PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division
Carrier Oversight and Programs Branch

RESOLUTION T-17293
September 23, 2010

R E S O L U T I O N

RESOLUTION T-17293. To grant the request of New Communications of the Southwest, Inc. (U-1026-C) to be designated as an Eligible Telecommunications Carrier.

SUMMARY

By this Resolution, the California Public Utilities Commission (CPUC or Commission) grants the request of New Communications of the Southwest, Inc. (U-1026-C) (NewILEC)[1] to be designated as an Eligible Telecommunications Carrier (ETC) for the limited purpose of providing Federal Lifeline and Link Up services in the seven California exchanges acquired from Verizon California (Verizon). Because NewILEC's request complies with the requirements Resolution T-17002 adopting the comprehensive ETC guidelines and reporting requirements, the CPUC finds that the request is reasonable and should be granted.

BACKGROUND

In Resolution T-17002, the Commission adopted Comprehensive Procedures and Guidelines for ETC Designation and Requirements for ETCs. This Resolution is consistent with the Federal Communications Commission (FCC) Orders 97-157 and 05-46 regarding designation of a telephone carrier as a qualified ETC. In addition, all carriers seeking ETC designation are required to comply with the applicable requirements for a CPUC certificated or registered carrier.

ETCs are telephone carriers designated by state commissions and authorized by the FCC to receive federal Universal Service Fund (USF) support for providing local telephone service in high cost areas and to low income customers.

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[1] D.09-10-056 and Advice Letter no. 2: Frontier Communications Corporation has assigned the acronym NewILEC for New Communications of the Southwest Inc.

The FCC established the ETC program to satisfy this statutory requirement of the Telecommunications Act of 1996.[2] The federal USF support creates an incentive for the telephone carriers to provide quality residential telephone services at an affordable rate to low income consumers and/or those living in designated high cost areas, e.g., rural areas.

In Decision 09-10-056 (October 29, 2009), the Commission granted New Communications of the Southwest, Inc. (U-1026-C)[3] its Certificate of Public Convenience and Necessity (CPCN) to operate as a Local Exchange Carrier under the Uniform Regulatory Framework[4] for the seven California exchanges it acquired from Verizon. [5]

SUBJECT OF ADVICE LETTER FILING

On June 17, 2010, NewILEC filed Advice Letter no. 2 requesting ETC designation for the limited purpose of providing Federal Lifeline and Link Up services in seven California telephone exchanges recently acquired from Verizon.

On July 7, 2010, NewILEC filed Advice Letter Supplement no. 2A to provide an updated service area maps in .shp format and provide information required by Resolution T-17002, Appendix A, Section II regarding additional requirements for ETC designation consistent with the FCC Order 05-46.

NOTICE/PROTEST

In compliance with General Order (G.O.) 96-B, NewILEC served a copy of its Advice Letter no. 2 and Advice Letter Supplement no. 2A (the Advice Letters) on June 17, 2010 and July 6, 2010, respectively, via email to its service list.[6] Advice Letter no. 2 and

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[2] 47 U.S.C. Section 214(e)
[3] Frontier is the parent company of NewILEC.
[4] Decision 09-10-056, pp. 17 – 18: "The Verizon California exchanges are currently operated under the URF and will continue to be operated as such."
[5] Decision 09-10-056 approved the transfer of 7 California telephone exchanges from Verizon California Inc. and its subsidiaries to Frontier Communications Corporation and its subsidiaries. NewILEC also adopted the prices, terms, and conditions of Verizon California Inc. for the transferred exchanges. The exchanges transferred are:

1) Adjacent to Nevada: Alpine (Alpine Co.) and Coleville (Mono Co.)
2) Adjacent to Arizona: Earp Big River, Havasu Landing, and Parker Dam (San Bernardino Co.), Blythe (Riverside Co.), and Palo Verde (Imperial Co.)

