

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

<p>In the Matter of the Petition of</p> <p>COMPUTER 5, INC. d/b/a LOCALTEL COMMUNICATIONS and SKYFI HIGHSPEED WIRELESS INTERNET</p> <p>Seeking Designation as an Eligible Telecommunications Carrier in the state of Washington pursuant to 47 U.S.C. § 214(e)(2)</p>	<p>DOCKET UT-180763</p> <p>ORDER 01</p> <p>ORDER GRANTING ELIGIBLE TELECOMMUNICATIONS CARRIER DESIGNATION</p>
---	---

BACKGROUND

- 1 On September 10, 2018, Computer 5, Inc. d/b/a LocalTel Communications and SkyFi Highspeed Wireless Internet (LocalTel or Company) filed a petition (Petition) with the Washington Utilities and Transportation Commission (Commission) requesting designation as an eligible telecommunications carrier (ETC) pursuant to 47 U.S.C. § 214(e)(2), 47 C.F.R. § 54.201, and Washington Administrative Code (WAC) 480-123-040 for the purpose of participating in the Federal Communications Commission’s (FCC) federal low-income and federal high-cost programs.

- 2 On December 19, 2018, the Company amended its Petition to clarify its proposed service area and the details of its substantive investment plans in order to meet its obligations under the CAF-II high-cost program.

- 3 The FCC’s CAF-II “reverse auction” was held in the summer of 2018 and the winning bidders were officially announced in August 2018. In order to be eligible to receive the applicable CAF-II funding during the ten-year term, each winning bidder must receive ETC designation by February 25, 2019. LocalTel was a winning bidder and will receive \$684,709 each year for the next ten years in exchange for making voice and broadband services available to approximately 1,900 customer locations in specific previously unserved or underserved areas within the five eastern Washington counties of Adams,

Chelan, Douglas, Grant, and Lincoln.¹ These locations include 787 specific census blocks (in 63 census block groups).

- 4 LocalTel seeks ETC designation in all five counties where it operates as a winning bidder (Adams, Chelan, Douglas, Grant, and Lincoln), with the exclusion of Westgate Communications LLC d/b/a/ WeavTel's study area (WeavTel's Stehekin exchange), which is a rural rate-of-return study area located at the northern tip of Lake Chelan in Chelan County. The Company's proposed service area is broader than the smaller pockets (census blocks) auctioned by the FCC for high-cost purposes. LocalTel has chosen to offer its services to a broader area in order to make its Lifeline services available to more customers. As an ETC, the Company must provide discounted services to qualifying low-income customers.
- 5 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 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 the third year of support;
 - An additional 20 percent in each subsequent year of support; and,
 - 100 percent by the end of the sixth year of support.

The exact deployment schedule will be determined by the carrier.

- 6 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.

¹ 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.

- 7 Broadband and voice services awarded pursuant to competitive bidding must be high quality and meet performance standards for both speed and latency under 47 C.F.R. § 54.309(a).
- 8 Commission staff (Staff) reviewed LocalTel's Petition and supplemental materials (including the Company's responses to data requests and long form application) and supports LocalTel's request for designation.
- 9 Staff believes the Company has met the requirements for ETC designation under 47 U.S.C. § 214(e)(2), 47 CFR § 54.201, and WAC 480-123-040 as evidenced by the Petition as amended on December 19, 2018. Accordingly, Staff recommends the Commission designate LocalTel as a federal ETC for Adams, Chelan, Douglas, Grant, and Lincoln counties.

DISCUSSION

- 10 Common carriers receiving designation as ETCs under 47 U.S.C. § 214 are eligible to receive subsidies from the federal Universal Service Fund. State utility commissions are responsible for designating common carriers as ETCs for the purpose of receiving such funds. The Commission will approve applications from carriers requesting ETC designation if the application meets the requirements of WAC 480-123-030, the designation will advance some or all of the purposes of universal service found in 47 U.S.C. § 254, and the designation is in the public interest.²
- 11 The Commission agrees with Staff that the Company has demonstrated that it meets the criteria for designation as an ETC, including offering all services supported by the federal universal service support mechanisms set forth in 47 U.S.C. § 254. 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 Commission finds that granting the Company's Petition will benefit consumers and is in the public interest. Accordingly, the Commission designates LocalTel as a federal ETC as requested in its Petition, as amended on December 19, 2019.

² WAC 480-123-040.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission has jurisdiction over ETCs in Washington and the subject matter of this order under 47 U.S.C. 214(e)(2), 47 C.F.R. 54.201, and Chapter 480-123 WAC.
- 13 (2) LocalTel is a telecommunications company doing business in the state of Washington. LocalTel has demonstrated that it meets the requirements for designation as an ETC under 47 U.S.C. § 214(e)(1), 47 C.F.R. § 54.201(d), and WAC 480-123-030, and that its designation is in the public interest.
- 14 (3) This matter came before the Commission at its regularly scheduled open meeting on January 31, 2019.
- 15 (4) After reviewing LocalTel's Petition, as amended on December 19, 2018, and giving due consideration to all relevant matters, the Commission finds that the Petition should be granted and LocalTel should be designated as a federal ETC for service in Adams, Chelan, Douglas, Grant, and Lincoln counties, with the exclusion of the Stehekin exchange located in Chelan County and currently served by Westgate Communications LLC d/b/a WeavTel.

ORDER

THE COMMISSION ORDERS:

- 16 (1) The petition of Computer 5, Inc. d/b/a LocalTel Communications and SkyFi Highspeed Wireless Internet, as amended on December 19, 2018, for designation as federal Eligible Telecommunications Carrier in the state of Washington is GRANTED for service in Adams, Chelan, Douglas, Grant, and Lincoln counties, with the exclusion of the Stehekin exchange located in Chelan County and currently served by Westgate Communications LLC d/b/a WeavTel.
- 17 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this Order.

DATED at Olympia, Washington and effective January 31, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner