

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Cricket Communication, Inc.)
) Docket No. 10-_____
Application for Designation as an Eligible)
Telecommunications Carrier)

APPLICATION OF CRICKET COMMUNICATIONS, INC.
FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER

Cricket Communications, Inc. (“Cricket”) respectfully submits to the Illinois Commerce Commission (the “Commission”) this Application for Designation as an Eligible Telecommunications Carrier (“ETC”) for purposes of receiving Universal Services Support pursuant to Section 214(e)(2) of the Telecommunications Act of 1996 (“1996 Act”), 47 U.S.C. § 214(e)(2), and Section 54.201 of the Rules of the Federal Communications Commission (“FCC”), 47 C.F.R. § 54.201. Cricket seeks ETC designation (1) to receive support from the federal Universal Service Fund (“FUSF”) and to offer “Lifeline” and “Link-Up” support only to its qualifying customers; and (2) for waiver of certain provisions of Part 736.110 of the Commission’s rules. 83 Ill. Adm. Code § 736.110. Additionally, Cricket respectfully requests that the Commission grant this Application expeditiously, so that low-income customers in Illinois can benefit from the variety of high-quality calling plans provided by Cricket without any unnecessary delay.

I. BACKGROUND

Cricket. Cricket provides digital wireless services on a common carrier basis, offering customers unlimited calling at flat rates without requiring a fixed-term contract or a credit check. Directly and through its affiliates, Cricket currently serves approximately 4.6 million customers in 34 states, and the District of Columbia. Cricket is a Delaware corporation authorized to do

business in Illinois, and throughout the requested ETC area, pursuant to a Commercial Mobile Radio Service (“CMRS”) license granted by the Federal Communications Commission (“FCC”). On March 12, 2008, the Commission granted Cricket the certification required to provide commercial mobile radio service throughout the State of Illinois. *See* Order, Docket No. 08-0129 (Mar. 12, 2008).

Designation of Eligible Telecommunications Carriers. Sections 214(e) and 254 of the 1996 Act expressly authorize the Commission to designate Cricket as an ETC. 47 U.S.C. §§ 214(e), 254. More specifically, Section 214(e)(2) of the 1996 Act provides that, upon request and consistent with the public interest, convenience, and necessity, the Commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an ETC, provided the requesting carrier: (i) offers services that are supported by federal universal service support mechanisms; and (ii) advertises the availability of such services. 47 U.S.C. § 214(e)(1). In its *First Report and Order* implementing Sections 214(e) and 254, the FCC set forth the services a carrier must provide in order to be designated as an ETC and, thus, receive FUSF. *Federal State Joint Bd. on Universal Srv., Report and Order*, 12 FCC Rcd 8776, 8809-25 (1997). The FCC’s rules, as well as Part 757 of the Commission’s rules, impose additional requirements on a common carrier seeking designation as an ETC. 83 Ill. Adm. Code § 757. As demonstrated below, Cricket satisfies each of these requirements.

Cricket also notes that it has received approval from the State of South Carolina to be an ETC, and is in the process of seeking ETC status in 15 other states.

Scope of Cricket Designation Request. Section 214(e)(2) of the 1996 Act provides that ETC designations shall be made for a “service area” designated by the state commission. Cricket

seeks ETC designation for the purpose of receiving available low-income support from the FUSF in exchanges consisting of the non-rural wire centers of AT&T Illinois (“AT&T”). Exhibit A contains maps showing Cricket’s current coverage area in Illinois, and Exhibit B contains lists of the wire centers within those coverage areas. In areas served by a non-rural company, such as AT&T, the state commission may establish an ETC service area for a competitor without federal concurrence. 47 U.S.C. § 214(e)(5). Section 54.207 of the FCC’s rules define a “service area” as a “geographic area established by a state commission for the purpose of determining universal service obligations and support mechanisms.” 47 C.F.R. § 54.207(a). For service areas served by non-rural ILECs, there are no restrictions on how a commission defines the “service area” for purposes of designating a competitive ETC. Because Cricket seeks to provide service in only non-rural service areas and because Cricket seeks ETC designation solely to enable it to provide low-cost support, Cricket seeks this limited ETC designation for the service area previously defined. For the reasons set forth below, designating Cricket as an ETC throughout the requested service areas would serve the public interest, convenience and necessity.

II. CRICKET SATISFIES THE STATUTORY AND REGULATORY PREREQUISITES FOR DESIGNATION AS AN ETC IN ILLINOIS

Cricket satisfies each of the statutory and regulatory prerequisites set forth in the Act, the FCC’s rules. Because Cricket is not seeking high-cost support and because it seeks ETC designation solely for purposes of reimbursement for provision of subsidized Lifeline and Link-Up services to eligible customers, submission of a Five-Year Network Improvement is not required.

