

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 7, 2017

REGULAR CONSENT EFFECTIVE DATE _____ N/A

DATE: October 26, 2017

TO: Public Utility Commission

FROM: Kay Marinos ^{KM}
JE

THROUGH: Jason Eisdorfer and Bryan Conway ^{BAC}

SUBJECT: VIRGIN MOBILE USA: (Docket No. UM 1522) Petition to Modify ETC Designated Service Area.

STAFF RECOMMENDATION:

Staff recommends that the Application to Modify Eligible Telecommunications Carrier (ETC) and Eligible Telecommunications Provider (ETP) Service Area filed by Virgin Mobile USA (Virgin Mobile) be approved.

DISCUSSION:

Issue

Whether the Commission should permit Virgin Mobile to modify its existing designated service area for the purposes of offering Lifeline and the Oregon Telephone Assistance Program (OTAP). The requested modification would use zip codes listed in Exhibit A of the application to define the designated service area instead of the wire centers that were originally approved by the Commission in its initial designation order.

Applicable Rule or Law

Section 214(e)(2) of the federal Communications Act of 1934, as amended, gives state commissions primary responsibility for designating ETCs to receive federal universal service support for high-cost and low-income (Lifeline) purposes. General ETC and Lifeline requirements are reflected in Federal Communications Commission (FCC) regulations, 47 CFR Part 54.

The Commission updated its own ETC requirements, consistent with federal regulations, in Order No. 15-382 entered December 1, 2015, in Docket No. UM 1648 (ETC Order). In that Order, the Commission authorized ETCs to use geographic units other than wire centers, including units associated with zip codes, to define their designated service area.

Commission regulations regarding ETPs and the OTAP are included in Chapter 860, Division 033 of the Oregon Administrative Rules.

Analysis

The Commission designated Virgin Mobile as an ETC and ETP for the limited purpose of offering Lifeline services in Docket No. UM 1522, Order No. 12-015 entered January 23, 2012, subject to conditions set forth in the order. The designated service area for both ETC and ETP purposes was defined in terms of wire centers listed in Exhibit G of Virgin Mobile's Amended Application for initial designation. Tribal Lands lying within those wire center areas were excluded from the designated service area, as Virgin Mobile did not plan to offer Tribal Lifeline services.

On October 6, 2017, Virgin Mobile submitted the application at issue here. A designated service area is the area in which an ETC is authorized by the Commission to offer the supported services, which in this case are federal Lifeline services. The same service area is used for purposes of ETP designation to offer OTAP services as federal Lifeline and OTAP discounts for supported voice services are offered together.

The requested modification is not prohibited by FCC rules and is permitted by Commission Order No. 15-382. That order recognizes the use of geographic units other than wire centers (which are mostly associated with incumbent local exchange carrier service areas) for purposes of granting federal universal service support. The order requires the company to explain its rationale for choosing specific geographic units (such as zip codes) to define its designated service area, and to provide a map showing the designated service boundaries. Virgin Mobile's application satisfies both requirements. As to the reasons for switching from wire centers to zip codes, the application explains that using zip codes will ease administration of the Lifeline program for Virgin Mobile and the OTAP staff, as well as for current and potential customers. Zip codes are recognized by consumers and are an established part of their addresses; wire centers are not. Additionally, Virgin Mobile's use of zip codes would put the company on an equal footing with the other Oregon wireless Lifeline-only ETCs that are already using zip codes to define their designated service areas. The boundaries of the existing service area will be changed only slightly, as zip code boundaries do not match

the boundaries established for wire centers. Virgin Mobile states that none of its current Lifeline customers will be negatively affected by the change.

There appears to be one detail that was not specifically addressed in the application. The original designation clearly excluded any Tribal Lands that lie within the geographic boundaries of the wire centers used to define the original designated service area, but the application is silent on this point. Staff has confirmed with Virgin Mobile's legal counsel that the company does intend to continue the exclusion of Tribal Lands from its designated service area, consistent with its initial ETC/ETP designation.

Conclusion

Virgin Mobile's request to redefine its ETC and ETP service area in terms of the zip codes listed in Exhibit A of its application is consistent with federal and Oregon rules and orders, and would further the public interest by easing Lifeline/OTAP administration and consumer understanding.

PROPOSED COMMISSION MOTION:

Approve Virgin Mobile's Application to Modify ETC and ETP Service Area.