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IDAHO PUBLIC  
UTILITIES COMMISSION

23 April 2009

CTL-T-09-01

Ms. Jean Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
P O Box 83720  
Boise ID 83720-0074

*Hand Delivered*

RE: CTC Telecom, Inc.'s Application for ETC Designation

Dear Ms. Jewell:

I am enclosing an original and seven (7) copies of CTC Telecom, Inc.'s  
APPLICATION FOR DESIGNATION AS AN ELIGIBLE  
TELECOMMUNICATIONS CARRIER.

Also enclosed is a copy to be date stamped and returned for our files.

Please note the enclosed Application contains confidential trade secret information that is exempt from public disclosure pursuant to Section 9-340D(1), Idaho Code. Pursuant to Rule 67 of the Rules of Procedure of the Idaho Public Utilities Commission, the enclosed trade secret information has been submitted on yellow paper and has been separated from the non-confidential portion of the Application.

Sincerely,

Molly O'Leary  
Richardson & O'Leary, PLLC

Enclosures

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UTILITIES COMMISSION

Attorneys for CTC Telecom, Inc.

BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF }  
CTC TELECOM, INC. FOR DESIGNATION }  
AS AN ELEGIBLE TELECOMMUNICATIONS }  
CARRIER PURSUANT TO THE }  
TELECOMMUNICATIONS ACT OF 1996 }  
(RURAL AND NON-RURAL AREAS) }

CASE NO. CTL-T-09-01

APPLICATION OF CTC TELECOM, INC. FOR DESIGNATION AS AN ELIGIBLE  
TELECOMMUNICATIONS CARRIER

CTC Telecom, Inc. ("CTC"), by and through its undersigned attorney, hereby submits this Application for Designation as an Eligible Telecommunications Carrier ("ETC") pursuant to Sections 214(e)(1) – (2) of the Telecommunications Act of 1934, as amended ("the Act"), 476 U.S.C. §214(e)(1)-(2), and Section 54.201 of the Federal Communications Commission's ("FCC") rules, 47 C.F.R. § 54.201, and this Commission's ETC Designation Requirements ("IPUC ETC Requirements").<sup>1</sup> CTC requests that it be designated as eligible to receive all available support from the federal Universal Service Fund ("USF") including, but

<sup>1</sup> See *In the Matter of the Application of WWC Holding Co., Inc. dba CellularOne Seeking Designation as an Eligible Telecommunications Carrier That May Receive Federal Universal Service Support*, Order No. 29841, Appendix pp. 1-3 (IPUC Case No. WST-T-05-1, served August 4, 2005) [hereinafter, "IPUC ETC Requirements Order"].

not limited to, support for rural, insular, high cost areas and low income customers in geographic areas specified in this Application, and that it be approved to participate in the Lifeline program. In support of this Application, CTC provides the following information:

## I. APPLICANT

CTC Telecom is a Commercial Mobile Radio Services ("CMRS") carrier providing "mobile service" as defined in 47 U.S.C. § 153(27). CTC Telecom markets and sells wireless service under the brand name Snake River PCS. USF funds will be received by CTC Telecom on behalf of its Snake River PCS division, and allocated solely to its wireless services. CTC Telecom provides CMRS and "mobile service" on a pre-paid and post-paid basis. CTC Telecom offers an extended local calling area plan ("Talk-A-Lot Plan") with a set number of minutes each month that does not include long distance and does not require a contract. CTC Telecom's post-paid wireless service customers sign a contract for a specific amount of monthly user-minutes and are billed for their usage.

CTC Telecom provides interstate telecommunications services as defined in 47 U.S.C. § 153(22) and 47 C.F.R. § 54.706. Through its cellular authorizations, CTC Telecom is licensed to serve Basic Trading Area ("BTA") 050 in Idaho. Pursuant to this license, CTC is authorized to provide wireless service in the following Idaho counties: Adams, Boise, Gem, and the north half of Washington county.

