Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Modernizing the E-Rate Program for Schools and Libraries	)	WC Docket No. 13-184
	)	
	)	
Wireline Competition Bureau Seeks Comment on Proposed Eligible Services List for the E-Rate Program	)	
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To: The Chief, Wireline Competition Bureau

COMMENTS OF T-MOBILE USA, INC.

T-Mobile USA, Inc. ("T-Mobile")[1] submits these comments in response to the Wireline Competition Bureau's ("Bureau's") public notice regarding the proposed E-rate Eligible Services List ("ESL") for funding year 2016.[2] As discussed in more detail below, the language in the ESL implicates a number of the clarifications and reconsiderations that T-Mobile has requested in this docket.[3] This fact in turn underscores the need for quick action on the clarifications and changes that T-Mobile has requested in its petition; at the same time, some of these clarifications are consistent with the Commission's prior pronouncements and can be included in the ESL even as the T-Mobile Petition remains pending. The 2016 ESL should be updated to reflect these

[1] T-Mobile USA, Inc. is a wholly-owned subsidiary of T-Mobile US, Inc., a publicly traded company.

[2] *Wireline Competition Bureau Seeks Comment on Proposed Eligible Services List for the E-rate Program*, WC Docket No. 13-184, Public Notice, DA 15-615 (rel. May 21, 2015) ("Public Notice").

[3] Petition for Reconsideration and Clarification of T-Mobile USA, Inc., WC Docket No. 13-184 (filed March 6, 2015) ("T-Mobile Petition").

necessary and important changes impacting the evaluation and provisioning of broadband services to schools and libraries. Specifically, the ESL should be revised to:

- Provide guidance on the amortization of Wi-Fi costs in mobile broadband cost-effectiveness demonstrations.
- Make clear that applicants have satisfied the cost-effectiveness showing requirement for mobile broadband if they seek and receive no bids for a WLAN solution.
- Clarify that mobile broadband services are not necessarily duplicative of a fixed broadband connection.
- Note that applicants may consider their likelihood of receiving Category Two services in determining whether mobile broadband services are duplicative.

I. THE ESL SHOULD PROVIDE GUIDANCE ON THE AMORTIZATION OF WI-FI COSTS IN MOBILE BROADBAND COST-EFFECTIVENESS DEMONSTRATIONS

As the T-Mobile Petition describes, mobile broadband services and fixed broadband services combined with a wireless local area network ("WLAN") infrastructure have very different cost structures in that applicants choosing mobile broadband have the benefit of consistent monthly costs, while applicants using a fixed broadband solution with a WLAN face significant upfront costs.[4] Whether applicants "should consider the upfront costs of fixed networks entirely in the first-year cost comparison or spread those costs over time inevitably will affect the accuracy and validity of any comparison between fixed and mobile solutions."[5]

The proposed ESL, however, does not even acknowledge the significant discrepancy in cost structure as between the two technologies, let alone provide any guidance to applicants about whether and, if so, how to amortize the upfront costs of fixed networks with WLAN components. As the T-Mobile petition demonstrates, amortizing these upfront costs of Wi-Fi

[4] T-Mobile Petition at 3.

[5] *Id.* at 4.

equipment over varying periods can have a determinative impact on the cost comparison between a fixed solution and a mobile solution.[6] In order to provide a realistic comparison, the ESL also should make clear that applicants must include maintenance and security costs for fixed WLAN solutions in the cost comparison – costs which are already included in the consistent monthly payments for a mobile broadband solution.[7]

In its petition, T-Mobile has also urged the Commission to develop a record to provide guidance to applicants on the appropriate amortization periods for different network components,[8] and to provide a template for applicants to use in formulating cost comparisons (consistent with prior USAC cost-effectiveness templates).[9] Pending the provision of this more detailed guidance, however, it is all the more important that the Commission direct applicants to amortize the costs of Wi-Fi equipment over the reasonable life of the equipment, consistent with existing USAC guidance on cost-effectiveness comparisons. The Bureau should revise the ESL to include this information.

II. THE ESL SHOULD MAKE CLEAR THAT APPLICANTS HAVE SATISFIED THE COST-EFFECTIVENESS SHOWING REQUIREMENT FOR MOBILE BROADBAND IF THEY RECEIVE NO BIDS FOR A WLAN SOLUTION

The ESL should specify that the requirement to "demonstrat[e] that the individual data plans are the most cost-effective option for providing internal broadband access for mobile devices at schools and libraries"[10] can be satisfied by seeking bids on both fixed WLAN

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[6] *Id.* at 5 and Exh. A.

