February 21, 2007

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Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Petitions for Declaratory Rulings Concerning Universal Service Contribution Obligations (WC Docket No. 06-122)*

Dear Ms. Dortch:

At the request of Wireline Competition Bureau staff, CTIA–The Wireless Association® ("CTIA") has sought information from its member companies regarding the circumstances under which those companies bill their wireless customers for "toll" charges, and how those charges are reported on the companies' FCC Forms 499.[1] CTIA received answers from five companies,[2] and those answers are reproduced below.

These descriptions represent carriers' *current* practices. Some of these carriers may have followed different practices prior to the release of the Commission's June 2006 *Contribution Order*.[3] As described in CTIA's Petition for Declaratory Ruling and evidenced by the varying practices described below, significant ambiguity persists even following release of the *Contribution Order*.[4] CTIA, therefore, respectfully requests that the Commission clarify how it expects wireless carriers using either the safe harbor, traffic studies, or actual revenues to report "toll revenues" on their universal service revenue reports.

Although contributors' Form 499 revenue reporting is treated as confidential, the responding carriers have consented to CTIA's providing this information as long as specific carrier names are not used. Thus, the carriers are not identified by name below.

[1] The specific question that the staff posed, which CTIA in turn posed to its members, was: "Please explain how you currently bill customers for 'toll service charges' (as described in FCC 06-94, Para. 29). Please also explain how you currently identify and report interstate and international telecommunications revenues from toll service charges on the FCC Forms 499-A and 499-Q (e.g., do you report based on actuals, a traffic study, or the interim safe harbor)."
[2] It is CTIA's understanding that the staff posed a similar question to Cingular Wireless (now AT&T), and that Cingular is responding under separate cover.
[3] *Universal Service Contribution Methodology et al.*, WC Docket No. 06-122 *et al.*, Report and Order and Notice of Proposed Rulemaking, 21 FCC Rcd 7518 (2006).
[4] Petition for Declaratory Ruling of CTIA-The Wireless Association® on Universal Service Contribution Obligations, WC Docket No. 06-122 (filed Aug. 1, 2006).

Carrier A:

In our current offerings of wireless service plans, domestic long distance service is generally included in the monthly recurring rate charge. The exceptions to this are Lifeline service plans and a small number of state-specific rate plans. Thus, the majority of the toll we separately charge our customers is on older legacy service plans and international toll. On these legacy service plans and on Lifeline plans, our toll charges are only on calls outside a customer's "home service area" (which in most cases is significantly larger than the corresponding LEC exchange).

Quarterly, we perform a traffic study to determine the percentage of total minutes of use that are interstate and international in nature. We do not do a separate traffic study of toll minutes. Consistent with prior Commission Orders, we use the interstate and international percentages from the traffic study to determine the percentage of *all* our end user revenues that are attributable to the interstate and international jurisdictions (except for USF pass-through charges), including toll revenues.

Carrier B:

We bill toll charges (as they may be equated to traditional long distance charges) where the call is made outside of our network and outside of the subscriber's local calling area under the customer's plan. When calls either originate or terminate to the subscriber when they are outside the local calling scope of their rate plans, we also bill a roaming charge as a separate line item.

Our billing systems currently do not accurately segregate toll traffic between the interstate and intrastate jurisdictions. It has been our practice to use the safe harbor percentage as a "good faith estimate" to identify interstate/international traffic -- and hence we apply the safe harbor to line 414 where toll revenues are reported.

As to roaming charges, to the extent they are considered "toll charges" we report those revenues on line 311 and apply the safe harbor.

In summary, depending on the subscriber's rate plan and the nature of the call, we bill for both traditional long distance and roaming services and apply the safe harbor percentage to both streams of revenues to determine the interstate/international component for 499 reporting purposes.

Carrier C:

Customers are separately billed interstate and international toll service charges for calls beyond a plan's defined calling area and which are interstate or international. Carrier C captures such billed revenue data and records such revenue data as 100% interstate and international on the FCC Form 499.

Carrier D:

We treat as toll separately itemized service charges for calls beyond a plan's calling area. We apply our traffic study percentage to these toll service revenues to determine the percentage of our toll traffic that is interstate/international for revenue reporting purposes.

Carrier E:

Our customers who are served by certain pricing plans may be billed separately for both domestic and international long distance service. We book separate revenue accounts for international long distance and for domestic long distance. Any minutes included in a service bundle are not considered to be “toll minutes” or to contribute towards “toll revenue.” Overage minutes from a service bundle are not considered to be toll minutes or to contribute to toll revenue. To allocate toll service charge revenues to the interstate and international jurisdiction for the Form 499 filings, we: (1) include all international revenues as USF assessable and, (2) determine the assessable portion of the domestic long distance revenues by capturing all domestic long distance minutes and developing a ratio of total interstate domestic long distance minutes (those long distance calls that begin and end in different states) to the total domestic long distance minutes. We charge customers the same rate for intrastate and interstate long distance minutes of use.

CTIA trusts that this information is responsive to the Bureau’s inquiry and facilitates the expeditious and favorable resolution of CTIA’s pending Petition for Declaratory Ruling to clarify the requirements for wireless carriers to report their toll revenues. Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS with your office. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

/s/ Paul W. Garnett

Paul W. Garnett

cc (email): Thomas Navin
Jeremy Marcus
Erika Olsen
Greg Guice