

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: December 16, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE December 16, 2014

DATE: December 8, 2014

TO: Public Utility Commission

FROM: Kay Marinos ^{KM}

THROUGH: Jason Eisdorfer ^{JE} and Bryan Conway ^{BAC}

SUBJECT: T-MOBILE WEST: (Docket No. UM 1511) Notice of Relinquishment of ETC and ETP Designations Pursuant to 47 U.S.C. § 214(e)(4).

STAFF RECOMMENDATION:

Grant T-Mobile West LLC's request to relinquish its Eligible Telecommunications Carrier (ETC) and Eligible Telecommunications Provider (ETP) designations in Oregon, subject to certain conditions, effective on March 1, 2015.

DISCUSSION:

Background

The Commission granted ETC and ETP designations to T-Mobile West LLC (T-Mobile) on November 1, 2012.¹ The designations enabled T-Mobile to participate in the federal Lifeline program and the Oregon Telephone Assistance Program (OTAP), respectively, in order to offer combined federal and state Lifeline discounts on its mobile voice service offerings to qualifying low-income customers. T-Mobile was not designated to receive federal high-cost support.

On October 8, 2014, T-Mobile filed T-Mobile West LLC's Notice of Relinquishment of Its Eligible Telecommunications Carrier and Eligible Telecommunications Provider Designations Pursuant to 47 U.S.C. § 214(e)(4) (Notice). In its Notice, T-Mobile explained that based on a review of on-going business plans, the company decided to no longer offer Lifeline services and discounts. Oregon is not the only state in which

¹ See Order No. 12-422 in Docket No. UM 1511. When the company filed its application for designation, it did so as T-Mobile West Corporation. On August 2, 2012, T-Mobile informed the Commission that the company was converted from a corporation to an LLC and the name was changed to T-Mobile West LLC.

T-Mobile seeks to relinquish its ETC status; the company filed for relinquishment in several other states as well.

In its Notice, T-Mobile requested relinquishment effective as of December 31, 2014. The company proposed to send notices after its relinquishment date to its Oregon Lifeline customers (currently numbering approximately 450) to inform them that T-Mobile ended its participation in the Lifeline program. The company also proposed to give the remaining Lifeline customers 45 days of a courtesy credit equivalent to the Lifeline credit, at its own expense. The Notice explained that customers will have a choice to remain with T-Mobile on their current plan (but without the Lifeline discount) or find another Lifeline provider. T-Mobile stated that it will not impose an early termination fee on any Lifeline customers that choose to find another provider.

Staff's Analysis

The federal requirements for ETC relinquishment are set forth in both 47 U.S.C. § 214(e)(4) and in 47 C.F.R. § 54.205(a), and are similar in each case. First, an ETC must 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 Commission shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining ETCs.

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 designation requires federal ETC status, relinquishment of ETC designation effectively terminates ETP status as well.

T-Mobile demonstrates in its Notice 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 T-Mobile's designated service area, there will remain at least one ETC, i.e., an incumbent local exchange carrier (ILEC), which will continue to offer local exchange voice services and associated Lifeline discounts within the wire center. Therefore, no purchase or construction of facilities will be required because of T-Mobile's relinquishment. Additionally, T-Mobile will continue to offer the same services to customers in the area - just without the option of a Lifeline discount. A few other ETCs, such as TracFone and Virgin Mobile, offer wireless Lifeline services in parts of T-Mobile's ETC area and may serve as alternative providers for some of T-Mobile's current Lifeline wireless customers.

Although T-Mobile meets the basic federal requirements for ETC relinquishment, those requirements do not address several aspects of potential impacts on customers, such as adequate notice periods. Nor do the Commission's own rules for abandonment of service apply to wireless service providers such as T-Mobile. In this regard and on review of T-Mobile's Notice, Staff and the Citizens' Utility Board of Oregon (CUB) raised some concerns with T-Mobile regarding certain aspects of T-Mobile's filed proposal, particularly as it pertains to the effective date of relinquishment, the continued acceptance of new applicants, and advance customer notification.

Staff and CUB strongly support providing Lifeline customers with sufficient advance notice of the termination of Lifeline services prior to an ETC's relinquishment. Customers should receive notification at least two months prior to the termination of their Lifeline services so that they have time to find another Lifeline service provider if they so choose. Then follow-up notices should be sent to remaining Lifeline customers as the relinquishment date draws nearer. In addition, in order to minimize the potential for new customer churn and confusion, Staff and CUB find that an ETC requesting relinquishment should be authorized to stop accepting new Lifeline service applications once the Commission approves the relinquishment request.

To address these concerns, T-Mobile has agreed to implement the following transition plan, in lieu of the plan described in its Notice:

1. T-Mobile will relinquish its ETC and ETP designations effective March 1, 2015;²
2. T-Mobile will stop accepting new Lifeline customers the day following Commission authorization for relinquishment, i.e. December 17, 2014;
3. No later than December 30, 2014, T-Mobile will contact its remaining Oregon Lifeline customers by postcard and by text message to 1) notify them that T-Mobile will cease providing Lifeline discounts on March 1, 2015, and 2) convey important information regarding customer options and the available resources for additional information and assistance. (Staff and CUB have already reviewed drafts of these notices to ensure that they contain adequate and accurate information). T-Mobile will also send a follow-up text message on or about January 31, 2015 to any of its remaining Lifeline customers; and

² A relinquishment effective date of March 1, 2015 means that T-Mobile will cease being an ETC after February 28, 2015.

4. T-Mobile will instruct its customer care representatives to give OPUC contact information to Lifeline customers who call to inquire about switching to a different Lifeline provider.

Staff supports T-Mobile's proposed relinquishment of its ETC and ETP designations with the above-listed conditions. These conditions provide Lifeline customers with adequate advance notice of the company's relinquishment date, as well as the necessary resources to identify and review the available service options. Allowing T-Mobile to stop accepting new applications following Commission authorization for relinquishment will limit any disruption or confusion for new customers.

PROPOSED COMMISSION MOTION:

The Commission grant relinquishment of T-Mobile's ETC and ETP designations in Oregon, effective March 1, 2015, subject to the above conditions.