[7] *Id.* at 6-7.

[8] *Id.* at 5-6.

[9] *Id.* at 7 and Exh. B.

[10] Public Notice, Attachment at 4.

solutions and mobile solutions, but where no fixed WLAN bids are received. As T-Mobile has observed, a lack of bids demonstrates a strong likelihood that a WLAN solution is infeasible, and in any event, there is "no justification to require applicants that receive only mobile broadband bids to take additional steps in order to show that the bid is cost-effective."[11]

The Bureau should add a sentence to the material regarding "Wireless services and wireless Internet access" on page 4 of the ESL indicating that an applicant that seeks bids for both (1) a fixed broadband connection and Wi-Fi to serve mobile devices in schools and (2) mobile data plans or air cards, and receives only mobile data plan or air card bids, has satisfied the cost-effectiveness showing requirement. This change is consistent with the Commission's orders and the Bureau can make it even while the T-Mobile Petition remains pending.

III. THE ESL SHOULD CLARIFY THAT MOBILE BROADBAND SERVICES ARE NOT NECESSARILY DUPLICATIVE OF A FIXED BROADBAND CONNECTION

The draft ESL states: "Seeking support for data plans or air cards for mobile devices for use in a school or library with an existing broadband connection and wireless local area network implicates the E-rate program's prohibition on request[s] for duplicative services."[12] As T-Mobile has pointed out, however, "some schools and libraries may be able to deploy a WLAN in parts of their buildings but not others," such that the "inquiry does not lend itself to a conclusory determination, and should be performed *below the individual school [or library] level*."[13] T-Mobile included two specific examples of actual schools that had WLAN solutions in part of

[11] T-Mobile Petition at 8-9.

[12] Public Notice, Attachment at 4.

[13] T-Mobile Petition at 9 (emphasis added).

their facilities, yet the most cost-effective way to serve their remaining facilities was with mobile broadband.[14]

The language in the draft ESL, however, suggests a conclusory determination that schools and libraries may never seek to serve part of their facilities with mobile broadband solutions if another part of their facilities is served with fixed broadband and a WLAN. This conclusion ignores instances where a combination of broadband solutions is the most cost-effective way to meet the school or library's broadband needs, and therefore would be inconsistent with the Commission's conclusion that applicants may select mobile broadband solutions where they are the most cost-effective option.

The ESL should include language clarifying that applicants may "present specific facts and circumstances that explain the need for mobile connections in certain buildings, in parts of buildings, or on the campus as a whole based upon individualized circumstances that demonstrate that a mobile wireless solution is more cost-effective and not duplicative of a fixed broadband connection."[15] As T-Mobile has demonstrated, this type of showing is consistent with the Commission's statement that use of both fixed broadband connections and mobile broadband connections "implicates" – but does not necessarily violate – the proscription on funding for duplicative services. Thus, the Bureau can include this clarification even as the T-Mobile Petition remains pending.

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[14] *Id.* at 9-11

[15] *Id.* at 12.

IV. THE ESL SHOULD MAKE CLEAR THAT APPLICANTS MAY CONSIDER THEIR LIKELIHOOD OF RECEIVING CATEGORY TWO SERVICES IN DETERMINING WHETHER MOBILE BROADBAND SERVICES ARE DUPLICATIVE

Consistent with the Commission's recognition that the "rules allow applicants to consider relevant factors other than cost as part of the cost-effectiveness determination,"[16] the ESL should make clear that applicants selecting mobile broadband as the most cost-effective option to meet their broadband needs may consider, on the same basis as any other non-price term, the likely availability of Category Two funding to deploy a WLAN solution.[17] Consideration of the availability of Category Two funding is consistent with the long-standing principle that the "price of eligible products and services must be the primary factor in the [cost-effectiveness] evaluation, but does not have to be sole factor."[18]

CONCLUSION

T-Mobile urges the Bureau to revise the ESL consistent with these comments.

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[16] *Modernizing the E-rate Program for Schools and Libraries, et al.*, WC Docket Nos. 13-184 *et al.*, Second Report and Order and Order on Reconsideration, 29 FCC Rcd 15538, 15601 ¶ 159 (2014).

[17] T-Mobile Petition at 12-13.

[18] *See, e.g.*, USAC, "Construct an Evaluation," available at http://www.usac.org/sl/applicants/step03/evaluation.aspx.

Respectfully submitted,

T-MOBILE USA, INC.

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