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March 22, 2012

Jeffrey DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40601

RECEIVED

MAR 23 2012

PUBLIC SERVICE
COMMISSION

RE: Cricket Communications—Reporting of Monthly Access Line Data as an Eligible Telecommunications Carrier in the Commonwealth of Kentucky

Dear Mr. DeRouen:

I write to inform you that our wireless carrier client Cricket Communications, Inc. (“Cricket”) has started offering the “Cricket Lifeline Credit” to eligible Kentuckians, consistent with the Commission’s December 21, 2011 decision in Case No. 2011-00382 that designated Cricket as an Eligible Telecommunications Carrier (“ETC”) for the purpose of offering Lifeline service. The Lifeline credit has been available in Kentucky since its announcement on January 31, 2012. The first eligible customers were enrolled during the month of February.

All telecommunications utilities in Kentucky are required to support the Kentucky Universal Service Fund through line item surcharge rates set by the Commission and collected from customers. Those amounts are reported to the Finance and Administration Cabinet when carriers remit the surcharges, typically on a monthly basis. Cricket reports its Kentucky USF payments each month to the Kentucky Finance Cabinet, using the USF form prescribed by the Commission. The same USF form is used to claim reimbursement from the Kentucky State Lifeline Fund. Surcharge amounts collected are shown on Line 3 of the form, and Lifeline Reimbursement amounts are shown on Line 5. In both cases, the amounts are based on access lines.

As Cricket explained in its application for designation as an ETC, Cricket remits amounts equal to the Kentucky USF fee for its non-Lifeline customers and reports them on Line 3, although the fees cannot be billed directly to Cricket’s customers, who do not receive bills. Now that Cricket is also providing Lifeline service in Kentucky, it will soon begin seeking reimbursements too, reporting those amounts on Line 5.

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Cricket has developed strict internal procedures to ensure that any USF reimbursement requests it submits—whether in connection with federal or state funds—can be fully verified to meet any auditing standards from Universal Service Administration Company (“USAC”) or any other administrator or regulatory agency with jurisdiction over Universal Service programs. Cricket’s process is designed to ensure that any reimbursement request it submits is only for a qualifying subscriber.

Cricket does not submit reimbursement requests until its internal procedures are complete; that process occurs at month end and may take 45 to 60 days for each month. This allows Cricket to reconcile its Lifeline database to ensure accurate reimbursement requests. As a result of that interval, Cricket will be seeking Kentucky Lifeline reimbursement one or two months *after* it has reported its USF payments for a given month. For example, while Cricket will have reported its February 2012 “Total Access Lines in Service” (KUSF Report, Line 1) in March, it will not seek Lifeline reimbursement for February until at least April. In all cases, Cricket’s reporting to the Finance Cabinet will be coordinated with its reporting to USAC, so that federal and state reimbursement requests will occur during the same timeframe, and subscriber counts will be consistent and verifiable.

I have discussed Cricket’s reporting with Allyson Honaker and Jim Stevens of the Commission’s staff. After our discussion it was agreed that we would explain the process in a letter that the Commission can retain for future reference.

If you have any questions concerning this letter, please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. Brent', with a long horizontal stroke extending to the right.

Douglas F. Brent

DFB: jms

cc: Allyson Honaker
Jim Stevens
Julie Buechler, Cricket Communications
Patrick Shipley, Cricket Communications