



Oregon

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Public Utility Commission

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July 15, 2005

Via Electronic Filing and U.S. Mail

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
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RE: **Docket No. UM 1177** - In the Matter of EDGE WIRELESS LLC Application for Designation as an Eligible Telecommunications Carrier Pursuant to the Telecommunications Act of 1996.

Enclosed for filing in the above-captioned docket is the Public Utility Commission Staff's Direct Testimony. This document is being filed by electronic mail with the PUC Filing Center.

/s/ Lois Meerdink

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cc: UM 1177 Service List

**PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1177

**STAFF TESTIMONY
OF**

Kay Marinos

**In the Matter of
EDGE WIRELESS LLC Application for
Designation as an Eligible Telecommunications
Carrier Pursuant to the Telecommunications Act of
1996**

July 15, 2005

CASE: UM 1177
WITNESS: Kay Marinos

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 1

Direct Testimony

July 15, 2005

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Kay Marinos. I am a Senior Telecommunications Analyst in the
4 Telecommunications Division of the Public Utility Commission of Oregon
5 (Commission). My business address is 550 Capitol Street NE Suite 215,
6 Salem, Oregon 97301-2551.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**
8 **EXPERIENCE.**

9 A. My Witness Qualification Statement is found in Exhibit Staff/2.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. I analyze the Second Amended Combined Application of Edge Wireless, LLC
12 (Edge), in which Edge requests that the Commission designate it as eligible to
13 receive all available support from the federal Universal Service Fund (USF),
14 and provide the Commission with my recommendation.

15 **Q. WHAT IS YOUR RECOMMENDATION?**

16 A. I recommend that the Commission grant the relief requested by Edge.

17 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

18 A. First, I discuss the background of this docket. More specifically, I describe the
19 applicant, the relief that is requested and some of the docket's procedural
20 history. Second, I discuss the Commission's authority to designate common
21 carriers such as Edge as eligible to receive support from the USF, or as eligible
22 telecommunication carriers (ETCs). Third, I discuss the requirements for

1 designation as an ETC. Finally, I address whether Edge has satisfied those
2 requirements and provide my recommendation.

3 **BACKGROUND**

4 **Q. WHO IS EDGE?**

5 A. Edge is a Commercial Mobile Radio Service (CMRS) carrier providing
6 “mobileservice” as defined in 47 U.S.C. § 153(27). Edge provides interstate
7 telecommunications services as defined in 47 U.S.C. § 254(d) and 47 C.F.R. §
8 54.703(a). Edge is licensed to provide cellular service in Oregon in the Basic
9 Trading Areas (BTAs) of Coos Bay 97, Roseburg 385, and the Josephine
10 County portion of Medford 288. These BTAs are coextensive with the
11 boundaries of Coos, Curry, Douglas and Josephine counties.

12 **Q. WHAT RELIEF DOES EDGE REQUEST IN THIS DOCKET?**

13 A. Edge requests ETC status throughout all the incumbent local exchange carrier
14 (ILEC) wire centers that are included in its licensed cellular service area in
15 southwestern Oregon. The specific wire centers are identified in Exhibit B of its
16 June 20, 2005, Second Amended Combined Application. The incumbent LECs
17 in these wire centers are Qwest Corporation (Qwest), Verizon Northwest Inc.
18 (Verizon), Citizens Telecommunications Co. of Oregon dba Frontier
19 Communications of Oregon (Citizens), Cascade Utilities, Inc. (Cascade),
20 CenturyTel of Oregon, Inc. (CenturyTel), and Sprint/United Telephone Co. of
21 the Northwest (United). Although the boundaries of five of these wire centers
22 extend slightly beyond the boundaries of Edge’s BTA, Edge commits to serve
23 customers throughout the entire wire centers. ETC status will enable Edge to

1 receive federal universal service support for each qualifying line (handset) in
2 the same amount per line as ILECs receive in their wire centers. ETC status
3 will also enable Edge to offer Lifeline discounts to low-income consumers in its
4 designated service area.

5 **Q. BRIEFLY DESCRIBE EDGE'S ORIGINAL REQUESTS FOR ETC STATUS.**

6 A. Edge originally filed two separate applications for ETC status; one for the areas
7 in its BTA served by "rural" ILECs and another for the areas served by "non-
8 rural" ILECs. For universal service purposes, ILECs are classified as either
9 rural or non-rural. In Oregon, Qwest and Verizon are classified as non-rural
10 ILECs, and all other ILECs are classified as rural ILECs. See UM 1017, Order
11 No. 03-595 (October 2, 2003) (Referring to Qwest and Verizon as Oregon's
12 two non-rural LECs.)

