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26 January 2009

FILED/ACCEPTED

JAN 3 0 2009

Federal Communications Commission
Office of the Secretary

Ms. Dana Shaffer
Bureau Chief
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; *Request of General Communication, Inc. for a Declaratory Ruling to Remove Uncertainly Regarding the Application of Part 54.307 of the Commission's Rules*

Dear Ms. Dortch:

Pursuant to parts 0.91, 0.291, and 1.2 of the Commission's rules,[1] General Communication, Inc. ("GCI") seeks a declaratory ruling from the Wireline Competition Bureau confirming that GCI is correctly reporting (i) its prepaid wireless lines and (ii) its wireless business lines for customers that have multiple billing addresses.[2] These lines are reported on Form 525, and directly affect the calculation of universal service support for these lines under part 54.307 of the Commission's rules.[3]

I. High-Cost Line Reporting for Wireless ETCs

Part 54.307 prescribes how competitive eligible telecommunications carriers ("CETCs") report lines eligible for universal service support. A CETC receives per-line high-cost support derived from the incumbent local exchange carrier's ("ILEC") support per-line

[1] 47 C.F.R. §§ 0.91, 0.291, and 1.2.

[2] In the event that the Bureau or Commission were to conclude that this declaratory ruling cannot be granted on delegated authority, GCI requests that the Commission issue such a ruling.

[3] 47 C.F.R. § 54.307.

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served in a particular area, adjusted by the CETC high-cost support cap.[4] For wireline and fixed wireless service, it is relatively simple to determine the point of service and, thus, whether the line is located in a high-cost area and eligible for high-cost support. In fact, the Commission noted in its 2001 *Rural Task Force Order* that wireline and fixed wireless carriers "out of necessity" already maintain "provisioning database[s] to determine the point of service for their customers," and that CETCs can use those databases to determine whether a customer's line is located in a high-cost area.[5]

Mobile wireless carriers, by contrast, "do not need such a database because a customer's point of use varies."[6] As a result, determining whether a mobile wireless line is eligible for high-cost support can be more difficult. The Commission acknowledged that while only some mobile wireless carriers "have databases that are similar to provisioning databases, *most* will have billing address databases."[7] The Commission concluded that the "adoption of customer's billing address as a surrogate for service location eliminates the need for many mobile wireless carriers to create a new database for purposes of universal service funding" and, thus, provides "the most administratively simple solution."[8] Accordingly, the Commission promulgated a rule requiring that CETCs "providing mobile wireless service in an incumbent LEC's service area shall use the *customer's billing address* for purposes of identifying the service location of a mobile wireless customer in a service area."[9]

The Commission declined to use the "residential or primary business location" or the "place of primary use" definition from the Mobile Telecommunications Sourcing Act ("MTSA")[10] as surrogates for customer location, reasoning that "not all mobile wireless carriers have databases capable of making such a determination," and thus doing so "would unnecessarily increase the administrative burden on mobile wireless carriers."[11]

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4 *See* 47 C.F.R. § 54.307(a); *High-Cost Universal Support; Federal-State Joint Board on Universal Service*, Order, 23 FCC Rcd. 8834 ¶ 1 (2008).

5 *Federal-State Joint Board on Universal Service; Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, Fourteen Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-45, 16 FCC Rcd. 11244, 11314-15 ¶ 181 (2001) ("*Rural Task Force Order*").

6 *Id.*

7 *Id.* (emphasis added).

8 *Id.*

9 47 C.F.R. § 54.307(b) (emphasis added).

10 Mobile Telecommunications Sourcing Act, Pub. L. No. 106-252, § 124(8), 114 Stat. 626, 632 (2000).

11 *Rural Task Force Order* 16 FCC Rcd. 11315 ¶ 182.

In its 2005 ETC Report and Order, the Commission again considered whether to adopt the "place of primary use" definition from the MTSA, but ultimately remained unconvinced that "there is a significant difference between our current definition, which relies on a customer's billing address, and the MTSA definition, which relies on the customer's residential street address or primary business street address," concluding that "[i]n a large percentage of cases, the two will be the same."[12]

II. The Rule as Applied to Certain GCI Customers

While the Commission's rule may be applied straightforwardly to the majority of wireless customers and lines, there are some instances in which a customer's billing address is not easily ascertained or ascertainable, and in any event is not an appropriate surrogate for the point of service. For wireless prepaid customers, for example, carriers do not typically have a "billing address" because they send no bill. Moreover, many business customers – such as large corporations that operate statewide or nationwide – subscribe to wireless services for employees at one location, where employees receive service invoices, but for reasons of administrative expediency and efficiency also receive payment invoices at and actually pay the wireless bill from a separate centralized or third-party location. In these instances, for the purposes of high-cost line reporting, the term "billing address" in the Commission's rule is best interpreted in a manner that most closely correlates to the point of service, and, thus the use of high-cost infrastructure.

A. Prepaid Mobile Wireless Customers

GCI and its subsidiaries Alaska DigiTel Wireless Communications, LLC ("Alaska DigiTel") and Alaska Wireless Communications, LLC ("Alaska Wireless") (collectively, "GCI's wireless subsidiaries") provide or, in the case of GCI, will provide prepaid wireless services in high-cost areas of Alaska.[13] Many of these areas are destinations for seasonal workers that travel to Alaska, or from urban Alaska to rural communities, for the summer months and purchase prepaid phone service for use during that time. This is similar to what occurs with wireline customers that have lines to second homes, which are clearly reportable in the areas where those lines are located. In this case, however, because these customers prepay for services, they receive no bill and, thus, have no traditional "billing address" that would be used in the ordinary course of business by GCI's wireless subsidiaries. Upon service initiation, GCI's wireless subsidiaries ask for a local address, which may be a local factory where the customer works or comes into port, and then use that address as the "billing address" for universal support reporting. Where

[12] *Federal-State Joint Board on Universal Service*, Report and Order, 20 FCC Rcd. 6371, 6403 ¶ 82 (2005).

