

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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

REPLY COMMENTS OF CTIA – THE WIRELESS ASSOCIATION®

CTIA – The Wireless Association® (“CTIA”) submits this Reply in response to comments filed regarding the Petition for Reconsideration and Clarification of T-Mobile USA, Inc. (“T-Mobile Petition”) of the *Second E-rate Reform Order*.¹

I. INTRODUCTION AND SUMMARY.

CTIA supports the Commission’s efforts to reform the E-rate program so that schools and libraries across the United States can take full advantage of the resources and capabilities of high-speed broadband connectivity. As the T-Mobile Petition correctly observes, the effective and efficient use of E-rate support requires a fair evaluation of the cost-effectiveness of services relative to one another. The *Second E-rate Reform Order*, however, raises questions about whether the cost-effectiveness of mobile broadband services will be compared fairly to fixed broadband solutions combined with internal connections.

Schools and libraries participating in the E-rate program should be able to select mobile services when those services are the most cost-effective way to meet their connectivity needs.

¹ *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*”); T-Mobile USA, Inc. Petition for Reconsideration and Clarification, WC Docket Nos. 13-184 and 10-90 (filed Mar. 6, 2015) (“T-Mobile Petition”).

Many schools have found mobile broadband services to be the most cost-effective way to meet their needs for one-to-one device-to-student technology deployments for transformative digital learning. Indeed, in supporting the T-Mobile Petition, the Schools, Health & Libraries Broadband (“SHLB”) Coalition notes that “schools and libraries should have the flexibility to choose between fixed and mobile broadband offerings.”² The Commission should therefore:

- Clarify how the cost comparison methodology should account for the upfront and ongoing costs of WiFi networks;
- Confirm that the cost-effectiveness showing requirement is satisfied where an applicant receives only mobile broadband bids;
- Clarify that fixed and mobile broadband solutions are not always duplicative when seeking E-rate funding; and
- Confirm that the new cost-effectiveness showing requirement applies prospectively only.

Taking these steps will help ensure that there is a transparent, timely, and fair process by which E-rate program applicants identify and choose the most cost-effective broadband solutions available. Greater certainty in the application process also will help ensure full participation by schools and libraries and more efficient use of resources by all stakeholders.

II. SCHOOLS AND LIBRARIES MUST BE PERMITTED TO SELECT MOBILE SERVICES WHEN THEY ARE THE MOST COST-EFFECTIVE OPTION.

The Commission helpfully clarified in the *Second E-rate Reform Order* that the cost of mobile broadband must be compared to the full costs of external Internet connectivity and internal connections, together, in cost-effectiveness determinations for E-rate funding.³ As T-Mobile correctly points out, the new cost-effectiveness showing requirement necessitates an “efficient, objective process for all applicants as they seek bids and funding for projects, and for

² Schools, Health & Libraries Broadband (“SHLB”) Coalition Comments at 10.

³ *Second E-rate Reform Order* ¶ 158.

the [Universal Service Administrative Company (“USAC”)] as it reviews funding requests.”⁴ This clarification raises several additional questions, however, regarding how this comparison must be conducted. Lack of clarity regarding the cost comparison methodology and demonstration creates unnecessary ambiguity in the application process, both for applicants and service providers attempting to comply with program requirements and USAC in attempting to review and act on applications, minimizing the overall effectiveness of the E-rate program. This runs the risk of USAC granting funding for services that are not truly the most cost-effective. Applicants, USAC, and service providers will all benefit from clear answers from the Commission to these questions, and such clarification will help ensure that E-rate dollars are put to their best use. CTIA therefore urges the Commission to clarify the *Second E-rate Reform Order* consistent the comments described below.

A. The Upfront and Ongoing Costs of WiFi Networks Must Be Addressed in a Realistic Way.

E-rate applicants and the Commission must thoroughly consider all of the expenses associated with WiFi networks to accurately determine a true cost comparison between the WiFi networks and mobile broadband solutions as part of a cost-effectiveness calculation. As T-Mobile and other commenters observe, the key components to determining the cost effectiveness of WiFi networks in comparison to mobile broadband solutions are: (1) inclusion of all upfront and ongoing costs for WiFi networks in the cost-effectiveness calculation; and (2) a determination of the appropriate time period over which all of the WiFi network costs will be allocated.⁵

⁴ T-Mobile Petition at 7.

⁵ See, e.g., T-Mobile Petition at 3-6; SouthernLINC Comments at 4; Sprint Comments at 2.

T-Mobile correctly highlights that, “[w]hile applicants choosing mobile broadband have the benefit of consistent monthly costs for broadband service and a device for every student ... applicants seeking to install and maintain a WiFi network ... face significant upfront costs as well as ongoing costs and obligations.”⁶ As such, any cost-effectiveness calculation must compare the known and fixed monthly cost of mobile broadband service to both the known, upfront costs of the WiFi network, as well as the reasonable cost estimates for maintaining WiFi networks in the future.