13 Edge separated the applications by rural and non-rural ILEC wire
14 centers because the Commission, relying on decisions by the Federal
15 Communications Commission (FCC), had previously used stricter standards to
16 approve applications for rural ILEC areas than for non-rural ILEC areas. See
17 Order No. 04-355 (*In the Matter of RCC Minnesota, Inc. Application for*
18 *Designation as an Eligible Telecommunications Carrier, Pursuant to the*
19 *Telecommunications Act of 1996*); and Order No. 04-356 (*In the Matter of*
20 *United States Cellular Corporation, Application for Designation as an Eligible*
21 *Telecommunications Carrier, Pursuant to the Telecommunications Act of*
22 *1996*). More specifically, in previous ETC dockets, the Commission has not
23 required that an applicant for ETC designation in a non-rural area show that

1 granting the application would be in the public interest. Edge filed its ETC
2 application for the non-rural ILEC areas on October 1, 2004, under docket
3 UM 1176, and for the rural areas on October 19, 2004, under docket UM 1177.

4 **Q. HAS THE FCC'S PUBLIC INTEREST ANALYSIS FOR DESIGNATION OF**
5 **ETC STATUS FOR NON-RURAL AREAS CHANGED?**

6 A. Yes. For example, in 2002, the FCC determined that although a public interest
7 showing is required before an additional ETC can be designated in a rural ILEC
8 area, no public interest determination is needed in non-rural ILEC areas
9 because designation in a non-rural ILEC area could be considered to be *per se*
10 in the public interest. See *In the Matter of Pine Belt Cellular, Inc. and Pine Belt*
11 *PCS, Inc., Petition for Designation as an Eligible Telecommunications Carrier,*
12 *DA 02-1252, 17 FCC Rcd 9589 (released May 24, 2002).* In comparison, in
13 an order approving a request for ETC status by Sprint in November 2004, it is
14 clear that the FCC had changed its position and decided that designation of an
15 additional ETC in a non-rural ILEC area may not always be in the public
16 interest. See *In the Matter of the Application of Sprint Corporation for*
17 *Designation as an Eligible Telecommunications Carrier, Pursuant to the*
18 *Telecommunications Act of 1996, Order No. 04-3617, CC Docket No. 96-45*
19 *(released November 18, 2004).* In that case, the FCC approved Sprint's
20 application for ETC designation in non-rural ILEC areas because Sprint made
21 public interest commitments similar to those that the FCC had previously
22 required only in rural areas. In this and other cases, the FCC looked to the

1 applicant to prove that designation would be in the public interest, even in non-
2 rural ILEC areas.

3 **Q. HOW DID THE FCC'S 2004 DECISION IN THE SPRINT CASE AFFECT THIS**
4 **DOCKET?**

5 A. Edge's non-rural application in UM 1176 relied on the *Pine Belt Cellular*
6 guidelines and therefore included no public interest demonstrations. Although
7 Edge disagreed that the Commission should apply the Sprint ETC order public
8 interest considerations to its application, it nevertheless agreed to combine its
9 non-rural application with its rural application in the interests of administrative
10 efficiency. Accordingly, on February 11, 2005, Edge filed a motion to
11 consolidate dockets UM 1176 and UM 1177, and submitted an Amended
12 Combined Application in docket UM 1177 that included both rural and non-rural
13 ILEC wire centers. In the Amended Combined Application Edge stated that it
14 would meet the same public interest standards with equal vigor throughout the
15 proposed service area, in both rural and non-rural ILEC areas.

16 **Q. HAVE ANY OTHER FCC RULINGS AFFECTED THIS DOCKET?**

17 A. Yes. Edge had barely submitted the new Amended Combined Application
18 when the FCC issued a news release on February 28, 2005, stating that it had
19 adopted additional, more rigorous requirements for ETC designation. On
20 March 4, 2005, the administrative law judge suspended action in this docket
21 until the FCC released its order and the parties had time to evaluate it. After
22 the FCC released its order on March 17, representatives from Staff, Edge and
23 OTA participated in a conference call to discuss the order, and agreed that

1 Edge should amend its application to reflect the new designation requirements.
2 In accordance with a procedural schedule ultimately agreed to by the parties
3 and approved by the administrative law judge, Edge filed its Second Amended
4 Combined Application on June 20, 2005, in which it supplemented its Amended
5 Combined Application by addressing the additional requirements identified in
6 the FCC's 2005 order. Staff is adhering to the procedural schedule by filing
7 this testimony on July 15, 2005.

