

ORDER NO. 97-481

ENTERED DEC 16 1997

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 873

In the Matter of Applications to be )  
Designated Eligible Telecommunications ) ORDER  
Carriers in the State of Oregon. )

**DISPOSITION: ELIGIBLE TELECOMMUNICATIONS CARRIERS  
DESIGNATED.**

The federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), requires state commissions to designate a common carrier that meets certain requirements as an eligible telecommunications carrier for a service area. The requirements include offering services supported by the federal universal service support mechanisms, and advertising the availability of those services in media of general distribution.

Federal rules define supported universal services. Those services include, among others, single-party access to the public switched network and toll limitation for qualifying low-income consumers. Toll limitation consists of both toll control and toll blocking. Toll blocking prevents toll calls from being made from a telephone line. Toll control allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channels per billing cycle. The federal rules allow state commissions to grant waivers from certain requirements, including toll limitation and single-party service.

Between October 28, 1997, and November 25, 1997, incumbent local exchange carriers providing service in Oregon filed applications (and amendments) with the Commission requesting designation as eligible telecommunications carriers. All applicants request a temporary waiver of the requirement to provide toll control service. U S WEST Communications, Inc. (USWC), GTE Northwest Incorporated (GTE), and Telephone Utilities of Eastern Oregon (TU) request relief from the requirement to provide single-party service.

The Commission's Staff analyzed the petitions and prepared a Staff Report for the Commission. The Commission considered the petitions and the Staff Report at its Public Meeting on December 2, 1997. The Commission adopted the Staff Report, attached as Appendix A to this order, at that public meeting.

We have decided to grant the requests for temporary waivers of the requirements to provide single-party service and toll control service. Currently, the petitioners do not have the technical capability to provide toll control service. As to single-party service, USWC, GTE, and TU currently are unable to provide that service to all of their customers. USWC, unable to provide single-party service to fewer than 20 customers, requests a declaration that it has substantially complied with the requirement. In the alternative, USWC requests a temporary waiver to make network upgrades. We find its inability to provide single-party service to fewer than 20 lines to be *de minimis*; USWC is in substantial compliance with the requirement. GTE and TU should be given until the end of 1998 to upgrade their networks to provide single-party service.

### CONCLUSIONS

Applicants are qualified for designation as telecommunications carriers eligible to receive federal universal service support. Temporary waivers for toll control capability and single-party service should be granted as outlined above.

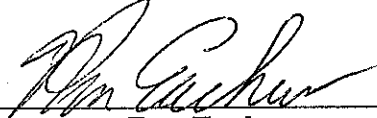
### ORDER

IT IS ORDERED that:

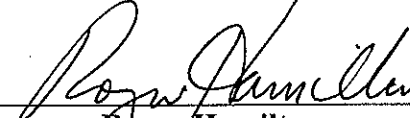
1. Applicants listed on Exhibit A to Appendix A to this order are designated as telecommunications carriers eligible to receive federal universal service support;
2. The designated service areas for USWC are the exchanges listed on Exhibit B to Appendix A to this order;
3. The designated service areas for GTE are the exchanges listed on Exhibit C to Appendix A to this order;
4. The designated service areas for the carriers listed on Exhibit A to Appendix A of this order, except USWC and GTE, are the study areas applicable to each carrier;
5. GTE and TU are granted waivers until December 31, 1998, from the requirement to provide single-party service to all their customers;
6. All applicants in this docket are granted temporary waivers from the requirement to provide toll control service;

7. The eligible carrier designations listed above shall become effective on January 1, 1998.

Made, entered, and effective DEC 16 1997



**Ron Eachus**  
Chairman



**Roger Hamilton**  
Commissioner



**COMMISSIONER SMITH WAS  
UNAVAILABLE FOR SIGNATURE**

**Joan H. Smith**  
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements of OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070. A party may appeal this order to a court pursuant to ORS 756.580.

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PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 2, 1997

REGULAR AGENDA X    CONSENT AGENDA       EFFECTIVE DATE: January 1, 1998

DATE: November 25, 1997

TO: Mike Kane *[Signature]*

FROM: *[Signature]* Tom Turner through Dave Booth through Pete Paris *[Signature]*

SUBJECT: Designation of Eligible Telecommunications Carriers and Service Areas

SUMMARY RECOMMENDATION:

Staff recommends that the Commission designate the telecommunications carriers listed on Exhibit A attached to this report as eligible to receive federal universal service support effective January 1, 1998. Staff recommends that the designated service areas for each rural telephone company be their Oregon study area.<sup>1</sup> Staff recommends that the designated service areas for U S WEST Communications and GTE Northwest, which are classified under the Telecommunications Act of 1996 as non-rural telephone companies, be each local exchange area<sup>2</sup> as listed in Exhibits B and C, respectively. Staff recommends approval of temporary waivers for toll control capability for all applicants and for single party service availability for GTE Northwest and Telephone Utilities of Eastern Oregon.

