

## **Idaho Telecommunications**

Case No. ALL-T-10-01, Order No. 32209

April 4, 2011

### **Wireless company qualifies for high-cost support in rural Idaho**

State regulators have granted a request by Allied Wireless Communications Corporation, doing business in Idaho as Alltel Wireless, to be declared eligible to receive federal funds to expand its wireless network to serve several rural areas of Idaho.

The commission ruled that Alltel qualifies as an “eligible telecommunications carrier” (ETC). The designation means the wireless carrier is now eligible to receive support from the federal Universal Service Fund (USF). The USF was created by Congress to ensure that telephone consumers in rural areas – where it costs more to build a telephone network – can have access to the same telecommunications services as consumers in urban areas at roughly the same cost. All telephone companies providing interstate service contribute to the USF. The companies pass that cost on to their customers who pay a portion of their bill each month to support the Universal Service Fund.

Competitive wireless companies now receive the same federal support as wireline companies if state commissions find that ETC designation promotes competition and is in the public interest. Edge Wireless became the first cellular phone company in Idaho to qualify for ETC designation in 2007.

Alltel will provide service to 20 rural wire centers now served by five incumbent telephone companies. (A wire center is a geographic area served by a central office switch, which provides dial tone and dialing functions.) The wire centers are in areas now served by Cambridge Telephone Company (Cambridge, Council, Cuprum, Lowman and Indian Valley), CenturyTel of Idaho (Leadore, North Fork and Salmon), Custer Telephone Cooperative (Challis, Clayton, Elk Bend and May) Famers Mutual Telephone Co. (Fruitland and Nu Acres) and Midvale Telephone Exchange (Lakeview, Midvale, Warm Lake, Warren and Yellow Pine).

Alltel cited five public interest benefits in its application including: 1) higher speed service, 2) potential solution to health and safety risks by not having to travel long distances to find a telephone (its customers will have access to E 911 dispatch); 3) negligible impact on the overall Universal Service Fund; 4) the benefit of increased competition and economic development in rural areas and 5) no possibility for “cream skimming,” or serving only those customers within an exchange’s lower cost areas and not building the network out to also take in customers in more remote, high-cost areas. Alltel maintains it will serve the entire wire center in all its areas, not just the lower-cost areas.

The commission said ETC designation is in the public interest because Alltel had demonstrated it is capable of providing the services described in its application, has a viable network plan to provide service throughout the areas, has a local use plan that is similar to the companies already serving the area and is able to remain functional during emergencies.

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Case Nos. GNR-T-11-02 and GNR-T-11-03

May 5, 2011

## **Surcharge for telephone fund to increase slightly**

A surcharge that helps to ensure low-income Idahoans, including many senior citizens, have access to local dial-tone service for medical and other emergencies, will increase by 1 cent per month for each business, residential and wireless phone line effective June 1.

The commission agreed to increase the surcharge for the Idaho Telecommunications Service Assistance Program (ITSAP) from 6 cents per access line per month to 7 cents.

Those who qualify for ITSAP receive a monthly discount of \$13.50 from their telephone bills. Program eligibility is determined by the state Department of Health and Welfare, although the Idaho Public Utilities Commission establishes the amount of surcharge necessary to fund the program. Revenues from the surcharge provide about 30 percent of the total discount low-income Idahoans receive while federal funds provide the rest. A state match is required to qualify for the federal funds.

During 2010, an average of 27,539 Idahoans per month qualified for ITSAP assistance. The surcharge to fund the program has been as high as 12 cents per line per month, but the number of wireline access lines continues to decline, with an 8 percent drop during 2010. The number of wireless access lines remained about the same during 2010, with just a 0.6 percent decline. While the number of ITSAP recipients is expected to remain constant, the decrease in the number of lines funding the program necessitated the 1-cent increase in the surcharge.

In a related case, the commission decided to leave at current levels the funding for the Idaho Telecommunications Relay Service (TRS), which assists hearing and speech impaired telecommunications users.

The TRS allows hearing and speech impaired citizens to use telephones via a relay center that converts oral conversation to text-type and vice versa. The service is funded by an assessment on residential and business lines of 2 cents per month and a charge of two-tenths of 1 cent per minute on intrastate long distance calls.