In addition, Ordering Paragraph 4 of the Decision required NewILEC to file an advice letter in compliance with Resolution T-17002 to be designated as an ETC in California under 47 U.S.C. Section 214. (See Attachment D for the Service Area Map)
[6] NewILEC Service List, Attachment A.

Advice Letter Supplement no. 2A were posted on the CPUC Daily Calendar on June 23, 2010 and July 21, 2010, respectively.

The Commission's Communications Division (CD) received no protests.

DISCUSSION

In order for the Commission to grant NewILEC's request to be designated as an ETC, NewILEC has to satisfy the requirements for designation as an ETC pursuant to Resolution T-17002, *The Comprehensive Procedures and Guidelines for ETC* Designation. NewILEC's Advice Letters provided information required in Resolution T-17002, Appendix A. NewILEC only seeks to participate in the federal Lifeline and Link Up program and does not intend to draw from the federal High Cost Fund program and therefore, is not required to complete Resolution T-17002, Appendix A: Section II-B: *Two-Year Service Quality Improvement Plan*, and Resolution T-17002, Appendix B: *Comprehensive Reporting Requirements for ETCs to receive Federal High Cost Support.*

Staff has reviewed NewILEC's Advice Letters and it has determined that NewILEC has satisfied the applicable requirements in Resolution T-17002 regarding ETC designation.

NewILEC offers the services designated by the FCC as services that ETCs must offer in their service areas in order to receive federal Lifeline and Link Up support. NewILEC provides these services using its own facilities, or a combination of its facilities and resale of another carrier's services or unbundled network elements. These services include:

1) Single party service;
2) Voice grade access to the public switched network;
3) Local usage;
4) Dual tone multi-frequency signaling or its functional equivalent;
5) Access to emergency services;
6) Access to operator services;
7) Access to interexchange services;
8) Access to directory assistance; and
9) Toll limitation for qualifying low-income consumers.

As a designated ETC, NewILEC will continue to use media of general distribution to comply with Resolution T-17002, Appendix A: Section I -E and Title 47 C.F.R. Section 54.201. NewILEC will advertise the availability of the supported services to the general public within its designated ETC service areas in the same manner as they advertise their non-Lifeline service offerings; through the use television, radio, newspaper, magazines or other print advertisements, outdoor advertising, direct marketing and the internet.

Attachment B of this draft Resolution is an evaluation of NewILEC's compliance with each of the Commission's ETC and CPCN requirements.

Public Interest Determination

Before designating a carrier as an ETC, the Commission must determine that doing so would be in the public interest.[7] CD staff believes that NewILEC has demonstrated that it would be in the public interest for the company to be designated as an ETC. NewILEC has met the Resolution T-17002, Appendix A: Section II - G: *Public Interest Determination* requirements by demonstrating that: a) the ETC designation will increase consumer choices; b) explaining the advantages and disadvantages of its service offerings; and c) the absence of cream skimming.[8]

a. The ETC designation will increase consumer choices

NewILEC's ETC designation will maintain the current available consumer choices for telecommunication services but will not necessarily increase it. There are no other wireline local exchange carriers providing telecommunication services in the area other than NewILEC. Verizon, the previous wireline service provider and only designated ETC in the areas, will not be operating in the service areas; however, its wireless affiliate will continue to compete in the service areas by providing wireless services, enterprise services and long distance services.[9] Designation of NewILEC as an ETC will preserve consumers' telecommunications service choice for wireline service.

b. The advantages and disadvantages of its service offerings

CD staff recognizes that New ILEC will gain certain advantages in being designated as an ETC. NewILEC is the only wireline local exchange carrier in the areas it serves, and if its ETC request is approved, it will be the only ETC in those areas as well. The designation of NewILEC as an ETC allows consumers to continue receiving federal subsidized local wireline service and the ETC designation will essentially be transparent to existing Lifeline customers. NewILEC adopted the prices, terms, and conditions of Verizon for the transferred exchanges.[10]

c. The absence of cream skimming

Creamskimming is not an issue with NewILEC's request to be designated as an ETC because it is the only wireline local exchange carrier in the service areas and it plans to serve the entire service areas it is requesting designation.