DISCUSSION:

Section 214(e)(2) (47 U.S.C. 214) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), requires that a State commission designate a common carrier that meets certain requirements as an eligible telecommunications carrier for a service area designated by the State commission.

Section 214(e)(5) of the Act defines service area as a geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms. In the case of an area served by a rural telephone company, 'service area' means such company's 'study area' unless and until the FCC and the States, after taking into account recommendations of a Federal-State Joint Board establish a different definition of service area for such company.

An eligible telecommunications carrier must meet the following requirements as adopted by the FCC on May 8, 1997, in CC Docket 96-45:

- (a) It must offer the services supported by the Federal Universal Service Fund, as defined under 47 CFR Section 54.101, and make available Lifeline service, as defined in 47 CFR Sec-

<sup>1</sup> A study area is the local exchange service area for each telephone company within a state.

<sup>2</sup> Local exchange service areas are geographic areas as provided on exchange maps filed with and approved by the Commission.

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tion 54.401,<sup>3</sup> to qualifying low-income consumers either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by other eligible telecommunications carriers) throughout the service area, and

(b) It must advertise the availability of such services and the charges therefor using a media of general distribution.

<sup>47</sup> CFR Section 54.101 defines supported universal services to include:

1. Voice grade access to the public switched network.
2. Local usage of exchange service free of charge to consumers.
3. "Touch-tone" signaling.
4. Single party service.
5. Access to emergency (911) services.
6. Access to operator services.
7. Access to interexchange service.
8. Access to directory assistance.
9. Toll limitation for qualifying low-income consumers without charge.

In regard to Lifeline services, CFR Section 51.401 states that an eligible carrier: (a) may not disconnect Lifeline service for non-payment of toll charges, and (b) may not collect a service deposit if the low-income consumer voluntarily elects toll blocking from the carrier, where available.<sup>4</sup>

Under federal rules, the Commission may grant waivers from certain eligibility requirements. Waived requirements may include single party service, E 911 access, toll limitation, and Lifeline disconnection. See CFR Sections 54.101(c) and 54.401(b).

In PUC Docket UM 731, staff addresses the designation of eligible carriers under the federal regulations. See Staff's Revised Proposal, dated October 7, 1997, pages 7-8. Because only eligible carriers may receive universal service support for the high-cost, low-income, and rural health care provider programs, staff requested that applications be submitted by November 3, 1997. The FCC and the Universal Service Administration Company require a list of eligible carriers and a list of service areas for non-rural telephone companies from the PUC by the end of the year. Each eligible carrier is also required to send a copy of the PUC designation order by the end of the year. A copy of the FCC's September 29, 1997, Public Notice is provided in Exhibit D.

<sup>1</sup> Eligible carriers must make Lifeline service available per CFR 54.405.

<sup>4</sup> PUC Docket AR 345 is addressing the disconnection and deposit requirements for the Oregon Telephone Assistance Program (OTAP). PUC Docket AR 335 is addressing the general requirements for OTAP to bring it into compliance with the federal rules.

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PUC Docket UM 873 has been opened to process eligibility applications. Staff has reviewed the applications received from the incumbent local exchange carriers<sup>5</sup> as listed in Exhibit A, and finds that they comply with the federal requirements with the following exceptions:

1. Toll Limitation Service: CFR 54.101(a)(9) requires the provision of toll limitation for qualifying low-income consumers. CFR 54.400(d) defines toll limitation as both toll blocking and toll control. Toll control allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or per billing cycle. While all of the applicants provide toll blocking, none of the applicants currently have the technical ability to provide toll control. U S WEST Communications has filed with the FCC a petition for reconsideration and clarification of this requirement. To date, the FCC has not responded. All the applicants request temporary waiver of this requirement. Staff recommends approval of all temporary waivers for toll control capability.

2. Availability of Single Party Service: CFR 54.101 requires eligible carriers to make available single party service throughout their service areas. The PUC may waive this requirement for a period of time necessary to complete network upgrades. U S WEST Communications, GTE Northwest, and Telephone Utilities of Eastern Oregon request temporary waiver of this requirement.

U S WEST states that it has nearly completed a multiparty upgrade program; however, a small portion of its customers (under 20 lines) do not have single party service available to them.<sup>6</sup> U S WEST argues that it is in substantial compliance with the single party requirement despite these de minimus exceptions. In the alternative, it seeks temporary waiver to make network upgrades. Staff agrees that 20 lines are de minimus and that a waiver should not be required.

