BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of

APPLICATION OF ZIPLY FIBER
NORTHWEST, LLC FOR DESIGNATION AS
AN ELIGIBLE TELECOMMUNICATIONS
CARRIER

DOCKET No.

Petition of Ziply Fiber Northwest, LLC for Designation as an Eligible Telecommunications Carrier

Ziply Fiber Northwest, LLC, DBA Ziply Fiber ("ZFN" or the "Company"), pursuant to the Federal Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214(e), Federal Communications Commission ("FCC") rules related to Universal Service, 47 C.F.R. §§ 54.101 through 54.207 (the "FCC Rules"), and Washington Administrative Code ("WAC") 480-123-030, respectfully submits this Petition of Ziply Fiber Northwest, LLC for Designation as an Eligible Telecommunications Carrier ("ETC") to the Washington Utilities and Transportation Commission ("WUTC" or "Commission"). The Company intends to acquire the assets of Computer 5, Inc., d/b/a LocalTel ("LocalTel"), a registered competitive telecommunications company in Washington ("the Transaction"). LocalTel currently holds an ETC designation in Washington for areas in which LocalTel has been awarded federal high-cost Rural Digital Opportunity Fund Phase I ("RDOF Phase I") support, and Lifeline support. As part of the Transaction, ZFN will ultimately acquire LocalTel's RDOF Phase I support and associated obligations. In order to fulfill those RDOF Phase I obligations and receive the RDOF Phase I support, the Company seeks ETC designation from the Commission for a high-cost ETC Area co-extensive with the high-cost areas covered in the RDOF Phase I award ("Post-acquisition High Cost Area"). ZFN also seeks ETC designation to provide Lifeline service within its Post-acquisition High Cost Area.

ZFN respectfully requests that the Commission grant this Petition on an expedited basis in order to allow ZFN to not only begin fulfilling the RDOF Phase I obligations, but also to continue the uninterrupted provision of Lifeline service to customers acquired as a result of the Transaction.

INFORMATION REGARDING THE APPLICATION

1. ZFN is a Delaware limited liability company authorized to do business in Washington with its principal offices located at 135 Lake Street South, Suite 155, Kirkland, WA

98033. ZFN is an incumbent local exchange company ("ILEC") regulated by the WUTC.

2. ZFN also has an ETC designation in Washington under its authorization to operate

as an ILEC.

3. ZFN is authorized to operate as a competitive telecommunications company in

Washington.

4. Correspondence or communications pertaining to this Application or questions

concerning the ongoing operations of ZFN should be directed to:

Jessica Epley
Ziply Fiber
135 Lake Street South
Suite 155

Kirkland, WA 98033

Telephone: (503) 431-0459 Email: jessica.epley@ziply.com

BACKGROUND

5. The FCC has adopted a number of cost recovery policies and mechanisms

designed to promote and maintain universal service. One aspect of universal service is the

availability of subsidies from the federal Universal Service Fund ("USF"), created by the Act. For

example, carriers that are the recipients of RDOF Phase I funding receive USF subsidies in order

to recover some of the costs of providing voice and broadband services in unserved, high-cost

rural areas at competitive rates. Only carriers designated as an ETC may receive subsidies from

the USF. In order to receive RDOF Phase I funding, carriers participated in an auction to receive

an allocated amount in exchange for providing high-cost services in compliance with the FCC's

service requirements. The USF also provides support for service to qualifying low-income

¹ Rural Digital Opportunity Fund; Connect America Fund, Report and Order and Further Notice of Proposed

Rulemaking, 35 FCC Rcd 686 (2020).

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communications end-users, commonly referred to as Lifeline service. Although the FCC does not require carriers focused on provision of Lifeline support to participate in the auction process, only a "common carrier" designated as an ETC under 47 U.S.C § 214(e) is eligible to receive subsidies from the federal USF.

6. Common carriers that provide services consistent with the requirements of Section 214(e) may be deemed ETCs. Section 214(e)(2) of the Act provides that:

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 and an eligible telecommunications carrier for a service area designated by the State commission, so long as each additional requesting carrier meets the requirements of paragraph (1). Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the State commission shall find that the designation is in the public interest.

Section 214(e)(1) of the Act provides:

A common carrier designated as an eligible telecommunications carrier under paragraph (2), (3), or (6) 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.
- 7. Pursuant to 47 U.S.C. § 214(e)(2), the Commission has the statutory authority to designate a common carrier as an ETC that offers the services supported by the federal Universal Service Fund support mechanisms and advertises "the availability of such services and the charges therefore using media of general distribution."²

² 47 C.F.R. § 54.201(d)(2).