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[7] FCC 05-46, paragraph 40, CPUC Resolution T.17002 Appendix A, Section II-G: Public Interest Determination
[8] *Virginia Cellular Order*, *supra* note 18, para. 32 n.102 (citation omitted). *See also Highland Cellular Order*, *supra* note 28, para. 26: "Creamskimming' refers to the practice of targeting only the customers that are the least expensive to serve, thereby undercutting the ILEC's ability to provide service throughout the area."
[9] D. 09-10-056, p. 18.
[10] Decision 09-10-056, p. 10.

In addition, designating NewILEC as an ETC will not have any impact on the federal High Cost Fund program because the company is only seeking ETC designation status for *federal* Lifeline and Link Up support purposes. Also, NewILEC is only receiving federal and state lifeline credits that were previously provided by Verizon. Therefore, NewILEC's designation as an ETC will not increase the amount of funds drawn from the federal Universal Service fund, unless it attracts additional new low-income customers.

CD staff recommends granting NewILEC's request for designation as an ETC. The Commission agrees with CD staff's recommendation and grants NewILEC's request.

Universal Service Administrative Company (USAC) Certification Requirements

Upon approval, NewILEC shall file information with the USAC, pursuant to 47 Code of Federal Regulation (C.F.R.) Section 54.401 (d), demonstrating that its Lifeline service meets the FCC requirements, and stating the number of qualifying low-income customers and the amount of state assistance. NewILEC shall provide the USAC an estimated amount of state assistance (if any) based on current ULTS rates, net of expected amount of federal support. A copy of NewILEC's certification with the USAC shall be provided to the CD Director within 30 days of receipt from USAC by NewILEC.

Reimbursements from the ULTS fund

As a designated ETC, NewILEC is eligible to obtain federal Lifeline and Link Up support from the USAC for active customer Link Up and Lifeline access lines which are provided using its own facilities or by using access lines obtained through the lease of Unbundled Network Element (UNE) facilities from another carrier.

The Commission has authority to audit NewILEC's Lifeline Claims to ensure that duplicative claims have not been made. California Lifeline payments shall be reduced by amounts received under the federal ETC program.[11] NewILEC shall provide supporting documents to CD staff as requested showing this reduction.

[11] Decision 00-10-028 (G.O. 153), p.85

COMMENTS

Public Utilities Code Section 311(g)(1) requires that the Commission (1) serve a draft Resolution on all parties, and (2) make that draft Resolution available for public review and comment for a period of 30 days or more, prior to a vote of the Commission on the draft Resolution. On August 24, 2010, the Commission distributed a draft of this Resolution for comments to the utilities and other interested parties. See Attachment C for the Draft Resolution T-17293 Service List (August 24, 2010).

FINDINGS

1. On June 17, 2010, NewILEC filed Advice Letter no. 2 requesting ETC designation for the limited purpose of providing Federal Lifeline and Link Up services in the seven California exchanges acquired from Verizon.

2. On July 7, 2010, NewILEC filed Advice Letter Supplement no. 2A to provide an updated service area maps in .shp format and provide information required by Resolution T-17002: Section II, Appendix A.

3. On October 29, 2009, D.09-10-056 granted NewILEC's CPCN in California operating as a local exchange carrier in the seven exchanges it acquired from Verizon.

4. NewILEC served its Advice Letters to its service list (see Attachment A of this draft Resolution). Advice Letter no. 2 and Advice Letter Supplement no. 2A were posted on the CPUC Daily Calendar on June 23, 2010 and July 21, 2010, respectively.

5. The Commission's Communications Division received no protests.

6. NewILEC has demonstrated that it is in the public interest to be designated as an ETC.

7. NewILEC is required to certify to the federal Universal Service Administrator ("USAC") that it will pass through the entire federal subsidy amount to qualifying low-income customers.

