

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

In the Matter of  
RCC MINNESOTA, INC.  
Application for Designation as an Eligible  
Telecommunications Carrier Designation, and  
Eligible Telecommunications Provider  
Designation in the State of Oregon

Docket Nos. UM 1083 and UM 1166  
STAFF'S RESPONSE IN SUPPORT OF RCC'S  
MOTION FOR ACKNOWLEDGEMENT OF  
RELINQUISHMENT OF ELIGIBLE  
TELECOMMUNICATIONS CARRIER  
DESIGNATION AND ELIGIBLE  
TELECOMMUNICATIONS PROVIDER  
DESIGNATION IN THE STATE OF OREGON

On April 15, 2009, RCC Minnesota, Inc. (RCC) filed a Motion for Acknowledgement of Relinquishment of Eligible Telecommunications Carrier (ETC) Designation and Eligible Telecommunications Provider (ETP) Designation in the State of Oregon. In that motion, RCC asks the Commission to acknowledge and approve the relinquishment of its ETC status and ETP status in Oregon. RCC requests that this Commission grant its motion by April 30, 2009, and approve the relinquishment as of June 30, 2009.<sup>1</sup>

Staff recommends the Commission approve RCC's request to relinquish its ETC and ETP designations in Oregon, as of June 30, 2009. Staff supports the request for issuance of an order by April 30, 2009 to allow sufficient time for RCC customers currently participating in the low-income programs -- federal Lifeline and Oregon Telephone Assistance Program (OTAP) -- to switch to another Lifeline/OTAP provider before RCC's designation ends on June 30, 2009.

The Commission granted federal ETC status to RCC in Docket No. UM 1083, Order No. 04-355, dated June 24, 2004. Federal ETC status enables RCC to receive federal universal service high-cost and low-income (Lifeline/Link Up) support. Federal ETCs in Oregon must also receive designation as an ETP and participate in the state's OTAP which matches federal

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<sup>1</sup> Even though RCC's motion is phrased such that its relinquishment would be "as of June 30<sup>th</sup>," staff understands from conversations with the company that the relinquishment would not occur until the end of the day on June 30<sup>th</sup>. Stated differently, the relinquishment should take effect on July 1, 2009. RCC can reply if staff's understanding is incorrect.

1 Lifeline support. The Commission granted state ETP status to RCC in Docket No. UM 1166,  
2 Order No. 04-559, dated September 27, 2004. On August 7, 2008, RCC was acquired by Celco  
3 Partnership dba Verizon Wireless. After the acquisition, RCC indicated that it wished to retain  
4 its ETC status. The Commission recertified RCC as an ETC eligible for federal high-cost  
5 support during last year's annual recertification process. *See* Docket No. UM 1375, Order No.  
6 08-481, entered September 24, 2008.

7 RCC's designated service area is comprised of seventy-one exchanges served by eleven  
8 different incumbent local exchange carriers (ILECs) as listed in Order No. 06-058, as well as in  
9 RCC's motion. The area covers generally the south-central portion and eastern half of the state.  
10 Two other wireless carriers, US Cellular and Snake River PCS, are also designated as  
11 competitive ETCs in portions of RCC's ETC area.

12 The Commission has previously granted a request for relinquishment of ETC and ETP  
13 designations of another ETC --- VCI Company fka Stan Efferding, dba Vilaire (VCI). *See*  
14 Docket No. UM 1107(1), Order No. 07-027, entered January 29, 2007. As noted in that order,  
15 the relinquishment of ETC status is governed by 47 C.F.R. §54.205, which in turn is based upon  
16 requirements in 47 U.S.C. §214(e)(4).

17 The Federal Communication Commission's (FCC) rules impose one requirement on an  
18 ETC seeking relinquishment and two requirements on the state commission receiving a  
19 relinquishment request. An ETC seeking to relinquish its ETC status must give advance notice  
20 to the state commission. Through its motion filed April 15, 2009, RCC has met this requirement.

21 Under 47 U.S.C. § 214(e)(4), upon receiving the ETC's request for relinquishment, a  
22 state commission must meet two requirements. First, the state commission must permit an ETC  
23 to relinquish its designation in any area served by more than one ETC. This requirement applies  
24 to RCC's request as there is at least one other ETC -- an ILEC -- in each wire center that  
25 comprises RCC's designated service area. The ILECs were the first ETCs designated and will  
26

1 remain as ETCs after RCC's relinquishment. Therefore, the Commission must grant RCC's  
2 motion for relinquishment of its ETC status.

3 The second requirement imposed by the federal statute upon the state commission is that,  
4 prior to granting the relinquishment, the commission must require the remaining ETC(s) ensure  
5 that all customers served by the relinquishing carrier will continue to be served, and shall require  
6 sufficient notice to permit the purchase or construction of adequate facilities by any remaining  
7 eligible telecommunications carrier.

8 All customers currently served by RCC will have several choices for continuation of  
9 service. First, they can continue their current wireless service as RCC is not ceasing operations  
10 upon relinquishment of its ETC status. As explained in RCC's motion, during the transition to  
11 integration of RCC with Verizon Wireless, its customers will maintain continuity of service and  
12 may choose to continue their service with Verizon Wireless. Second, customers may choose to  
13 obtain service from the ILEC in their area. ILECs have carrier-of-last resort obligations and  
14 must provide service to all requesting customers. Third, in many portions of RCC's area, other  
15 carriers, including other wireless ETCs, offer service. Therefore, the second requirement  
16 imposed on the commission is met. There is no need to require notice to permit the purchase or  
17 construction of adequate facilities by any remaining ETC since RCC is not ceasing operations  
18 and will continue to offer service in the same areas under the Verizon Wireless brand.

19 After RCC's relinquishment of ETC status becomes effective, the company will no  
20 longer receive support payments from the federal universal service high-cost fund. Staff is  
21 unable to determine the exact amount of support that RCC will be foregoing, but estimates are  
22 between \$3 to \$4 million for this year. State-specific caps on total competitive ETC support  
23 became effective last August. Oregon's cap is approximately \$21 million. A few months after  
24 the state caps became effective, Verizon Wireless agreed to phase out its high-cost support in  
25 equal increments (20%) over five years, as a condition for approval of its acquisition of Alltel  
26 Wireless. That agreement limits and reduces support received by RCC in Oregon. Although the

1 first year's 20% reduction is already in effect, the universal service fund administrator (USAC)  
2 has yet to release the adjusted amounts. There is currently disagreement over whether Verizon  
3 Wireless' voluntary reduction in support should cause a decrease in the state caps. Further,  
4 although it appears that the state cap should not decrease if a carrier relinquishes its ETC status,  
5 the issue is still subject to verification. Staff is waiting for clarification from USAC on these  
6 issues. It is likely that, at worst, RCC's relinquishment will not materially reduce the amount of  
7 high-cost support currently being received by other ETCs in the state. At best, RCC's support,  
8 or a portion of it, may be available for other competitive ETCs in the state.

9 Unlike the relinquishment of ETC status, there are no specific rules governing the  
10 relinquishment of ETP status and withdrawal from OTAP. However, Staff is concerned that  
11 RCC's current Lifeline/OTAP customers be given enough time and information to switch to an  
12 alternative Lifeline/OTAP provider prior to the effective date of RCC's relinquishment. In that  
13 regard, RCC asks the Commission to approve its motion by April 30 so that it can send notices to  
14 current Lifeline/OTAP customers on, or shortly after, that date. An April 30 approval date will  
15 give customers nearly two months notice to find a new provider before RCC ends its  
16 Lifeline/OTAP services on June 30. Staff supports the requested dates and notes that if an April  
17 30 approval is not possible, a 45-day notice period to customers would still suffice.

18 Exhibit B of RCC's motion contains a notice letter that the company proposes to send to  
19 its Lifeline/OTAP customers. Staff has worked with RCC to modify its proposed notice. The  
20 revised final draft version, which is attached as Staff Exhibit 1, is now ready for RCC to send to  
21 Lifeline/OTAP customers as soon as the Commission approves RCC's motion. Staff has also  
22 notified ILECs and other ETCs in RCC's designated service area of RCC's pending  
23 relinquishment in order to prepare those companies for increased Lifeline/OTAP activity. There  
24 are two wireless ETCs designated in portions of RCC's area that offer wireless Lifeline/OTAP  
25 services. US Cellular is an ETC in all but fifteen of the seventy-one wire centers where RCC is  
26 an ETP. Snake River PCS is an ETC in eleven of the wire centers. OTAP Staff will manage the

1 migration process to ensure that all of RCC's Lifeline/OTAP customers find an alternative  
2 provider for low-income discounted services.

3 In summary, Staff supports RCC's motion and recommends Commission approval of  
4 RCC's request to relinquish its ETC and ETP designations in Oregon, as of June 30, 2009.  
5 Granting the request by April 30 will ensure that RCC's Lifeline/OTAP customers will have  
6 adequate time to obtain Lifeline/OTAP services from another ETC.

7 DATED this 24<sup>th</sup> day of April 2009.

8 Respectfully submitted,

9  
10 JOHN R. KROGER  
11 Attorney General

12 s/Michael T. Weirich  
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15 Of Attorneys for the Public Utility Commission  
16 of Oregon  
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**NOTICE**

**Termination of Oregon Telephone Assistance Program/Lifeline Discounts**

Dear Verizon Wireless Customer:

RCC Minnesota, Inc. d/b/a Verizon Wireless will no longer participate in the Oregon Telephone Assistance Program (OTAP)/Lifeline. Effective 60 days from the date of this letter, you will no longer receive the \$13.50 discount on your monthly bill.

If you wish to receive the discount with another company, please call OTAP/Lifeline, managed by the Public Utility Commission, at 1-800-848-4442. Verizon Wireless will not subject you to an early termination fee for cancelling your service.

If you would like to remain a valued Verizon Wireless customer under your current rate plan, there is nothing you need to do. Please contact us directly at 1-800-924-0585 to review other Verizon Wireless rate plan options and our customer service team will be happy to assist you. You can also visit us online at [www.verizonwireless.com](http://www.verizonwireless.com).

Verizon Wireless values your business and hopes to continue to serve your wireless needs.

Sincerely,

Tina Hiller  
Consultant – Lifeline Compliance

1 **CERTIFICATE OF SERVICE**

2 I certify that on April 24, 2009 I served the foregoing Staff Reply upon the parties in this  
3 proceeding by electronic mail and by sending a true, exact and full copy by regular mail, postage  
4 prepaid, or by hand-delivery/shuttle, to the parties accepting paper service.

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