

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Audit of Cricket)	
Communications, Inc. by the Kansas)	
Universal Service Fund (KUSF))	
Administrator Pursuant to K.S.A. 2012)	Docket No. 13-CRCZ-712-KSF
Supp. 66-2010(b) for KUSF Operating)	
Year 16, Fiscal Year March 2012-)	
February 2013.)	


NOTICE OF FILING OF STAFF REPORT AND RECOMMENDATION

COMES NOW the Staff of the State Corporation Commission of the State of Kansas ("Staff" and "Commission", respectively), and for its Notice of Filing of Staff Report and Recommendation states as follows:

Staff hereby files the attached Staff Report and Recommendation jointly prepared by Sandy Reams, Christine Aarnes, and Jeff McClanahan; Assistant Chief of Telecommunications, Chief of Telecommunications, and Director of Utilities, respectively. Staff's Report and Recommendation is filed in response to ordering paragraph A of the Commission's August 21, 2014 Order on Petition for Reconsideration issued in the above-captioned matter. The Commission's August 21, 2014 Order directed Cricket Communications, Inc. (Cricket) to file a detailed version of the company's proposed alternative solution to the customer billing information issue raised in this docket. The Commission's Order further directed Staff to file a Report and Recommendation concerning Cricket's alternative solution to the customer billing information issue within fifteen (15) days from the filing of Cricket's detailed version of its proposal. Cricket filed the detailed version of its proposal on September 5, 2014 and the attached Staff Report and Recommendation is filed in response thereto. Staff recommends the Commission accept Cricket's proposal, as further supplemented by the company, and that this docket be closed.

WHEREFORE, Staff requests the Commission consider its Report and Recommendation recommending acceptance of Cricket's proposal, as further supplemented by the company, the closing of this docket, and the granting of such other and further relief as the Commission deems just and proper.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Otto A. Newton", is written over a horizontal line.

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For the Commission Staff

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Pat Apple

FROM: Sandy Reams, Assistant Chief of Telecommunications
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: September 17, 2014

SUBJECT: Docket No. 13-CRCZ-712-KSF: In the Matter of the Audit of Cricket Communications, Inc. by the Kansas Universal Service Fund (KUSF) Administrator Pursuant to K.S.A. 2012 Supp. 66-2010(b) for KUSF Operating Year 16, Fiscal Year March 2012-February 2013.

EXECUTIVE SUMMARY:

This Report and Recommendation is filed in response to ordering paragraph A of the Commission's August 21, 2014, Order on Petition for Reconsideration issued in the above-captioned matter, which directed Cricket Communications, LLC (Cricket) to file a detailed version of the Company's proposed alternative solution to the customer billing information issue arising from the KUSF Audit. In turn, the Commission Staff (Staff) was directed to file a Report and Recommendation responding to Cricket's filed proposal.

BACKGROUND:

On April 17, 2014, GVNW Consulting, Inc. (GVNW) submitted its Audit Report to the Commission. GVNW's Audit Report raised an issue related to Cricket's identification of the KUSF and Federal Universal Service Fund (FUSF) surcharge on customer bills. GVNW explained that the notations "WN" and "WS" were not defined on customer bills, making it unlikely that a customer would understand that the notations refer to FUSF and KUSF surcharges, respectively. GVNW suggested that this method of identification may not meet the Federal Communications Commission's (FCC) Truth-in-Billing Requirements under 47 C.F.R. §64.2401(b).

On May 19, 2014, Cricket filed a Response and GVNW filed a Reply on May 29, 2014. The Commission, on July 3, 2014, issued an Order accepting and adopting GVNW's

Audit Report, excepting an alleged violation under GVNW's Audit Finding No. 1, but leaving the remaining issue of Cricket's alleged non-compliance with the FCC's Truth-in-Billing Standards.

In response to the Order, Cricket filed a Petition for Reconsideration (Petition) maintaining that the Company was in compliance with the FCC's Truth-in-Billing requirements. In paragraph 9, Cricket stated that its billing system, which was the subject of the GVNW Audit Report, is being phased out over an 18-month period, with all customers being migrated to a new billing system. Cricket further stated that its records indicated that only 402 Kansas consumers currently receive billings identifying the state and federal USF surcharges in the manner discussed in GVNW's Audit Report and the Commission's Order. To minimize any customer confusion, Cricket requested the Commission allow the Company to provide a "plain language description" of the USF surcharge notations at issue to those consumers via bill insert and text messages. Cricket stated it would make a compliance filing in this Docket to provide the Commission with details of the information given to the affected consumers and when it was provided.

On July 24, 2014, Staff filed a Response to Cricket's Petition, stating its disagreement with Cricket's position that the "WN" and "WS" designations/descriptions are sufficiently clear and specific in both presentation and content to comply with the FCC's Truth-in-Billing requirements. At the same time, Staff stated that it was receptive to an alternative solution for this remaining issue regarding billing information provided to the customer, given the circumstances explained in paragraph 9 of Cricket's Petition. However, Staff found that the information provided by Cricket in paragraph 9 of its Petition was lacking in detail, preventing Staff from giving the alternative proposal serious consideration. Staff recommended the Commission allow Cricket a period of fifteen (15) days to further develop and present to Staff a thoroughly detailed version of the Company's proposed alternative solution.

