



AMADEUS

PIU Analysis for the Universal Service Fund

Wireless Carriers

Situation

In June 2006, the FCC made the decision to increase the safe harbor contribution percentage for wireless providers from 28.5% to 37.1%. This change increases a carrier's contribution to the Universal Service Fund (USF) by potentially millions of dollars. Because of this, wireless carriers will have to make the decision to pay the increase themselves, pass the increase to their customers, or **take a closer look at their percentage of interstate usage**. By performing a PIU analysis, the carrier may be able to find that their actual PIU is lower than the safe harbor percentage given by the FCC. These findings could greatly reduce the amount of money that the carrier has to contribute to the USF.

Analysis

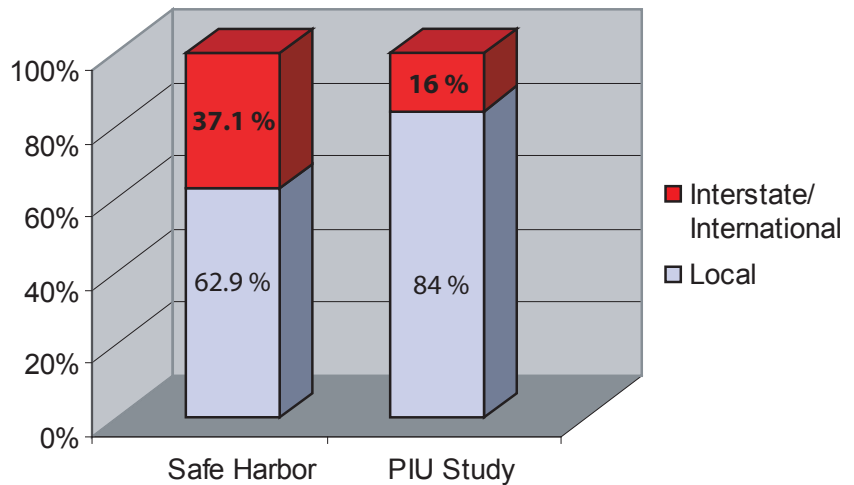
With the nearly 10% increase handed down by the FCC, a wireless carrier decided to take a closer look at their PIU to determine whether to continue to pay the safe harbor rate or to do their own PIU study. However, unlike wireline carriers, wireless providers typically do not have quality means of measuring their interstate vs local traffic. The carrier contacted their lawyers for assistance. The law firm suggested that the carrier contact Advanced Technologies and Services, Inc. (ATS), a vendor that the law firm had worked with in previous similar cases.

Solution

The wireless carrier took the advice of their law firm and contacted ATS to do the PIU study. With ATS' experience in PIU studies, they were able to quickly implement a plan for the carrier. ATS began to run a statistical analysis with a confidence level of 95% and a margin of error of no more than 1% as is required by the FCC.

ATS' analysis found that the carrier's PIU was actually **16%** which is significantly lower than the "Safe Harbor" rate of 37.1%. The analysis illustrated on the right shows that the **estimated** savings for the wireless carrier as a result of the study is estimated at **\$9.6 million dollars**. These savings will allow the carrier to significantly decrease the USF fees for their customers and give them a competitive advantage in a highly competitive wireless market.

PIU Analysis



Assumptions:

Customer Base:	500,000
Avg Yearly Revenue Per Customer:	\$780
FCC Contribution Factor*:	11.7%
* 2nd quarter 2007	

	Safe Harbor PIU	PIU Analysis
Interstate/International Usage:	37.1%	16%
Yearly Revenue	\$390,000,000	\$390,000,000
(multiplied by PIU)	x .371	x .16
(multiplied by Contribution Factor)	x .117	x .117
USF Contribution	\$16,928,730	\$7,300,800

Estimated Savings: \$9,627,930

Want to estimate your potential savings?

Go to www.atso.com/products/wireless/usf.htm

