

Agenda Date: June 25, 2020  
Item Number: A1

**Docket:** UT-200230  
Company Name: Rainier Connect North, LLC d/b/a “Click! Cable TV”

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

### **Recommendation**

Issue an order in Docket UT-200230:

- Designating Rainier Connect North, LLC, as an Eligible Telecommunications Carrier for the purpose of receiving Lifeline support from the federal Universal Service Fund in the Tacoma, Washington service area requested in the petition and subject to the conditions in this Memo’s Attachment, and
- Granting an exemption from Washington Administrative Code 480-123-030(1)(d), which requires the filing of a substantive investment plan.

### **Background**

On March 18, 2020, Rainier Connect North, LLC d/b/a “Click! Cable TV” (RCN or company) filed a petition with the Washington Utilities and Transportation Commission (commission) requesting designation as an Eligible Telecommunications Carrier (ETC) under Section 214(e)(2) of the Communications Act of 1934, as amended (the Act), and Washington Administrative Code (WAC) 480-123-030. RCN seeks ETC designation in Washington for the purpose of receiving federal Low Income (Lifeline) support that subsidizes monthly charges for telecommunications service for qualified low-income households. Lifeline support is distributed to ETCs as part of the federal Universal Service Fund (USF). The company is a facility based provider through an IRU agreement<sup>1</sup> with Tacoma Public Utilities (TPU). RCN also requests an exemption from Washington Administrative Code 480-123-030(1)(d), which requires ETC applicants to file a substantive investment plan.

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<sup>1</sup> Indefeasible Right of Use (IRU) Agreement is essentially a long-term 20-year lease arrangement.

The details of RCN’s proposed rate plans are as follows:

Plan Type	Monthly Local Minutes	Monthly Local Long Distance Minutes	Monthly Data	Net Monthly Cost to Qualifying Customers
Basic Digital Voice	Unlimited	None	None	\$9.99 - 7.25 = <b>\$2.74</b>
Advanced* Package	Unlimited	Unlimited	None	\$34.99 - 7.25 = <b>\$27.74</b>
Lifeline Broadband	None	None	30/10Mbps	\$19.20 - 9.25 = <b>\$9.95</b>

\* NOTE: *The Advanced (Digital Voice) Package also includes voicemail, unlimited long distance minutes, and a calling feature to be chosen by the customer.*

RCN is affiliated with Mashell Telecom, Inc., a rural incumbent local exchange carriers (ILEC) in Eatonville, Washington, and both are owned by their parent company, Mashell, Inc. The ILEC has been officially designated an ETC in the Eatonville and Kapowsin areas since 1997 and has been providing universal service to customers in Eatonville, Washington for over 100 years, as an ILEC. With the recent transaction between RCN and the City of Tacoma’s public electric power utility (TPU), RCN now has an IRU to operate the Click! Cable TV network, including the provision of internet and voice. The agreement includes an obligation to provide service to low income consumers in this area.

## Discussion

The commission has jurisdiction over ETC petitions. Section 214 (e) of the Act authorizes state regulatory commissions to designate a qualified common carrier as an ETC for the purpose of receiving federal Universal Service Funds.<sup>2</sup> Under WAC 480-123-040, the commission has authority to approve petitions from carriers requesting ETC designation. The commission’s authority to grant or deny petitions for ETC designation includes the authority to impose conditions.<sup>3</sup>

Commission staff (staff) supports finding that RCN qualifies for ETC designation with the proposed conditions in the Memo Attachment. Under 47 U.S.C. § 214(e)(2), state commissions may designate more than one carrier as an ETC in an area if such designation is “consistent with

<sup>2</sup> 47 U.S.C. § 214(e)(2); 47 C.F.R. § 54.201(c).

<sup>3</sup> *In the Matter of the Petition of TracFone Wireless, Inc. for Exemption from WAC 480-123-030(1)(d),(f) and (g); and Designation as an Eligible Telecommunications Carrier for the Purpose of Receiving Lifeline Support from the Federal Universal Service Fund*, Order 03 (June 24, 2010), UT-093012, ¶ 78.

the public interest, convenience, and necessity” and the carrier seeking designation as an ETC meets the two requirements of 47 U.S.C. § 214(e)(1), which are that it must:

- (A) offer the services that are supported by federal universal service support mechanisms under section 254(c), either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier); and
- (B) advertise the availability of such services, and the charges therefore, using media of general distribution.

RCN is a common carrier.<sup>4</sup> It is capable of providing services supported by federal universal service mechanisms, as defined in 47 C.F.R. § 54.101(a). The company also commits that it will advertise the availability of Lifeline services.

The company meets the requirements of the Washington rule on ETC designation, WAC 480-123-030, except subsection (1)(d). WAC 480-123-030(1)(d) requires an ETC petitioner to provide a “substantive plan of the investments to be made with initial federal support during the first two years in which support is received and a substantive description of how those expenditures will benefit customers.” RCN requests an exemption from the requirement because the company seeks only Lifeline support, not federal High Cost support. Staff notes that RCN has a financial obligation as it relates to the IRU with Tacoma Power, which may be interpreted as *indirect* infrastructure investment. Regardless, staff recommends granting the exemption.

Granting the exemption is consistent with the public interest, the purposes underlying regulation, and applicable statutes. The commission granted similar exemptions in its orders designating Lifeline-only ETCs such as Boomerang, Sage, and TracFone.

Staff reviewed the company’s technical and financial capabilities to provide the supported Lifeline service and carefully considered relevant factors suggested in the FCC’s Lifeline and Link Up Reform Order. Based on the company’s operational history and parent company financial statements, staff concludes that the company is technically and financially capable of providing the supported Lifeline service in compliance with all the low-income program rules.

Other similarly situated Lifeline-Only (LLO) ETCs in Washington have been required to work with the Department of Social and Health Services (DSHS) to gain access to their benefit verification system query database to verify the eligibility of those customers whose qualification is based on their participation in Medicaid, Supplemental Nutrition Assistance Program, Supplemental Security Income and Temporary Assistance for Needy Families. Staff, however,

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<sup>4</sup> RCN was registered as a CLEC in Docket UT-200229 with an effective date of March 30, 2020.

does not recommend that this requirement be imposed in this instance considering the FCC's and USAC's implementation of the National Verifier and NLAD systems (effective January 22, 2020, in Washington State). Both the FCC's National Lifeline Accountability Database and the National Lifeline Eligibility Database (aka the National Verifier or NV) are now fully functional.

Staff recommends that the commission modify the verification requirements for RCN's ETC designation due to the facts that these national databases are now in place and are fully functional and that RCN is registered as a CLEC in Washington, unlike the prepaid wireless cellular LLO companies. The specific, modified conditions staff supports for RCN are listed in the Memo Attachment. One notable change relative to the conditions previously imposed on other ETCs is the elimination of the one-year interim designation. Staff expects recent developments will address effectively earlier concerns about duplicative Lifeline claims. Staff believes monitoring and rule enforcement in the Lifeline market obviates the need for the commission's one-year interim condition. Additionally, as a CLEC, RCN must comply with commission rules applicable to telecommunications companies.

### **Conclusion**

Staff believes that designating RCN as a Lifeline-only ETC will deliver benefits and additional choices to low-income households in Tacoma, Washington. Staff recommends the commission enter an order designating RCN as an ETC for the purpose of receiving federal Lifeline support subject to the conditions in the Memo Attachment and granting an exemption from WAC 480-123-030(1)(d).

Attachment