

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1237

In the Matter of)	
)	
EAGLE TELEPHONE SYSTEM, INC., dba)	ORDER
SNAKE RIVER PCS)	
)	
Application for Designation as an Eligible)	
Telecommunications Carrier.)	

DISPOSITION: APPLICATION APPROVED

On December 7, 2005, Eagle Telephone System, Inc., dba Snake River PCS (Snake River) filed an application with the Public Utility Commission of Oregon (Commission) requesting designation as a federal eligible telecommunications carrier (ETC). However, the application remained inactive while the Commission investigated new mandatory requirements for federal ETC designation in Docket UM 1217. That investigation began in August of 2005, and continued until the Commission adopted new requirements in Order No. 06-292 on June 13, 2006. After release of the order, Snake River revised its original application to meet the new requirements and submitted a “substitute” application on September 7, 2006. After discussions with Staff, the applicant submitted several revised exhibits, including a revised network improvement plan, on October 16, 2006.

Snake River seeks ETC designation primarily to enable it to apply for federal universal service support in the wire centers listed in Appendix A. Through its substitute application, Snake River demonstrates that it meets the requirements for federal ETC designation adopted by the Commission in Order 06-292. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

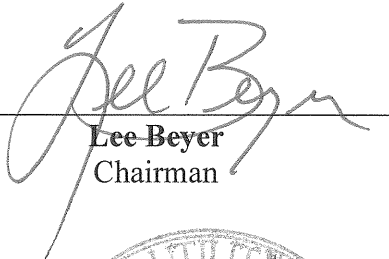
Staff recommends that the Commission grant Snake River’s request to be designated as a federal ETC in the wire centers listed in Appendix A.

At its Public Meeting on December 19, 2006, the Commission adopted Staff’s recommendation and approved Snake River’s application for designation as an ETC in the wire centers listed in Appendix A.

ORDER

IT IS ORDERED that Eagle Telephone System, Inc., dba Snake River PCS' application for designation as a federal eligible telecommunications carrier in the wire centers, listed in Appendix A, is approved.

Made, entered, and effective DEC 21 2006.



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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

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centers where it believes it can fully meet the obligations of an ETC. Snake River's proposed designated service area includes wire centers of the following ILECs: Eagle Telephone System (Eagle), Pine Telephone System (Pine), Cascade Utilities, Inc. (Cascade), CenturyTel of Eastern Oregon (CenturyTel), Verizon Northwest Inc., and Qwest Corporation. Appendix A lists the specific wire centers in Snake River's proposed designated service area.

Snake River filed its initial application for federal ETC status on December 7, 2005. However, the application remained inactive while the Commission investigated new mandatory requirements for federal ETC designation in Docket No. UM 1217. That investigation began in August of 2005, and continued until the Commission adopted new requirements in Order No. 06-292 on June 13, 2006. After release of the order, Snake River revised its original application to meet the new requirements and submitted a "substitute" application on September 7. After discussions with Staff, the applicant submitted several revised exhibits, including a revised network improvement plan, on October 16.

No parties filed to intervene in this docket. On November 24, Staff notified ETCs in the proposed designated service area that Snake River's application was pending. Staff requested that the parties convey any concerns or objections regarding the application to Staff by December 5. No parties responded to Staff's request.

Commission Authority

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 by federal universal service support mechanisms. The carrier must provide the supported services using either its own facilities or a combination of its own facilities and resale of another carrier's services. Carriers other than incumbent LECs may be designated as ETCs if such designation is consistent with the public interest.

Requirements for ETC Designation

In June of this year, the Commission adopted a set of explicit requirements for federal ETC designation, based largely on the Act and FCC recommendations. See Docket No. UM 1217, Order No. 06-292. Appendix A to the order sets forth detailed requirements for initial ETC designation and for annual recertification of ETC status.

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Snake River demonstrates through its substitute application and revised network improvement plan that it satisfies each of the designation requirements as described below.