The Commission, on August 21, 2014, issued its Order finding that the alternative solution proposed by Cricket, to be further expanded upon as suggested by Staff, would constitute a reasonable and fair resolution of the remaining customer billing information issue. Thereupon, the Commission ordered Cricket to file a detailed version of the Company's proposed alternative solution to the customer billing information issue within fifteen days of the date of the Commission's Order. In addition, the Commission ordered Staff to file a Report and Recommendation concerning Cricket's proposal within fifteen days of the filing of Cricket's proposal. Cricket filed its *Proposal of Cricket Communications, Inc. Concerning Customer Billing Information Notification* (Proposal) on September 5, 2014.

ANALYSIS:

The section of the FCC's Truth-in-Billing Requirements applicable to the remaining issue in this Docket is 47 CFR 64.2401(b) which reads:

(b) Descriptions of Billed Charges. Charges contained on telephone bills

must be accompanied by a brief, clear, non-misleading, plain language description of the service or services rendered. The description must be sufficiently clear in presentation and specific enough in content so that customers can accurately assess that the services for which they are billed correspond to those that they have requested and received, and that the costs assessed for those services conform to their understanding of the price charged.

Paragraph 9 of Cricket's Proposal, filed September 5, 2014, set out its proposed alternative solution to the customer billing information issue in this matter. Cricket noted that text messages to non-smart phones are limited to 150 characters and stated that it would provide the following information/message via text message to each of the 402 Kansas consumers identified as currently receiving paper bills:

Cricket Reminder – On your bill the Universal Service Fund Surcharge (WN) is the Federal USF & the Universal Service Fund Surcharge (WS) is the Kansas USF

Cricket stated it would deliver the text message at no cost to its customers and the message would not count against the customer's wireless plan in any way. In paragraph 10 of its Proposal, Cricket explained that the customers at issue fall within one of 28 possible billing cycles, and because of that, it is impossible for Cricket to text individual consumers when their specific bill is issued. Cricket determined that approximately 45-50% of the identified consumers fall within the first seven billing cycles, and proposed to mass text all 402 consumers when the bills are issued in the fourth billing cycle. Cricket explained this approach would reach the maximum number of customers as close to their bill issuance date as possible. Cricket also proposed continuation of the text messages during the fourth billing cycle to each identified customer until the customer is migrated to the new billing system, anticipated to occur no later than November 2015. Upon completion of the migration of its Kansas customers to the new billing system, Cricket proposed to make a compliance filing documenting compliance with its Proposal.

Staff reviewed Cricket's September 5, 2014, Proposal and had additional questions regarding customer billing cycles and paper versus electronic bills. As a result of informal discussions and conference calls between Staff and Cricket representatives, Cricket provided the following additional information:

Billing Cycles:

Cricket has 28 billing cycles each month, every month. Cricket assigns customers to a bill cycle, 1-28, depending on the account activation date. The majority of Cricket customers sign up for service in bill cycles 1-7; thus, 45%-60% of customers have a bill cycle that is identified between bill cycles 1-7. There will be 16 days from bill cycle #4 to bill cycle #20. Cricket determined that by selecting bill cycle #4 in which to deliver the

proposed text message it could reach the majority of the affected customers nearest their bill date.¹

Paper v. Electronic Bills:

The impacted Kansas customers receiving the bills identified by the KUSF auditor are those on Cricket's CORE contracts/plans. The CORE plans do not include federal or state USF charges in the rate plan itself, those charges are paid by the company and collected separately from the consumers. To provide you the most current data, as of Sept. 10, 2014 Cricket now identifies 392 CORE Kansas consumers. Of these CORE Kansas consumers, 139 receive paper bills and 253 receive electronic bills. All 392 consumers would see the same notations denoting the federal and state USF funds on their bills. Cricket's proposal filed September 5th accounted for all Core Kansas consumers, whether billed by paper or electronically, in the text message proposal.²

RECOMMENDATION:

Staff has reviewed Cricket's Proposal and the supplemental information provided by the Company as set forth above, and determines that the measures proposed by Cricket for resolving the customer billing information issue in this matter are sufficient and reasonable and will ensure customers receive identification of the USF charges on its bills, in accordance with the FCC Truth-in-Billing Requirements under 47 CFR §64.2401(b). Therefore, Staff recommends that Cricket's Proposal, as further supplemented by the Company, be accepted and that this Docket be closed. An Order closing this Docket should include a requirement that, within 30 days of completion of the migration of Cricket's Kansas customers to the Company's new billing system, Cricket submit a compliance filing documenting compliance with its Proposal.

¹ Bruce A. Ney, September 16, 2014, e-mail, Cricket Proposal – Docket No. 13-CRCZ-712-KSF.

² Ibid.

CERTIFICATE OF SERVICE

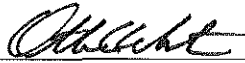
I hereby certify that a true and correct copy of the foregoing *Notice of Filing of Staff Report and Recommendation*, with *Staff Report and Recommendation* attached, was deposited in the United States Mail, postage prepaid, this 17th day of September, 2014, addressed to:

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