

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 29, 2013**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: January 23, 2013

TO: Public Utility Commission

FROM: Stephen Hayes ^{CH} and Jon Cray ^{JC}

THROUGH: Jason Eisdorfer ^F, Mike Dougherty ^{MD}, Bryan Conway ^{KMG}, and
Kay Marinos ^{KM}

SUBJECT: CRICKET COMMUNICATIONS INC.: (Docket No. UM 1625) Application to Amend its Designation as an Eligible Telecommunications Carrier and Eligible Telecommunications Provider

STAFF RECOMMENDATION:

Staff recommends that the Commission grant the application of Cricket Communications, Inc. (Cricket) to expand its existing Eligible Telecommunications Carrier (ETC) and its Eligible Telecommunications Provider (ETP) designated service area to include additional wire centers in eastern Oregon. Approval of Cricket's request will enable the carrier to offer discounted mobile phone services to a greater number of eligible low-income consumers in rural Oregon.

DISCUSSION:

Background

Designation as a federal ETC enables a telecommunications service provider to offer Lifeline discounts of \$9.25 per month to qualifying low-income customers and receive reimbursement from the Federal Universal Service Fund. In Oregon, a federal ETC must also be designated as an ETP so that it can participate in the Oregon Telephone Assistance Program (OTAP). OTAP discounts are \$3.50 per month and are reimbursed through the Residential Service Protection Fund (RSPF). In total, a qualifying low-income customer in Oregon receives \$12.75 of combined subsidy monthly.

The Commission approved Cricket's initial ETC and ETP designations in Order No. 10-070 entered February 25, 2010. Cricket's designation is only for the purpose of

offering Lifeline services and receiving Lifeline support, and not for receiving high-cost support. Cricket's initial designated service area generally covers the I-5 corridor. Since its initial designation, Cricket expanded its network facilities to areas of eastern Oregon. As a result, on September 4, 2012, Cricket filed an application to amend its initial designated service area to include five additional wire centers located near the eastern border of Idaho and Oregon: Adrian, Nyssa, Ontario, Oregon Slope, and Ridgeview. Exhibit A of Cricket's application (attached) displays all the wire centers that will constitute Cricket's revised designated service area for ETC and ETP purposes.

Cricket is a facilities-based carrier that offers wireless prepaid services. Cricket offers Lifeline/OTAP discounts on its voice services to qualifying low-income customers. Cricket does not offer a "free" Lifeline service. The company currently has a significant number of Lifeline/OTAP customers in its initial designated service area. Cricket has consistently complied with ETC and ETP requirements since its initial designation in early 2010.

ETC Designation

Section 214(e)(2) of the federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), delegates authority to state commissions to designate common carriers that are eligible to receive federal universal service support. State commissions may confer federal ETC status on common carriers that meet conditions set out in Section 214(e)(1) of the Act. In general, those conditions require that the ETC offer and advertise, throughout its designated service area, the services that are supported services using either its own facilities or a combination of its own facilities and resale of another carrier's service. Carriers other than the ILECs may be designated as ETCs if such designation is consistent with the public interest.

In Docket No. UM 1217, Order No. 06-292, the Commission adopted an explicit set of requirements for federal ETC designation. These requirements are largely based on the Act and Federal Communications Commission (FCC) recommendations. Appendix A to the order sets forth detailed requirements for initial designation and for annual recertification of ETC status. Cricket demonstrates in detail in its instant application that it satisfies each of these requirements for its proposed expanded area. Cricket has filed acceptable annual ETC reports in the past, and commits to reporting for the expanded area.¹

¹ In February of 2012, the FCC modified some of its requirements pertaining to the provision of Lifeline services. Cricket is currently in compliance with the new requirements. See *In the Matter of Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, et al., FCC 12-11 (released Feb. 6, 2012).

Cricket's application demonstrates that extending ETC designation to the additional wire centers is in the public interest. Cricket's designation will increase choices for eligible low-income consumers in those areas. There are currently no wireless carriers designated to provide Lifeline/OTAP services in the Adrian and Ridgeview wire centers. In the Nyssa, Ontario and Oregon Slope wire centers, there are currently several wireless carriers designated to provide Lifeline/OTAP services, but none have the same service offerings and rate plans as Cricket.

