

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 8, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE _____ Upon Approval

DATE: October 31, 2016

TO: Public Utility Commission

FROM: Kay Marinos ^{Kim}

THROUGH: Jason Eisdorfer and Bryan Conway ^{MAG JE} ^{Byrd}

SUBJECT: I-WIRELESS, LLC: (Docket No. UM 1509) Application to Expand Designated Service Area.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve the First Amended Supplemental Application (Application) of i-wireless, LLC dba Access Wireless (i-wireless) and grant the company's request to expand its designated service area for the purpose of offering Lifeline and Oregon Telephone Assistance (OTAP) services in Oregon, subject to the conditions set forth in Order No. 15-300.

DISCUSSION:

Issue

Whether the Commission should permit i-wireless to expand its current designated service area as an Eligible Telecommunications Carrier (ETC) and Eligible Telecommunications Provider (ETP) to include the additional zip code areas specified in its Application, thereby enabling the company to offer Lifeline and OTAP services in those areas and to seek reimbursement for such services from the related funds.

Applicable Law and Orders

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 FCC regulations, 47 CFR Part 54.

The Commission designated i-wireless as an ETC and an ETP for the limited purpose of offering federal and Oregon Lifeline services in Docket No. UM 1509, Order No. 15-300

entered September 29, 2015, (Designation Order), subject to conditions set forth in the order. The service area approved in the Designation Order consists of the geographic areas associated with the zip codes specified in Exhibit A of the Stipulation and also listed in Appendix A of the Designation Order.

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). Paragraph 4 of Appendix A of the ETC Order, page 2 of the Appendix, addresses requirements for identification and definition of a proposed designated service area for initial ETC designation. Initial designation requirements can generally be presumed to apply to expansion of an approved service area as well.

OTAP requirements are based on Residential Service Protection Fund law found in Chapter 290, Sections 2-6, Oregon Laws 1987. Commission rules governing OTAP are found in Chapter 860, Division 033 of the Oregon Administrative Rules.

Discussion and Analysis

On October 31, 2016, i-wireless submitted the Application as a replacement for a similar application it had filed on September 12, 2016. The earlier application had proposed to expand the designated service area by adding areas defined in terms of wire center boundaries. The newer application requests the addition of areas defined by zip codes, and thereby aligns better with the units used to define i-wireless' current designated service area, i.e., zip codes.

The requested expansion of the service area will enable i-wireless to offer Lifeline/OTAP services to more Oregonians. Specifically, qualifying residents in almost seventy more zip code areas will be able to choose i-wireless for their Lifeline services if they wish. i-wireless requests expansion of its designated service area for another reason as well. As a result of a transaction that is expected to close very soon, majority control of i-wireless will be transferred to Sprint, a wireless carrier that already owns Virgin Mobile. Both i-wireless and Virgin Mobile are ETCs and ETPs in Oregon and offer Lifeline/OTAP services through the Access Wireless and Assurance Wireless brands, respectively. The companies plan to consolidate their Lifeline brands with i-wireless remaining as the surviving provider of Lifeline services. In order to be able to smoothly transition all current Assurance Wireless customers to i-wireless, it is necessary to expand the i-wireless area to mirror the larger Virgin Mobile designated service area. Without the requested expansion, at least fifteen hundred Assurance Wireless customers would not be able to transfer to i-wireless Lifeline service. Although both providers use the Sprint network to provide Lifeline services in Oregon, they previously and independently chose to serve different geographic markets.

Carriers that seek ETC designation to offer only Lifeline services are free to choose the area they wish to serve, provided that they are able to actually deliver the supported services in that area. In the case of a wireless service provider such as i-wireless, this means that they must have sufficient wireless coverage in the area. Virgin Mobile uses the Sprint network and had demonstrated previously in its ETC application that it has sufficient coverage in its ETC area. i-wireless also uses the Sprint network and requests expansion to generally align its designated service area with that of Virgin Mobile. It is reasonable to assume that Sprint coverage is sufficient in the additional areas requested by i-wireless as they are also included in Virgin Mobile's designated service area. The company has identified the zip codes associated with areas that correspond to the areas of the wire centers included in Virgin Mobile's service area. Although the boundaries of wire centers do not strictly align with those of zip codes, the identified zip codes represent reasonable approximations of the same wire center areas. Per the terms of its Designation Order, i-wireless must also submit quarterly reports intended to identify potential or actual customers impacted by inadequate coverage. This reporting will serve as a safeguard relative to coverage in the requested additional areas.

i-wireless provides in its Application a revised designated service area map to reflect the additional zip codes, as well as a Sprint wireless coverage map. Coverage maps are also available on the internet. In conjunction with the list of specific additional zip codes included in its Application, i-wireless fulfills the requirements of the ETC Order that relate to an ETC's designated service area.

i-wireless commits to abide by all applicable state and federal requirements for offering Lifeline services within the expanded area consistent with the terms of the original Commission order granting designation.

Conclusion

i-wireless' request should be granted for several reasons. First, the Application meets the requirements of relevant Commission orders and federal laws and regulations. Second, it will result in expanded consumer choice for Lifeline services in more areas of Oregon. Third, it will facilitate the transfer of all current Assurance Wireless Lifeline customers to i-wireless if the proposed transaction is implemented. Staff recommends granting i-wireless' request to expand its ETC designated service area, provided the conditions set forth in the original Designation Order No. 15-300, continue to apply in the expanded designated service area.

PROPOSED COMMISSION MOTION:

Approve i-wireless, LLC's request to expand its ETC designated service area to include the zip codes specified in Exhibit A of its First Amended Supplemental Application for the purpose of offering Lifeline and OTAP services to eligible residents, subject to the conditions in Order No. 15-300.

UM 1509 expansion