- 8. The FCC has promulgated rules governing ETC designations to establish various requirements for carriers to obtain ETC status. Applications seeking ETC status in Washington must address and satisfy each of the ETC designation criteria under the FCC Rules and comply with the requirements set forth in WAC 480-123-030 for a petition for designation as an ETC.
- 9. ZFN is a common carrier with a fully constructed fiber-optic and copper network over which it currently offers a full suite of communications services to its customers within its ILEC territory in Washington. ZFN is expanding its network, in part, through the Transaction. As a result of the Transaction, ZFN will also be acquiring LocalTel's RDOF Phase I award commitments and related federal funding to construct additional network facilities to underserved areas, and to provide Lifeline service.³ In order to fulfill the RDOF Phase I obligations and receive the associated federal support, and to provide Lifeline service, the Company seeks ETC designation from the Commission for its Post-acquisition High Cost Area.
- 10. Once the acquisition is consummated and it receives an ETC designation, ZFN will be well positioned to seamlessly offer the voice and broadband services and functionalities detailed in Section 54.101(a) of the FCC Rules throughout its Post-acquisition High Cost Area, defined below and in the attached map. Additionally, ZFN will advertise the availability of such services and the charges for these services using media of general distribution and commits to advertise the availability of both its Lifeline program and high-cost supported services.
- 11. As shown herein, ZFN also meets the additional requirements set forth in the FCC Rules for obtaining ETC designation for purposes of receiving high-cost and Lifeline funding support because it can:⁴
- (a) Certify ZFN's compliance with the service requirements applicable to the support that it receives;

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³ Rural Digital Opportunity Fund Phase I Auction 904 (Auction 904) Closes; Winning Bidders Announced; FCC Form 683 <u>Due January 29, 2021</u>, Public Notice, 35 FCC Rcd 13888 (OEA/WTB 2020).

⁴ 47 C.F.R. § 54.202.

- (b) Demonstrate ZFN's ability to remain functional in emergency situations, including a demonstration of possession of reasonable amount of back-up power to ensure functionality without an external power source, and ability to reroute traffic around damaged facilities, and capability of managing traffic spikes resulting from emergency situations;
- (c) Demonstrate that ZFN satisfies the applicable consumer protection and service quality standards;
- (d) Demonstrate ZFN's financial and technical capability of providing high-cost and Lifeline service in compliance with the FCC's rules and regulations;
- (e) Submit information describing the terms and conditions of any service plans offered to Lifeline subscribers, and
 - (f) Demonstrate that ETC designation is in the public interest.
- 12. Designation of ZFN as an ETC is in the public interest of the State of Washington and its low-income telecommunications end-users. Upon designation as an ETC, ZFN will make Lifeline service available to qualifying customers in the Post-acquisition High Cost Area pursuant to the guidelines and requirements of the universal service program and 47 C.F.R. § 54.202.

ZFN MEETS THE REQUIREMENTS FOR DESIGNATION AS AN ETC IN WASHINGTON

13. As demonstrated below, ZFN meets the requirements for ETC designation by the Commission pursuant to Section 214(e)(2) of the Act,⁵ consistent with the requirements of WAC 480-123-030. In addition, ZFN complies with the standards established by the FCC for determining whether applicants for ETC status serve the public interest.⁶ The requested designation of ZFN will provide better service and increased consumer choice in the designated area.

⁵ 47 U.S.C. § 214(e)(2).

⁶ See Federal-State Joint Board on Universal Service, Report and Order, 20 FCC Red 6371, 6389-90, paras. 40-43 (2005).

- 14. The Commission has jurisdiction to designate ZFN as an ETC. Pursuant to the provisions of Section 214(e)(2) of the Act, state commissions, such as this Commission, have primary responsibility for the designation of eligible telecommunications carriers under Section 214(e)(2). As shown in this Application, ZFN meets the requirements for designation as an ETC in Washington and is well positioned to continue providing Lifeline support to the customers in its Post-acquisition High Cost Area. ZFN requests the Commission grant ZFN's application for ETC status expeditiously in order to avoid disruption to the Lifeline services being provided to customers acquired as a result of the Transaction.
- 15. ZFN generates substantial revenues from non-Lifeline and wholesale services derived from its ILEC network subscribers. As an operating company of Northwest Fiber, LLC, ZFN has access to capital and resources required to comply with duties as an ETC. Consequently, ZFN will not rely exclusively on high-cost or Lifeline reimbursement for operating revenues.
- 16. The same individuals who operate ZFN's network within its ILEC territory will operate ZFN in the Post-acquisition High Cost Area. Thus, ZFN already has the necessary technical expertise and experience to operate high-cost and Lifeline programs in Washington.
- 17. <u>WAC 480-123-030(1)(a) Description.</u>⁷ Attached as Exhibit A is a map showing (1) the geographic service area in which ZFN currently provides service (in blue), and (2) the geographic areas covered by the RDOF Phase I award (in pink). ZFN requests the Commission designate it as an ETC for purposes of high-cost support and Lifeline services (i.e., the Postacquisition High Cost Area) for the areas designated in pink on Exhibit A.
- 18. <u>WAC 480-123-030(1)(b) Statement</u>.⁸ ZFN will offer all required supported services and functionalities in its Post-acquisition High Cost Area described above. Section 214(e)(I)(A) of