ETCs are generally required to provide the supported services throughout a rural incumbent local exchange carrier's study area. An ETC cannot be designated in only some of the wire centers of a rural incumbent's study area unless that area has been "redefined" by the FCC. Cricket requests designation in two wire centers (Adrian and Ridgeview) out of the three total wire centers served by Oregon-Idaho Utilities, Inc., a rural telephone company that has not had its study area redefined to the wire center level. In February of 2012, Cricket obtained forbearance from the FCC that permits Cricket to offer service in only part of a rural telephone company's study area without that area being redefined.² Therefore, Cricket can be designated in just the Adrian and Ridgeview wire centers of Oregon-Idaho Utilities. Cricket has agreed to include the entire area of both wire centers and is not requesting designation below the wire-center level. There is no redefinition issue pertaining to the Nyssa, Ontario, and Oregon Slope wire centers as they are part of the study area of Qwest Corporation, a non-rural incumbent local exchange carrier to which the redefinition requirement does not apply.

ETP Designation

In 1987, the Commission established OTAP in response to the law enacted by the Oregon Legislature stating that all Oregonians have a right to access basic telecommunication services under the RSPF. OTAP is one of four telecommunications assistance programs outlined in Chapter 290, Oregon Laws 1987.

OTAP is administered by Commission staff and serves as a corollary to the federal Lifeline program. The state fund contributes \$3.50 per eligible customer for basic local exchange service, while the federal fund supplies \$9.25 as a federal Lifeline contribution. Consumers must meet eligibility requirements in order to receive the Lifeline/OTAP discounts.

² *In the Matter of Telecommunications Carriers Eligible for Universal Service Support, Cricket Communications, Inc. Petition for Forbearance*, WC Docket No. 09-197, Order, DA-158 (released Feb. 7, 2012).

In order to be designated as an ETP to participate in OTAP, a telecommunications service provider must first comply with the Commission's ETC requirements. The provider must also demonstrate that it will comply with OAR 860-033-0001 through OAR 860-033-0046. These rules specifically pertain to Lifeline/OTAP applicability, customer eligibility, benefits, compensable expenses, account, reporting and auditing.

Cricket has consistently complied with all OTAP requirements since its initial designation and can be expected to comply with all requirements in the proposed expanded service area.

PROPOSED COMMISSION MOTION:

The Application of Cricket Communications, Inc. to Amend its Designation as an Eligible Telecommunications Carrier (for purposes of receiving federal low-income support only), and as an Eligible Telecommunications Provider, be granted. The revised designated service area will be comprised of the wire centers listed in Exhibit A (attached).

Exhibit A
Proposed designated rural and non-rural ILEC service areas (new and existing)

| Locality | Wire Center (CLI)* | Company Name | OCN Category | New? |
|---------------------|--------------------|--|--------------|------|
| BEAVER CREEK | BVCKORXA | BEAVER CREEK COOPERATIVE TELEPHONE CO. | ILEC | |
| CANBY | CNBYORXA | CANBY TELEPHONE ASSOCIATION | ILEC | |
| NEEDY | NEDYORXA | CANBY TELEPHONE ASSOCIATION | ILEC | |
| CORBETT | CRBTORXC | CASCADE UTILITIES, INC. | ILEC | |
| AURORA | AURRORXA | CENTURYTEL OF OREGON, INC. DBA CENTURYLINK | ILEC | |
| BROWNSVILLE | BWVLORXX | CENTURYTEL OF OREGON, INC. DBA CENTURYLINK | ILEC | |
| CHARBONNEAU | CHBUORXA | CENTURYTEL OF OREGON, INC. DBA CENTURYLINK | ILEC | |
| CRESWELL | CRWLORXA | CENTURYTEL OF OREGON, INC. DBA CENTURYLINK | ILEC | |
| LEBANON | LBNNORXB | CENTURYTEL OF OREGON, INC. DBA CENTURYLINK | ILEC | |
| SCAPPOOSE | SCPPORXA | CENTURYTEL OF OREGON, INC. DBA CENTURYLINK | ILEC | |
| SHEDD | SHDDORXA | CENTURYTEL OF OREGON, INC. DBA CENTURYLINK | ILEC | |
| REDLAND | RDLORXX | CLEAR CREEK MUTUAL TELEPHONE CO. | ILEC | |
| ALOHA | ALOHORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| AMITY | AMTYORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| AUMSVILLE TURNER | AMVLORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| BANKS | BNKSORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| BEAVERTON | BVTNORXB | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| DAYTON | DYTNORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| FOREST GROVE | FRGVORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| GRAND ISLAND | GDISORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| GRESHAM | GRHMORXB | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| HILLSBORO | HLBOORXB | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| MCMINNVILLE | MMVLORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| NEWBERG | NWBRORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| ORIENT | ORNTORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| SCHOLLS | SCHLORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |

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| | | | | |
|---------------------|-----------|--|------|-----|
| SHERWOOD | SHWDORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| SILVERTON | SLTNORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| SOMERSET WEST | SMRWORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| GRESHAM | SNDYORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| SUNNYSIDE | SNSDORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| STAFFORD | STFRORXX | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| TIGARD | TGRDORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| BULL MOUNTAIN | TGRDORXC | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| AUMSVILLE TURNER | TRNRORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| TUALATIN | TULTORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| VALLEYVIEW | VYVWORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| WILSONVILLE | WIVLORXA | FRONTIER COMMUNICATIONS NORTHWEST, INC. - OR | ILEC | |
| GERVAIS | GRVSORXX | GERVAIS TELEPHONE CO. | ILEC | |
| MOLALLA | MLLORXA | MOLALLA TELEPHONE CO. | ILEC | |
| MONITOR | MNTRORXA | MONITOR COOPERATIVE TELEPHONE CO. | ILEC | |
| MONROE | MONRORXB | MONROE TELEPHONE CO. | ILEC | |
| MOUNT ANGEL | MTANORXA | MT. ANGEL TELEPHONE CO. | ILEC | |
| ADRIAN | ADRNRORXA | OREGON - IDAHO UTILITIES, INC. | ILEC | NEW |
| RIDGEVIEW | RDVWORXA | OREGON - IDAHO UTILITIES, INC. | ILEC | NEW |
| ADAIR | ADAROR21 | QWEST CORPORATION | RBOC | |
| ALBANY | ALBYOR63 | QWEST CORPORATION | RBOC | |
| BURLINGTON | BURLOR62 | QWEST CORPORATION | RBOC | |
| CORVALLIS | CRVSROR65 | QWEST CORPORATION | RBOC | |
| COTTAGE GROVE | CTGVOR53 | QWEST CORPORATION | RBOC | |
| DALLAS | DLLSOR58 | QWEST CORPORATION | RBOC | |
| EUGENE | EUGNOR28 | QWEST CORPORATION | RBOC | |
| EUGENE | EUGNOR53 | QWEST CORPORATION | RBOC | |
| INDEPENDENCE | INDPOR58 | QWEST CORPORATION | RBOC | |
| JEFFERSON | JFSNOR63 | QWEST CORPORATION | RBOC | |
| JUNCTION CITY | JNCYOR51 | QWEST CORPORATION | RBOC | |
| LAKE OSWEGO | LKOSOR62 | QWEST CORPORATION | RBOC | |
| MILWAUKIE | MLWKOR17 | QWEST CORPORATION | RBOC | |
| NORTH PLAINS | NPLNOR62 | QWEST CORPORATION | RBOC | |
| NYSSA | NYSSORXC | QWEST CORPORATION | RBOC | NEW |
| ONTARIO | ONTRORXC | QWEST CORPORATION | RBOC | NEW |
| OREGON CITY | ORCVOR18 | QWEST CORPORATION | RBOC | |

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| OREGON SLOPE | ORSLOPXC | QWEST CORPORATION | RBOC | NEW |
|--------------|----------|--|------|-----|
| PORTLAND | PTLDOR02 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR08 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR11 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR12 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR13 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR14 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR17 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR18 | QWEST CORPORATION | RBOC | |
| PORTLAND | PTLDOR69 | QWEST CORPORATION | RBOC | |
| SALEM | SALMOR58 | QWEST CORPORATION | RBOC | |
| SALEM | SALMOR59 | QWEST CORPORATION | RBOC | |
| SPRINGFIELD | SPFDOR01 | QWEST CORPORATION | RBOC | |
| ST HELENS | STHNOR40 | QWEST CORPORATION | RBOC | |
| VENETA | VENTOR54 | QWEST CORPORATION | RBOC | |
| WOODBURN | WDBNOR59 | QWEST CORPORATION | RBOC | |
| HALSEY | HLSYORXB | ROOME TELECOMMUNICATIONS, INC. | ILEC | |
| ST. PAUL | STPLORXX | ST. PAUL COOPERATIVE TELEPHONE ASSOCIATION | ILEC | |

*Each wire center will be included in its entirety.

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