

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET UT-144140
	)	
FIRST STEP INTERNET, LLC	)	ORDER 01
	)	
	)	ORDER GRANTING
For Designation as an Eligible	)	CONDITIONAL DESIGNATION
Telecommunications Carrier for	)	AS AN ELIGIBLE
Purposes of Participating in the FCC	)	TELECOMMUNICATIONS
Rural Broadband Experiment Program	)	CARRIER
.....	)	

**INTRODUCTION AND BACKGROUND**

- 1      On December 22, 2014, First Step Internet, LLC (First Step or Company) filed a petition with the Washington Utilities and Transportation Commission (UTC or Commission) requesting designation as an Eligible Telecommunications Carrier (ETC) pursuant to 47 U.S.C. § 214(e)(2), 47 C.F.R. § 54.201(d), and Washington Administrative Code (WAC) 480-123-040 for the purpose of participating in the Federal Communications Commission (FCC) Rural Broadband Experiments (RBE)<sup>1</sup> Program. The Company seeks ETC designation for seven census blocks in eastern Washington, primarily located within portions of Frontier Communications Northwest Inc.’s Moscow and Pullman exchanges.
- 2      On January 12, 2015, the Company filed a replacement page to its petition correcting its officer’s certification to read, “under the laws of the State of Washington,” in the manner required by RCW 9A.72.085.
- 3      First Step is a registered telecommunications company and was granted competitive classification on October 11, 2011, in Docket UT-111773. Currently the Company has about 20 customers in Washington using the Voice over Internet Protocol (VoIP) service via First Step’s fixed wireless broadband facilities. As a wireless internet service provider, the Company also serves over 1,000 high-speed internet<sup>2</sup> customers in Washington. First Step’s RBE proposal would add approximately 12 new customers in Washington and approximately 400 new customers in Idaho.

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<sup>1</sup> Designation as an ETC (not only for RBE purposes) also includes the FCC’s obligation to serve both high-cost and low-income customers throughout the areas proposed, unless otherwise specifically identified.

<sup>2</sup> First Step Internet, LLC, has provided internet connectivity since 1994 and has over 7,000 customers in Idaho.

- 4 In addition to the seven census blocks in Washington, First Step has also applied and been provisionally selected<sup>3</sup> for the RBE “category two” program funding<sup>4</sup> for 109 eligible census blocks in Idaho.<sup>5</sup>
- 5 The federal funding is contingent on the Company meeting certain technical and financial qualifications which includes obtaining ETC designations in both states. The FCC’s deadline for the requirement to be a designated ETC is March 5, 2015.

### DISCUSSION

- 6 As part of the FCC’s ongoing reform and modernization of the high-cost component of the Federal Universal Service Fund (FUSF) the FCC has envisioned a conversion to CAF Phase II support for fixed voice and robust broadband service within price cap territories.<sup>6</sup> In July 2014, the FCC adopted a ten year \$100 million annual budget for rural broadband experiments and established an objective methodology for selecting projects among formal applications from those carriers that would deploy broadband and voice services in price cap areas.<sup>7</sup> The FCC received 181 applications from entities seeking nearly \$885 million over the ten-year term for projects in all 50 states and one territory. On December 5, 2014, the FCC announced that First Step was included in the provisionally selected bidders and will be eligible to receive \$415,855 for both Idaho and Washington if the company wins the final bid. First Step will also offer federal Lifeline discounts of \$9.25 per month to its low income customers in these areas.

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<sup>3</sup> *Wireline Competition Bureau Announces Entities Provisionally Selected Bidders for Rural Broadband Experiments; Sets Deadlines for Submission of Additional Information*, WC Docket No. 10-90, Public Notice, DA 14-1772 (Wireline Comp. Bur. rel. Dec. 5, 2014) (*Provisionally Selected Bidders for Rural Broadband Experiments Public Notice*).

<sup>4</sup> Category two of the FCC’s Rural Broadband Experiment program requires bidders, “to build networks capable of delivering 10Mbps downstream and 1Mbps upstream to all locations in the project census blocks.”

