

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: NEIL PRICE

DATE: JULY 9, 2009

SUBJECT: APPLICATION OF CTC TELECOM, INC. FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER; CASE NO. CTL-T-09-01.

On April 23, 2009, CTC Telecom, Inc. ("CTC" or "Company") filed an Application, pursuant to Section 214(e)(1)-(2) of the Telecommunications Act of 1934, Sections 54.201 of the Rules of the Federal Communications Commission ("FCC") and the rules and regulations of the Idaho Public Utilities Commission, for designation as an Eligible Telecommunications Carrier ("ETC") for the purpose of receiving support from the Universal Service Fund ("USF"). *Application* at 1.

On May 29, 2009, the Commission issued a Notice of Application and Modified Procedure and established a 21-day comment period regarding CTC's Application. *See* Order No. 30824. Thereafter, Commission Staff was the only party to submit written comments within the established comment period.

THE APPLICATION

CTC, a wholly owned subsidiary of Cambridge Telephone Company ("Cambridge"), is a Commercial Mobile Radio Services ("CMRS") carrier marketing and selling its mobile wireless services under the brand name Snake River PCS. *Id.* at 2. The Company is licensed to provide telecommunications services in Basic Trading Area ("BTA") 050 in Idaho, including the following counties: Adams, Boise, Gem, and northern Washington. *Id.* The Company's proposed ETC service area includes, but is not limited to, the Idaho communities of New Meadows, Council, Indian Valley, Cambridge, Garden Valley, Horseshoe Bend, Idaho City and Lowman. *Id.*, Exhibit A.

The Application contains certain information related to CTC's voice grade access service, local usage plan, dual tone multi-frequency signaling, single party service, emergency services,

operator services, interexchange (long distance) services, directory assistance and toll limitation for qualifying low-income consumers. *Id.* at 5. Upon ETC certification, CTC will advertise its services in the media throughout its wireless service area. *Id.* at 11.

STAFF COMMENTS

Staff reviewed CTC's filing and recommends that the Commission approve the Company's Application pertaining to the non-rural wire centers within Qwest Corporation's ("Qwest") service area and all of the rural wire centers within Cambridge and Citizens Telecommunications' ("Citizens") service area. Staff Comments at 12. Staff further recommends that the Commission deny CTC's Application for the one rural wire center, Midvale, within Midvale Telecom's ("Midvale") service area. *Id.*

Staff reviewed CTC's Application to ensure compliance with the federal Telecommunications Act of 1996 ("the Act") and Commission Order No. 29841. *Id.* at 2. Staff asserted that granting ETC designation to more than one telecommunications carrier in non-rural service areas is consistent with the purposes of the Act and past Commission Orders. *Id.*; *See also* Order No. 29261. However, Staff noted that the Act treats ETC designation in rural areas differently, granting more discretion to state commissions to determine whether multiple carriers in rural areas is "in the public interest." *Id.* at 3. Staff proceeded to analyze CTC's ETC designation request under the rubric described in Section 214 of the Act. *Id.* at 4.


Staff stated that CTC's proposal to serve only part of the service areas of Incumbent Local Exchange Carriers ("ILECs"), Citizens and Midvale, is problematic in that it "does not "avoid the appearance of the appearance of cream skimming," a deliberate practice of "targeting low cost areas and avoiding high cost areas." *Id.* at 6. Staff agrees that CTC "avoids the appearance of cream skimming in areas where the Application includes all wire centers in a designated service area." *Id.* at 8. Staff declared that the Company could remove the appearance of cream skimming by removing "the wire centers that represent partial service areas." *Id.* Staff cites to the relatively minimal impact to the USF posed by CTC's Application and prior Commission and Federal action granting ETC designation to numerous wireless service companies as support for a finding that CTC's designation as an ETC is in the public interest. *Id.*

Staff is satisfied that CTC meets the remaining statutory requirements for ETC designation as outlined in Order No. 29841. *Id.* at 9-10. Finally, Staff noted that denying CTC's Application would preclude rural customers from "receiving Idaho Telephone Service Assistance Program

(ITSAP), federal Lifeline and Linkup support as well as other potential technological and safety benefits,” even though the aforementioned benefits are currently “available to consumers through the ILECs.” *Id.* at 11.

COMMISSION DECISION

Does the Commission wish to approve CTC’s Application for designation as an Eligible Telecommunications Carrier?



Neil Price

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