

Agenda Date: January 31, 2019
Item Number: A1

Docket: UT-180763

Company Name: Computer 5, Inc. d/b/a LocalTel Communications
and d/b/a SkyFi Highspeed Wireless Internet

Staff: Tim Zawislak, Senior Regulatory Analyst
Sean Bennett, Regulatory Analyst
Jing Roth, Assistant Director - Telecommunications

Recommendation

Enter an order granting LocalTel's amended petition for designation as an Eligible Telecommunications Carrier.

Background

The Federal Communications Commission (FCC) CAF-II "reverse auction" was held during the mid-summer of 2018 and the winning bidders were officially announced in August.¹ In order to be eligible to receive the applicable CAF-II funding during the ten year term of this program, each winning bidder must receive Eligible Telecommunications Carrier (ETC) designation by February 25, 2019.²

Computer 5, Inc. d/b/a LocalTel Communications and d/b/a SkyFi Highspeed Wireless Internet (LocalTel or company) will receive \$684,000 each year for the next ten years in exchange for making voice and broadband services available to approximately 1,900 customer locations.³ These locations are in 787 specific census blocks that were previously identified as unserved or underserved within the five-county area.

LocalTel filed its petition on September 10, 2018. On November 15, 2018, commission staff (staff) met with the company to review its plans for deployment and to explain the designation and certification processes in Washington.⁴ Next, staff issued informal data requests and LocalTel responded timely. Based on discussions with staff, the company amended its petition on December 19, 2018, to clarify its proposed service area and the details of its substantive investment plans in order to meet its obligations under the CAF-II program.

¹ FCC News Release on Connect America Fund Auction Results, [DOC-353840A1.pdf](#), August 28, 2018.

² FCC Public Notice on winning bidder requirements, [DA 18-887](#), August 28, 2018.

³ Both voice and broadband services must be priced reasonably and comparably to urban services (below the benchmarks of \$51.61 and \$78.65 per month, respectively). Additionally, the broadband baseline service level is 25Mbps downstream with 3Mbps upstream (with a minimum usage allowance of at least 215GB per month for 2019 pursuant to FCC Public Notice, [DA 18-1280](#), released on December 20, 2018). LocalTel offers 250 GB per month.

⁴ SkyFi Highspeed Wireless Internet (SkyFi) is another tradename that Computer 5, Inc. d/b/a LocalTel Communications uses for marketing purposes. Computer 5, Inc. was registered as a telecommunications company in Docket UT-991575 on November 15, 1999.

Discussion

LocalTel seeks a service area to include all five counties where it operates as a winning bidder (Adams, Chelan, Douglas, Grant, and Lincoln).⁵ This proposed service area is broader than the smaller pockets (census blocks) auctioned by the FCC for high-cost purposes.⁶ LocalTel has chosen to offer its services to a broader area in order to make its Lifeline services available to more potential customers. As an ETC, the company must provide discounted services to qualifying low-income customers.⁷ By offering Lifeline to areas beyond the eligible census blocks, LocalTel is going above and beyond the minimum requirements of only serving locations supported by the CAF-II high-cost program.

The company also plans to meet and exceed the benchmarks established for deployment within the first five years of the ten-year term of the CAF-II program. That is, the company will offer commercially at least one voice and one broadband service meeting the relevant service requirements to the required number of locations in the following timeframe:

- 40 percent of the required number of locations by the end of third year of support
- An additional 20 percent in each subsequent year of support
- 100 percent by the end of the sixth year of support
- The exact deployment schedule will be determined by the carrier.

LocalTel has extensive experience over the last two decades providing rural customers with telecommunications services using various technologies. Although LocalTel currently offers services via fixed-wireless technology, it also provides landline services via fiber optic cables. As a result of the CAF-II Auction funding, the company will make additional investments to extend its fixed-wireless services to more remote locations than would otherwise be economically feasible without such support.

Broadband and voice services awarded pursuant to competitive bidding must be high quality and also meet performance standards for both speed and latency under FCC Rule 47 CFR 54.309(a).

The Washington Utilities and Transportation Commission (commission) has the authority to grant ETC Designations pursuant to [47 U.S.C. § 214\(e\)\(2\)](#), [47 C.F.R. § 54.201\(b\)](#), and

⁵ An exception in Chelan County is the WeavTel study area (Stehekin exchange) at the northern tip of Lake Chelan, which is a Rural, rate-of-return study area.

⁶ See the Attachment to this memo for a map of the proposed modified five-county service area.

⁷ USAC administers the Lifeline program on behalf of the FCC, the uniform application is available on USAC's website at <https://www.lifelinesupport.org/ls/apply-for-lifeline/default.aspx>.

Washington Administrative Code [\(WAC\) 480-123-040](#). RCW 80.36.610 states, “The commission is authorized to take actions, conduct proceedings, and enter orders as permitted or contemplated for a state commission under the federal telecommunications act of 1996[.]”

Conclusion and Recommendation

Commission staff has reviewed the amended petition and supplemental materials (including the company’s response to data requests and long form application), and supports LocalTel’s request. The amended petition meets the commission’s rule in WAC 480-123-030 and is consistent with the FCC’s CAF-II “reverse auction” requirements.

Based on its review and analysis, staff concludes that LocalTel has met the necessary requirements for designation as an ETC.⁸ Therefore staff recommends that the commission enter an order granting LocalTel’s ETC designation.

Attachment

⁸ As an ETC, LocalTel may also be considered as a Carrier of Last Resort (or COLR) depending upon the results of the Commission’s ongoing rulemaking in Docket UT-180831.