Use of the service is declining due to advancing technology in Internet-based services and cell phone texting. During 2010, the relay center handled 70,995 minutes of traffic, a 24 percent decrease from 2009. The number of access lines to fund TRS was 531,190 in 2010, a decrease of about 57,850 lines from the previous year.

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Case No. GNR-T-11-01, Order No. 32277

July 5, 2011

## **PUC creates registration process for wholesale telecoms**

The commission has created a process that allows telephone companies who provide services other than traditional local exchange to register as wholesale providers of telecommunications services in

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Idaho. Companies that do provide local exchange services must be issued a Certificate of Public Convenience and Necessity (CPCN) from the commission.

The wholesale providers said the registration process will make it easier for them to enter into interconnection agreements with existing companies that have telecommunications infrastructure in place.

The need for the registration process surfaced in 2010 when Time Warner Cable Information Services applied to the commission to receive a CPCN. The commission denied the certificate because Time Warner did not plan to offer local exchange service, but sought only to offer Voice over Internet Protocol (VoIP) services to commercial customers in Idaho using facilities owned by its cable affiliate. The commission said the CPCN was not necessary because Time Warner is a wholesale provider that offers services to other telecommunications companies, not to the public or end-users. The commission said Time Warner was free to offer its wholesale service without commission involvement.

However, Time Warner officials asserted that existing providers in Idaho wouldn't interconnect with them without a certificate. Further, Time Warner alleged that without a certificate it won't be assigned telephone numbers and connections with E-911 emergency service.

The Time Warner case led to a commission investigation that determined there are a number of competitive local exchange companies that, while operating with a certificate, are still not providing local service to end-users. A number of the companies objected to a commission letter suggesting the commission may rescind their certificates.

In response, the commission opened a docket to investigate whether a process short of issuing a CPCN could be created for competitive providers who do not offer local exchange services. As a result, the commission created the registration process, which allows companies to use Sections 1 and 5-8 of its existing Rule 114 to register. Those sections require the companies to provide certain identifying information and a commitment to adhere to number pooling and reporting requirements to assist the commission in preserving telephone numbers and delaying further the creation of more than one area code in the state.

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Case No. TFW-T-09-01, Order No. 32301

August 1, 2011

## **Commission denies ETC designation to pre-paid wireless service**

State regulators have denied an application from TracFone Wireless, Inc., a prepaid wireless service provider, to be declared an Eligible Telecommunications Carrier in Idaho. The designation would have qualified TracFone to receive money from federal and state low-income assistance programs.

The commission's denial is due primarily to TracFone's refusal to contribute to a combined federal and state program called Lifeline, funded by a 6-cent surcharge on each residential, business and wireless phone line in the state. Because TracFone offers pre-paid wireless service, it does not bill its customers and, therefore, claimed it has no means to collect the surcharge. TracFone also said it would not

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contribute to Idaho's Emergency-911 fund. Not doing so is a violation of the Idaho Emergency Communications Act.

TracFone already offers pre-paid wireless service in Idaho, but sought ETC designation so it could provide service to low-income customers under the name SafeLink Wireless. Qualifying customers would receive a free handset and up to 67 minutes of free time. For use beyond 67 minutes, customers would purchase a pre-paid card at 20 cents per minute. SafeLink offers service to low-income, low-volume users and transient users who either choose not to enter into long-term service commitments or are unable to meet the credit requirements necessary to obtain service from other carriers.

The commission noted the company's testimony that it has the ability to track the usage rate of its customers and calculate the amount that would be due in low-income and E-911 surcharges. "The plain and unambiguous language of these laws requires all telecommunications carriers – including pre-paid wireless carriers – to remit fees established under those statutes," the commission stated. "TracFone will not be allowed to escape the duty to remit the surcharges simply because it chooses not to bill its customers on a monthly basis."

TracFone argued that the issues regarding payment of fees to Lifeline or to the Emergency 911 fund can be addressed in separate proceedings and that ruling in favor the ETC designation now would make its service immediately available to many low-income households in Idaho.

