

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 24, 2017

REGULAR _____ CONSENT X EFFECTIVE DATE Upon Approval

DATE: January 17, 2017

TO: Public Utility Commission

FROM: Kay Marinos ^{KM}
J

THROUGH: Jason Eisdorfer and Bryan Conway ^{AK}

SUBJECT: TRACFONE WIRELESS, INC.: (Docket No. UM 1437) Petition to Relinquish ETC and ETP Designations.

STAFF RECOMMENDATION:

Staff recommends that the Commission grant the request of TracFone Wireless, Inc. (TracFone) to relinquish its Eligible Telecommunications Carrier (ETC) and Eligible Telecommunications Provider (ETP) designations, effective April 1, 2017, subject to commitments regarding customer notification detailed in TracFone's petition.

DISCUSSION:

Issue

Whether the Commission should permit TracFone to relinquish its ETC and ETP designations, thereby enabling the company to cease offering Lifeline and Oregon Telephone Assistance Program (OTAP) voice services in Oregon.

Applicable 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. Specific federal requirements for ETC relinquishment are set forth in both 47 USC 214(e)(4) and 47 CFR 54.205(a) and are similar in each case. Federal law requires an ETC to provide advance notice of relinquishment to the state commission that granted its ETC designation. After receiving such notice, the state

commission shall permit an ETC to relinquish its designation if there will be at least one ETC remaining in the area and all customers of the relinquishing carrier can obtain service from the remaining ETC(s). If this condition cannot be met, the state commission shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining ETC(s).

There are no Oregon-specific requirements for ETC relinquishment beyond the federal requirements, nor are there any specific rules regarding requirements for ETP relinquishment. However, because ETP status requires active federal ETC status, relinquishment of ETC designation effectively terminates ETP designation as well.

The Commission designated TracFone as an ETC and an ETP for the limited purpose of offering federal and Oregon Lifeline services in Docket No. UM 1437, Order No. 12-149 entered May 2, 2012 (Designation Order), subject to conditions of operation set forth in the order. Since that time, TracFone has offered Lifeline voice service in Oregon under the brand name SafeLink Wireless. The service has been offered at no charge to qualifying customers.

Analysis

On January 6, 2017, TracFone submitted a Petition to Relinquish Eligible Telecommunications Carrier and Eligible Telecommunications Provider Designations (Petition), pursuant to 47 USC 214(e)(4) and 47 CFR 54.205, stating that it has decided to cease its provision of Lifeline service in Oregon. Although TracFone has received federal universal service funds to offer its Lifeline service in Oregon, it has neither sought nor received funds from the OTAP.¹

As noted above, there are federal requirements for ETC relinquishment, but no additional specific state requirements. TracFone demonstrates in its Petition that it meets the basic federal requirements for ETC relinquishment. The filing provides the required advance notice of relinquishment to the Commission. In each wire center of TracFone's designated service area, there will remain at least one ETC, i.e., an incumbent local exchange carrier (ILEC), which offers Lifeline on voice service. Additionally, ETCs such as US Cellular, AT&T Mobility, Boomerang, and i-wireless offer Lifeline on wireless voice services in at least some parts of TracFone's designated service area.

¹ The Lifeline service at issue in the instant petition concerns only voice service. On October 31, 2016, TracFone filed a Petition with the FCC for Designation as a Lifeline Broadband Provider (LBP); that petition is currently pending FCC approval. If the FCC approves that petition, TracFone will be authorized to offer Lifeline for qualifying internet access services (wireless data) nationwide, including in Oregon.

TracFone's current Lifeline customers will need sufficient time to select, and switch to, another Lifeline provider. In order to minimize the impacts on TracFone's Lifeline customers, representatives of TracFone, Staff and the Citizens' Utility Board (CUB) met several times to discuss customer notification methods and scheduling. They agreed upon several key actions and dates that are detailed in TracFone's Petition, and summarized as follows.

Relinquishment, and the accompanying cessation of Lifeline service to Oregon customers, will become effective on April 1, 2017. TracFone will stop accepting new applications for Lifeline service on January 31, 2017. This will prevent a new customer from starting service with TracFone, then having to find another Lifeline shortly thereafter. Customer notification will take place in three stages. First, at least sixty days prior to relinquishment, TracFone will send a text message to customers. Second, TracFone will send a letter via U.S. mail to subscribers at least 45 days before relinquishment. Third, TracFone will send follow-up text messages 30 days and 15 days prior to relinquishment to remaining customers. TracFone has been working with Staff and CUB to finalize the content of the customer communications and related information, including information that will be available on the internet.

Conclusion

Staff recommends the Commission grant TracFone's Petition because it meets the federal requirements for ETC relinquishment, and ETP relinquishment must necessarily follow. To mitigate possible impacts on the affected Lifeline customers, the approval should be subject to the customer notification details that are included in the Petition and which were agreed to by TracFone, Staff and CUB. Given the 60-day advance notice to customers, relinquishment on the requested date of April 1, 2017, is reasonable.

PROPOSED COMMISSION MOTION:

Approve TracFone's request to relinquish its ETC and ETP designations, effective April 1, 2017, subject to commitments concerning customer notification that are detailed in the Petition.