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Item Number: A1

Docket: UT-043011
Company: AT&T Mobility

Staff: Jing Liu, Regulatory Analyst
Tim Zawislak, Regulatory Analyst
William Weinman, Assistant Director - Telecommunications

Recommendation

Grant an amendment of the eligible telecommunications carrier designation of AT&T Mobility to include the wire centers listed in the attachment to this memo.

Discussion

On July 31, 2009, New Cingular Wireless PCS, LLC; Bellingham Cellular Partnership; Bremerton Cellular Telephone Company; Hood River Cellular Telephone Company; and Olympia Cellular Telephone Company Inc, subsidiaries of AT&T Mobility LLC (AT&T Mobility or company) filed a request to amend the eligible telecommunications carrier (ETC) designation in order to reflect the company's acquisition of Rural Cellular Corporation of Minnesota's (RCC) assets in Washington Rural Service Areas (RSAs) 2 and 3. AT&T Mobility seeks to include additional 42 wire centers in Washington RSAs 2 and 3 in its ETC designation for the purpose of receiving federal universal service funds (USF) for the acquired areas, including both high-cost support and low-income support. The attachment to this memo lists the wire centers for the proposed designation.

On September 30, 2009, the company amended its petition. The amendment included updated information and an electronic map of the proposed service area.

AT&T Mobility is a commercial mobile radio service provider licensed by the Federal Communications Commission (FCC). The Washington Utilities and Transportation Commission (commission or UTC) designated the company's predecessor, AT&T Wireless as an ETC in Washington on April 13, 2004 in this docket.¹ The company later became a wholly owned subsidiary of Cingular Wireless LLC. The commission designated Cingular Wireless LLC as an ETC on April 29, 2005.² On January 8, 2007, Cingular Wireless LLC changed its name to AT&T Mobility LLC.

The commission designated RCC as an ETC on August 14, 2002.³ The original designated area included Washington RSA 2 - Okanogan, RSA 3 - Ferry, and RSA 8 - Whitman. After its merger with Verizon in 2008, RCC divested RSAs 2 and 3 and transferred the licenses, network assets and subscribers to AT&T Mobility. RCC concurrently relinquished its ETC designation in RSAs

¹ UT-043011 Order 01.

² UT-043011 Order 02.

³ UT-023033 Order 01.

2 and 3 and stopped receiving federal USF, effective December 22, 2008.⁴ It later relinquished its ETC designation in RSA 8 on May 14, 2009.⁵

Analysis

To qualify for ETC designation, a common carrier must meet two requirements by federal law: (1) it must offer the services that are supported by federal universal service support mechanisms under 47 C.F.R. § 54.101(a) and section 254(c) of the Communications Act of 1934, as amended (Act), either using its own facilities or a combination of its own facilities and resale of another carrier's services; and (2) it must advertise the availability of such services and the charges using media of general distribution. *47 U.S. C. § 214(e)(1) and 47 C.F.R. § 54.201(d)*.

AT&T Mobility meets the two requirements. It is a wireless carrier with its own network facilities. It has the licenses to cover the entire proposed service area. The company asserts in its petition that it can provide all the services supported by federal universal service mechanisms, including (1) voice grade access to the public switched network; (2) local usage; (3) digital signaling and in-band multi-frequency signaling, which is functionally equivalent to dual tone multi-frequency signaling; (4) single-party service; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income customers.⁶ The company states that it will advertise the availability of these services by media of general distribution.

The Act delegates state commissions with the authority to designate competitive ETCs (CETCs). Upon request and consistent with the public interest, convenience, and necessity, a state commission may, in the case of an area served by a rural incumbent local exchange carrier (ILEC), and shall in the case of all other areas, designate more than one common carrier as an ETC, so long as each additional requesting carrier meets the two requirements for ETC designation mentioned above. *47 U.S. C. § 214(e)(2) and 47 C.F.R. § 54.201(c)*. AT&T Mobility seeks designation as a CETC in wire centers served by both rural and non-rural ILECs. Staff considers that designating AT&T in Washington RSAs 2 and 3 is consistent with the public interest.

Compared to the traditional wireline service, AT&T Mobility's wireless service has a number of additional benefits for customers. An increasing number of customers who value mobility have

⁴ UT-023033 Order 04.

⁵ UT-023033 Order 05.