GTE Northwest states that it has approximately 4,200 multiparty customers of which 336 could not receive single party service should they request it.<sup>7</sup> GTE requests temporary waiver of the single party requirement to year-end 1998. Staff recommends approval of a temporary waiver.

Telephone Utilities of Eastern Oregon requests waiver of the single party requirement pending completion of its network upgrades as ordered by the Commission in Docket UP 96, Order 95-526.<sup>8</sup> Attachment C to Order 95-526 shows that the Harney exchange will not complete single party conversion until year-end 1998. Staff recommends approval of a temporary waiver.

#### STAFF RECOMMENDATION:

Staff recommends that the Commission designate the telecommunications carriers listed on Exhibit A attached to this report as eligible to receive federal universal service support effective January 1, 1998. Staff recommends that the designated service areas for each rural telephone company be the study area and the designated service areas for U S WEST Communications and GTE Northwest be

<sup>5</sup> Staff has not yet received any applications from competitive local exchange carriers for USF eligibility.

<sup>6</sup> See U S WEST's Application, p. 5.

<sup>7</sup> See GTE Northwest's Application, pp. 3-4.

<sup>8</sup> See Affidavit of William H. Weinman, p. 3.

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the local exchange areas listed in Exhibits B and C, respectively. Staff recommends approval of temporary waivers for toll control capability for all applicants and for single party service availability for GTE Northwest and Telephone Utilities of Eastern Oregon.

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APPENDIX A  
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## Exhibit A

## Designation of Eligible Carriers for Federal USF Support in the State of Oregon

| <u>Incumbent Local Exchange Carrier</u>                      | Rural (R)            | Study Area (SA)           | Waiver Request:     |                     |
|--|----------------------|---------------------------|---------------------|---------------------|
|  | <u>Non-rural (N)</u> | <u>Exchange Area (XA)</u> | <u>Single Party</u> | <u>Toll Control</u> |
| 1 Asotin Telephone Company                                   | R                    | SA                        |                     | X                   |
| 2 Beaver Creek Cooperative Telephone Company *               | R                    | SA                        |                     | X                   |
| 3 Canby Telephone Association                                | R                    | SA                        |                     | X                   |
| 4 Cascade Utilities, Inc.                                    | R                    | SA                        |                     | X                   |
| 5 Citizens Telecommunications Company of Oregon              | R                    | SA                        |                     | X                   |
| 6 Clear Creek Mutual Telephone Company                       | R                    | SA                        |                     | X                   |
| 7 Colton Telephone Company                                   | R                    | SA                        |                     | X                   |
| 8 Eagle Telephone System, Inc.                               | R                    | SA                        |                     | X                   |
| 9 Gervais Telephone Company                                  | R                    | SA                        |                     | X                   |
| 10 GTE Northwest Inc.  | N                    | XA (Sec-Exh. C)           | X                   | X                   |
| 11 Helix Telephone Company                                   | R                    | SA                        |                     | X                   |
| 12 Home Telephone Company                                    | R                    | SA                        |                     | X                   |
| 13 Malheur Bell, Inc.  | R                    | SA                        |                     | X                   |
| 14 Midvale Telephone Exchange, Inc.                          | R                    | SA                        |                     | X                   |
| 15 Molalla Telephone Company                                 | R                    | SA                        |                     | X                   |
| 16 Monitor Cooperative Telephone Company                     | R                    | SA                        |                     | X                   |
| 17 Monroe Telephone Company                                  | R                    | SA                        |                     | X                   |
| 18 Mt. Angel Telephone Company                               | R                    | SA                        |                     | X                   |
| 19 Nehalem Telephone and Telegraph Co.                       | R                    | SA                        |                     | X                   |
| 20 North-State Telephone Company                             | R                    | SA                        |                     | X                   |
| 21 Oregon-Idaho Utilities, Inc.                              | R                    | SA                        |                     | X                   |
| 22 Oregon Telephone Corporation                              | R                    | SA                        |                     | X                   |
| 23 Peoples Telephone Cooperative                             | R                    | SA                        |                     | X                   |
| 24 Pine Telephone System, Inc.                               | R                    | SA                        |                     | X                   |
| 25 Pioneer Telephone Cooperative                             | R                    | SA                        |                     | X                   |
| 26 Roome Telecommunications, Inc.                            | R                    | SA                        |                     | X                   |
| 27 Scio Mutual Telephone Association                         | R                    | SA                        |                     | X                   |
| 28 Stayton Cooperative Telephone Company, Inc.               | R                    | SA                        |                     | X                   |
| 29 St. Paul Cooperative Telephone Association                | R                    | SA                        |                     | X                   |
| 30 Telephone Utilities of Eastern Oregon (dba PTI Comm.) **  | R                    | SA                        | X                   | X                   |
| 31 Telephone Utilities of Oregon (dba PTI Communications) ** | R                    | SA                        |                     | X                   |
| 32 Trans-Cascades Telephone Company                          | R                    | SA                        |                     | X                   |
| 33 US WEST Communications, Inc.                              | N                    | XA (Sec Exh. B)           | ***                 | X                   |
| 34 United Telephone Company of the Northwest                 | R                    | SA                        |                     | X                   |