[13] Alaska Wireless prepaid phones operate only on the Alaska Wireless network, which serves high-cost areas exclusively. Alaska DigiTel's network serves many high-cost areas, and most of Alaska DigiTel's prepaid service offerings do not permit off-network roaming.

a customer fails to provide a local address, GCI's wireless subsidiaries use the address of the point of sale as the "billing address" for universal support purposes.

The Commission has previously recognized the unique situation that prepaid lines present and has specifically left open the question of how to report supported prepaid wireless lines. In the *Rural Task Force Order*, the Commission explicitly stated that "we do not resolve the issue of how to assign prepaid mobile wireless customers when the carrier does not have customer billing address information," and further that "[w]e will review this issue on a case-by-case basis."[14] GCI now asks the Bureau to remove any uncertainty with regard to the procedures of its wireless subsidiaries and, in this context, to confirm that GCI may use a temporary local address or point of sale address as the "billing address" to identify prepaid wireless lines that are eligible for high-cost support.[15]

The local address or point of sale address are much better surrogates for the place where service will actually be used – and where the infrastructure needs support – than any other address (such as the customer's mailing address during the rest of the year), which may be in a different city or different state altogether and, thus, would bear no relation to where high-cost infrastructure is needed. These rural wireless networks – like wireline networks in areas with seasonal usage – must be engineered for the peak period use. Denying support for prepaid lines that actually serve these regions would impair the underlying wireless networks that are built and operated specifically for high-cost areas, and thus would undermine the goals of the high-cost fund. Moreover, there is simply no administratively practical alternative to using the local address or point of sale address, as GCI's wireless subsidiaries have no business-related reason to know or maintain a database with alternate addresses.[16]

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14 *Rural Task Force Order* 16 FCC Rcd. 11316 ¶ 184 n. 438.

15 The Commission has declined to designate prepaid calling plans as a core service required for ETC designation, *see Federal-State Joint Board on Universal Service*, Order and Order on Reconsideration, 18 FCC Rcd. 15090, 15093 ¶ 7 (2003), but has never ruled that prepaid plans are not a permissible mode of providing the supported services. Indeed, the Commission has granted ETC status to carriers that will only provide supported service through prepaid, rather than post-paid arrangements. *See Federal-State Joint Board on Universal Service; Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i)*, Order, 20 FCC Rcd. 15095 (2005).

16 GCI sought guidance from the Universal Service Administrative Company directly, but was told that no such guidance was available at this time.

B. Business Wireless Customers With Multiple Locations

GCI's wireless subsidiaries also provide wireless services to business customers. In some cases, particularly for larger enterprises, businesses have multiple addresses: one or more for the locations where the customer uses the service and receives its service invoice detailing charges and call data, and the other a centralized (or even third-party) location from where the customer processes and remits payment. In these instances, the address at which the end user receives a service invoice that details service usage and charges is more closely correlated to where the end user is actually located and using the service than is the location to which the payment invoice is directed. For example, a national company may process its accounts payable from a central location in the lower 48 for all of its Alaska employees for whom it purchases wireless service. Similarly, an Alaska company might have a single payment processing center in Anchorage (or Fairbanks), but have employees working at its business locations throughout the state.

GCI's wireless subsidiaries report high-cost mobile wireless lines using the address to which the service invoice record is sent, which correlates to the point of service, rather than the second address, which simply reflects customer payment processes, headquarter locations, or payment outsourcing arrangements. Given that the purpose of high-cost fund is to support and maintain networks in remote areas, it only makes sense to use as the billing address the location that most closely correlates to where the networks will be used, and not a centralized location that has no relationship to the provision of service. Using the service location does not add any administrative burden for GCI's wireless subsidiaries, as they already send service invoices detailing usage and charges and details to, and maintain a database of, the service locations.

Moreover, using the centralized payment location as the "billing address" could create opportunities for abuse. If wireless ETCs report lines based on a centralized billing location, they would receive more support for lines processed in Fairbanks (receiving higher support per line), for instance, rather than in Anchorage, regardless of where the end user is located in the state. Interpreting "billing address" to mean the address where the end user receives their service invoice rather than the centralized processing location would prevent this type of situation from arising, and would adhere more faithfully to the purpose and goals of the universal support high-cost program.

* * *

Accordingly, and for the foregoing reasons, General Communication, Inc. respectfully requests that the Wireline Competition Bureau issue a declaratory ruling removing uncertainty over the application of rule Part 54.307 to its prepaid wireless customers and its business customers that have separate payment and services addresses. Specifically, GCI seeks a ruling that its wireless subsidiaries are correctly reporting prepaid wireless lines based on a local address or point of sale address and are correctly reporting wireless business lines based on the address to which a service invoice is sent rather than a separate or third-party address from where payments are processed.

Sincerely yours,

John T. Nakahata
Christopher P. Nierman
Counsel to General Communication, Inc.

cc: Julie Veach, Deputy Bureau Chief
Jennifer McKee, Acting Chief of the Telecommunications Access Policy Division