⁶ With regard to toll limitation for qualifying low-income customers, the company currently does not offer either toll blocking or toll control function. In the past, the company offered a Lifeline plan with a separate toll charge and the company provided toll blocking service to customers who requested it. In 2005, the company switched to a different Lifeline plan in an effort to attract more Lifeline customers. The new plan does not assess an additional toll charge. A flat per-minute rate applies to all calls beyond the minutes included in the service package. Therefore, toll limitation is not necessary. Staff agrees with the company that its current Lifeline plan satisfies the intent of the requirement.

migrated from the wireline to wireless communication platform. AT&T Mobility's service plans offer a more expansive local calling area. In some calling plans, the company does not charge additional roaming or long distance charges in the U.S. The calling plans also include advanced features with no additional charges such as voicemail, caller ID, call forwarding, call waiting, and three-way calling.

The area for which AT&T Mobility seeks designation for in this petition consists of mostly high-cost wire centers. Twenty nine (29) wire centers within the proposed service area are served by non-rural carriers, Qwest Corporation (Qwest) and Verizon Northwest, Inc. (Verizon). Among them, most wire centers are relatively high-cost areas.⁷ The other 13 wire centers are served by rural carriers, CenturyTel of Washington, Inc., Pend Oreille Telephone Company and M & L Enterprises. Generally, those areas are considered to be high-cost areas by the rural classification of ILECs.

Currently, ILECs in the 42 wire centers are designated wireline ETCs. However, only six wire centers have a designated wireless ETC. Granting AT&T Mobility's petition to become a CETC will facilitate wireless network investment in the rural and high-cost wire centers and promote the availability as well as the service quality of wireless service in these RSAs. The designation is consistent with the goal of advancing universal service in Washington.

In addition, there are three federally recognized Indian tribal areas in the proposed service area. Staff concludes the federal high-cost fund will improve wireless coverage in these areas over time and the federal Lifeline and Link Up support will provide wireless bill discounts to more eligible households residing in the tribal areas.

AT&T Mobility also provided information to comply with the Washington rule on ETC designation petitions contained in WAC 480-123-030. Specifically, it certifies that it will use all federal high-cost funds it receives only for the provision, maintenance, and upgrading of facilities and services for which the support is intended pursuant to 47 U.S.C. § 254(c). It also commits to advertise Lifeline and Link Up programs to reach low-income customers not already receiving discounts, including eligible customers of federally recognized Indian reservations within the ETC's designated service areas. The company describes how it will provide each supported service. It provides a substantive plan of the investments to be made with the federal high-cost funds and how the expenditures will benefit customers. AT&T Mobility also affirms that it meets the emergency power back up requirements; and it complies with the Cellular Telecommunications and Internet Association's (CITA) *Consumer Code for Wireless Service*. An electronic map of proposed service areas is provided, showing existing and planned locations of cell sites and their signal coverage.

⁷ Qwest and Verizon classify their wire centers into five zones for the purpose of determining the costs for unbundled network elements (UNE), Zone 1 being the least costly area and Zone 5 being the most costly area. Out of the 29 wire centers for proposed designation in Qwest and Verizon service territory, 3 belong to UNE Zone 1-2; 8 belong to UNE Zone 3; 18 belong to UNE Zone 4-5.

The amendment of AT&T Mobility's ETC designation will not impose additional burden on the federal USF. The FCC capped the total annual CETC support for each state at the support level of March 2008. The designation will increase AT&T Mobility's eligible claim from the high-cost support due to its subscriber line increase. However, when the total CETC support exceeds the cap, a state cap factor will apply to all CETCs. As a result of the cap factor, all CETCs will get proportionately less high-cost support.

AT&T Mobility has the experience of fulfilling universal service obligations. As an existing ETC in Washington, the company complies with federal and state rules and meets all ETC requirements. In addition, since its acquisition of this portion of RCC's network, it has been providing Lifeline credits to previous RCC's Lifeline customers without reimbursement from the federal Lifeline and Link Up programs. Granting this designation will allow the company to access federal low-income support so that it can continue to provide discounted services to these customers as well as sign up new Lifeline customers.

Designating the company in RSAs 2 and 3 is also consistent with the prior commission decisions on CETC designations. In the past, the commission designated qualified wireless carriers as CETCs for receiving federal high-cost funds based on several public interest considerations: to promote the availability of advanced services to rural customers; to ensure competitive neutrality and facilitate competition; and to preserve and advance universal service in Washington. The same rationale applies to this petition. Staff therefore recommends granting the company's request for ETC designation in additional wire centers in this case.

Conclusion

Staff concludes that designating AT&T Mobility as an ETC in Washington RSAs 2 and 3 is consistent with the public interest, convenience, and necessity. After designation, the federal high-cost support can provide the company with funding for network investment in these rural and high-cost areas. In addition, the federal low-income support will ensure that eligible low-income households in these areas who choose wireless phone services from AT&T Mobility will receive appropriate discounts.

Staff recommends that the commission grant an amendment of the ETC designation to AT&T Mobility to include the wire centers listed in the attachment to this memo.

Attachment