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Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

RE: ***High-Cost Universal Service Support; Request of General Communication, Inc. for a Declaratory Ruling to Remove Uncertainty Regarding the Application of Part 54.307 of the Commission's Rules*, WC Docket No. 05-337**

Dear Ms. Dortch:

By this letter, AT&T Inc. (AT&T), on behalf of its wholly-owned subsidiaries, hereby requests that the Commission deem reasonable a third methodology to report prepaid wireless customers in addition to the two proposed by General Communication, Inc. (GCI) in its request for declaratory ruling[1] and informs the Commission that, beginning with its line count filings due at the end of this month, AT&T's mobile wireless competitive eligible telecommunications carriers (CETCs) will apply this third methodology to report their prepaid wireless customers. Mary Henze, Mike Tan, and I (all of AT&T) explained the benefits of this methodology in a meeting yesterday with Vickie Robinson, Ted Burmeister, and Nick Degani of the Telecommunications Access Policy Division.

In its request, GCI explained that, to date, the Commission has declined to provide guidance as to how mobile wireless CETCs should report their prepaid wireless customers for purposes of populating FCC Form 525 line count filings, which are used by the Universal Service Administrative Company to determine how much federal high-cost support CETCs will receive.[2] In its *Rural Task Force Order*, the Commission directed mobile wireless providers to use their customers' billing addresses for purposes of identifying and reporting the service location of mobile wireless customers in a service area.[3] In this same order, however, the

[1] Request of General Communication, Inc. for a Declaratory Ruling to Remove Uncertainty Regarding the Application of Part 54.307 of the Commission's Rules, CC Docket No. 96-45 (filed Jan. 26, 2009) (GCI Request).

[2] *See, e.g.*, GCI Request at 4.

[3] *Rural Task Force Order*, 16 FCC Rcd 11244, ¶ 180 (2001); 47 C.F.R. § 54.307(b).

Commission 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 that it would, instead, "review this issue on a case-by-case basis."[4] GCI proposed two methodologies to report these customers in its line count filings: using the customer's "local address," if one is provided, or the point of sale address (i.e., the address of the retail location where the customer purchased the prepaid wireless handset). AT&T filed comments supporting GCI's proposals as eminently reasonable methodologies to report this type of customer.[5] In these comments, AT&T noted that there may be other reasonable surrogates than the two proposed by GCI.[6] AT&T has since identified such an alternative: report prepaid wireless customers based on the location of the cell site most frequently used by the customer during the relevant quarter.

For infrastructure management reasons, an organization within AT&T Mobility maintains data on cell sites most frequently used by its customers and it has the capability to identify which single cell site each prepaid wireless customer used most frequently over a three-month period. AT&T will begin applying this methodology to report its prepaid wireless customers in its FCC Form 525 filings due on September 30. Specifically, approximately one month after the end of the relevant quarter, company personnel will extract from the company's systems cell site usage data for all of its prepaid wireless customers during that entire quarter and will determine, on a customer-specific basis, which cell site each prepaid wireless customer used most frequently during that quarter (i.e., 90-day period).[7] If the most frequently used cell site for a particular prepaid wireless customer is in a wire center where one of AT&T's mobile wireless subsidiaries is a CETC, then that subsidiary will include that customer in its FCC Form 525 filing in the wire center/disaggregation zone where the most frequently utilized cell site is located.

Previously, AT&T's mobile wireless subsidiaries had relied on address information obtained during the handset activation process. As part of that process, customers were asked to provide both their names and addresses. AT&T Mobility's subsidiaries retained this information and relied on it to populate their line count filings. Beginning with the September 30, 2009 FCC Form 525 filing, AT&T's mobile wireless subsidiaries will no longer use this information and, instead, will rely on their customers' cell site usage. AT&T is making this change in response to internal concerns about the continued validity of the address information that its subsidiaries have on file for these customers. The only time AT&T requests the customer's name and address is when the prepaid wireless customer activates his or her handset and, due to the inherent nature of the prepaid product, this information cannot be updated or validated. Thus, for example, the information AT&T's subsidiaries have on file may never be updated to account for

[4] *Rural Task Force Order* at n.438.