## II. ELIGIBILITY AND IDENTIFICATION OF THE SERVICE AREA

Under Sections 214(e) and 254 of the Act, the Idaho Public Utilities Commission ("IPUC" or "Commission") is authorized to designate CTC as an ETC for wireless services. Section 214(e) of the Act requires state commissions to designate as an ETC, throughout the service area for which ETC status is sought, any common carrier that: (i) offers services that

are supported by federal universal support mechanisms; and (ii) advertises the availability of such services. In its First Report and Order implementing Sections 214(e) and 254 of the Act, the FCC designated the specific features a carrier must provide or agree to provide to be designated as an ETC.<sup>2</sup> The FCC also recognized that wireless telecommunications providers are eligible to be designated as ETCs.<sup>3</sup>

CTC is a telecommunications carrier as defined in 47 U.S.C. § 153(44) and 47 C.F.R. § 51.5(a), and is a telecommunications carrier for the purposes of Part 54 of the FCC's rules. 47 U.S.C. § 54.1 *et seq.* CTC, therefore, is considered a common carrier under the Act.

Section 214(e)(2) of the Act provides that ETC designations shall be made for a "service area" designated by the state commission. Section 214(e)(5) of the Act provides that the "service area" shall be a geographic area established by the state commission. In areas served by a rural telephone company, the FCC's rules generally define a competitive ETC's service area to mean the local exchange carrier's ("LEC") study area.<sup>4</sup> Attached hereto as Exhibit A is a map depicting CTC's proposed ETC wireless service area in Idaho superimposed over the ILEC exchanges falling within CTC'S proposed wireless ETC service area. Attached as Exhibit B-1 is a list of ILEC wire centers that fall within CTC'S proposed ETC service area. Also attached is CONFIDENTIAL Exhibit B-2, which shows the densities of the relevant ILEC wire centers and the areas for which CTC seeks ETC designation.

### III. LEGAL STANDARD FOR GRANTING ETC STATUS.

CTC satisfies each of the statutory and regulatory prerequisites set forth in the Act, the FCC Rules<sup>5</sup> and this Commission's ETC Requirements.<sup>6</sup> On March 17, 2005, the FCC

<sup>2</sup> *Federal-State Joint Board on Universal Service, First Report and Order*, 12 FCC Rcd 8776, 8909-25 (1997) ("First Report and Order").

<sup>3</sup> *Id.* at 8858-59.

<sup>4</sup> *See*, 47 C.F.R. §54.207(b).

<sup>5</sup> 47 U.S.C. § 214(e)(1)-(2), and 47 C.F.R. § 54.201.

<sup>6</sup> *See* IPUC Order No. 29841.

released its *FCC ETC Requirements Order*<sup>7</sup> establishing additional requirements for carriers seeking ETC designation before the FCC. These additional requirements, however, are not binding on state commissions. This Commission subsequently considered whether to adopt all or some portion of the rules promulgated by the FCC and, as previously noted, issued a set of ETC designation requirements in Commission Order No. 29841.

CTC may be designated as an ETC in non-rural ILEC areas upon a finding that: (1) CTC offers the supported services; and (2) CTC will advertise the availability of those services using media of general distribution. CTC may be designated as an ETC in *rural* ILEC areas upon a finding that, in addition to the foregoing two criteria, it is shown that such a designation would serve the public interest.<sup>8</sup>

To comply with the additional requirements set forth in the *FCC ETC Requirements Order* and the *IPUC ETC Requirements Order*, CTC includes in this Application the following:

- A demonstration of its commitment and ability to provide supported services, including a two-year, wire center-specific network improvement plan, attached hereto as CONFIDENTIAL Exhibit C.
- A demonstration of CTC's ability to remain functional in emergency situations.
- A commitment to comply with all applicable service quality standards and consumer protection rules, and an agreement to comply with Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service ("CTIA Code").
- A description of CTC's local rate plans and a comparison with the local usage plans for the relevant ILECs.

#### A. WIRELESS SERVICES PROVIDED BY CTC

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<sup>7</sup> *In the Matter of Federal-State Joint Board on Universal Service*, Report and Order, 20 FCC Rcd 6371 (2005) ["FCC ETC Requirements Order"].