## Notes:

\* This designation covers only the Beaver Creek exchange. Beaver Creek Cooperative has competitive local exchange operations in a portion of U S WEST's Oregon City exchange for which a separate application is required.

\*\* Telephone Utilities of Eastern Oregon and Telephone Utilities of Oregon have a combined study area.

\*\*\* Requests recognition of de minimus exception for under 20 lines or waiver.



Exhibit B

U S WEST Communications, Inc.  
Designated Exchange Service Areas in Oregon

- |                          |                        |
|--------------------------|------------------------|
| 1 Albany                 | 33 Mapleton            |
| 2 Ashland                | 34 Marcola             |
| 3 Astoria                | 35 Medford             |
| 4 Athena-Weston          | 36 Milton-Feewater     |
| 5 Baker                  | 37 Newport             |
| 6 Bend                   | 38 North Plains        |
| 7 Blue River             | 39 Oak Grove-Milwaukie |
| 8 Burlington             | 40 Oakland-Sutherlin   |
| 9 Camp Sherman           | 41 Oakridge            |
| 10 Cannon Beach          | 42 Oregon City         |
| 11 Central Point         | 43 Pendleton           |
| 12 Corvallis             | 44 Phoenix-Talent      |
| 13 Cottage Grove         | 45 Portland            |
| 14 Culver                | 46 Prineville          |
| 15 Dallas                | 47 Rainier             |
| 16 Eugene-Springfield    | 48 Redmond             |
| 17 Falls City            | 49 Rogue River         |
| 18 Florence              | 50 Roseburg            |
| 19 Gold Hill             | 51 St. Helens          |
| 20 Grants Pass           | 52 Salem               |
| 21 Harrisburg            | 53 Seaside             |
| 22 Hermiston             | 54 Siletz              |
| 23 Independence-Monmouth | 55 Sisters             |
| 24 Jacksonville          | 56 Stanfield           |
| 25 Jefferson             | 57 Sumpter             |
| 26 Junction City         | 58 Toledo              |
| 27 Klamath Falls         | 59 Umatilla            |
| 28 Lake Oswego           | 60 Veneta              |
| 29 Lapine                | 61 Walla Walla         |
| 30 Leaburg               | 62 Warrenton           |
| 31 Lowell                | 63 Westport            |
| 32 Madras                | 64 Woodburn-Hubbard    |

GTE Northwest, Inc.  
Designated Exchange Service Areas in Oregon

|                       |                   |
|-----------------------|-------------------|
| 1 Amity               | 23 Lakeside       |
| 2 Aumsville-Turner    | 24 Langlois       |
| 3 Bandon              | 25 Lostine        |
| 4 Beaverton           | 26 McMinnville    |
| 5 Brookings           | 27 Mill City      |
| 6 Clatskanie          | 28 Murphy-Provolt |
| 7 Coos Bay-North Bend | 29 Myrtle Point   |
| 8 Coquille            | 30 Newberg        |
| 9 Cove                | 31 Port Orford    |
| 10 Dayton             | 32 Powers         |
| 11 Detroit            | 33 Reedsport      |
| 12 Elgin              | 34 Sandy          |
| 13 Enterprise         | 35 Scholls        |
| 14 Forest Grove       | 36 Sherwood       |
| 15 Gold Beach         | 37 Silverton      |
| 16 Grand Island       | 38 Stafford       |
| 17 Gresham            | 39 Sunnyside      |
| 18 Hillsboro          | 40 Tigard         |
| 19 Hoodland           | 41 Union          |
| 20 Imbler             | 42 Vernonia       |
| 21 Joseph             | 43 Wallowa        |
| 22 La Grande          | 44 Yamhill        |

# PUBLIC NOTICE

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EXHIBIT D

Federal Communications Commission  
1919 M St., N.W.  
Washington, D.C. 20554

News media information 202 / 418-0500  
Fax-On-Demand 202 / 418-2830  
Internet: <http://www.fcc.gov>  
[ftp.fcc.gov](ftp://ftp.fcc.gov)