8 **COMMISSION AUTHORITY**

9 **Q. PLEASE DESCRIBE THE COMMISSION'S AUTHORITY TO DESIGNATE**
10 **CARRIERS AS ELIGIBLE FOR FEDERAL UNIVERSAL SUPPORT.**

11 A. Section 214(e)(2) of the Federal Communications Act of 1934, as amended by
12 the Telecommunications Act of 1996 (the Act), delegates authority to state
13 commissions to designate common carriers that are eligible to receive federal
14 universal service support. State commissions may confer federal ETC status
15 on common carriers that meet conditions set out in Section 214(e)(1) of the
16 Act. In general, those conditions require that the ETC offer and advertise,
17 throughout its designated service area, the services that are supported by
18 Federal universal service support mechanisms, using either its own facilities or
19 a combination of its own facilities and resale of another carrier's services. The
20 Commission first used its power to designate the incumbent LECs as ETCs
21 eligible for federal universal service support on December 2, 1997, in
22 Order No. 97-481.

1 The same section of the Act also permits state commissions to
2 designate additional, non-ILEC, carriers as eligible to receive federal universal
3 service support in ILEC service areas. These additional carriers, sometimes
4 referred to as competitive ETCs, or CETCs, must meet the same general ETC
5 requirements in Section 214(e)(1) that apply to ILEC ETCs, and their
6 designation must be consistent with the public interest.

7 The Commission has previously exercised its powers to designate
8 CETCs in ILEC service areas. In 2003 the Commission granted federal ETC
9 status, for the first time, to a CLEC, Stan Efferding dba Vilaire, now known as
10 VCI Company (Vilaire). See Order No. 03-749. In 2004 the Commission
11 granted ETC status to two wireless carriers, United States Cellular Corporation
12 (USCC) and RCC Minnesota, Inc. (RCC). See Order Nos. 04-356 and 04-355,
13 respectively. Most recently, at a public meeting in July of this year, the
14 Commission approved the application of Wantel, Inc., dba ComSpanUSA, a
15 CLEC.

16 **REQUIREMENTS FOR ETC DESIGNATION**

17 **Q. WHAT ARE THE REQUIREMENTS FOR ETC DESIGNATION?**

18 A. First, there are the minimum, or basic, requirements expressly set forth in
19 statute. Second, there is a public interest standard also mentioned in the Act
20 and further defined by the FCC. Finally, there are the additional and more
21 rigorous requirements identified by the FCC in March of this year.

22 **Q. WHAT ARE THE BASIC REQUIREMENTS?**

1 A. 47 USC § 214(e)(2) requires that CETCs must be common carriers that meet
2 the basic ETC requirements of 47 USC § 214(e)(1). Those basic requirements
3 are that the carrier must offer and advertise, throughout its designated service
4 area, the services that are supported by Federal universal service support
5 mechanisms, using either its own facilities or a combination of its own facilities
6 and resale of another carrier's services. The supported services that must be
7 offered are specified by FCC rules in 47 C.F.R. Section 54.101(a) as: 1) voice
8 grade access to the public switched network, 2) local usage, 3) dual tone multi-
9 frequency signaling or its functional equivalent, 4) single-party service or its
10 functional equivalent, 5) access to emergency services, 6) access to operator
11 services, 7) access to interexchange service, 8) access to directory assistance
12 and 9) toll limitation for qualifying low-income consumers.