⁷ WAC 480-123-030(1)(a) ("Petitions for designation as an ETC must contain ...[a] description of the area or areas for which designation is sought").

⁸ WAC 480-123-030(1)(b) ("Petitions for designation as an ETC must contain ...[a] statement that the carrier will offer the services supported by federal universal service support mechanisms throughout the area for which it seeks designation, 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 ETC)").

the Act⁹ requires an ETC to offer the services that are supported by federal universal service support mechanisms under Section 254(c). Effective December 29, 2011, pursuant to the <u>USF/ICC Transformation Order¹⁰</u> as further clarified by the <u>USF/ICC Order on Reconsideration</u>, the FCC eliminated its former list of nine supported services and amended Section 54.101(a) of its rules to specify that "voice telephony service" is supported by the federal universal service mechanisms. The amended Section 54.101(a) and its list of supported services reads as follows:

§54.101 Supported services for rural, insular and high cost areas.

- (a) Services designated for support. Voice telephony services and broadband service shall be supported by federal universal service support mechanisms.
- (1) Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems; and toll limitation services to qualifying low-income consumers as provided in subpart E of this part.
- (2) Eligible broadband Internet access services must provide the capability to transmit data to and receive data by wire or radio from all or substantially all Internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up service.
- (b) An eligible telecommunications carrier eligible to receive high-cost support must offer voice telephony service as set forth in paragraph (a)(l) of this section in order to receive federal universal service support.
- (c) An eligible telecommunications carrier (ETC) subject to a high-cost public interest obligation to offer broadband Internet access services and not receiving Phase I frozen high-cost support must offer broadband services as set forth in paragraph (a)(2) of this section within the areas where it receives high-cost support consistent with the obligations set forth in this part and subparts D, K, Land M of this part.

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⁹ 47 U.S.C. § 214(e)(l).

¹⁰ Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform- Mobility Fund, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 11-Rcd 17663 (2011) ("USF/ICC Transformation Order").

- (d) Any ETC must comply with subpart E of this part.
- 19. Upon designation as an ETC in Washington, and consistent with state and federal policies favoring universal service, ZFN will offer in its Post-acquisition High Cost Area voice telephony services as described in the amended Section 54.101 of the FCC Rules. 11 The services will provide voice grade access to the public switch network or its functional equivalent and minutes of use for local service at no additional charge to end users. ZFN will also provide broadband services. Additional details regarding ZFN's offerings can be found at https://get.ziplyfiber.com/internet.
- 20. The Company also will provide access to emergency services provided by local government or public safety officials, including 911 and enhanced 911 ("E911") to the extent local governments in an eligible carrier's service area have implemented 911 or E911 systems.
- 21. ZFN will provide the above services through its own facilities, whether owned or leased pursuant to an IRU or wholesale arrangement. Under Section 214(e)(I)(A) of the Act, and consistent with WAC 480-123-030(1)(b), an ETC must offer the services supported by federal universal service support mechanisms throughout its designated service area "either using its own facilities or a combination of its own facilities and resale of another carrier's services." ZFN also certifies that, in accordance with 47 U.S.C. § 254(e), it will use federal universal service support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.
- 22. <u>WAC 480-123-030(1)(c) Description</u>. TSFN will provide the supported services set forth above through infrastructure owned or leased by ZFN, including its transport and associated telecommunications facilities. In addition, ZFN provides voice service through two carrier grade

¹¹ 47 C.F.R. § 54.101(a).

¹² 47 U.S.C. § 214(e)(I)(a).

¹³ WAC 480-123-030(1)(c) ("Petitions for designation as an ETC must contain ...[a] description of how it will provide each supported service").

Class 5 integrated soft switches capable of delivering supported services in a single site deployment for up to 100,000 subscribers. These switches are rated to provide 99.999% uptime delivering reliability and redundancy which will ensure high quality service to the company's customers. These switches also allow for easy repairs and upgrades.