<sup>5</sup> The Idaho Public Utility Commission (PUC) has assigned Case No. FSI-T-14-01 for consideration of the Company’s requested ETC designation in that state.

<sup>6</sup> Connect America Fund, WC Docket No. 10-90, A National Broadband Plan for Our Future, GN Docket No. 09-51, High-Cost Universal Service Support, WC Docket No. 05-337, Developing an Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report and Order and Further Notice of Proposed Rulemaking*, FCC 11-161, 26 FCC Rcd 17663 (2011). (“*USF/ICC Transformation Order*”).

<sup>7</sup> Connect America Fund; ETC Annual Reports and Certifications; Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks, WC Docket Nos. 10-90, 14-58, 14-192, Report and Order, FCC 14-190, para. 12 (rel. Dec. 18, 2014).

7 The rural broadband experiments program is meant to inform the FCC about competitive interest in building networks to rural communities, while helping to explore the mechanics of conducting the type of competitive bidding process necessary to fully implement CAF Phase II. The FCC believes the RBE experiment will provide valuable information for future implementations of broadband and voice deployments to unserved areas, e.g., design of the CAF Phase II auction anticipated to occur in 2016.

8 This Commission has the authority to designate ETCs under 47 U.S.C. § 214(e), 47 C.F.R. § 54.201, and Chapter 480-123 WAC. The FCC did not establish additional rules to govern the ETC designation process solely for the purpose of designating entities to receive RBE funding.

9 UTC Staff finds that the Company meets the requirements for ETC designation under 47 U.S.C. § 214(e)(1), 47 C.F.R. § 54.201(d), and WAC 480-123-040 for the seven census blocks listed in Exhibit 1 to First Step's petition. Additionally, UTC Staff finds that the Company commits to provide all of the supported services throughout this designated service area. The Company commits to advertise the availability of and charges for its universal service offerings using media of general distribution, and will undertake outreach initiatives to increase consumer awareness of the Company's Lifeline service offering. Furthermore, the Company also agrees to conditional designation based upon the FCC's ongoing approval and support.

10 UTC Staff recommends that the Commission grant the Company's request due to the specific nature of the experiments, the FCC's process, and the impending deadline. UTC Staff also recommends that the Company provide copies of all reports and information submitted to the FCC with regard to this designation.

### **FINDINGS AND CONCLUSIONS**

- 11 (1) The Commission has jurisdiction over Eligible Telecommunications Carriers (ETC) in Washington and the subject matter of this Order pursuant to 47 U.S.C. § 214(e)(2), 47 C.F.R. § 54.201(b), and WAC 480-123-040.
- 12 (2) The Commission agrees with UTC Staff that First Step Internet, LLC meets the requirements for ETC designation under 47 U.S.C. § 214(e)(1), 47 C.F.R. § 54.201(d), and WAC 480-123-030.

- 13 (3) The Commission finds that granting the Company's petition for designation as an ETC in these seven specified census blocks in Washington for the purpose of establishing eligibility to participate in the FCC's Rural Broadband Experiment Program, as conditioned in this order and agreed to by the Company, will advance the purpose of universal service found in 47 U.S.C. § 254. The designation is in the public interest and should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 14 (1) The Commission grants the petition of First Step Internet, LLC for designation as an Eligible Telecommunications Carrier (ETC) in the seven specified census blocks in Washington for the purpose of establishing eligibility to participate in the Rural Broadband Experiment Program (RBE). The designation is subject to the reporting requirement that the Company must provide copies of any information submitted to the FCC for the duration of the RBE program within 10 days of filing with the FCC.
- 15 (2) First Step Internet, LLC must comply with applicable federal laws and regulations on ETC obligations and requirements.
- 16 (3) The Commission has authority to modify, suspend, or revoke First Step Internet, LLC's ETC designation granted in this Order at a future date.
- 17 (4) The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective February 12, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary