

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2153

In the Matter of

HOOD RIVER ELECTRIC COOPERATIVE,

Application for Designation as an Eligible
Telecommunications Carrier (ETC) and
Eligible Telecommunications Provider (ETP).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on May 4, 2021, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.



BY THE COMMISSION:

A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser

Chief Administrative Law Judge

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA10

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 4, 2021**

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

DATE: April 23, 2021

TO: Public Utility Commission

FROM: Bret Farrell

THROUGH: Bryan Conway and Caroline Moore **SIGNED**

SUBJECT: HOOD RIVER ELECTRIC COOPERATIVE:
(Docket No. UM 2153)
Application for Designation As An Eligible Telecommunications Carrier
and Eligible Telecommunications Provider.

STAFF RECOMMENDATION:

Staff recommends the Commission grant the request of Hood River Electric Cooperative (HREC) for designation as a federal Eligible Telecommunications Carrier (ETC) for the purposes of receiving Rural Digital Opportunity Fund Phase I (RDOF) and Lifeline federal universal service funds, and for designation as an Eligible Telecommunications Provider (ETP) to participate in the Oregon Telephone Assistance Program (OTAP) in both the RDOF census blocks and in adjacent census blocks in which HREC currently provides electric and/or internet service but was not awarded funding from the RDOF Auction, as specified in Attachment A.

The designations are prerequisites to HREC's receipt of federal universal service funds associated with its winning bids in the RDOF Auction 904. These funds will enable HREC to deliver gigabit-speed internet access service to 1,720 locations in certain census blocks in rural areas of Hood River County. ETC and ETP designations will also facilitate the expansion of voice service and Lifeline benefits in those areas.

To ensure that HREC meets federal deadlines for this funding, Staff also recommends that a designation order be issued as early as possible, but no later than June 7, 2021.

Docket No. UM 2153
April 23, 2021
Page 2

DISCUSSION:

Issue

Whether the Commission should designate Hood River Electric Cooperative as an ETC and ETP in the census blocks listed in Attachment A.

Applicable Law

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, i.e., ETCs. State commissions may confer federal ETC status on ILECs or competitive common carriers that meet the 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 service.

Each state may adopt specific requirements for ETC designation that are consistent with requirements of the Act. The Commission updated its own set of requirements for federal ETC designation in Docket No. UM 1648, Order No. 15-382 entered December 1, 2015 (ETC Order). These are listed in Appendix A to the ETC Order.

Federal Communications Commission (FCC) rules require that an ETC offer Lifeline services to qualifying low-income customers within its designated service area. In order to offer Lifeline services in Oregon, a carrier must be designated as an ETP to participate in the OTAP, which is the state-mandated counterpart of the FCC Lifeline program. OTAP requirements are based on Residential Service Protection law found in ORS 759.687 and Chapter 290, Sections 2-6 and 16, Oregon Laws 1987 as amended. Commission rules governing OTAP are found in Chapter 860, Division 033 of the Oregon Administrative Rules

Analysis

The Applicant

Hood River Electric Cooperative is a member-owned, not-for-profit cooperative providing electric and internet service in Hood River County, Oregon. HREC has approximately 3,500 members and serves about 3,900 electric meters along about 270 miles of electric distribution lines. HREC currently has 2,700 internet subscribers, the majority of which are located within HREC's allocated electric service territory in the

Docket No. UM 2153
April 23, 2021
Page 3

upper Hood River valley and are served by a fixed wireless network. HREC also provides internet service in portions of Hood River County that receive electric service from Pacific Power, including the Dee Flat area and the city of Hood River, OR.

On October 25, 2001, HREC was granted a Certificate of Authority to provide telecommunications service in Oregon and was classified as a competitive provider.¹ In addition, on January 5, 2021, HREC submitted an updated application for a Certificate of Authority to provide telecommunication services in Oregon and it was granted on February 1, 2021.²

The Current Application

On January 15, 2021, HREC filed the application at issue here. The company requests designation as a federal ETC and as a ETP to enable it to receive over \$2.2 million of federal universal service RDOF support for which it had submitted winning bids in the FCC's Auction 904. This support, which is to be paid out over ten years, is intended to help HREC bring Fiber-to-the-Home service to 1,720 locations in the specific census blocks listed in Attachment A. These census blocks are located in a rural part of Hood River County. As part of the ETC designation for high-cost funds, HREC is obligated to offer Lifeline services in the same areas. ETP designation, which is also required, will enable HREC to participate in the OTAP program and offer supplemental support to qualifying low-income consumers.³

On March 5, 2021, HREC filed an amended application seeking to expand the company's ETP designation to both the RDOF census blocks and adjacent census blocks in which HREC currently provides electric and/or internet service but was not awarded funding from the RDOF Auction. This will allow HREC to offer Lifeline throughout their service area to qualifying low-income customers. Attachment B shows the areas within the RDOF area being applied for in red, while the areas shown in dark blue are non-RDOF areas where HREC currently provides electric and/or internet service and is applying for ETP-only status.

HREC participated in the RDOF auction as a member of the NRTC Phase I RDOF Consortium, which was announced as a provisional winning bidder in Oregon, in December 2020. The Consortium subsequently assigned the winning bid in Oregon to HREC. Therefore, HREC is the entity that must fulfill the obligations associated with the auction. The notice announcing the winners also contained post-auction procedures and filing requirements for winning bidders. HREC has filed all post-auction information required by the FCC to date. In order to complete all requirements and begin receiving

¹ Order No. 01-880 in Docket No. CP 971.

² Order No. 21-038 in Docket No. CP 971.

³ FCC Public Notice DA 20-1422, released December 7, 2020.

Docket No. UM 2153
April 23, 2021
Page 4

support, however, HREC must file documentation of its ETC designation from the Oregon Commission by June 7, 2021, or seek a waiver of this requirement.

The Rural Digital Opportunity Fund was designed to build off of the Connect America Fund auction by using reverse auctions in two phases. The FCC sought to balance the realities of a finite budget and the high cost of providing broadband in more remote rural areas. To facilitate technological neutrality among various types of network providers, the FCC established four performance tiers (speeds and usage allowances) and two latency tiers (low and high), which were weighted to reflect preferences toward higher speeds and usage allowances, and lower latency. Bidders were required to choose their performance tiers and latency tiers prior to bidding. HREC chose the Gigabit performance tier (speed at least 1 Gbps downstream and 500 Mbps upstream, and a usage allowance of 2 terabytes per month), and the low latency tier (100 milliseconds or less). As a result, HREC is obligated to meet these requirements, in addition to other specific requirements (discussed below), in the areas where it will receive RDOF funding.

Staff's Review and Analysis

Staff reviewed the application and issued a data request for additional information that HREC had filed with the FCC following the RDOF auction. This included the "long form application" submitted by winning bidders after the auction.

HREC's application, in conjunction with the information submitted to the FCC, demonstrates that it satisfies the Commission's ETC requirements as discussed below. The following numbers correspond to the application requirement in Appendix A of the ETC Order.

1. Information regarding applicant and its common carrier status: HREC is a common carrier in Oregon. HREC provides broadband internet to approximately 2,700 customers within and without its service territory through fixed wireless and some fiber-to-the-home service. Additionally, on October 25, 2001, HREC was granted a Certificate of Authority to Provide Telecommunications Service in Oregon and Classification as a Competitive Provider. Further, on January 5, 2021, HREC submitted an updated application for certification of authority to provide telecommunications service in Oregon and on February 1, 2021, the application was approved.⁴ HREC, therefore, is a certified Competitive Provider pursuant to ORS § 759.020(5) and is a common carrier pursuant to 47 USC § 214(e)(1) for purposes of ETC designation. HREC submitted all information required by the FCC to demonstrate financial health. Staff found that HREC is

⁴ Order No. 21-038 in Docket No CP 971.

Docket No. UM 2153
April 23, 2021
Page 5

financially and technically capable of providing the supported services in compliance with FCC and Commission rules.

2. Type of Federal Universal Service support for which designation is requested: HREC requests designation to receive federal high-cost support from the RDOF Auction 904, as well as Lifeline support.
3. Commitment and ability to provide all supported services: HREC commits to provide the supported services within the proposed designated service area. These include voice services as defined in 47 CFR §54.101 (a), with a stand-alone voice service offering, and a broadband internet access service offering that meets the applicable FCC requirements.
4. Identification and definition of proposed designated service and commitment to serve: HREC identifies its proposed designated service area in terms of census blocks consistent with its auction award and current electric service territory in Attachment A to its application. The application also includes a map of the proposed designated service area which is included as Attachment B of this memo. No Tribal Lands are included. HREC commits to provide the supported services throughout the designated service area. The FCC requires that Rural Digital Opportunity Fund support recipients must offer commercially at least one voice and one broadband service meeting the relevant service requirements to all locations within the awarded area in the following timeframe: 40 percent of the required number of locations in a state by the end of third year of support and an additional 20 percent by the end of the fourth and fifth years of support.⁵
5. Types of facilities used to provide supported services: HREC currently provides service to approximately 2,700 internet subscribers, 2,200 of which are served by a fixed wireless system with fiber backhaul. About 500 of HREC's current internet subscribers have direct fiber connections. However, HREC intends to build a full fiber-to-the-premises network throughout its RDOF award area and in certain other areas where it currently provides electric service. At the present time, HREC does not have any current interconnection agreements that are relevant to the areas in which it now seeks ETC designation.
6. Commitment to use support in accordance with rules: HREC application includes an affidavit certifying that it will use the support funds only for the intended purposes. HREC also certifies in its application that it will comply with the service requirements applicable to the support it receives, including without limitation, the Commission's rules and orders governing ETCs and ETPs, and the applicable

⁵ FCC Order 20-5, released February 7, 2020 para. 48.

Docket No. UM 2153
April 23, 2021
Page 6

provisions of the FCC rules, 47 C.F.R. § 54.101, et seq., including all applicable limitations on use of funds and reporting requirements. Additionally, the ETC Order requires an applicant for high-cost support to submit a five-year network plan demonstrating how the applicant will use the support funds. The FCC waived the requirement that winning bidders filed a five-year plan of its network investments because it found “that such obligations were no longer essential to the [FCC’s] ability to monitor ETC use of support for its intended purpose.”⁶ Staff agrees with the FCC’s reasoning in this regard. Also, the required buildout targets as described in requirement No. 4 above, in conjunction with network descriptions included in the company’s application, meet the intended purpose of a plan.

7. Commitment to advertise high-cost supported services throughout the service area: HREC will advertise availability of its broadband and voice services and charges for such services on its website, through mailers such as bill stuffers included with HREC’s electric bills, through social media, and at local community gatherings. It is in the company’s interest to advertise in order to gain customers and associated revenues.
8. Commitment to offer and advertise Lifeline and OTAP services: HREC commits to offer and advertise Lifeline and OTAP services throughout the designated service area and in accordance with Commission and FCC rules. HREC commits to offer qualifying Lifeline and OTAP customers the same unlimited local and long-distance voice package offered to unsubsidized subscribers. No additional terms and conditions will apply. HREC has indicated that with Lifeline and OTAP subsidies in place, qualifying subscribers will pay just \$7.75 per month for voice service.
9. Ability to remain functional in emergencies: HREC certifies that all active electronics on their network will have 24 hours of backup power, and that all subscribers will be given the opportunity to purchase or lease a 24-hour battery to power their optical network terminal and voice telephone adapter. HREC certifies that it has the ability to re-route traffic around damaged facilities and is capable of handling traffic spikes of more than 60 percent of capacity during emergencies. Alianza, HREC’s chosen voice services partner, has a full deployment of E911 services leveraging Intrado for PSAP interconnection. HREC commits to comply with Oregon’s 9-1-1 emergency reporting system tax requirements.

