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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1178

In the Matter of)	
)	
UNITED STATES CELLULAR CORP)	ORDER
)	
Application for Designation as an Eligible)	
Telecommunications Provider, Providing)	
Services to Customers Under the Federal)	
Lifeline/Link Up Program and the State of)	
Oregon Telephone Assistance Program.)	

DISPOSITION: APPLICATION APPROVED

On October 26, 2004, United States Cellular Corp. (US Cellular) filed an application with the Public Utility Commission of Oregon (Commission), requesting designation as an Eligible Telecommunications Provider (ETP), pursuant to OAR 860-033-0005. Designation as an ETP will authorize US Cellular to participate in the federal Lifeline/Link Up program, as well as the Oregon Telecommunications Assistance Program (OTAP). A description of the Lifeline/Link Up program and the OTAP is contained in Staff's Report, attached as Appendix A, and incorporated by reference.

In order to be designated as a state ETP and to participate in OTAP, a telecommunications service provider must comply with federal requirements contained in C.F.R. § 54.101 and must comply with OAR 860-033-0005 through OAR 860-033-0100. Commission Staff finds that US Cellular satisfied the requirements to become an ETP for the purposes of providing OTAP and Lifeline/Link Up benefits, as further provided in Attachment A.

At its Public Meeting on November 9, 2004, the Commission adopted Staff's recommendation and approved US Cellular's application for designation as an ETP.

ORDER

IT IS ORDERED that United States Cellular Corp.'s application for designation as an Eligible Telecommunications Provider, in order to provide service to customers under the federal Lifeline/Link Up program and the State of Oregon Telecommunications Assistance Program, is approved.

Made, entered, and effective _____.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
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 in 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(2). A party may appeal this order to a court pursuant to applicable law.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 9, 2004**

REGULAR _____ CONSENT _____ **EFFECTIVE**
DATE X _____ N/A

DATE: October 26, 2004

TO: Commissioners Lee Beyer, Ray Baum and John Savage

FROM: Damara Paris, RSPF Manager

THROUGH: Rick Willis, PUC Executive Director
Victoria McLean, Central Services Administrator

SUBJECT: UNITED STATES CELLULAR CORP: (Docket No. UM 1178)
Designation as an Eligible Telecommunications Provider, Providing
Services to Customers Under the Federal Lifeline/Link Up Program and
the State of Oregon Telephone Assistance Program (OTAP).

STAFF RECOMMENDATION:

Staff recommends that the Commission grant United States Cellular Corporation's request to be designated an Eligible Telecommunications Provider (ETP) pursuant to Oregon Administrative Rule (OAR) 860-033-0005. Granting the petition will authorize United States Cellular Corporation to participate in the federal Lifeline/Link Up program, as well as the Oregon Telecommunications Assistance Program.

DISCUSSION:

A. The Application of United States Cellular Corporation

Commission Order No. 04-346 designated United States Cellular Corporation a federal eligible telecommunications carrier (ETC) on June 24, 2004. The company now seeks designation as an ETP in order to participate in the federal Lifeline/Link Up telephone subsidy program and the State of Oregon Telephone Assistance Program (OTAP). The corporation submitted their application to provide OTAP services on 10/26/04. United States Cellular Corporation is a Chicago based wireless telecommunications provider. Established in 1983, the corporation is currently providing services to 4.7 million customers in 26 states.

B. The Federal Lifeline/Link UP Program

The federal Lifeline/Link Up program is a universal service fund (USF) supported mechanism designed to increase the availability of telecommunications services to low-income customers. According to the FCC's most recent rule and order (FCC 04-87), approximately 6.5 million consumers received Lifeline benefits in 2002, approximately 33% of the total number of potentially eligible consumers. Over 12.5 million have paid reduced connection charges under Lifeline since 1987.

The Lifeline portion of the Lifeline/Link Up program reimburses telephone companies for providing low-income consumers with a discount on the cost of residential basic local exchange service. Lifeline support enables low-income consumers to save up to \$13.50. Of this amount, the OTAP program contributes \$3.50 per month. Consumers living on tribal lands may qualify for alternate Lifeline discounts based on their area of tribal residence.