A. Cricket Offers the Services and Functionalities Supported by the Federal Low-Income Universal Service Program [47 C.F.R. § 54.201(d)]

Cricket provides each of the services supported by FUSF mechanisms, as set forth in 47 C.F.R. § 54.101, and will offer these supported services throughout the area in which it is

designated as an ETC. Cricket will provide these supported services using its own facilities or a combination of its own facilities and the resale of another carrier's service. Cricket primarily will use its own network infrastructure, which includes the same antennae, cell-sites, towers, trunking, mobile switching and interconnection facilities used to serve its existing customers.

These supported services include:

Voice Grade Access [47 C.F.R. § 54.101(a)(1)]. “Voice grade access” permits a telecommunications user to transmit voice communications, including signaling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal that there is an incoming call. Through its interconnection agreements with local exchange carriers (“LECs”) in Illinois, Cricket’s customers will be able to make and receive calls on the public switched telephone network with a minimum bandwidth of 300 to 3000 Hertz. Cricket commits to responding to reasonable requests for service by providing service to a customer who has a billing address in the service area at the customer’s billing address or at a different address specified by the customer that represents the customer’s home or work location.

Local Usage [47 C.F.R. § 54.101(a)(2)]. “Local usage” is an amount of minutes of use of exchange service provided without an additional charge to end users. The FCC has specified that a local usage plan is acceptable if it is “comparable to the one offered by the incumbent LEC in the service areas for which the applicant seeks designation.” *See Federal-State Joint Bd. on Universal Srv.*, Report and Order, 20 FCC Rcd 6371, at ¶ 32 (2005). This comparability analysis must proceed on a case-by-case basis, and take account of value-added capabilities and services incorporated into a plan. *Id.* Cricket’s current local usage plans, summarized in Exhibit C, are comparable in value to those offered by ILECs operating in the requested ETC service area. Cricket’s plans offer consumers numerous benefits, including larger

“local” calling areas, the availability of mobile service, and unlimited local and long-distance calling options and nationwide coverage. The premium services include call waiting, three-way calling, and voicemail, among other services.

Dual Tone Multi-Frequency Signaling or its Functional Equivalent [47 C.F.R. § 54.101(a)(3)]. Dual tone multi-frequency (“DTMF”) signaling is a method of signaling that facilitates the transportation of call set-up and call detail information. The FCC has recognized that, with respect to wireless carriers, it “is appropriate to support out-of-band signaling mechanisms as an alternative to DTMF signaling.” *Federal-State Joint Bd. On Universal Srv.*, Report and Order, 12 FCC Rcd 8776, at ¶ 71 (1997). Cricket currently uses out-of-band digital signaling and in-band multi-frequency signaling that is the functional equivalent to DTMF signaling.

Single-Party Service or its Functional Equivalent [47 C.F.R. § 54.101(a)(4)]. With respect to wireless carriers, “single-party service” affords a user a dedicated message path for the length of a user’s particular transmission. Cricket meets this requirement with respect to each of its service offerings.

Access to Emergency Services [47 C.F.R. § 54.101(a)(5)]. “Access to emergency service” includes access to services, such as 911 and enhanced 911 (“E-911”), provided by local governments or other public safety organizations. Cricket currently provides its voice customers in Illinois with such access, is capable of delivering automatic numbering information (“ANI”) and automatic location information (“ALI”) over its existing network, and otherwise satisfies applicable state and federal E-911 requirements. Further, Cricket pays all applicable E-911 fees in a timely manner. Cricket will continue to work with local public safety

answering points (“PSAPs”) within its ETC service areas to make 911 and E-911 service available to its customers.

Access to Operator Services [47 C.F.R. § 54.101(a)(6)]. “Access to operator services” means access to automatic or live assistance provided to a customer to arrange for the billing or completion, or both, of a telephone call. Cricket meets this requirement by providing access to operator services with respect to billing questions to customers dialing “611,” and access to operator services with respect to call completion to customers dialing “411.”

Access to Interexchange Service [47 C.F.R. § 54.101(a)(7)]. With respect to wireless carriers, “access to interexchange service” means access to the functional equivalent of the use of the loop, as well as that portion of the switch that is paid for by the end user, necessary to access an interexchange carrier’s network. Cricket meets this requirement by providing all of its subscribers with the ability to make and receive interexchange or toll calls through Cricket’s network.

Directory Assistance [47 C.F.R. § 54.101(a)(8)]. “Access to directory assistance” means access to a service that includes, but is not limited to, making available to customers, upon request, information contained in directory listings. Cricket meets this requirement by providing access to directory assistance to customers dialing “411.”

Toll Limitation [47 C.F.R. § 54.101(a)(9)]. “Toll limitation” includes the offering of either “toll control” or “toll blocking” to qualifying low-income customers, as a means of limiting or blocking the completion of outgoing toll calls. An ETC is not required to provide either service if it is incapable of providing such service. Cricket’s calling plans do not distinguish between local and toll calls at the point of dialing, such that Cricket cannot offer toll limitation without blocking all service to a customer. However, if for any reason Cricket

changes the structure of its service plans to distinguish between local and toll calls, it will meet the toll limitation requirement by providing toll blocking.

B. Cricket Will Advertise the Availability of and Charges for its Universal Service Qualifying Offerings [47 C.F.R. § 54.201(d)(2)]

Cricket will advertise the availability of the supported services detailed above, and the corresponding rates and charges, in a manner designed to inform the general public within its designated ETC service areas. This advertising will occur through some combination of media channels, such as television and radio, newspaper, magazine and other print advertisements, outdoor advertising, direct marketing, and the Internet. Specifically, Cricket will advertise the availability of Lifeline and Link-Up benefits throughout its service area by including mention of such benefits in advertising and continued outreach efforts to members of the community likely to qualify for Lifeline and Link-Up benefits. Cricket's advertising will comply with the requirements of Part 757 of the Commission's rules. 83 Ill. Adm. Code § 757.

C. Cricket Will Satisfy its Additional Obligations as an ETC

In addition to those requirements set forth in Section 54.201 of the FCC's rules, Cricket will satisfy other ETC requirements adopted by this Commission and the FCC. In particular:

Commitment to Provide Service Upon Reasonable Request [47 C.F.R.

§ 54.202(a)(1)]. If a request is made by a potential customer within Cricket's existing network coverage, it will provide service immediately using its standard customer equipment (handsets/wireless devices). If a potential customer requests service within Cricket's designated ETC service area, but outside its existing network coverage, it will follow the six-step process specified in 47 C.F.R. § 54.202(a)(1)(i). Specifically, Cricket will determine if service can be provided at reasonable cost by: (i) modifying or replacing the requesting customer's equipment; (ii) deploying a roof-mounted antenna or other equipment; (iii) adjusting the nearest cell tower;

(iv) adjusting network or customer facilities; (v) reselling services from another carrier's facilities to provide service; or (vi) employing, leasing or constructing an additional cell site, cell extender, repeater, or other similar equipment. Because Cricket seeks only low-income support, as opposed to high-cost funding to support the construction of network facilities, it is not submitting a network improvement plan under 47 C.F.R. § 54.202(a)(1)(ii).¹

Ability to Remain Functional in an Emergency [47 C.F.R. § 54.202(a)(2)].

Cricket is committed to providing and maintaining essential telecommunications services in times of emergency. In particular, Cricket maintains a reasonable amount of back-up power to ensure the functionality of its service without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations. More specifically, all mobile switching centers and cell sites have battery backup power, each switching center has a dedicated diesel generator, and there are several cell site generators in the market area. In instances of power outages, priority is set based upon traffic, cell site location and time of day. In certain parts of the service area, a cell on wheels ("COW") can be deployed. In case of a total switch outage, a mobile command center may be established by each switch vendor.

Satisfaction of Applicable Consumer Protection and Service Quality Standards

[47 C.F.R. § 54.202(a)(3)]. Cricket will comply with all applicable state and federal consumer protection and service quality standards. Further, Cricket will abide by CTIA's Consumer Code for Wireless Service ("CTIA Code"). Cricket has already adopted the CTIA Code and is committed to compliance with the CTIA Code throughout its service areas, including in those areas where it is seeking designation as an ETC.

¹ The FCC has made clear that this requirement applies only to carriers receiving high-cost support. *See 2005 ETC Order* at ¶ 23.

Cricket remains committed to Illinois' consumer protection and service quality in Parts 730, 731, 732 and 735 of the Commission's rule as agreed to in its certification docket (Docket No. 08-0129). In addition, Cricket hereby agrees that in the provision of wireless service, it will comply with the applicable provisions of Part 736 of the Commission's rules, or as order by the Commission. In addition, Cricket will use its best efforts to resolve complaints received by the Commission, and designates the following contact person to work with Commission Staff to resolve any complaints or other compliance matters:

Leticia Grajiola
Corporate Relations Supervisor
Cricket Communications, Inc.
6380 South Fiddlers Green Circle
Greenwood Village, CO 80111
(720) 374-2855 (telephone)
(720) 374-9125 (facsimile)
governmentinquiry@cricketcommunications.com

Local Usage Plan [47 C.F.R. § 54.202(a)(4)]. As discussed above and in Exhibit C, Cricket offers several local usage plans to customers. These plans, which will be available to low-income customers, are comparable to those offered by ILECs in the service areas for which Cricket seeks ETC designation. Cricket will offer a \$10.00 Lifeline discount. Of this amount, \$8.25 will be reimbursed from USAC and Cricket will absorb the remaining \$1.75.

Equal Access [47 C.F.R. § 54.202(a)(5)]. Cricket acknowledges that the FCC may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area.

Lifeline Certification and Verification [47 C.F.R. § 54.410]. Cricket will certify and verify consumer eligibility to participate in the Lifeline and Link-Up programs in accordance with the rules of this Commission and the FCC.

Regulatory Fees. Cricket pays all applicable federal, state, and local regulatory fees, including but not limited to universal service and E-911 fees, in a timely manner.

III. DESIGNATING CRICKET AS A COMPETITIVE ETC WILL SERVE THE PUBLIC INTEREST

Designating Cricket as an ETC will serve the public interest generally, and the needs of low-income customers in Illinois in particular. Cricket has specifically tailored its wireless service plans to share the benefits of wireless telecommunications with underserved customers who have been left behind by other providers. Cricket offers unlimited voice service at affordable rates starting as low as \$30 per month and unlimited broadband starting at \$35 per month, without the typical strings attached (such as credit checks, long-term commitments, and early termination fees) that otherwise prevent many economically disadvantaged customers from obtaining wireless services. With this foundation of simplicity and affordability as its business model, Cricket and its joint venture partners have built a network covering almost 92 million individuals in 34 states and the District of Columbia, and are steadily expanding into new communities where the telecommunications needs of consumers are not being met by existing providers.

Cricket fulfills a critical role in the marketplace by ensuring that many Americans who cannot qualify for, or afford, the services provided by other wireless providers can still enjoy the benefits of wireless telecommunications, including wireless broadband. Cricket's flat-rate, unlimited service model is ideal for many consumers on a limited budget; other carriers often impose hefty overage charges if consumers exceed their usage limit. Many consumers cannot even qualify for service from other providers because of creditworthiness concerns or the inability to commit to a long-term contract.

As a result, Cricket's customer base of approximately 4.6 million customers is quite unlike those of other wireless providers. Notably, approximately 80% of these customers have annual household incomes of less than \$50,000 and 55% have annual household incomes of less than \$30,000. In contrast, just 48% of other wireless carriers' customers have annual household incomes of less than \$50,000. The usage patterns of these customers also are distinct. 90% of Cricket's subscribers use the service for their primary phone (compared to an industry average of 50%), and 68% do not have a traditional landline phone service at home (compared to an industry average of 15%). These customers also use an average of approximately 1500 minutes per month—almost twice as many minutes per month as the industry average.

These figures reveal that Cricket reaches market segments that other carriers have ignored, and its customers look to Cricket for all of their telecommunications needs, including an entrance to the online world. In fact, nearly 50% of customers subscribing to Cricket's flat-rate wireless broadband service have never had Internet access at home—not even dial-up. Designating Cricket as an ETC will improve its ability to serve these customers, and thus will serve the public interest.

IV. GRANTING THIS PETITION WILL IMPOSE A NEGLIGIBLE BURDEN ON THE FUSF

Cricket's designation will not burden the USF. It is not seeking high-cost benefits, which recently have been capped. Cricket only is seeking low-income benefits in the form of Lifeline and Link-Up benefits, and as such Cricket will impose a burden on the FUSF that can be characterized as negligible. It is in fact a non-factor in the Commission's analysis.

Cricket submits that, if it is designated as an ETC and is able to compete for local exchange customers, it will spur a competitive response from affected ILECs as they seek to retain and attract customers. Such a response could include: improved service quality and

customer service; new investments in telecommunications plant; more rapid deployment of high-speed data (DSL) service; wider local calling areas; bundled service offerings; and lower prices overall.

V. CONCLUSION

WHEREFORE, pursuant to Section 214(e)(2) of the 1996 Act, Cricket Communications, Inc. respectfully requests that the Commission enter an order (1) designating Cricket as an ETC in Illinois in a manner consistent with this Application, including ETC status for its wireless service offerings in the exchanges listed in Exhibit A hereto; and (2) for any other relief the Commission deems just.

Dated this 21st day of July, 2010.

Respectfully submitted,

CRICKET COMMUNICATIONS, INC.

By: /s/ John E. Rooney
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