

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 23, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A

DATE: October 10, 2018

TO: Public Utility Commission

FROM: Kay Marinos ^{KM}

THROUGH: Jason Eisdorfer ^{EP for} and Bryan Conway ^{BC}

SUBJECT: DOUGLAS SERVICES, INC.: (Docket No. UM 1896) Supplemental Application to Expand Designated Service Area to Offer Lifeline and OTAP Services.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve the Supplemental Application (Supplemental Application) of Douglas Services, Inc. dba Douglas Fast Net (DFN) and grant the company's request to expand its designated service area, for the limited purpose of offering federal Lifeline and Oregon Telephone Assistance Program (OTAP) services, to include the portions of the Roseburg wire center area where DFN has not yet been granted designation.

DISCUSSION:

Issue

Whether the Commission should permit DFN to expand the area in which it was previously designated as a federal Lifeline-only Eligible Telecommunications Carrier (ETC) and as an Eligible Telecommunications Provider (ETP) to include the portions of the Roseburg wire center area where it currently lacks the designation required to offer Lifeline and OTAP services. The requested expansion will enable DFN to offer Lifeline and OTAP benefits throughout the Roseburg wire center area and to seek reimbursement from the related funds.

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 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). 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 law found in Chapter 290, Section 6, Oregon Laws 1987, as amended. Commission rules governing OTAP are found in Chapter 860, Division 033 of the Oregon Administrative Rules.

There are two Commission orders relevant to this Supplemental Application. The first is Order No. 15-159, entered May 19, 2015, in Docket No. UM 1721 (RBE Order). In this order, the Commission designated DFN as a federal ETC to receive federal high-cost support under the FCC's Rural Broadband Experiment (RBE), as well as federal Lifeline support. The Commission also designated DFN as an ETP to participate in the OTAP. The designated service area in the RBE Order corresponds to the areas where the FCC awarded RBE support to DFN. It is comprised of numerous specific census blocks, some of which lie within the area served by the Roseburg wire center.

The second relevant order, Order No. 18-040, entered February 2, 2018, was issued in a subsequent docket, Docket No. UM 1896. In this order, the Commission granted a new DFN application for ETC designation to obtain high-cost support from the Oregon Universal Service Fund (OUSF), but not from the federal high-cost fund as in Docket No. UM 1721. A new and separate designated service area was established based on the areas served by the following six wire centers: Camas Valley, Drain, Glide, Yoncalla, Sutherlin, and Winston. Because designation to receive OUSF support requires carriers to also offer Lifeline and OTAP services, DFN requested, and the Commission granted, designation as an ETP and as a federal ETC, but only for the limited purpose of offering Lifeline services in the designated service area. The Roseburg wire center area was not included in the designated service area in this case.

Analysis

DFN submitted the Supplemental Application at issue here on September 21, 2018. The purpose of the application is to enable DFN to offer Lifeline and OTAP services to

all qualifying low-income customers residing in the area served by the Roseburg wire center.

Currently, DFN is authorized to offer Lifeline and OTAP services in the Roseburg wire center area only within the few census blocks where it was granted designation for federal RBE funding in Docket No. UM 1721. DFN chose not to request designation in any part of the Roseburg wire center area in Docket No. UM 1896 because the primary purpose of that application was to obtain OUSF support, and there is no OUSF support available in the Roseburg wire center area. DFN now requests expansion of the designated service area, granted previously in Docket No. UM 1896, so that it can offer Lifeline and OTAP services in the parts of Roseburg wire center where it is not currently designated to do so. DFN does not request OUSF support as part of the Supplemental Application and Roseburg will not be part of the designated service area for purposes of OUSF support.

Appended to this memo is the map that DFN included as Exhibit A in its Supplemental Application. It depicts the locations associated with current designations and the portions of the Roseburg area at issue here. The Roseburg wire center area is labelled as RSBGOR. The green areas indicate the census blocks in which DFN was previously designated for RBE and Lifeline and OTAP support. The hatched area indicates the geographic area where DFN is now requesting designation in the Supplemental Application. The tan areas mark the other wire centers that comprise the current designated service area that DFN seeks to expand.

For the purpose of being able to offer Lifeline and OTAP services in previously excluded areas of the Roseburg wire center, it is appropriate for DFN to request expansion of the designated service area granted in Docket No. UM 1896, because the federal ETC designation in that docket was limited to Lifeline support, which is the only federal support that DFN seeks in its Supplemental Application. It would not be appropriate for DFN to request expansion of the designated service area granted in Docket No. UM 1721 because that service area was designated for purposes of federal high-cost support. No high-cost support is being requested in this Supplemental Application.

DFN has already demonstrated in its initial application in Docket No. UM 1896 that it meets requirements for Lifeline-only federal ETC and ETP designation. Furthermore, in its Supplemental Application, DFN commits to continued compliance with all relevant requirements.

As DFN explains in its Supplemental Application, it has customers living in the Roseburg area who meet Lifeline eligibility requirements but cannot receive Lifeline and OTAP benefits from DFN because the company is not designated throughout the entire

wire center area. DFN can only offer such benefits to residents living in the specific census blocks where DFN was designated to receive RBE funding. These census blocks are scattered and lie mostly in the outer areas of the Roseburg wire center. The limited and non-contiguous nature of the areas creates customer confusion as to where Lifeline and OTAP services are available. It also creates challenges for Lifeline and OTAP program administration.

Conclusion

DFN's request to expand its designated service area for the limited purpose of offering Lifeline and OTAP services throughout the area served by the Roseburg wire center is in the public interest and should be granted. DFN meets the requirements for ETC and ETP designation to offer Lifeline and OTAP services throughout the Roseburg wire center area. Granting the request will enable DFN to offer Lifeline and OTAP services to more of its customers and will increase choices available to qualifying low-income residents in the Roseburg area. In addition, granting the request will significantly ease administration of the OTAP program, for both the company and OTAP personnel, by filling in existing gaps in geographic coverage. It will also simplify advertising and serve to reduce customer confusion regarding the availability of Lifeline and OTAP services in the Roseburg area.

PROPOSED COMMISSION MOTION:

Approve DFN's request to expand its federal ETC and ETP designated service area to include the portions of the Roseburg wire center area where DFN currently lacks designation for the limited purpose of offering Lifeline and OTAP services to qualifying low-income residents.