The Link Up portion of the Lifeline/Link Up program reimburses telephone companies for providing low-income consumers with a discount on the cost of connecting their residential basic local exchange service. Link Up support enables low-income consumers to save up to 50% on connection fees, or \$30, whichever is less. Participants may also establish a deferred payment schedule for remaining connection charges of up to \$200. Consumers living on tribal lands may qualify for tribal Link Up discounts.

Telecommunications service providers provide funding for federal Lifeline/Link Up. Carriers are required to contribute a percentage of their interstate revenues towards federal USF support mechanisms, including high cost support and rural healthcare programs. Most telecommunications service providers pass this cost on to their customers via a surcharge on end user bills.

C. Oregon Telephone Assistance Program

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 to basic telecommunication services under the Residential Service Protection Fund (RSPF). OTAP is one of four telecommunication assistance programs outlined in Chapter 290, Oregon Laws 1987.

OTAP is administered by Commission staff and serves as an additional source of support to the Lifeline portion of the federal Lifeline/Link Up program. The state contributes \$3.50 per eligible consumer for basic local exchange telephone service, while the federal government contributes up to \$10 per consumer.

At present, 34 ILEC companies, 1 CLEC and 1 wireless company currently participate in the OTAP and federal Lifeline/Link UP program. Approximately 57,000 low-income customers in Oregon currently receive OTAP and Lifeline support.

D. Consumer Eligibility for Lifeline, Link Up and OTAP

In states that maintain their own low-income support programs, the FCC requires consumers to meet state eligibility requirements in order to receive federal Lifeline/Link Up support. In states that do not have their own income support programs, consumers are required to meet default federal eligibility requirements. In Oregon, consumers are eligible to receive OTAP and Lifeline/Link Up assistance if they are currently receiving federal food stamps or assistance from another low-income program for which eligibility requirements do not exceed 135% of the federal poverty level. In addition to food stamps, consumers receiving assistance such as Temporary Aid to Needy Families, Supplemental Security Income or coverage under an approved medical program may qualify.

E. The Federal ETC Designation Process

Before a telecommunications service provider can receive federal USF support (whether high cost support or Lifeline/Link Up), it must be designated as a federal ETC by a state public utility commission. On June 24, 2004, United States Cellular Corporation was granted an ETC designation by the Commission through Order No. 04- 346, Docket UM 1084.

F. State ETP Designation Process

In order to be designated as a state ETP to participate in OTAP, a telecommunications service provider must comply with the federal requirements contained in C.F.R. § 54.101. The applicant must also demonstrate that it will comply with OAR 860-033-0005 through OAR 860-033-0100, which includes the rules applicable to OTAP.

G. Analysis of United States Cellular Corporation's Application

Prior to filing their petition to be designated as an ETP for OTAP and Lifeline/Link Up, staff worked with United States Cellular Corporation by furnishing a copy of the recently developed OTAP ETP Provider Application. Commission staff also responded to questions from United States Cellular Corporation through electronic mail and by conference call.

United States Cellular Corporation filed its OTAP application on October 25, 2004, which included a completed OTAP ETP Provider Application Form, and three attachments. The first attachment consists of Appendix B from Order No. 04-356 in Docket UM 1084 listing the wire centers where the company is certified as a federal ETC. The second attachment is a confidential list of company cell sites. The third attachment is a copy of FCC 497 Lifeline and Link UP worksheets that United States Cellular Corporation filed for the states of Iowa, Washington and Wisconsin demonstrating their ability to maintain federal documentation for Lifeline/LinkUp.

Staff found that the application was complete and responsive. As part of the application, United States Cellular Corporation agreed to abide by the PUC Oregon Administrative Rules pertaining to OTAP. These rules specifically apply to procedures for approving, denying and terminating OTAP recipients, timelines for submitting reports, requirements regarding client confidentiality and expectations pertaining to Link Up. In summary, United States Cellular Corporation has satisfied the requirements to provide OTAP to their qualifying consumers.

PROPOSED COMMISSION MOTION:

Approve United States Cellular Corporation's application for designation as an ETP, so it can provide services to customers under the federal Lifeline/Link Up program and the State of Oregon OTAP program be approved.

UM 1178