13 **Q. WHAT ARE THE REQUIREMENTS ENUNCIATED BY THE FCC EARLIER**
14 **THIS YEAR?**

15 A. On February 25 of this year, the FCC adopted new, more stringent guidelines
16 for granting ETC status, based largely on recommendations from the Joint
17 Board. See *In the Matter of Federal-State Joint Board on Universal Service*,
18 CC Docket No. 96-45, FCC 05-46 (released March 17, 2005). Under the new
19 requirements, an ETC applicant must demonstrate 1) commitment and ability
20 to provide supported services throughout the proposed service area, including
21 submission of a 5-year service quality improvement and/or build-out plan;
22 2) ability to remain functional in emergency situations; 3) commitment to
23 meeting consumer protection and service quality standards; 4) offering of a

1 local usage plan comparable to the ILEC in the serving area and
2 5) acknowledgement that it may be required to offer equal access to long
3 distance carriers in the event that no other ETC is providing equal access
4 within the service area. Further, the FCC expressly revised its public interest
5 analysis and concluded that two specific factors should be considered in
6 determining if designation is in the public interest, in both rural and non-rural
7 areas. The FCC also retained its previous requirement for a cream-skimming
8 test in rural areas.

9 Although states are not required to adhere to the new guidelines, the
10 FCC strongly encourages states to employ the new requirements in
11 designating ETCs. The FCC believes that because the new requirements
12 create a more rigorous ETC designation process, their application will improve
13 the long-term sustainability of the universal service fund. Staff concurs, and
14 believes that the Commission should apply these guidelines in deciding
15 whether to grant new ETC requests. Doing so would be consistent with the
16 Commission's past practice of looking to the FCC for guidance when it is
17 available. The most recent applicant for ETC status, Wantel, Inc., submitted
18 an application that addressed the new FCC requirements. Edge has
19 consented to meeting these stricter guidelines in its application.

20 **Q. WHAT IS THE PUBLIC INTEREST REQUIREMENT?**

21 A. Beyond the basic eligibility requirements, Section 214(e)(2) of the Act adds a
22 public interest dimension to granting ETC status based upon whether the
23 CETC is seeking designation in an area served by a rural or a non-rural ILEC.

1 In areas served by a non-rural ILEC, the Act directs states to designate
2 additional ETCs “[u]pon request and consistent with the public interest,
3 convenience, and necessity.” In areas served by rural ILECs, the Act requires
4 states to “find that the designation is in the public interest” before granting ETC
5 status to any additional carriers other than the rural ILEC. Edge’s proposed
6 service area covers wire centers served by both rural and non-rural ILECs. As
7 already noted, in March 2005, the FCC clarified that public interest factors are
8 to be considered in designating additional ETCs in all areas, regardless of
9 whether the proposed service area is served by a non-rural, or rural, ILEC.

10 The new guidelines set out an analytical framework to determine
11 whether the public interest would be served by the designation of an additional
12 ETC. Using that framework, the FCC will consider and balance two factors: 1)
13 the benefits of increased consumer choice, and 2) the advantages and
14 disadvantages of a particular service offering. Although the FCC adopted one
15 set of public interest factors for designations in both non-rural and rural ILEC
16 areas, the FCC or a state commission may weigh these factors differently
17 depending on the type of area served. In addition, the FCC continues to
18 require a test for cream-skimming; such a test needs to be done only in rural
19 ILEC areas. Lastly, the FCC states that the new filing guidelines that require
20 the inclusion of more information in ETC applications, e.g., a 5-year service
21 quality improvement plan and various types of commitments, will also help to
22 ensure that designation will serve the public interest.

EDGE HAS SATISFIED THE REQUIREMENTS FOR ETC STATUS¹**Q. DOES EDGE SATISFY THE BASIC REQUIREMENTS FOR DESIGNATION AS AN ETC?**

A. Yes. In its Second Amended Application, Edge demonstrates that it meets the basic statutory conditions for eligibility. Edge is a common carrier under the Act. Edge currently offers all but one of the nine supported services required to comply with FCC rules in 47 C.F.R. § 54.101(a). Edge commits to provide that supported service, toll limitation for qualifying low income consumers, once it is designated as an ETC and is able to participate in the Lifeline low income program. Edge provides the required supported services throughout its licensed service area utilizing its own facilities – including its own antennas, towers and mobile switching offices. In addition, Edge has committed to offering Lifeline low-income assistance programs upon designation, as required by 47 C.F.R. § 54.405. Edge is technically unable to offer Link Up service, the federal program for discounts on connection charges, because Edge does not charge for activation of wireless services. However, Edge will advertise that it

¹ Based on its experience in previous ETC dockets, Staff proposed only two issues at the December 2004 prehearing conference for Edge's application in the rural areas in UM 1177. They were: 1) "Is it in the public interest to grant federal ETC status to Applicant in rural service areas?", and 2) "Do the commercial mobile radio services of Applicant comply with the requirements of 47 CFR § 54.101(a)?" Staff identified no issues in UM 1176 (non-rural areas) because there was no prehearing conference for that docket before it was combined with UM 1177. As FCC decisions and recommendations, as well as Edge's applications, have changed substantially since the issues were first identified at the December 2004 prehearing conference in UM 1177, Staff believes that the initial issues now appear too limited and do not encompass all concerns related to Edge's Second Amended Combined Application. The initial two issues are, however, covered in the course of addressing all the requirements met by Edge's application.