CTIA believes that ongoing maintenance and security costs will be significant for schools and libraries, and agrees with SouthernLINC that “[c]ost assessments of potential network solutions will be inaccurate unless they entail lifespan-length maintenance and security considerations” for WiFi networks.⁷ Sprint similarly notes that “[e]xcluding or underestimating the ... maintenance, and security costs of owning and operating a WiFi network will make such solution appear to be far more cost effective than it actually is, particularly vis-à-vis a fully costed mobile broadband solution.”⁸

How all of these costs for WiFi networks are allocated over time is a critical step in determining the cost-effectiveness of WiFi networks as compared to mobile broadband solutions. Specifically, as the Commission effectively recognized in the *Second E-rate Reform Order*, a rational comparison must be made between the costs of a WiFi solution – which is characterized by large up-front investments as well as monthly recurring costs for fixed broadband service – and the regular fixed monthly cost of a mobile solution. This comparison requires a reasonable amortization or allocation period for the upfront costs of the WiFi network. Given the

⁶ T-Mobile Petition at 3.

⁷ SouthernLINC Comments at 4.

⁸ Sprint Comments at 2.

potentially determinative nature of this issue to any cost comparison, CTIA agrees with T-Mobile and the other commenters that have called for Commission guidance on this issue.⁹

Moreover, in light of the paucity of the record on this issue, the Commission should seriously consider T-Mobile's proposal to seek comment on the reasonable useful life of a fixed WiFi solution for any given school or library.¹⁰ Other commenters support opening the record to determine the appropriate lifespan of WiFi networking equipment.¹¹

In sum, additional evidence and more guidance is needed for applicants and USAC to be able to rationally compare the cost-effectiveness of a mobile broadband solution to WiFi networking costs for schools and libraries.

B. The Lack of a Wireless Local Area Network Bid Should Satisfy the Cost-Effectiveness Showing Requirement.

The Commission must clarify that the cost-effectiveness showing requirement is satisfied where E-rate applicants receive only mobile broadband bids. Applicants should be free to choose a mobile broadband solution if no wireless local area network ("WLAN") bids are received without satisfying an arbitrary requirement to compare mobile broadband bids to WLAN costs when no WLAN bids were submitted. In particular, neither applicants nor USAC should be required to create fictional WLAN bids not cost-justified by any actual WLAN provider just to satisfy the cost-effectiveness comparison requirement. Moreover, requiring WLAN cost estimates even if no such bids are received could place additional burdens on schools or libraries if they are required to hire a consultant to estimate such costs. CTIA

⁹ See T-Mobile Petition at 5-6; Sprint Comments at 2 (supporting "T-Mobile's request that the Commission provide guidance about the appropriate amortization period for WiFi network costs") (internal citation omitted); SouthernLINC Comments at 4 (agreeing with T-Mobile "that the FCC should provide guidance on amortization for WLAN solutions so that applicants can establish a clear amortization timeline for the various costs involved").

¹⁰ See T-Mobile Petition at 5-6.

¹¹ See SouthernLINC Comments at 5.

therefore agrees with SouthernLINC that “the Commission should clarify that a lack of responses to a competitive bidding process is clear evidence that installing a WLAN is not cost effective.”¹²

C. The Commission Should Clarify its Guidance on When Mobile Broadband Services Are Duplicative.

The Commission should clarify its statement that “seeking support for data plans or air cards for mobile devices for use in a school or library with an existing fixed broadband connection and WLAN implicates our prohibition on requests for duplicative services.”¹³ As T-Mobile and other commenters note, some schools and libraries may not be able to deploy WiFi throughout their entire building or school/library complex.¹⁴ The functionality of WiFi in each school or library is dependent upon construction materials, building age, layout, and a number of building-specific or other fact-specific criteria. Thus, the issue “does not lend itself to a conclusory determination” that WLANs and mobile broadband services are necessarily duplicative.¹⁵

Clarification is needed because the Commission’s statement in the *Second E-rate Reform Order* is ambiguous. On its face, the statement that a funding request for both mobile broadband services and a WLAN solution “*implicates* [the Commission’s] prohibition on requests for duplicative services”¹⁶ does not mean that the prohibition would be violated in every case. Given the evidence presented in the record of the proceeding by T-Mobile and others, and even the language of the Commission’s order itself, the Commission should provide clarity to applicants and USAC that funding requests for both WLAN and mobile broadband services is

¹² *Id.*

¹³ *Second E-rate Reform Order* ¶ 158.

¹⁴ *See* T-Mobile Petition at 9-12; SouthernLINC comments at 6-7

¹⁵ T-Mobile Petition at 9.

¹⁶ *Second E-rate Reform Order* ¶ 158 (emphasis added).

not necessarily duplicative depending on the facts and circumstances applicable to each school or library.

D. The FCC Should Confirm that the New Cost-Effectiveness Showing Requirement Applies Prospectively Only.

CTIA agrees with T-Mobile, Sprint, and SouthernLINC that the Commission must confirm that the new cost-effectiveness showing requirement does not apply to funding requests that were submitted prior to the effective date of the *Second E-rate Reform Order* (i.e., March 6, 2015).¹⁷ CTIA members are reporting that USAC is applying the new rules to funding requests submitted before the order was effective – even in some cases to Funding Year 2014 funding requests. As the T-Mobile Petition demonstrates, the cost-effectiveness showing requirement constitutes a substantive rule that cannot be lawfully applied on a retroactive basis.¹⁸ Moreover, applying the new rule to funding requests that were submitted under a different standard is unfair and unreasonable, and penalizes applicants that selected a mobile broadband solution prior to the new rules going into effect.

¹⁷ T-Mobile Petition at 13-15; Sprint Comments at 2-3; SouthernLINC Comments at 8.

¹⁸ T-Mobile Petition at 14-15.

III. CONCLUSION.

CTIA urges the Commission to reconsider and clarify the *Second E-rate Reform Order* consistent with this Reply.

Respectfully submitted,

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