- 23. WAC 480-123-030(1)(d) Two-Year Plan. WAC 480-123-030(1)(d) requires petitions for ETC designation to include a substantive plan of the investments to be made with initial federal support during the first two years in which support is received. ZFN will use the initial federal support received in the first two years to expand its network to cover the Post-acquisition High Cost Area and maintain its network used in the provision of federal USF supported programs. As in its previous acquisitions, ZFN is well-placed to ensure that it can incorporate this type of entity and expand its network for the benefit of Washington consumers. Granting ZFN's petition for ETC designation on an expedited basis will prevent those customers currently receiving Lifeline services from unnecessary disruption and ensure continuity of service following consummation of the Transaction.
- 24. WAC 480-123-030(1)(e) Statement. ¹⁵ ZFN will publicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service (47 C.F.R. § 54.405(b)). ZFN will advertise the availability of its universal service offerings and charges for such offerings using media of general distribution (47 U.S.C. § 214(e)(1)(B); 47 C.F.R. § 54.201(d)(2)), namely through a combination of media, such as advertising via television, radio, newspapers, magazines or other print advertisements, outdoor advertising, direct marketing, the Company website, and/or the Internet.

¹⁴ WAC 480-123-030(1)(d) ("Petitions for designation as an ETC must contain ...[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").

¹⁵ WAC 480-123-030(1)(e) ("Petitions for designation as an ETC must contain ...[a] statement that the carrier will advertise the availability of services supported by federal universal service mechanisms, including advertisement of applicable telephone assistance programs, such as Lifeline, that is reasonably calculated to reach low-income consumers not receiving discounts").

ADDITIONAL ELIGIBILITY CRITERIA

- 25. 47 C.F.R. § 54.202 imposes a number of requirements in order to be designated an ETC under Section 214(e)(6). ZFN will comply with the requirements of 47 C.F.R. § 54.202, many of which overlap with those of WAC 480-123-030.
- 26. WAC 480-123-030(1)(g) Information. ¹⁶ Under the FCC Rules, and in compliance with WAC 480-123-030(1)(g), an ETC applicant must demonstrate its ability to remain functional in emergency situations. ¹⁷ ZFN certifies that it maintains adequate backup power to meet state and federal standards. ZFN also engages in preventative maintenance to keep its infrastructure in safe working order.
- 27. WAC 480-1123-030(1)(h) Information. ¹⁸ To satisfy both the FCC's rules and demonstrate that ZFN will comply with the applicable consumer protection and service quality standards of WAC 180-120, ZFN certifies, as required by 47 C.F.R. § 202(a)(l)(i), that it will comply with the service requirements applicable due to its designation as an ETC for purposes of receiving both high-cost and Lifeline support. ZFN also commits to provide service in a timely manner to all customers in the Post-acquisition High Cost Area who make a reasonable request for service pursuant to the FCC Rules. ¹⁹ If designated as an ETC, ZFN will provide service throughout its Post-acquisition High Cost Area through its own facilities, IRU facilities, or other wholesale arrangements.
 - 28. ZFN will comply with the consumer protection standards set by the FCC, including:

¹⁶ WAC 480-123-030(1)(g) ("Petitions for designation as an ETC must contain ...[i]nformation that demonstrates its ability to remain functional in emergency situations including a description of how it complies with WAC 480-120-411").

¹⁷ 47 C.F.R. § 54.202(a)(2).

¹⁸ WAC 480-123-030(1)(h) ("Petitions for designation as an ETC must contain ...[i]nformation that demonstrates that it will comply with the applicable consumer protection and service quality standards of chapter 480-120 WAC").

¹⁹ 47 C.F.R. § 54.202(a)(I) also requires the submission of a five-year plan demonstrating how high-cost universal service support will be used to improve the ETC's coverage, service quality and capacity. This requirement, however, is inapplicable to this application, since ZFN is not seeking high-cost assistance.