8. California Lifeline payments are required to be reduced by amounts received under the federal ETC program.

9. On August 24, 2010 in compliance with P.U. Code Section 311(g), the Commission e-mailed a notice letter to the utilities and parties interested (see Attachment C of this draft Resolution) informing these parties that Draft Resolution T-17293 was available for public comments.

10. NewILEC's request to be designated as an ETC the seven California exchanges acquired from Verizon should be granted.

THEREFORE, IT IS ORDERED that:

1. The request of New Communications of the Southwest, Inc. (U-1026-C) to be designated as an ETC for the limited purpose of providing Federal Lifeline and Link Up services in the seven California exchanges acquired from Verizon is granted.

    a. Adjacent to Nevada: Alpine (Alpine Co.) and Coleville (Mono Co.)

    b. Adjacent to Arizona: Earp Big River, Havasu Landing, and Parker Dam (San Bernardino Co.), Blythe (Riverside Co.), and Palo Verde (Imperial Co.)

2. NewILEC shall certify to the USAC that it will pass through the entire federal subsidy amount to qualifying low-income customers. A copy of NewILEC's certification with the USAC shall be provided to the CD Director within 30 days of receipt from USAC by NewILEC.

3. California Lifeline payments shall be reduced by amounts received under the federal ETC program.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 23, 2010, the following Commissioners voting favorably thereon:

_____

PAUL CLANON
Executive Director

ATTACHMENT A

NewILEC Service List for Advice Letter no. 2 and Supplement no. 2A

sent via email on June 17, 2010 and July 7, 2010, respectively

CPUC

leh@cpuc.ca.gov

SBC

regtss@att.com

SureWest

Regulator@surewest.com

Verizon

Linda.fogg@verizon.com

ATTACHMENT B

Summary Evaluation of NewILEC's Compliance with the ETC and CPCN requirements

Company Name:	New Communications of the Southwest, Inc. ("NewILEC")
Utility Number:	U-1026-C
Advice Letter #	2, 2A
Date Filed:	06/17/2010, 07/07/2010
Item	**Requirement\Comments**
I. CPCN Decision or Wireless Identification Registration (WIR) Letter Compliance	
1. [D.XX-XX-XXX] [Date CPCN Issued] or [Date WIR Issued] 2. Is the carrier currently providing services in CA? 3. Local Exchange Tariff filed with the CPUC? (not applicable to Wireless Carriers) 4. Current with User Fee Payment? 5. Current with Remittance of PPP Surcharges?	1. D.09-10-056, 11/14/2009 2. This was previously owned by Verizon California. 3. Yes, the last Tariff filed was on May 27, 2010. 4. Due to the short time that they have been certificated in CA, NewILEC have not had to pay User Fees yet because they are on the annual payment schedule. 5. NewILEC began its remittance and payment of its PPP surcharges in June 2010.
II. ETC Designation: Resolution T-17002	
1. What is the carrier's ETC designation request for?	NewILEC is requesting ETC designation for Lifeline/Link Up support only
2. Resolution T-17002, **Appendix A**	
a. Section I.A .Service Area Map	NewILEC provided a list of exchanges, a PDF map and Service Area map in .shp format. List of Exchanges: 1) Adjacent to Nevada: Alpine (Alpine Co,) and Coleville (Mono Co.) 2) Adjacent to Arizona: Earp Big River, Havasu Landing, and Parker Dam (San Bernardino Co,), Blythe (Riverside Co.), and Palo Verde (Imperial Co.)
b. Section I.B. Designated Services • Single party service • Voice grade access to the public switched network • Local usage • Dual Tone multi-frequency signaling or its functional equivalent • Access to operator services • Access to interexchange services • Access to directory assistance • Toll limitation for qualifying low-income consumers.	NewILEC meets all this requirements.
c. Section I.C. List of services that they propose not to offer and extension of time.	NewILEC does not have any services that they propose not to offer. Therefore, there is no need to request an extension of time.
d. Section I.D. Waiver of the requirement that an ETC not disconnect lifeline for non-payment of toll.	NewILEC does not seek a waiver for this requirement.

e. Section I.E. Advertising plan	NewILEC provided a brief description of their advertising plan.
f. Section I.F. Implement tariff changes via advice letter filing process.	NewILEC does not need to implement any tariff changes.
g. Section I.G. Request additional time to perform network upgrades.	NewILEC does not need additional time to perform network upgrades.
h. Section II.A. Commitment to Provide service	NewILEC meets this requirement as filed in AL Supplement no. 2A. NewILEC stated that in D. 09-10-056, CPUC found that NewILEC has the ability to provide the supported services identified in Section I of Appendix A of Res. T-17002. NewILEC also certified that it will provide service on a timely basis to requesting customers within its service area and provide service within a reasonable period of time.
i. Section II.B. 2-year service quality improvement plan	NewILEC meets this requirement as filed in AL Supplement no. 2A. NewILEC is only seeking designation for federal Lifeline purposes only. This requirement is applicable to applicants requesting federal High Cost subsidies.
j. Section II.C. Ability to Remain Functional	NewILEC meets this requirement as filed in AL Supplement no. 2A NewILEC was authorized to acquire the operating telephone exchanges and wire centers from Verizon California pursuant to D. 09-10-056. NewILEC was also granted CPCN to provide local exchange services and will continue to provide the same level of network functionality once the transaction is completed, which includes but is not limited to, provided back up power, reroute traffic around damaged facilities and manage traffic spikes resulting from emergency situations.
k. Section II.D. Consumer Protection	NewILEC meets this requirement as filed in AL Supplement no. 2A NewILEC intends to meet this requirement by complying with the Commission's General Order 133 reporting requirements that are applicable to all telecommunication providers. NewILEC will file its monthly installation commitments with the commission on a quarterly basis for a period of 12 months following the closing of the transaction or until December 31, 2011, whichever is alter and will also continue to adhere to the reporting requirements contained in G.O. 133-C and for URF regulated companies. NewILEC will also utilize the FCC's NORS to report it major service interruptions.

l. Section II.E. Local Usage	NewILEC meets this requirement as filed in AL Supplement no. 2A NewILEC continues to offer its residential customers the option of selection either a local flat-rate or measured usage option and business customers are offered a local measured service usage option that is identical to what Verizon California offered.
m. Section II.F. Equal Access	NewILEC meets this requirement as filed in AL Supplement no. 2A NewILEC continues to offer equal access in the exchange areas and wire centers which are identical to what Verizon was offering prior to the transfer.
n. Section II.G. Public Interest Determination	NewILEC meets this requirement as filed in AL Supplement no. 2A. D.09-10-056 found that it is in the public interest to issue a CPCN, designate NewILEC as a local exchange carrier and allow it to acquire the telephone operations from Verizon California. NewILEC is the only wireline local exchange carrier in the service area it plans to operate in. NewILEC continues to offer existing UNE services under the terms and conditions filed in Verizon's existing UNE tariff and honor all existing interconnection agreements, which enable competing service providers to market their products and services to customers located in these exchange areas. NewILEC is only seeking ETC status for federal lifeline support purposes to ensure qualifying low-income customers receive the maximum amount of federal and state lifeline credits. There is no impact on the federal high cost fund because NewILEC is providing federal and state lifeline credits that were previously provided by Verizon.
3. Resolution T-17002, **Appendix B**	NewILEC is not required to submit a response to this section because they do not plan to receive federal High Cost Fund subsidy.
III. CA LifeLine: GO153 and Resolution T-17202	
1. For wireless carriers, how many free minutes are they providing to customers with the $10 Federal LifeLine subsidy? What is the per minute rate?	N/A
2. Compliance with CA Lifeline certification and verification process?	Yes

DRAFT

ATTACHMENT C

Draft Resolution T-17293 Service List (August 24, 2010)

UTILITY NAME	EMAIL	Additional Email
CTC OF CALIFORNIA	charlie.born@frontiercorp.com	
CTC OF THE GOLDEN STATE	charlie.born@frontiercorp.com	
CTC OF TUOLUMNE	charlie.born@frontiercorp.com	
THE SISKIYOU TELEPHONE CO.	jtlowers@sisqtel.net	
HAPPY VALLEY TELEPHONE CO.	gail.long@tdstelecom.com	karen.fehrman@tdstelecom.com
HORNITOS TELEPHONE CO.	gail.long@tdstelecom.com	karen.fehrman@tdstelecom.com
WINTERHAVEN TELEPHONE CO.	gail.long@tdstelecom.com	karen.fehrman@tdstelecom.com
VERIZON WEST COAST, INC.	linda.fogg@verizon.com	Kimberly.a.douglass@verizon.com
SIERRA TELEPHONE CO.	lindab@stcg.net	
CALAVERAS TELEPHONE CO.	ysmythe@caltel.com	lorrie.bernstein@mossadams.com
CAL-ORE TELEPHONE CO.	waihun@cot.net	lorrie.bernstein@mossadams.com
DUCOR TELEPHONE CO.	egwolfe@ducortelco.com	lorrie.bernstein@mossadams.com
FORESTHILL TELEPHONE CO.	dclark@kermantelephone.com	lorrie.bernstein@mossadams.com
GLOBAL VALLEY NETWORK, INC.	susan.leclair@pinetreenetworks.com	lorrie.bernstein@mossadams.com
KERMAN TELEPHONE CO.	dclark@kermantelephone.com	lorrie.bernstein@mossadams.com
PINNACLES TELEPHONE CO.	lorrie.bernstein@mossadams.com	lorrie.bernstein@mossadams.com
VOLCANO TELEPHONE CO.	earlb@volcanotel.com	lorrie.bernstein@mossadams.com
THE PONDEROSA TELEPHONE CO.	dand@ponderosatel.com	mindyd@ponderosatel.com
WWC LICENSE, LLC/ALLTEL/WESTERN WIRELESS	nathan.glazier@alltel.com	Judypau@dwt.com
VERIZON WIRELESS	stephen.rowell@verizonwireless.com	
AT&T CALIFORNIA	regtss@att.com	
VERIZON CALIFORNIA, INC.	margo.ormiston@verizon.com	kurt.rasmussen@verizon.com
CONNECTTO COMMUNICATIONS	ccollier@telecompliance.net	
TRACFONE WIRELESS, INC	brecherm@gtlaw.com	mercerdm@gtlaw.com
TC TELEPHONE	travis@tctelephone.com	
CRICKET COMMUNICATIONS	robemilhr@dwt.com	
NEXUS COMMUNICATIONS	pacasciato@gmail.com	
VIRGIN MOBILE USA, L.P.	John.beahn@skadden.com	
NEWILEC	charlie.born@frontiercorp.com	Linda.saldana@frontiercorp.com
LLELA TAN-WALSH	llt@cpuc.ca.gov	
CHARLES CHRISTIANSEN	chc@cpuc.ca.gov	
MIKE EVANS	mde@cpuc.ca.gov	
TELCO SERVICE QUALITY	telcoservicequality@cpuc.ca.gov	
PATRICK ROSVALL	prosvall@cwclaw.com	
MONDON, JEFFREY A (ATTSI)	jm7626@att.com	
CHRIS WITTEMAN	wit@cpuc.ca.gov	
ALIK LEE	ayo@cpuc.ca.gov	
XIAO HUANG	xsh@cpuc.ca.gov	
CHRISTINE MAILLOUX	cmailloux@turn.org	
HIEN VO	hcv@cpuc.ca.gov	
ROBERT LEHMAN	leh@cpuc.ca.gov	