⁶ FCC Public Notice DA 20-1422 para. 36

Docket No. UM 2153
April 23, 2021
Page 7

10. Commitment to service quality and consumer protection standards: HREC commits to specific, objective measures for service quality and consumer protection, including adherence to Commission and FCC rules. HRE commits to resolve complaints received by the PUC and designated an individual to work with the PUC's Consumer Services Division for complaint resolution.
11. Designation on Tribal Lands: These requirements do not apply as HREC is not seeking designation on Tribal Lands.
12. Public interest showing: Designation of HREC as an ETC to receive federal universal service funds is in the public interest. HREC's designation will bring gigabit-speed internet access service to customers in the designated service area, as well as competitive voice services and Lifeline discounts for qualifying low-income customers.
13. Commitment to provide reports as required: Annual reporting requirements for designated ETCs are set forth in Appendix A of the ETC Order 15-382. HREC agrees to abide by all ETC annual reporting requirements established by the commission. HREC commits to cooperate with the Commission staff in providing special weekly, monthly, or quarterly reports that Commission staff may reasonably find necessary based on program requirements and the circumstances of HREC.

Regarding ETP requirements, HREC requests ETP designation to participate in the OTAP and offer Lifeline services in both the RDOF census blocks and adjacent census blocks in which HREC currently provides electric and/or internet service but was not awarded funding from the RDOF Auction. In response to ETC requirement No. 8 above, commits to abide by all OTAP and RSPF rules and procedures.

No party filed to intervene in the docket.

Conclusion

Staff finds HREC's application demonstrates the carrier has satisfied eligibility requirements for ETC and ETP designation for purposes of receiving RDOF, Lifeline, and OTAP support. Staff finds granting HREC's application without further review satisfies the public interest. If the commission issues an ETC designation order as soon as possible, but not later than June 7, 2021, it will enable HREC to meet the FCC's deadline to receive funding.

Docket No. UM 2153
April 23, 2021
Page 8

PROPOSED COMMISSION MOTION:

Approve the request of Hood River Electric Cooperative to be designated as a federal ETC for purposes of receiving RDOF high-cost and Lifeline federal universal service support funds, and as an ETP to participate in the OTAP, in the census block groups listed in Attachment A.

Docket No. UM 2153
 April 23, 2021
 Page 9

Attachment A

List of Census Blocks Where Hood River Electric Cooperative Seeks Designation as an Eligible Telecommunication Provider

410279501003000	410279501003090	410279501004050	410279504001084
410279501003001	410279501003091	410279501004052	410279504001085
410279501003002	410279501003092	410279501004057	410279504001086
410279501003004	410279501003096	410279501004162	410279504001088
410279501003005	410279501003115	410279501004163	410279504001089
410279501003006	410279501003119	410279501004164	410279504001090
410279501003011	410279501004000	410279504001018	410279504001092
410279501003013	410279501004003	410279504001028	410279504001093
410279501003014	410279501004004	410279504001042	410279504001094
410279501003016	410279501004005	410279504001043	410279504001111
410279501003020	410279501004006	410279504001051	410279504001117
410279501003021	410279501004008	410279504001053	410279504001122
410279501003025	410279501004009	410279504001055	410279504001123
410279501003026	410279501004010	410279504001056	410279504001124
410279501003027	410279501004011	410279504001057	410279504001125
410279501003029	410279501004012	410279504001058	410279504001127
410279501003030	410279501004014	410279504001060	410279504001128
410279501003031	410279501004016	410279504001064	410279504001129
410279501003032	410279501004020	410279504001065	410279504002000
410279501003039	410279501004023	410279504001066	410279504002007
410279501003045	410279501004024	410279504001067	410279504002009
410279501003051	410279501004025	410279504001071	410279504002012
410279501003070	410279501004027	410279504001074	410279504002013
410279501003077	410279501004032	410279504001075	410279504002015
410279501003078	410279501004033	410279504001076	410279504002018
410279501003080	410279501004034	410279504001079	410279504002020
410279501003088	410279501004037	410279504001082	410279504002021
410279501003089	410279501004038	410279504001083	