- (a) Customer Proprietary Network Information - ZFN will satisfy all consumer privacy protection standards as provided in 47 C.F.R. § 64, Subpart U as applicable and will protect Customer Proprietary Network Information ("CPNI") as required by state and federal law and will certify compliance with the same on an annual basis.
- (b) General Compliance - ZFN commits to reporting information on consumer complaints per 1,000 lines on an annual basis consistent with 47 C.F.R. § 54.422. ZFN in general commits to satisfying all applicable state and federal requirements related to consumer protection and service quality standards, consistent with its history in providing service to Washington customers.
- FCC Factors. In addition to satisfying the requirements set in the federal standards 29. and state rules, ETC designation would be consistent with the factors that are to be considered in determining whether designation of additional ETCs will serve the public interest and whether the benefits of an additional ETC would outweigh potential harms. These factors include: 1) the benefits of increased competitive choice; and 2) the unique advantages of the applicant company's service offerings.20 ZFN affirms that its requested ETC designation meets these criteria as described below.
- 30. The FCC has long acknowledged the benefits to consumers of being able to choose from a variety of telecommunications providers and the resulting variety of telecommunications services they provide.²¹
- 31. Designation of ZFN as an ETC creates competitive pressure for other wireline and wireless providers within the proposed service area. In order to remain competitive in high-cost and low-income markets, therefore, all carriers will have greater incentives to improve networks, increase service offerings and lower prices. This results in improved customer services and,

²⁰ 47 U.S.C. § 54.202(c).

²¹ See, e.g., Establishment of Policies and Procedures for Consideration of Application to Provide Specialized Common Carrier Services in the Domestic Public Point-to-Point Microwave Radio Service and Proposed Amendments to Parts 21, 43, and 61 of the Commission's Rules, 29 FCC2d 870 (1971).

consistent with federal law, benefits consumers by allowing ZFN to offer the services designated for support at rates that are "just, reasonable, and affordable."²²

- 32. ZFN will offer local voice telephony service and broadband service. Details of ZFN's offerings can be found at https://get.ziplyfiber.com/internet.
- 33. ZFN will announce and advertise telecommunications services as an ETC in its Post-acquisition High Cost Area and will publicize the availability of Lifeline services in a manner reasonably designed to reach those likely to qualify for those services. Accordingly, more low-income Washington residents will be made aware of the opportunities afforded to them under the Lifeline program and will be able to take advantage of those opportunities by subscribing to ZFN's service.
- 34. ZFN will provide universal service as an ETC in all of its Post-acquisition High Cost Area.
- 35. Designation of ZFN as an ETC benefits the public interest by supporting service to low-income consumers. Expeditious approval of ZFN's Application will also serve the public interest by ensuring the continuity of service to Lifeline customers acquired as a result of the Transaction.

ZFN WILL COMPLY WITH ALL ANNUAL REPORTING REQUIREMENTS

- 36. Consistent with the requirements of 47 C.F.R § 54.422, ZFN will comply with the FCC's annual reporting requirements:
- (a) As required by 47 C.F.R. §54.422(b)(l), Ziply Fiber will report, on an annual basis, "any outage in the prior calendar year, as that term is defined in 47 C.F.R. 4.5, of at least 30 minutes in duration" that potentially affects 1) at least ten percent of the end users served in a designated service area; or 2) a 911 special facility. The report will include 1) the date and time of the onset of the outage; 2) a brief description of the outage and its resolution;

²² 47 U.S.C § 254(b)(I).

3) the particular services affected; 4) the geographic areas affected; 5) the steps taken to prevent a similar situation in the future; and 6) the number of customers affected.

(b) Consistent with the requirements of 47 C.F.R. § 54.422(b)(2), ZFN will annually report the number of complaints received by ZFN from the FCC, this Commission, or the Better Business Bureau, per 1,000 connections.

(c) As required by 47 C.F.R. § 54.422(b)(3), ZFN will certify its continuing compliance with all applicable service quality standards and consumer protection rules.

(d) Consistent with the requirement of 47 C.F.R. § 54.422(b)(4), ZFN will certify, on an annual basis, its continued ability to remain functional in emergency situations.

CONCLUSION

Having demonstrated that ZFN satisfies the conditions necessary for designation as an ETC in Washington and having shown that the public and universal service interests of the telecommunications consumers of Washington will be properly served, ZFN respectfully requests that the Commission expeditiously designate Ziply Fiber Northwest, LLC as an ETC for purposes of high-cost support in the Post-acquisition High Cost Area described in Exhibit A.

CERTIFICATION

I declare under penalty of perjury under the law of Washington that the foregoing is true and correct.

Signed on April 5, 2024, at Kirkland, WA

Byron E. Springer, Jr.

RESPECTFULLY SUBMITTED this 5th day of April, 2024.

Ziply Fiber Northwest, LLC d/b/a Ziply

Fiber

Name of Party

Signature on Behalf of Party

George Baker Thomson, Jr.

Name of Signer

Associate General Counsel

Title of Signer

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Designated Email for Party

Exhibit A

The below map represents in pink the geographic areas where ZFN seeks ETC designation ("Post-acquisition High Cost Area"). Blue areas denote where ZFN currently provides service as an ILEC.