1 has no connection fees, so that potential customers are aware of this
2 advantage of the service. As also required by the Act, Edge currently
3 advertises, and plans to continue to advertise, the supported services
4 throughout its service area using media of general distribution. In addition,
5 Edge plans to specifically advertise the availability of Lifeline low-income
6 discount services at locations where low-income customers most likely to be
7 eligible can be reached.

8 **Q. DOES EDGE SATISFY THE REQUIREMENTS FOR ETC DESIGNATION**
9 **ARTICULATED BY THE FCC EARLIER THIS YEAR?**

10 A. Yes. As explained below, Edge has also satisfied the new FCC requirements
11 set forth in the FCC's March 2005 order.

12 a. Commitment and ability to provide supported services. Edge has
13 demonstrated its commitment and ability to provide supported services
14 throughout the proposed service area in the two ways required: 1) by
15 committing to provide services to all requesting customers within its designated
16 service area, and 2) by submitting a 5-year formal network improvement plan.

17 To fulfill the first part of this requirement, Edge commits in its
18 application to answering all reasonable requests for service throughout its
19 proposed ETC service area. There are five ILEC wire centers in the proposed
20 service area that have boundaries that extend beyond Edge's BTA licensed
21 boundaries; they are Azalea, Drain, Grants Pass, Provolt and Yoncalla. Edge's
22 application includes maps for these wire centers that show where the BTA
23 boundaries fall short of the wire center boundaries that define the areas that

1 Edge commits to serve. In the few portions of its designated service area that
2 are outside its BTA boundaries, Edge commits to provide service to requesting
3 customers through 1) incursion agreements with neighboring wireless carriers,
4 2) resale of other wireless carriers' services or 3) resale of wireline service. In
5 addition, for customers that request service within the designated service area
6 but outside Edge's existing network coverage, Edge will use the 6-point
7 checklist accepted by the FCC to provide service. The six possible means to
8 providing coverage are: 1) modifying or replacing the customer's equipment,
9 2) deploying a roof-mounted antenna or other equipment, 3) adjusting the
10 nearest cell tower, 4) adjusting network or customer facilities, 5) reselling
11 services from another carrier's facilities or 6) employing, leasing, or
12 constructing an additional cell site, cell extender, repeater, or other similar
13 equipment. If Edge determines that it is not able to fulfill a service request, it
14 will notify the customer and report the number of such requests to the
15 Commission.

16 To fulfill the second part of this requirement, Edge includes in its
17 application, as confidential Exhibit J, a comprehensive 5-year build-out plan for
18 its proposed designated service area. The plan includes, for each wire center,
19 and for each year, forecasts of federal universal service support, facility build-
20 out and service improvement projects, project costs and expanded coverage
21 maps associated with planned projects.

22 Edge selected specific projects based on the need for new or improved
23 service in underserved areas, particularly in less populated locations where the

1 projects would be uneconomic to undertake without the availability of universal
2 service support. The proposed projects range from adding radios or antennas
3 to existing sites to constructing new cell sites. They will serve to increase
4 capacity, fill in dead spots, and expand coverage to new areas. The projects
5 will also improve access to 911 and other emergency services. Even though it
6 is not required to do so, Edge plans to spread the funds over all wire centers
7 that generate support so that over the next five years each wire center will
8 benefit by some sort of service improvement. It will not spend funds in wire
9 centers that are lower-cost and for which it does not receive universal service
10 support.

11 Edge has also included in its application a statement certifying,
12 consistent with 47 USC § 254(e), that it will use any universal service support
13 that it receives only for the provision, maintenance and upgrading of facilities
14 and services for which the support is intended.