Docket No. UM 2153
 April 23, 2021
 Page 10

**List of Census Blocks Where Hood River Electric Cooperative Seeks Designation
 as an Eligible Telecommunication Provider**

410279501002057	410279501003015	410279501004102	410279504003010
410279501002058	410279501003017	410279501004150	410279504003011
410279501002065	410279501003018	410279501004151	410279504003012
410279501002066	410279501003019	410279501004152	410279504003013
410279501002067	410279501003022	410279501004165	410279504003014
410279501002068	410279501003023	410279501004170	410279504003015
410279501002069	410279501003028	410279504001024	410279504003016
410279501002070	410279501003034	410279504001047	410279504003017
410279501002074	410279501003035	410279504001049	410279504003018
410279501002075	410279501003036	410279504001052	410279504003019
410279501002078	410279501003037	410279504001054	410279504003020
410279501002082	410279501003056	410279504001062	410279504003022
410279501002086	410279501003071	410279504001063	410279504003023
410279501002091	410279501003072	410279504001068	410279504003024
410279501002092	410279501003073	410279504001069	410279504003025
410279501002093	410279501003074	410279504001070	410279504003026
410279501002094	410279501003075	410279504001072	410279504003027
410279501002095	410279501003076	410279504001073	410279504003028
410279501002096	410279501003079	410279504001077	410279504003029
410279501002097	410279501003081	410279504001087	410279504003030
410279501002098	410279501003093	410279504001091	410279504003031
410279501002099	410279501003094	410279504001126	410279504003032
410279501002100	410279501003095	410279504002002	410279504003033
410279501002101	410279501003101	410279504002004	410279504003034
410279501002102	410279501003105	410279504002005	410279504003035
410279501002103	410279501003116	410279504002006	410279504003036
410279501002104	410279501003117	410279504002008	410279504004000
410279501002105	410279501003118	410279504002011	410279504004001
410279501002106	410279501004007	410279504002014	410279504004002
410279501002107	410279501004013	410279504002016	410279504004003
410279501002108	410279501004015	410279504002019	410279504004004
410279501002109	410279501004017	410279504002022	410279504004006
410279501002110	410279501004018	410279504002023	410279504004007

Docket No. UM 2153
April 23, 2021
Page 11

410279501002111	410279501004019	410279504002024	410279504004008
410279501002112	410279501004021	410279504002025	410279504004009
410279501002113	410279501004022	410279504003000	410279504004010
410279501002114	410279501004035	410279504003001	410279504004011
410279501002115	410279501004036	410279504003002	410279504004012
410279501002125	410279501004039	410279504003003	410279504004013
410279501003003	410279501004051	410279504003004	410279504004014
410279501003007	410279501004053	410279504003005	410279504004015
410279501003008	410279501004054	410279504003006	410279504004016
410279501003009	410279501004055	410279504003007	410279504004017
410279501003010	410279501004056	410279504003008	410279504004018
410279501003012	410279501004101	410279504003009	410279504004019

Docket No. UM 2153
April 23, 2021
Page 12

Attachment B

Map of Requested Designated Service Area

Areas shown in red are within the RDOF area being applied for. Areas shown in dark blue are non-RDOF areas where HREC currently provides electric and/or internet service and is applying for ETP-only status.

Docket No. UM 2153
April 23, 2021
Page 13

