

Agenda Date: October 27, 2016
Item Number: A10

Docket: UT-144138
Company Name: Salish Networks, Inc.

Commission Staff: Tim Zawislak, Regulatory Analyst
Jing Roth, Assistant Director – Telecommunications

Recommendation

Issue an order designating Salish Networks, Inc., as a federal ETC for the Arlington, Everett, Granite Falls, Marysville, and Stanwood exchanges.

Background

On December 19, 2014, Salish Networks, Inc. (Salish or company) filed a petition¹ with the Washington Utilities and Transportation Commission (UTC or commission) requesting designation as an eligible telecommunications carrier (ETC) pursuant to 47 United States Code (USC) § 214(e)(2), 47 Code of Federal Regulations (CFR) § 54.201, and Washington Administrative Code (WAC) 480-123-040 for the purposes of participating in the Federal Communications Commission (FCC) federal low-income and high-cost programs.

Salish offers residential and commercial local exchange telephone services using its own facilities or a combination of its own facilities, unbundled network elements, and resale of other carriers' services (along with bundles that include long distance, features, and broadband internet access service). In addition, the company also provides dark fiber and specialized telecommunications and cabling services. Prices vary depending on the services provided.²

Salish³ not only provides both voice telephony and broadband internet access services on the Tulalip Reservation (within the Marysville exchange) but also seeks ETC designation for the following exchange areas, in their entirety:

- Arlington
- Everett
- Granite Falls
- Marysville
- Stanwood

Attachment 1 is a map of the relevant exchange areas. Attachment 2 and Attachment 3 are *examples* of advertisements used in the company's marketing of services for both the high-cost and low-income voice telephony products.

¹ On January 20, 2015, the company filed an "Amended Petition," in order to clarify the exchange areas sought for ETC designation. This petition was also certified by an officer of the company in the manner required.

² Residential prices begin above the FCC's current urban rate floor of \$21.93 and are below the reasonable comparability benchmarks for both fixed voice and broadband service as compared to the rates offered to consumers in urban areas (under \$41.07 and \$75.20, respectively). Broadband benchmark is based on 10Mbps downstream and 1Mbps upstream.

³ Salish was registered in Washington as a telecommunications company in 2013 under Docket UT-130542.

The company is aware of the changes at the federal level that have occurred since the time of its initial petition and continues to remain prepared to participate in both the high-cost and low-income programs, and to meet the Connect America Fund's (CAF) emphasis on broadband availability and affordability.

On September 1, 2016, the company filed a letter in support of its petition clarifying that it will collect and remit E-911 taxes to the Washington State Department of Revenue, on behalf of all customers in the affected exchanges (including customers residing within the boundaries of the Tulalip Indian Reservation).⁴ Commission staff appreciates the company's willingness to provide this clarification and is satisfied that Salish can remain functional in emergency situations and is able to comply with WAC 480-120-411.

Discussion

Salish's request for state designation as a federal ETC will benefit consumers. The following table includes a comparison of the company's currently advertised rates:

	Low-Income	High-Cost
Residential Voice – Lifeline	\$15.74	\$24.99
Residential Voice – Enhanced	\$1.00	\$35.25

Currently, AT&T Wireless and Frontier are designated as high-cost ETCs in the five affected exchanges. These companies also offer Lifeline services, as required by the FCC. In addition, TracFone and YourTel (which are prepaid wireless "Lifeline-only" ETCs) also offer services to consumers in these areas. Salish (which is a *facilities-based* wireline provider) has petitioned for full federal ETC status, and will be offering high-cost and low-income services. If approved, Salish will be Washington's first tribally-owned ETC and would be among only a dozen or so such ETCs designated across the nation.

This commission has the authority and the responsibility to designate additional federal ETCs under 47 U.S.C. § 214(e):

(1) Eligible telecommunications carriers

A common carrier designated as an eligible telecommunications carrier under paragraph [(2),] shall be eligible to receive universal service support in accordance with section 254 of this title and shall, throughout the service area for which the designation is received—

(A) offer the services that are supported by Federal universal service support mechanisms under section 254(c) of this title, 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 therefor using media of general distribution.

⁴ This clarification is significant because of state taxation litigation involving the Tulalip Tribes and the State of Washington pending in federal district court. *Tulalip Tribes v. Smith*, No. 2:15-cv-00940 (W.D. Wash. filed June 12, 2015).

(2) Designation of eligible telecommunications carriers

A State commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the State commission. Upon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the State commission, so long as each additional requesting carrier meets the requirements of [(1).]

State designated ETCs must annually report via the FCC Forms 481 and 555, as well as comply with WAC 480-120-060, -070, and -080. Some of the reporting requirements depend upon the extent to which the company receives certain types of support and others are simply required to retain ETC status from year to year.

Salish commits to advertising 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 offerings, including to residents of federally recognized Indian reservations, within the designated service areas. The availability of an additional federal ETC in these areas is in the public interest.

Conclusion

Commission staff finds the company meets the requirements for ETC designation under 47 USC § 214(e)(2), 47 CFR § 54.201 and WAC 480-123-040 as evidenced by its certified amended petition. Commission staff therefore recommends that the commission designate Salish Networks, Inc., as an additional federal ETC for the Arlington, Everett, Granite Falls, Marysville, and Stanwood exchanges.

Attachments (3)