15 b. Ability to remain functional during emergencies. In its application,
16 Edge demonstrates its ability to remain functional in emergency situations by
17 describing the availability of battery and emergency generator back-up power,
18 the redundancy and diversity that is built into its network and its capabilities for
19 handling traffic spikes. Edge proved its ability to respond quickly during actual
20 emergency situations during the Tiller Oregon Fire and during the winter storm
21 that destroyed all major power lines in Western Coos County in January of
22 2004. In addition, Edge proved its dedication to providing E911 services to
23 rural Oregon through participation with the state emergency management

1 organization in a joint trial of the Airbiquity handset-based E911 solution that
2 made Douglas County the first Oregon county to have such service. Edge is
3 currently working with state emergency management personnel on a
4 network-based E911 solution for locating wireless callers.

5 c. Commitment to consumer protection and service quality standards.

6 Edge agrees to abide by the consumer protection standards established by the
7 CTIA Consumer Code, which are guidelines that have been accepted by the
8 FCC to meet this condition. In addition, although not a party to the settlement,
9 Edge agrees to cooperate with the Commission in its enforcement efforts
10 related to the Oregon DOJ settlement with three wireless carriers -- Verizon,
11 Cingular, and Sprint. Under the DOJ settlement agreement, the wireless
12 carriers agreed to consumer protection measures. The PUC will aid the DOJ
13 by handling and resolving wireless consumer complaints. In the area of
14 service quality standards, although Edge is not required, as the LECs are, to
15 submit service quality reports to the Commission, Edge is required to maintain
16 certain network and service standards pursuant to its affiliation with
17 AT&T/Cingular Wireless. In addition, the marketplace will force Edge to
18 maintain standards in order to retain current, and win new, customers.

19 d. Local usage. The fourth requirement is a demonstration that the
20 applicant offers local usage plans that are comparable to those of the ILECs in
21 the serving area. The FCC has not determined a minimum amount of local
22 usage that must be offered. It suggests that the states consider local usage
23 plans on a case-by-case basis. Edge's application includes information on

1 basic local rate plans that are comparable to the rate plans offered by the
2 ILECs. Edge's rate plans generally provide wider local calling areas that
3 include most of northern California and southwestern Oregon. Plans are
4 available for unlimited local and unlimited long distance calling. In addition,
5 Edge provides unlimited, toll-free service for 911 emergency calls, 511 road
6 reports to ODOT, and 711 to TRS/TTY operators.

7 e. Equal access. To satisfy the fifth requirement announced by the
8 FCC in its March 2005 order, the applicant must acknowledge that it may be
9 required to offer equal access to long distance carriers in the event that no
10 other ETC is providing equal access within the service area. Edge includes
11 this acknowledgement in its application.

12 **Q. DOES EDGE SATISFY THE PUBLIC INTEREST STANDARD FOR**
13 **DESIGNATION AS AN ETC IN BOTH RURAL AND NON-RURAL AREAS?**

14 A. Yes. The new framework adopted by the FCC addresses the same major
15 public interest concerns that the Commission addressed in designating USCC
16 and RCC in the rural areas. Edge asserts that the commitments made in its
17 filing apply with equal vigor to both the rural and non-rural areas included in its
18 proposed service area. Therefore, a public interest determination can be made
19 for the rural and non-rural ILEC areas of Edge's service area at the same time.
20 Edge's application demonstrates that it will further the two public interest
21 factors specified in the new FCC requirements.

22 The first public interest factor for consideration is the extent to which
23 designation of the applicant will increase consumer choices in the proposed

1 service area. In the USCC and RCC orders, the Commission acknowledged
2 that CETC designations lead to increased competitive choice and may provide
3 incentives to the incumbent to be more efficient, lower prices and offer better
4 service to its customers. Receipt of universal service support will enable Edge
5 to better compete with not only the ILECs in the region, but with other wireless
6 carriers as well. USCC is a wireless carrier that has already been designated
7 as a CETC in most of Edge's service area and is currently receiving federal
8 universal service support. Competitive conditions for wireless services in
9 southwestern Oregon will be improved if Edge is able to receive the same type
10 of support that USCC is now receiving in the same geographic area. The
11 universal service support funds will enable Edge to improve and expand its
12 network, increase signal strength and coverage, and therefore become a
13 stronger competitor in more areas. Without the support that the ILECs and
14 USCC currently receive, Edge would be less able financially to compete.