<sup>8</sup> *See*, 47 C.F.R. § 54.207(c).

CTC will offer the federally designated services listed at 47 C.F.R. § 54.101(a). The services which are supported by the federal USF program are: (1) voice grade access to the public switched telephone network; (2) local usage; (3) dual tone multi-frequency signaling or its functional equivalent; (4) single-party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers.<sup>9</sup> CTC is a full service telecommunications carrier that offers all of these services, as described in detail below, throughout its wireless service area utilizing its own network infrastructure.

1. Voice Grade Access to the Public Switched Telephone Network.

As previously noted, FCC Rule Section 54.101(a)(1) requires voice-grade access to the public switched telephone network. The FCC defines this as:

the ability of a user of telecommunications services to transmit voice communications, including signaling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal indicating there is an incoming call. For the purposes of this part, bandwidth for voice grade access should be, at a minimum, 300 to 3,000 Hertz.<sup>10</sup>

CTC provides its wireless customers voice grade access to the public switched telephone network through interconnection arrangements with local telephone companies. CTC offers its wireless subscribers this service at a bandwidth between no less than 300 to 3,000 Hz, thereby providing voice grade access consistent with the FCC's definition.

2. Local Usage.

CTC'S wireless rate plans provide local usage consistent with Section 54.101(a)(2) of the FCC's Rules. In the First Report and Order, the FCC deferred a determination on the

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<sup>9</sup> 47.C.F.R. 54.101(a).

<sup>10</sup> 47 C.F.R. § 54.101(a)(1).

amount of local usage that a carrier would be required to provide.<sup>11</sup> Any minimum local usage requirement established by the FCC will be applicable to all designated ETCs. CTC meets the local usage requirements by including local usage in its wireless rate plans and CTC will comply with any and all minimum local usage requirements adopted by the FCC.

Consistent with the *IPUC ETC Requirements Order*, Appendix p.3, CTC submits its wireless rate plan brochures as Exhibit D. The relevant ILEC local usage rate plans are on file with the Commission at: <http://www.puc.state.id.us/tarriff/approved/title62/approved.htm>. A comparison of CTC's local wireless calling rates with other carriers in CTC's service area is attached as Exhibit E. The Commission has expressly rejected the FCC's requirement that the applicant's usage plan be comparable to that of the ILEC, stating: "we find it is sufficient for the ETC applicant to simply describe its local usage plans and those of the ILEC."<sup>12</sup> The Commission aptly noted that the FCC's comparability analysis could potentially discourage carriers from offering diverse services, and that, with competition, consumers should have the option to obtain the type of service offering they would like.<sup>13</sup>

Second, CTC provides its wireless customers unlimited, toll-free service for 911 emergency calls and for 611 customer care. CTC also provides toll-free 511 road reports to the Idaho Department of Transportation, 711 calls to TRS/TTY operators and 211 calls to social service agencies, as well as 811 "Digline of Idaho" service for local utilities to its wireless

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<sup>11</sup> *Id.* at 8814

<sup>12</sup> *IPUC ETC Requirements Order*, p.12; see also, *In the Matter of the Petition of Inland Cellular Telephone Company for Designation as an Eligible Telecommunications Carrier Under 47 U.S.C. §214(e)(2)*, Order No. 30212, p.11 (IPUC Case No. INC-T-06-02, served Dec. 28, 2006).

<sup>13</sup> *Id.*

customers.

Finally, all of CTC's wireless calling plans, except the Talk-A-Lot plan, include unlimited nationwide long distance at no additional charge. The CTC Unlimited calling plan priced at \$59.95 per month also includes unlimited night and weekend calling, unlimited mobile-to-mobile calling, and unlimited incoming calling.<sup>14</sup>

3. Dual-Tone, Multi-Frequency Signaling or its Functional Equivalent.

Pursuant to Section 54.101(a)(3) of the FCC's Rules, an ETC must provide dual tone multi-frequency ("DTMF") signaling to facilitate the transportation of signaling throughout its network. CTC currently provides DTMF signaling consistent with the FCC's Rules.

