sup> Comments of the Schools Health & Libraries Broadband (SHLB), Petition for Reconsideration and Clarification of T-Mobile USA, Inc. Docket Nos. 13-184 and 10-90. (April 29, 2015) at 10.

<sup>13</sup> SouthernLINC Comments at 6.

internal connections or managed internal broadband services and lacks the necessary technical and financial resources will not be able to “own, supplement and operate a fixed broadband access/WiFi Network.”<sup>14</sup> SouthernLINC adds that the “presence or absence of category two support itself becomes an important cost consideration for long-term maintenance.”<sup>15</sup> The Petition and the record support reconsideration of the conclusion in the *Second E-rate Reform Order*.

The clarifications and reconsiderations that T-Mobile has requested are essential to ensuring that schools and libraries can continue to take advantage of the significant benefits of mobile broadband where it is cost-effective to do so. Mobile broadband has an important role to play in the achievement of the E-rate goals that the Commission already has articulated, as well as future challenges that it is only beginning to tackle. A recent study by the Pew Research Center highlights the difficulty that many students face to finish their homework because they lack sufficient access to broadband services to complete their assignments. The report reveals that just over 31 percent of all families in the United States with annual incomes of \$50,000 or below lack a high speed internet connection.<sup>16</sup>

FCC Commissioner Jessica Rosenworcel has labeled this the “Homework Gap.”<sup>17</sup> As all the commenters indicate, mobile broadband services, combined with devices such as small laptops or USB wireless routers, offer the best way to close that gap in many locations across the country. By adopting the common-sense suggestions offered by T-Mobile and supported by the

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<sup>14</sup> Sprint Comments at 3.

<sup>15</sup> SouthernLINC Comments at 7.

<sup>16</sup> *The numbers behind the broadband “homework gap,”* Pew Research Center (April 20, 2015), available at <http://www.pewresearch.org/fact-tank/2015/04/20/the-numbers-behind-the-broadband-homework-gap/>.

<sup>17</sup> Statement of FCC Commissioner Jessica Rosenworcel on Pew Research Center Homework Gap Findings, FCC (rel. April 20, 2015).

commenters, the FCC will ensure that mobile broadband services are a viable, cost effective tool in fulfilling the goals of the E-Rate program, and thus that they can be a tool available to help in closing the Homework Gap.

There is no opposition to T-Mobile's Petition for Reconsideration and Clarification of the *Second E-Rate Reform Order*, and the proposals will advance the Commission's goals of serving the educational needs of schools on a cost-effective basis. As such, the Commission should move expeditiously to grant the petition.

Respectfully submitted,

**T-MOBILE USA, INC.**

By: \_\_\_\_\_ /s/

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