15 In addition, Edge has committed to use the support money to improve
16 services within the proposed service area. Edge's 5-year plan shows specific
17 areas in need of improvement. Competition should result in more choices to
18 more consumers as wireless and wireline carriers alike try to retain current
19 customers and win new ones. Because of the advantages of the service
20 offerings, discussed immediately below, consumer choices of calling plans,
21 prices, internet access, data transmissions and advanced mobile services will
22 be increased. The benefits will accrue not to just residential consumers, but to

1 business consumers as well, and contribute to economic development in the
2 rural areas of southwestern Oregon.

3 The second type of public interest factors to be considered includes
4 the unique advantages and disadvantages of the applicant's service offering.
5 The Commission acknowledged the unique advantages of mobile services,
6 particularly in rural areas, in designating USCC and RCC as ETCs. Mobile
7 phone services contribute to public safety and health by assisting consumers in
8 rural areas who often must drive long distances in sparsely populated areas,
9 and by providing access to emergency services in areas of geographic
10 isolation. Other advantages of Edge's service offerings include wide local
11 calling areas, various calling plans and services tailored to individual
12 customer's needs, and advanced wireless data communications options that
13 include internet and e-mail access, and picture, video and text messaging.
14 One potential disadvantage of mobile service is poor service quality and
15 coverage. However, Edge is requesting universal service support in order to
16 improve these dimensions of service. Its 5-year plan demonstrates specifically
17 where, and how, Edge will use support funding to boost signal strength and
18 expand coverage into new areas and throughout the proposed service area.

19 As a final factor in the public interest test, the FCC's new, and former,
20 guidelines require a cream-skimming test in cases where the CETC's proposed
21 service area does not include all of a rural ILECs' service area. A potential for
22 cream-skimming exists when a CETC seeks designation in the higher-density,

1 lower-cost wire centers in the service area of a rural ILEC whose support is
2 based on average cost across all its wire centers.

3 Edge's proposed service area includes wire centers of four rural
4 ILECs. While all of Citizens' wire centers are included, only some of the wire
5 centers that comprise the service areas of the other rural ILECs -- CenturyTel,
6 Cascade and United -- are included in Edge's proposed service area.

7 However, Edge's application includes data in Exhibits K and L for CenturyTel
8 and Cascade that demonstrate that the wire centers that are included in Edge's
9 proposed service area are of lower density (therefore higher cost), on average,
10 than the wire centers that are not included. Explained another way, Edge will
11 be serving the less dense, higher cost portions of the service areas of
12 CenturyTel and Cascade, not the more dense, lower cost areas. Only one wire
13 center of United will be included, and that is a low-density wire center. Edge
14 demonstrates that granting designation in its proposed service area will not
15 result in cream-skimming.

16 **RECOMMENDATION**

17 **Q. DO YOU RECOMMEND THAT THE COMMISSION GRANT EDGE'S** 18 **REQUEST FOR ETC STATUS?**

19 A. Yes. As explained above, Edge has demonstrated that it meets the basic
20 requirements for designation as an ETC, as well as the more rigorous
21 requirements and public interest standard adopted by the FCC in its March
22 2005 order.

1 **Q. IF THE COMMISSION GRANTS EDGE'S APPLICATION, DO YOU**
2 **RECOMMEND THAT THE COMMISSION IMPOSE REPORTING**
3 **REQUIREMENTS?**

4 A. Yes. In granting federal ETC status to USCC and RCC, the Commission
5 imposed annual reporting requirements on the wireless carriers. Those
6 requirements included items related to the number of lines for USF support, the
7 support amount received, how the support was used, forecasts of the coming
8 year's support and how it will be used, documentation of advertising, service
9 quality complaints, and items related to the offering of service outside the
10 carrier's cellular license area, but inside the designated service area. The
11 reporting requirements were imposed largely as mechanisms to ensure that the
12 ETCs fulfilled their universal service commitments during the year, and to
13 determine if they should be recertified to continue receiving high cost support in
14 the following year.

15 The FCC's new ETC certification rules also include reporting
16 requirements that it will use to recertify CETCs to which it granted initial
17 designation. The new annual reporting requirements include a progress report
18 on the 5-year plan, reporting on outages, the number of unfulfilled service
19 requests, and the number of complaints per 1,000 lines, as well as
20 certifications of compliance with service quality standards and consumer
21 protection rules, the ability to function in emergency situations, the offering of a
22 local usage plan comparable to the ILEC's, and acknowledgment of potential
23 equal access responsibilities. The FCC recommends that states impose these

1 reporting requirements not just on CETCs, but on all ETCs. The first annual
2 reports are not due to the FCC until October 1, 2006.