4. Single-Party Service or its Functional Equivalent.

"Single-party service" means that only one party will be served by a subscriber loop or access line in contrast to a multi-party line.<sup>15</sup> CTC provides single-party wireless service, as required by 47 C.F.R. §54.101(a)(4).

5. Access to Emergency Services and Ability to Remain Functional in Emergency Situations.

The ability to reach a public emergency service provider by dialing 911 is a required service in any universal service offering. CTC currently provides all of its wireless customers with access to emergency service by dialing 911 in satisfaction of this requirement. Phase I E911, which includes the capability of providing both automatic numbering information ("ANI") and automatic location information ("ALI"), is only required if a public emergency service provider makes arrangements with the local provider of the delivery of such

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<sup>14</sup> See Exhibit D (CTC rate plan brochure).

<sup>15</sup> *First Report and Order* at 8810.



information.<sup>16</sup>

Phase I and II wireless E911 service provides valuable location-based information to the PSAP which allows emergency personnel to determine the cell site serving the caller and the geographic location of the phone placing the call. Additional cell site coverage in the rural areas for which CTC seeks ETC designation will greatly improve access to wireless E911 services and greater accuracy of the location based information received by the PSAP.

Consistent with the IPUC ETC Requirements Order at Appendix p. 3, CTC also has the ability to remain functional in emergency situations. Along with several other small rural wireless service providers, CTC is a member of Rural Independent Network Alliance, LLC (RINA), which provides CTC's wireless switching services. CTC uses Nortel equipment, an industry standard. CTC has designed a fault-tolerant wireless service network that employs the following features:

- **Mobile Switching Center located in Roosevelt, Utah**
  - Nortel MTX switch with fully redundant fault-tolerant processors
  - 12 hours of back up battery
  - 250 KW natural gas generator plumbed to public utility supply
  - Complete complement of spare circuit boards
- **Self-Healing Alternate Route Protection Service for Fiber Facilities interconnection**
  - Multiple alternate trunk routes for PSTN interconnection trunks
  - Automated 7x24 network monitoring
- **Cell sites**
  - Overlapping cell site coverage in most areas for blocked retry calls
  - 8 hours battery backup engineered for all cell sites
  - Standby generator available to accommodate extended power outages
  - Quick-connect plugs for portable generator at all sites
  - Remote monitoring 7x24 of all sites
- **Monitoring Network and Outage Resolution procedures**
  - CTC has a network operating center ("NOC"), in Roosevelt, UT;

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<sup>16</sup> See *Id.*, at 8815-17.

- All switches and cell sites are remotely monitored 7x24, with critical and major alarms escalated to the next level of management every 20 minutes
  - CTC's 7x24 on-call staff is sent a text message or called immediately when the monitoring system detects system problems
- **Staffing and Additional Equipment**
    - CTC Technical Operations team consists of 4 people located within 30 min response time for an on-site condition that would include a major alarm or service effecting issue
    - CTC staff is well trained and equipped to respond quickly in the event of outages, alarms or emergencies
    - Complete inventory of alternate-access equipment, including:
      - All field staff are equipped with 4-wheel drive pickups, with access to (3) snowmobiles
      - All field staff are trained in operation for alternative site-access equipment
    - Tower crews are available for emergency tower and antenna repairs
    - Technicians are equipped with a complete complement of spares for cell site

In addition to the foregoing, CTC has made the following network upgrades for improved reliability:

- MTX Switch upgrade to version MTX 13
- Continued deployment of IXRTT upgrades to remaining digital sites in network

Through all of these efforts, CTC has demonstrated that it not only provides customers with needed emergency services, but that it can also remain fully functional in emergencies.

#### 6. Access to Operator Services.

Access to operator services is defined as any automatic or live assistance provided to a consumer to arrange for the billing or completion, or both, of a telephone call.<sup>17</sup> CTC provides its wireless customers access to operator services. CTC's wireless customers can

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<sup>17</sup> *Id.*, at 8817-18

reach operator services in the traditional manner by dialing "0", in compliance with Section 54.101(a)(6) of the Federal Rules.

7. Access to Interexchange Service.

A universal service provider must offer consumers access to interexchange service to make and receive toll or interexchange calls. Equal access, however, is not required. "The FCC do[es] not include equal access to interexchange service among the services supported by universal services mechanisms."<sup>18</sup> CTC presently meets this requirement by providing all of its post-paid wireless customers with the ability to make and receive interexchange or toll calls through direct interconnection arrangements CTC has with several interexchange carriers ("IXCs").

8. Access to Directory Assistance.

The ability to place a call to directory assistance is a required service offering.<sup>19</sup> Subscribers to CTC's wireless services are able to dial "411" to reach directory assistance from their mobile phones.

9. Toll Limitation for Qualifying Low Income Consumers.

An ETC must offer either "toll control" or "toll blocking" services to qualifying Lifeline customers at no charge. The FCC no longer requires an ETC to provide both services as part of the toll limitation service required under 47 C.F.R. § 54.101(a)(9).<sup>20</sup> In particular, all ETCs must provide toll blocking which allows customers to block the

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<sup>18</sup> *Id.*, at 8819.

<sup>19</sup> *Id.*, at 8821.

<sup>20</sup> See *Universal Service Fourth Order on Reconsideration in CC Docket No. 96-45, Report and Order in CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72*, 13 FCC Rcd 5318 (1997).

completion of outgoing toll calls.<sup>21</sup> CTC currently has no Lifeline customers in Idaho because only carriers designated as an ETC can participate in Lifeline. *See* 46 C.F.R. §§ 54.400-415. Once designated as an ETC, CTC will participate in Lifeline for its wireless customers, as required. CTC has the capability and if requested provides toll blocking to its wireless customers.

In addition, once it receives its ETC designation, CTC will promote its wireless Lifeline Services through traditional media avenues such as newsprint, radio advertisements and media flyers. In addition to these methods, CTC will develop an information sheet that explains the program and directs interested parties to the proper agencies to assist with the program qualification process.

In addition to unlimited long distance calling at no extra charge, CTC's wireless customers will have the ability to block roaming and international dialing, all of which will allow customers to avoid unexpected charges.

#### B. ADVERTISING AVAILABILITY OF UNIVERSAL SERVICE.

Pursuant to Section 54.201 of the FCC's rules, 47 C.F.R. Section 54.201, CTC plans to advertise the availability of each of the supported services detailed above, throughout its licensed service area, by media of general distribution. The methods of advertising utilized may include newspaper, magazine, radio, direct mailings, public exhibits and displays, bill inserts, and telephone directory advertising. Print media of general distribution in CTC'S wireless service area include: the Adams County Record (Council); The Upper Country News Reporter (Cambridge); The Idaho World (Idaho City); Messenger Index (Emmett); Horseshoe

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<sup>21</sup> *First Report and Order*, at 8821-22.

Bend News (Horseshoe Bend).

#### C. COMMITMENT TO CONSUMER PROTECTION

Consistent with the *IPUC ETC Requirements Order* at Appendix A, p.3, CTC will comply with all applicable service quality standards and consumer protection rules for its wireless customers, and will abide by the consumer protection standards established by the CTIA Consumer Code.<sup>22</sup>

#### D. TRIBAL NOTIFICATION

The *IPUC ETC Requirements order* at Appendix A p.2, requires an ETC applicant seeking ETC designation for any part of tribal lands to provide a copy of its application to the affected tribal government or tribal regulatory authority, as applicable, at the time it files its application with Commission. CTC is not seeking ETC designation for any portion of tribal lands.

#### IV. GRANT OF THIS PETITION SERVES THE PUBLIC INTEREST

CTC's petition meets the stringent public interest standards established by the FCC. In its *ETC Order*, the FCC clarified its public analysis of ETC applications and suggested that states follow suit.<sup>23</sup> Pursuant to Section 214 of the Act, the FCC and states must determine that an ETC designation is consistent with the public interest, convenience and necessity.<sup>24</sup> The FCC and states must also consider whether an ETC designation serves the public interest

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<sup>22</sup> See Exhibit F, attached.