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Case No. TFW-T-09-01, Order No. 32358  
September 21, 2011

## **Commission declines to reconsider telecommunications order**

The commission affirmed its earlier denial of an application by TracFone Wireless, Inc., a prepaid wireless service provider, to be declared an Eligible Telecommunications Carrier in Idaho. ETC status would have qualified TracFone to receive money from federal and state low-income assistance programs.

The denial is due primarily to TracFone's refusal to contribute to a combined federal and state program called "Lifeline." Funded by a 6-cent surcharge on each residential, business and wireless phone line in the state, Lifeline provides discounts that allow qualifying low-income households to retain basic telephone service. TracFone claims it cannot assess its customers the surcharge because it offers pre-paid wireless service rather than billing its customers, which would provide a mechanism for collecting the surcharge. TracFone also said it would not contribute to Idaho's Emergency-911 fund. Not doing so is a violation of the Idaho Emergency Communications Act, the commission ruled.

After the commission's July 29 denial, TracFone petitioned for reconsideration. This week the commission declined to reconsider. TracFone now has the option to appeal to the state Supreme Court.

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volume users and transient users who either choose not to enter into long-term service commitments or are unable to meet the credit requirements necessary to obtain service from other carriers.

The commission said the fact that TracFone does not bill its customers does not justify violating Idaho statutes that require all telecommunications providers to contribute to E-911 and Lifeline. “TracFone has elected to pursue a business model that makes the collection of the fees more challenging than a more typical telecommunications provider ....” the commission said. “We find that TracFone’s selection of a business model does not render the relevant statutes inapplicable.”

In its earlier order, the commission noted TracFone’s testimony that it has the ability to track the usage rate of its customers and calculate the amount that would be due in low-income and E-911 surcharges.

TracFone further argued that denial of its application would be a “disservice” to low-income households in Idaho. “TracFone’s purported aim of increasing the Lifeline participation rate for Idaho households, however laudable, must be weighed against the company’s persistent refusal to contribute to programs that directly benefit many of those same households,” the commission said.

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Case No. TMW-T-10-01, Order No. 32319  
August 10, 2011

## **T-Mobile eligible for federal, state funds**

T-Mobile West Corp. qualifies as an “eligible telecommunications carrier” (ETC) in Idaho, according to an order issued by the commission.

ETC status means T-Mobile can receive support from the federal Universal Service Fund, created by Congress to ensure that telephone consumers in rural areas – where it costs more to build a telephone network – can have access to the same telecommunications services as consumers in urban areas at roughly the same cost. All telephone companies providing interstate service contribute to the USF. The companies pass that cost on to their customers who pay a portion of their bill each month to support the Universal Service Fund. For residential wireline and wireless customers in Idaho the charge is 12 cents per month and for business customers, 19 cents.

In recent years, competitive wireless companies have been allowed to receive the same federal support as wireline companies if state commissions find that ETC designation promotes competition and is in the public interest.

T-Mobile currently provides wireless service in various locations around the state. With ETC status, T-Mobile asserts it will provide all the universal services supported by the USF including access to directory and emergency services and will make discounted services available to qualifying low-income customers through the Idaho Telephone Service Assistance Plan called “Lifeline.” Idaho residential, business and wireless customers pay 6 cents per month for the state’s contribution to the Lifeline program.

“Granting ETC status will benefit consumers by offering new services and increased competition,” the commission said. “In addition, we find granting T-Mobile ETC status will provide rural customers with greater access to wireless services,” as well as being beneficial to low- and fixed-income customers who qualify for Lifeline service discounts

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A number of companies already providing service in Idaho, including Allied Wireless, CTC Wireless, Syringa Wireless and Rural Wireless, objected to the T-Mobile application on two grounds: 1) AT&T's application before the Federal Communications Commission to acquire T-Mobile threatens the USF in Idaho and 2) that T-Mobile failed to demonstrate that it will adequately service both non-rural and rural areas.