3 Staff intends to request that the Commission open a proceeding to
4 investigate adoption of the new FCC certification, recertification, and reporting
5 requirements for ETCs in Oregon. One of the results of such an investigation
6 will be adoption of reporting requirements for all CETCs, or perhaps all ETCs,
7 that will be used for recertification in 2006. Until new requirements are formally
8 adopted, however, Staff suggests that as an interim measure, the Commission
9 impose the same annual reporting requirements on Edge that it has imposed
10 on the other wireless CETCs, RCC and USCC, in Order Nos. 04-355 and
11 04-356, respectively. If new reporting requirements are adopted in the
12 investigation docket, Edge, as well as the other CETCs, will become subject to
13 them at that time. Alternatively, the Commission may wish to impose no
14 reporting requirements on Edge at this time, pending the adoption of new
15 requirements to be used for annual recertification of ETCs in 2006.

16 Edge has agreed to abide by any of the annual reporting requirements
17 that the Commission may impose, including those required of USCC and RCC,
18 and the new FCC reporting requirements.

19 **Q. IF THE COMMISSION GRANTS EDGE'S APPLICATION, DOES THE**
20 **COMMISSION NEED TO REDEFINE ANY SERVICE AREAS?**

21 A. No. If an ETC applicant proposes to serve an area smaller than a rural ILEC's
22 entire service area, and the Commission grants the application, the rural
23 ILEC's service area must be redefined with the approval of the FCC, per

1 requirements in 47 CFR § 54.207(b). However, no redefinition for the three
2 rural ILECs included in Edge's application is required, as that has already been
3 accomplished through the PUC's Petition for FCC Agreement in Redefining
4 Rural Telephone Company Service Areas. That petition was filed on
5 June 28, 2004, in connection with the Commission's approval of USCC's and
6 RCC's ETC applications. The rural service areas need to be redefined only
7 once.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

CASE: UM 1177
WITNESS: Marinos

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 2

Witness Qualification Statement

July 15, 2005

WITNESS QUALIFICATION STATEMENT

NAME: Kay Marinos
EMPLOYER: Public Utility Commission of Oregon
TITLE: Senior Telecommunications Analyst
ADDRESS: 550 Capitol St NE Suite 215
Salem, Oregon 97301-2551
EDUCATION: PhD/ABD and MA in Economics
University of Hawaii, 1981
BA in Economics
Hofstra University, 1975

PROFESSIONAL EXPERIENCE:

Senior Telecommunications Analyst, Public Utility Commission of Oregon, 2004 - Present

Senior Consultant, Verizon Communications, 2000 -2003

Managed special project teams to ensure compliance with regulatory and legal requirements in various aspects of national telecommunications business, including new product development, interconnection, proprietary information and billing.

Senior Specialist, Bell Atlantic & NYNEX, 1988 - 2000

As subject matter expert, performed wide range of analytic functions to develop and support company's objectives in federal regulatory proceedings. Major issues included Telecom Act implementation, competitive markets, interconnection, pricing flexibility, price caps, rate restructuring, cost recovery, and cost allocation.

Manager, National Exchange Carrier Association, 1984 -1988

Managed development of telecom industry forecasts of interstate usage and dedicated access services used to determine nationwide carrier pool rates.

Business Research Analyst, GTE Hawaiian Telephone, 1982 - 1983

Developed revenue and demand forecasts for budgeting and network planning.

Economist & Planner, State of Hawaii, 1978 – 1982

Managed energy conservation and emergency planning projects, lectured in economics at the University of Hawaii, and supervised economic and demographic studies for urban redevelopment in industrial area of Honolulu.

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Service List (Parties)

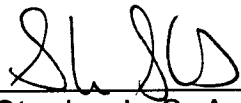
OREGON TELECOMMUNICATIONS ASSN 707 13TH ST SE STE 280 SALEM OR 97301-4036	STEPHANIE S ANDRUS -- CONFIDENTIAL DEPARTMENT OF JUSTICE REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us
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CERTIFICATE OF SERVICE

UM 1177

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties.

Dated at Salem, Oregon, this 15th day of July, 2005.



Stephanie S. Andrus
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Of Attorneys for Public Utility Commission's Staff
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