<sup>23</sup> *In re Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (March 17, 2005) ("*ETC Order*"). The Idaho Public Utilities Commission has outlined its ETC procedures in its *IPUC ETC Requirements Order*.

<sup>24</sup> 47 U.S.C. § 214(e)(2).

consistent with Section 254 of the Act.<sup>25</sup> Further, the FCC has noted that it will analyze the public interest benefits of an ETC applicant in a manner that is consistent with the purposes of the Act, including the fundamental goals of preserving and advancing universal service, ensuring the availability of quality telecommunications services at just, reasonable, and affordable rates, and promoting the deployment of advanced telecommunications and information services to all regions of the nation, including rural and high-cost areas.<sup>26</sup> Specifically, the FCC considers three specific items when analyzing the public interest benefits of an ETC application: 1) unique advantages and disadvantages of the competitor's service offering through a cost-benefit analysis; 2) potential for cream skimming; and 3) impact on the federal universal service fund [USF].<sup>27</sup>

#### A. COST-BENEFIT ANALYSIS

In evaluating ETC applications, the FCC and states consider the benefits of increased consumer choice, and the unique advantages and disadvantages of the competitor's service offering. CTC's wireless universal service offering will provide consumers in Lowman, Montour, Idaho City, Garden Valley, and Emmett, Idaho, with the benefits of increased competitive choice and quality service. CTC's wireless universal service offering will speed the delivery of advanced wireless services to rural Idaho citizens through an expanded wireless coverage area and opportunities to take advantage of voice and data options not previously available. Without CTC's wireless service, many consumers in areas surrounding Indian Valley, Idaho, would have to rely solely on traditional wireline services.

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<sup>25</sup>47 U.S.C. § 254(b)(7).

<sup>26</sup> *ETC Order* ¶ 40.

<sup>27</sup> *Id.* ¶ 41.

Further, unlike traditional wireline services, CTC's mobile service affords customers increased flexibility, public safety, and service options. The FCC has noted that mobility of telecommunications assists consumers in rural areas who must drive significant distances to their jobs, schools, and critical community locations.<sup>28</sup> By offering the benefits of mobility, CTC's wireless universal service offering will provide unique and essential services to consumers in Lowman, Montour, Idaho City, Garden Valley, and Emmett, Idaho.

As an ETC, CTC will also offer a basic wireless universal service package to subscribers who are eligible for Lifeline support. As stated earlier, CTC will offer its wireless customers the "core" or designated services that are supported by federal universal service support mechanisms.<sup>29</sup> In addition to the core services, designating CTC as an ETC will allow customers in rural Idaho to choose wireless service based on pricing, service quality, customer service, and service availability. CTC's wireless universal service offering provides several advantages including mobility, access to E911, voicemail, three-way calling, call waiting, call forwarding, expanded calling areas and several calling plans to allow wireless customers to purchase plans that fit their telecommunications needs. CTC expects that its wireless service offering will be competitive with those of the incumbent wireline carriers within its service area.

Upon designation as an ETC, CTC will use the high cost support it receives to improve its wireless infrastructure in rural areas. CTC has evaluated its projected levels of support, along with identifying areas where CTC's wireless coverage needs improvement and

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<sup>28</sup> *Virginia Cellular Order* ¶ 29.

<sup>29</sup> *See* 47 U.S.C. § 254(c); 47 C.F.R. § 54.101.

demand for services coincide.<sup>30</sup> As indicated by its Two-Year Network Improvement Plan [CONFIDENTIAL Exhibit C]:

**CONFIDENTIAL INFORMATION REDACTED**

Designation as an ETC and high cost support will allow CTC to expand upon its substantial build-out and coverage plans.