Approved by OMB  
03-0793  
Effective 03/31/98  
Burden hours per response: 1.25 hours

DA 97- 1892

Released September 29, 1997

## COMMON CARRIER BUREAU ANNOUNCES PROCEDURES FOR STATES REGARDING LIFELINE CONSENTS, ADOPTION OF INTRASTATE DISCOUNT MATRIX FOR SCHOOLS AND LIBRARIES, AND DESIGNATION OF ELIGIBLE TELECOMMUNICATIONS CARRIERS

On May 8, 1997, the Commission released Federal-State Joint Board on Universal Service, *Report and Order*, CC Docket No. 96-45, FCC 97-157 (Order). In that Order, the Commission adopted rules providing funding for discounts to eligible schools and libraries and support for low-income customers. The Commission also adopted rules mandating that state commissions designate common carriers as eligible telecommunications carriers for service areas selected by state commissions in accordance with section 214(e). In this public notice, the Common Carrier Bureau announces procedures that states must follow in order to receive universal service support.

**Lifeline.** In the Order, the Commission concluded that a revised Lifeline program shall be available in all states. The Commission held that Lifeline customers will receive \$3.50 in federal support without a matching requirement, beginning January 1, 1998. In states that accept an equivalent reduction in the portion of intrastate local rates paid by the end-user, Lifeline customers will receive an additional \$1.75 in federal support above the current \$3.50 level. In addition, the Commission will provide federal support equal to one half of any support generated by state commission action, up to a maximum of an additional \$1.75 in federal support, provided that the state commission approves this additional reduction in local service rates charged to Lifeline customers. To accept increased Lifeline support, states must send a one-page letter authorizing the reduction of intrastate rates to the Universal Service Administrative Company (USAC). A copy of the letter must also be sent to Sheryl Todd and the Office of the Secretary at the Federal Communications Commission. Letters must be received by the Office of the Secretary by December 31, 1997 to be eligible for increased support beginning January 1, 1998. States may file the letter after December 31, 1997 but those states' Lifeline customers will not be eligible for increased support beginning January 1, 1998. The purpose of this letter is simply to notify the Commission that a state approves the reduction in the portion of the intrastate rate paid by the Lifeline customer. In a separate filing sent to the Administrator by December 31, 1997, state commissions or carriers must demonstrate that the carrier's Lifeline plan complies with

the Commission's rules and state the number of qualifying low-income consumers and the amount of state assistance (*see* 47 C.F.R. § 54.401(d)).

**Schools and Libraries.** As a condition of eligibility for federal universal service support for schools and libraries in a state, the Commission concluded that each state must adopt an intrastate discount matrix with entries at least equal to those of the interstate discount matrix. To notify the Commission that a compliant intrastate discount matrix for schools and libraries has been adopted, states must send a one-page letter to USAC stating this fact. A copy of the letter must also be sent to Sheryl Todd and the Office of the Secretary at the Federal Communications Commission. States should include a copy of the adopted intrastate discount matrix. Letters regarding the discount matrix must be received by the Office of the Secretary by December 31, 1997 to be eligible for funding beginning January 1, 1998.

**Eligible Telecommunications Carriers.** Section 214(e)(2) requires state commissions, either upon their own motion or upon request, to designate common carriers as eligible telecommunications carriers for service areas selected by the state commission. In addition, states must designate areas served by non-rural carriers. USAC will need the names of eligible telecommunications carriers and designated service areas for non-rural carriers in order to administer the universal service programs. Therefore, states should submit a list of eligible telecommunications carriers and the service areas that non-rural carriers are required to serve as soon as possible and in no event later than December 31, 1997, in order for carriers to be eligible for funding for high cost, low-income, and health care support, beginning January 1, 1998, except as set forth in 47 C.F.R. §54.621(a). Copies of the information must also be sent to Sheryl Todd and the Office of the Secretary at the Federal Communications Commission.

All correspondence addressed to USAC should be mailed to: 100 South Jefferson Rd., Whippany, N.J. 07981. All correspondence addressed to Sheryl Todd should be mailed to: Federal Communications Commission, Universal Service Branch, CC Docket No. 96-45, 8th Floor, 2100 M Street, N.W., Washington, D.C. 20554. All correspondence addressed to the Office of the Secretary should be mailed to: CC Docket No. 96-45, Federal Communications Commission, Room 222, 1919 M Street, N.W., Washington, D.C. 20554.

For further information, contact: Kim Parker (202) 418-7393.