The opposing companies, calling themselves the Telecom Group, contended that the FCC may approve the AT&T merger only under a condition that T-Mobile surrender its USF support as the FCC did with two 2008 mergers. That, the Telecom Group said, would reduce the total high-cost USF support available to Idaho. However, the commission noted that the FCC did not impose similar conditions in merger cases as recent as 2009. Further, in the 2008 merger cases, the companies voluntarily agreed to phase out high-cost support. "We find that it is unreasonable to delay or reject T-Mobile's ETC application based on what the FCC may or may not decide in the AT&T and T-Mobile transaction," the commission said.

The Telecom Group argued that T-Mobile did not provide enough information regarding its plan to adequately serve more costly rural areas in the territory it seeks to serve. The commission said T-Mobile's application met the commission requirements and that a two-year network plan is submitted every year. "We find this annual requirement will hold T-Mobile accountable for making a reasonable effort to implement its two-year network plan and its ETC status may be revoked if it does not," the commission said.

T-Mobile said that the opposition to the ETC application is a "naked attempt" to avoid or delay enhanced competition in the rural areas of Idaho.

The areas T-Mobile will serve include those areas already served by these rural telecom companies: Albion, CenturyTel, Columbine, Direct Communications, Farmers Mutual, Filer Mutual, Fremont Telecom, Mud Lake Telephone Cooperative, Potlatch, Project Mutual and Silver Star.

## **Telecommunication Utilities Under PUC Jurisdiction**

**Albion Telephone Corp (ATC)** , P.O. Box 98, Albion, Idaho 83311-0098 **208/673-5335**

**Cambridge Telephone Co.** P.O.Box 88, Cambridge, Idaho 83610-0086 **208/257-3314**

**CenturyTel of Idaho, Inc.**, P.O.Box 1007, Salmon, Idaho 83467 **208/756-3300**

**CenturyTel of the Gem State**, P.O.Box 9901, 805 Broadway, Vancouver, WA 98668  
**360/905-5800**

Also: 111 A Street, Cheney, Washington 99114 **509/235-3170**

**\*Frontier, A Citizens Telecommunications Company of Idaho**

P.O. Box 708970, Sandy, Utah 84070-8970 **801/274-3127**

*Local:* 201 Lenora Street, McCall, Idaho 83638 **208/634-6150**

**Inland Telephone Co.**, 103 South Second Street, Box 171, Roslyn, WA 98941  
**509/649-2211**

**Fremont Telecom, Inc.**, 110 E. Main Street, St. Anthony, Idaho 83445 **208/624-7300**

**Midvale Telephone Exchange**, Box 7, Midvale, Idaho 83645-0007 **208/355-2211**

**\*Verizon Northwest, Inc.**, 20575 N.W. Von Neumann Dr., Hillsboro, OR 97006 **503/629-2285**

*Local:* 208/765-4351 (Coeur d'Alene); 800/483-4100 (Moscow); 208/263-0557, Ext. 204  
(Sandpoint)

**Oregon-Idaho Utilities, Inc.**, 3645 Grand Ave., Ste. 205A, Oakland, CA 94610 **510/338-4621**

*Local:* 1023 N. Horton St., Nampa, Idaho 83653 **208/461-7802**

**Pine Telephone System, Inc.**, Box 706, Halfway, OR 97834 **541/742-2201**

**Potlatch Telephone Company, dba/ TDS Telecom**, Box 138, 702 E. Main St.  
Kendrick, Idaho 83537 **208/835-2211**

**Direct Communications Rockland, Inc.**, Box 269, 150 S. Main St. Rockland, ID 83271  
**208/548-2345**

**Rural Telephone Company**, 829 W. Madison Avenue, Glens Ferry, Idaho 83623-2372  
**208/366-2614**

**Silver Star Telephone Company**, Box 226, Freedom, WY 83120 **307/883-2411**

**Columbine Telephone Co. Inc., dba Teton Telecom** Box 900, Driggs, Idaho 83422  
**208/354-3300**

**\*Qwest Communications, dba as CenturyLink**, North and South Idaho, Box 7888 (83723) or  
999 Main Street, Boise, Idaho 83702 **800/339-3929**

*\*These companies, which represent more than 90 percent of Idaho customers, are no longer rate regulated.*