[5] *See* AT&T Comments at 2, WC Docket No. 05-337 (filed April 20, 2009) (AT&T Comments).

[6] *Id.*

[7] Since the decision to apply the cell site usage methodology was a fairly recent one and since the September filings include data from both the first and second quarters of 2009, company personnel reviewed and analyzed the data for these quarters more than one month after the end of those quarters.

the customer moving from a high-cost area to a low-cost area that may be outside of the AT&T subsidiary's designated service area (or vice versa).

AT&T's most frequently used cell site methodology applies an objective standard, not subject to manipulation, to determine whether a prepaid wireless customer should be included in a line count filing. For example, if a prepaid wireless customer used a cell site located in a wire center that is outside of a high-cost area 51 percent of the time during the 90-day period and used a cell site located inside a high-cost wire center 49 percent of the time, AT&T's subsidiaries would not include that customer in their FCC Form 525 filings for that quarter. In addition, if the prepaid wireless customer does not use his or her phone during the relevant quarter, AT&T's subsidiaries would exclude that customer from their line count filings (even though that customer may still have unused minutes available). AT&T's methodology also has the benefit of being easily auditable: auditors simply need to confirm that AT&T's subsidiaries accurately identified a prepaid wireless customer's most frequently used cell site when associating that customer with a particular high-cost wire center. Commission staff asked whether AT&T's cell site methodology would result in an increase to its subsidiaries' high-cost disbursements relative to other CETCs providing service in the same state. Based on the company initial estimates, any increase in AT&T Mobility's support next year would be *de minimis* (i.e., certainly under 1 percent and likely far beneath that amount).[8]

There are sound policy reasons for the Commission to find that cell site usage is a reasonable surrogate to identify a prepaid mobile wireless customer's location for line count filing purposes. For example, since AT&T's CETCs will always be relying on the most frequently used cell site for each prepaid wireless customer, any high-cost support that its subsidiaries receive that is associated with these customers will be more closely tied to the location where the supported service is being used.[9] AT&T's methodology also enables it to update customer location information on a quarterly basis. Under the previous methodology, AT&T's subsidiaries relied on information that the customer may have provided years earlier. Indeed, based on initial estimates, AT&T personnel believe that approximately 6 percent of its prepaid wireless customers are using their handsets most frequently at cell sites that are 200 miles or more from the address that our subsidiaries have on file for those customers.[10]

AT&T recognizes that other CETCs may not have the systems – or resources – in place that would allow them to perform this labor intensive, per customer cell site usage analysis. For this reason, AT&T is not suggesting that the Commission find that AT&T's cell site methodology is the only reasonable surrogate for CETCs to use in identifying the location of

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[8] The company also anticipates a *de minimis* reduction in support in the 4th quarter of this year as a result of this methodology that is associated with a one-time timing issue involving Interstate Access Support (IAS) payments versus high-cost payments associated with providing service in rural ILEC study areas.

[9] *See also* GCI Request at 4.

[10] On the other hand, these initial estimates also indicate that almost 70 percent of AT&T's prepaid wireless customers' most frequently used cell site is within 10 miles of the address that the company has on file for those customers. Nonetheless, for the reasons noted above, the company has greater confidence in the accuracy of its cell site methodology than the name and address information that it had requested, perhaps many years ago, from its prepaid wireless customers.

their prepaid wireless customers. Rather, AT&T respectfully requests that the Commission find that AT&T's methodology is a reasonable alternative to the two methodologies proposed by GCI in its request, which AT&T also believes the Commission should deem reasonable. Please do not hesitate to contact me with any questions.

Sincerely,

Cathy Carpino

Cathy Carpino

cc: Jennifer McKee, FCC
Vickie Robinson, FCC
Ted Burmeister, FCC
Nick Degani, FCC
Karen Majcher, USAC