With the receipt of high cost support, CTC will be able to increase its wireless coverage as outlined in its build-out plan and provide more robust access to E911 services for residents, travelers, and recreators in remote areas. Access to vital communications services, including emergency services, will have a positive effect on the tourism industry since most tourists are reluctant to be "out of touch" with loved ones or the office. CTC will also be able to provide additional data services, using universal service support to migrate from digital only to IXRTT and to EVDO broadband speeds. The development of a high-speed wireless network in CTC's wireless licensed area will help with local jobs and economic development since businesses tend to relocate to areas that have reliable wireless technology. Universal service funds will also allow CTC to offer voice and data services in areas that have never had wireless coverage before. Specifically, the receipt of Universal service funds will allow CTC to offer wireless service to customers in Lowman and Idaho City, Idaho, areas that currently do not enjoy the benefits that wireless services can offer. As CTC expands coverage upon the receipt of high cost support, it will also expand its local presence in Adams County, Boise County, Gem County and the Northern half of Washington County. CTC's expanded presence will give consumers a choice in accessing vital telecommunications

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<sup>30</sup> See Confidential CTC Two-Year Network Improvement Plan (Exhibit C).



services. CTC'S designation as an ETC is crucial to its plans to provide high-speed wireless services and essential communications services in these rural Idaho areas and is in the public interest.

#### B. POTENTIAL FOR CREAM SKIMMING

CTC is seeking to serve ETC territories where CTC is licensed to provide wireless coverage and is not targeting low cost areas, or avoiding high cost areas, in order to "cream skim" high cost support. The FCC conducts a cream skimming analysis that compares the population density of each wire center in which the ETC applicant seeks designation against that of the wire centers in the study area in which the ETC applicant does not seek designation.<sup>31</sup> "Rural cream skimming occurs when competitors serve *only* the low-cost high revenue customers in a rural telephone company's study area."<sup>32</sup> CTC is seeking to serve all customers where it is licensed to provide wireless service, including areas of varied population densities. Consistent with the FCC's *Highland Cellular Order*,<sup>33</sup> CTC is not seeking ETC designation in partial wire centers. Further, CTC is proposing to serve some of the least densely populated<sup>34</sup> and costliest to serve study areas in Idaho.<sup>35</sup> Therefore, CTC is not engaging in any sort of customer targeting or cream skimming.

#### C. IMPACT ON THE FUND

CTC's receipt of high cost support will have a nominal impact on the federal fund if

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<sup>31</sup> *ETC Order* ¶ 48.

<sup>32</sup> *Highland Cellular Order* ¶ 26.

<sup>33</sup> *Id.*

<sup>34</sup> *See Confidential Exhibit B-2, supra.*

<sup>35</sup> *See Exhibit G, Universal Service Administrative Company High Cost Support Projections Fourth Quarter 2008.*

calculated using the FCC's current "identical support" rule. CTC conducted a study using customer zip codes from its billing system to identify the location of its wireless customers relative to the exchange area boundaries of the incumbent LECs (ILEC) with whom CTC competes wirelessly. CTC calculated the total per-line support (using USAC data from September 2008) that each competing ILEC currently receives, including high cost, local switching, interstate common line, and long-term support. The individual ILEC per-line support amount was then multiplied by the approximate number of CTC wireless consumers residing within the competing ILEC's particular exchange and ultimately totaled. Based upon this analysis, CTC estimates that it will receive approximately \$171,288.59 per year in USF support. This represents less than .0041 percent of the high-cost portion of the federal USF, assuming \$4.2 billion in high cost support disbursements in a single year. Accordingly, grant of CTC'S ETC request will have minimal impact on the USF. The benefits of designating CTC as an ETC outweigh any potential harm to the sustainability of the fund.<sup>36</sup>

#### D. STATE AND FEDERAL PRECEDENT

Designation of CTC as an ETC is consistent with ETC decisions across the country. There are now numerous cases at the state and federal level, including this Commission's recent designation of Edge Wireless, LLC and Syringa Wireless, LLC as Idaho's first wireless rural ETCs<sup>37</sup>, where designation of a wireless carrier as an ETC in a rural area was found to

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<sup>36</sup> See *Virginia Cellular Order* ¶ 31 (holding that 0.105% of total high-cost support does not dramatically burden the USF); see also *Highland Cellular Order* ¶ 25 (holding that 0.04% of total high-cost support does not dramatically burden the USF); see also *Federal-State Joint Board on Universal Service, Advantage Cellular System, Inc., Petition for Designation as an Eligible Telecommunications Carrier in the state of Tennessee*, Memorandum Opinion and Order, CC Docket. 96-45, FCC 04-3357 ¶ 25 (October 22, 2004) (holding that 0.419% of total high-cost support does not dramatically burden the USF).