1. Common carrier status: As a CMRS telecommunications provider, Snake River qualifies for common carrier status under Part 54 of the federal universal service rules. Snake River holds PCS licenses for the counties of Baker, Union and Wallowa.
2. Commitment and ability to provide all supported services: Snake River currently offers all of the required supported services except toll limitation. ETCs must offer toll limitation to low-income Lifeline customers who request it. Snake River commits to provide toll blocking service to qualifying low-income customers once it receives federal ETC designation and begins offering Lifeline low-income services.
3. Commitment and ability to provide supported services throughout the designated service area: Snake River commits to offer the supported services throughout its designated service area. Snake River's application includes maps of its current network coverage and a list of each ILEC wire center to be included in its proposed designated service area. The carrier proposes to serve each wire center in its entirety. All wire centers, with the exception of the Granite wire center, lie entirely within the boundaries of Snake River's PCS licensed area. The Granite wire center is comprised of two non-contiguous service areas – Granite and Stice's Gulch. While the Stice's Gulch service area is within Snake River's current licensed area, most of the Granite service area is not. Nevertheless, Snake River proposes to serve the entire Granite wire center. The carrier plans to use one of several possible methods described in its application to serve the Granite exchange, which Snake River contends has no wireless coverage at this time. The proposed methods include partitioning of an existing license, use of unlicensed spectrum, and resale of another carrier's service.

Snake River states that it currently offers good coverage in the Richland, Halfway and Oxbow wire centers. In other areas where service is weak, spotty, or non-existent, Snake River plans to improve and expand its network using universal service support funds. Consistent with requirements for ETC designation, Snake River also commits to use the 6-point checklist to fulfill requests from customers in locations outside the company's network coverage, but within its designated service area. See Docket No. UM 1217, Order No. 06-292, Appendix A, and 47 CFR Section 54.202(a)(1)(i).

4. Use of own facilities to provide service: Snake River currently provides service using its own facilities, including those at several cell sites in northeastern Oregon and its mobile switching center in Roosevelt, Utah.

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5. Commitment to use support funds only for the intended purposes (including a detailed network plan): Snake River's application includes an affidavit certifying that it will use support funds only for the intended purposes. Snake River will receive the same type and amount of per-line federal support as the serving ILEC in each of its wire centers. The types of support Snake River expects to receive include High Cost Loop (HCL), Local Switching Support (LSS), Interstate Common Line Support (ICLS), Interstate Access Support (IAS), and Lifeline/Link Up support. As required, Snake River includes in its application a network improvement plan that details the proposed uses for federal support funds for each of the next two years and an overview plan for the third, fourth and fifth years. Staff worked through several iterations of the plan with Snake River to ensure appropriate use of support funds. Snake River filed its final revised plan under confidential cover. In general, the plan proposes to use support funds to improve network reliability, upgrade technology, and expand coverage into new areas.

6. Commitment to advertise supported services: Snake River commits to advertising the supported services throughout the designated service area using media of general distribution.

7. Commitment to offer and advertise Lifeline, Link Up, and OTAP services: Snake River commits to offer federal Lifeline and Link Up discounts, as well as state OTAP discounts, to qualifying low-income customers. The application describes how the carrier will advertise these services to reach consumers most likely to qualify.

8. Ability to remain functional during emergencies: Snake River demonstrates its ability to remain functional in emergency situations by describing the availability of battery and emergency generator back-up power, the redundancy and diversity that is built into its network, and its capabilities for handling traffic spikes. Snake River's network is fully capable of deploying E-911.

9. Commitment to service quality and consumer protection standards: Snake River certifies that it will abide by the consumer protection standards in the CTIA Consumer Code. It also commits to resolve any customer complaints received by the Commission and designates Mike Lattin as the company contact for resolution of any complaints.

10. Public Interest Demonstration: Order No. 06-292 requires a demonstration that designation of the applicant is in the public interest. This demonstration must address: 1) specific ways in which consumer choices will be increased, and 2) specific advantages and disadvantages of the applicant's service offerings. Additionally, designation requires a creamskimming test in cases where a proposed designated service area includes only a portion of any rural ILEC's service area.

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Snake River's application demonstrates that ETC designation is in the public interest. Snake River's designation will result in increased consumer choices for mobile telecommunications services in Union and Baker counties as Snake River employs support funds to expand and improve its network coverage. This will be particularly beneficial in areas that currently have little, or no, wireless coverage, and are in the more remote areas of northeastern Oregon. Residents and visitors alike will benefit from expanded coverage in recreational areas such as the Snake River Corridor.

The advantages of Snake River's proposed service offerings include all the important characteristics of wireless service such as mobility, wider calling areas, and access to emergency services while traveling. Snake River also plans to deploy wireless DSL in its service area. Current disadvantages of Snake River's service include sporadic availability of service and limited coverage areas. These disadvantages should become less significant as Snake River uses support funds to improve and expand service into areas that lack adequate coverage.

In the service areas of Pine Telephone and Eagle Telephone, the Commission has previously designated only one wireless ETC (RCC Minnesota). In the rest of Snake River's proposed service area, the Commission has previously designated two wireless ETCs (RCC Minnesota and US Cellular). Relative to the other wireless ETCs in this area, Snake River is a smaller, more local, carrier. Its focus will be on service in only two counties, whereas the other ETCs serve much larger areas of which Union and Baker counties are just a small portion. Designation of a local wireless carrier in this region may spur the other ETCs to improve their facilities in the region, or lose customers to Snake River. In any event, each ETC will only receive federal support funds if it wins new customers or retains its existing customers.

Snake River's request requires a creamskimming analysis because the proposed designated service area includes only portions of the service areas of two rural ILECs – Cascade and CenturyTel. A creamskimming analysis must demonstrate that the applicant is not seeking to serve a disproportionate share of the higher-density, lower-cost wire centers in a rural ILEC's service area. As Snake River's application points out, the Commission can use density data from the US Cellular designation docket to determine that Snake River will not be creamskimming in either Cascade's or CenturyTel's service area. See Docket No. UM 1084, Order No. 04-356, Appendix C. First, in Cascade's service area, Snake River proposes to include two wire centers (Haines and Medical Springs) out of Cascade's 10 total wire centers in Oregon. These are the only Cascade wire centers within Snake River's licensed area. The Haines wire center has a density of 6.2 persons/square mile; 4 other Cascade wire centers have higher densities. The Medical Springs wire center has a density of 1.14 persons/square mile; only 2 other Cascade wire centers are less dense than Medical Springs. Clearly,

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Snake River is not seeking to serve only the higher-density, lower-cost wire centers in Cascade's service area.

Density data from Order No. 04-356 demonstrates that Snake River will not creamskim in the CenturyTel service area either. Snake River proposes to include 3 of CenturyTel's 55 total Oregon wire centers: Huntington (density of 3.14 access lines/sq. mile), North Powder (1.90 access lines/sq. mile), and Durkee (0.52 access lines/sq. mile). These are the only CenturyTel wire centers within Snake River's licensed area. Of the 52 CenturyTel wire centers that are not included in Snake River's proposed service area, 24 wire centers have densities that are higher than Huntington's. Only 7 wire centers have densities that are less than Durkee's. Further, CenturyTel classifies these 3 wire centers in the company's highest-cost zone (zone 2) for support disaggregation purposes.

Reporting Requirements

Order No. 06-292 also requires that all ETCs file annual reports with the Commission in order to retain their ETC status. Snake River agrees to abide by these reporting requirements.

PROPOSED COMMISSION MOTION:

The application of Eagle Telephone System, Inc. d/b/a Snake River PCS, for designation as a federal ETC in the wire centers listed in Appendix A, be granted.

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APPENDIX A

Eagle Telephone System, Inc. d/b/a Snake River PCS
 Federal ETC Designated Service Area - Oregon

<u>Wire Center*</u>	<u>CLLI Code</u>	<u>ILEC Study Area</u>
Richland	RCLDOR	Eagle Telephone System, Inc. (532369)
Granite	GRANOR	Pine Telephone System, Inc. (532392)
Halfway	HLWYOR	Pine Telephone System, Inc. (532392)
Oxbow	OXBWOR	Pine Telephone System, Inc. (532392)
Baker City	BAKROR	Qwest Corporation (535163)
Elgin	ELGNOR	Verizon Northwest Inc. (532416)
Imbler	IMBLOR	Verizon Northwest Inc. (532416)
LaGrande	LAGROR	Verizon Northwest Inc. (532416)
Cove	COVEOR	Verizon Northwest Inc. (532416)
Union	UNINOR	Verizon Northwest Inc. (532416)
Haines	HANSOR	Cascade Utilities, Inc. (532371)
Medical Springs	MDSPOR	Cascade Utilities, Inc. (532371)
Huntington	HNTNOR	CenturyTel of Eastern Oregon Inc. (532361)
Durkee	DURKOR	CenturyTel of Eastern Oregon Inc. (532361)
North Powder	NPWROR	CenturyTel of Eastern Oregon Inc. (532361)

* Each wire center will be included in its entirety.