<sup>37</sup> *In the Matter of the Petition of Edge Wireless, LLC for Designation as an Eligible*

be in the public interest. In addition to this Commission, numerous state commissions and the FCC have repeatedly found that designating wireless carriers as ETCs will promote competition, advance universal service and further the deployment of advanced services. For example, in its decision to designate Rural Cellular Corp. ("RCC") as an ETC, the Washington Utilities and Transportation Commission stated: "Granting ETC designation to RCC...will facilitate the telecommunications choices available to rural citizens, support the growth of new technologies and services, preserve and advance universal service, and promote competition and the benefits it brings."<sup>38</sup> In designating Midwest Wireless Communications, LLC as an ETC in Minnesota, the Minnesota Public Utilities Commission held that, "[c]ompetition would benefit consumers in southern Minnesota by increasing customer choice (from no choice in most areas to more than one) and providing new services made possible by wireless technologies. . . ."<sup>39</sup> Similarly, in its decision designating Western Wireless as an ETC in the State of Wyoming, the FCC held: "Designation of competitive ETCs promotes competition and benefits consumers in rural and high-cost areas by increasing customer choice, innovative services and new technologies."<sup>40</sup>

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*Telecommunications Carrier Under 47 U.S.C §214(e) (2)*, Order No. 30360 (IPUC Case No. EDG-T-07-01, Service Date June 29, 2007); *In the Matter of the Petition of Syringa Wireless, LLC for Designation as an Eligible Telecommunications Carrier Under 47 U.S.C §214(e) (2)*, Order No. 30629 (IPUC Case No. SYR-T-08-01, Service Date August 28, 2008).

<sup>38</sup> *RCC Minnesota, Inc., d/b/a Cellular One*, Order Granting Petition for Designation as an Eligible Telecommunications Carrier, WUTC Docket No. UT-023033 ] Aug. 24. 2002), ¶168.

<sup>39</sup> *Midwest Wireless Communications, LLC*, OAH Docket No. 3-2500-14980-2, Minn. PUC Docket No. PT6153/ AM-02-686, adopted Feb. 13, 2003 [order pending], adopting ALJ's Findings of Fact, Conclusions of Law, and Recommendation (ALF Dec. 31, 2002), ¶137.

<sup>40</sup> *Western Wireless Corporation Petition for Designation as an Eligible Telecommunications Carrier in the State of Wyoming, Memorandum Opinion and Order*, 16 FCC Rcd 48, 55 (2000).

For all the above reasons, the public interest would be served by the designation of CTC as a competitive ETC throughout its requested ETC wireless service area.

#### IV. COMMITMENT TO SERVE REQUESTING CUSTOMERS.

Consistent with the *IPUC ETC Requirements Order*, Appendix p. 2, CTC is committed to answering all reasonable requests for service within its proposed wireless ETC service area. CTC wants to use high-cost support prudently, to improve wireless service to as many people as possible, while also extending service to as many requesting customers as possible.

CTC will use the following, six-point checklist in answering requests for wireless service from residents within its proposed ETC area, but outside its existing wireless network coverage: (1) determine whether the customer's equipment can be modified or replaced to provide acceptable service; (2) determine whether a roof-mounted antenna or other network equipment can be deployed at the premises to provide service; (3) determine whether adjustments at the nearest cell site can be made to provide service; (4) determine whether there are any other adjustments to network or customer facilities that can be made to provide service; (5) explore the possibility of offering resold service; and (6) determine whether an additional cell site, a cell-extender, or repeater can be employed or constructed to provide service.

#### V. LEGAL AUTHORITY

The Commission has the legal authority to grant the relief requested by Applicant pursuant to 47 U.S.C. § 214(e)(2); 47 C.F.R. § 54.201; *see also, IPUC ETC Requirements Order.*