ATTACHMENT D

NewILEC Service Area Map

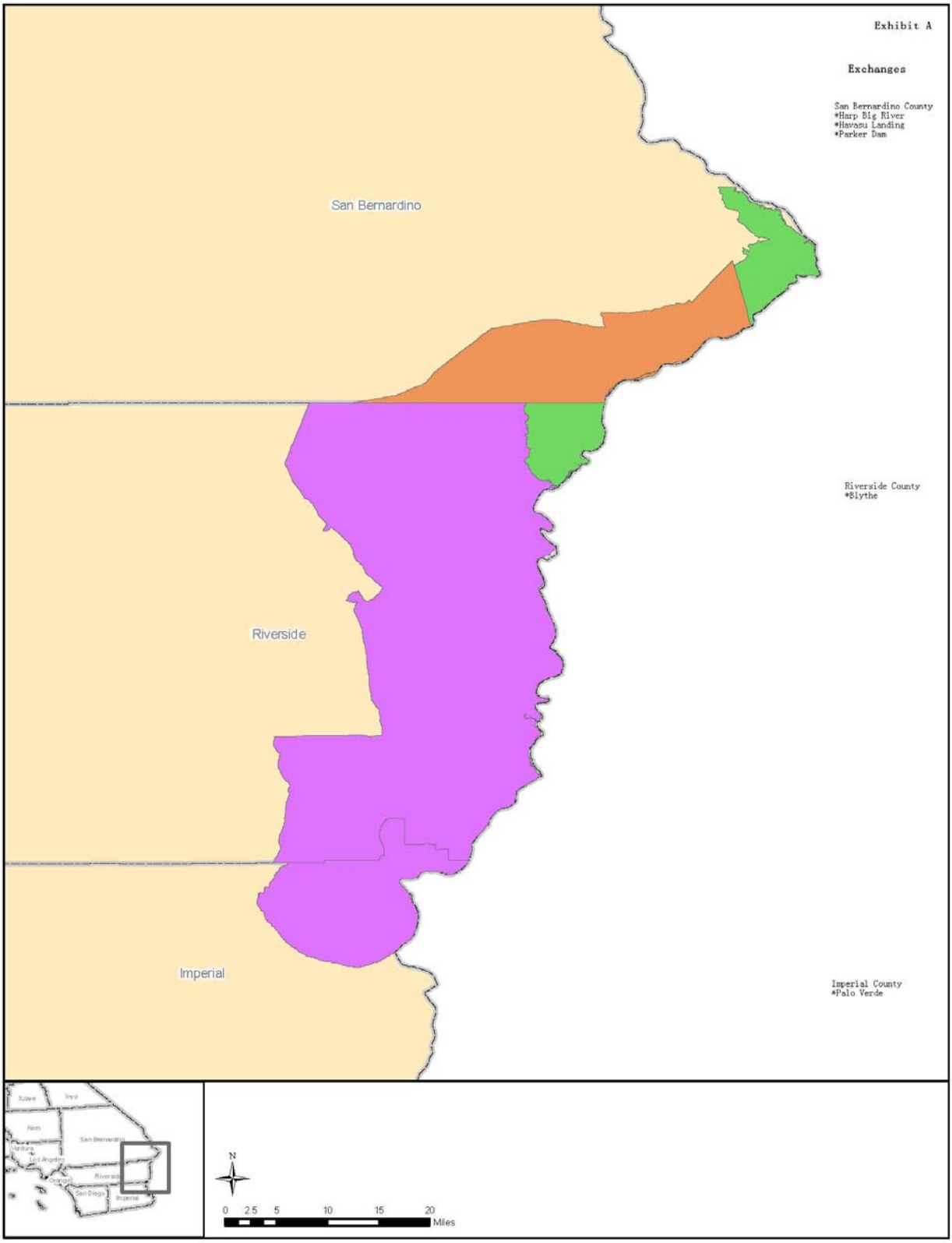
Exhibit A
Exchanges
San Bernardino County
*Harp Big River
*Havasu Landing
*Parker Dam
San Bernardino
Riverside County
*Blythe
Riverside
Imperial
Imperial County
*Palo Verde
N
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Miles

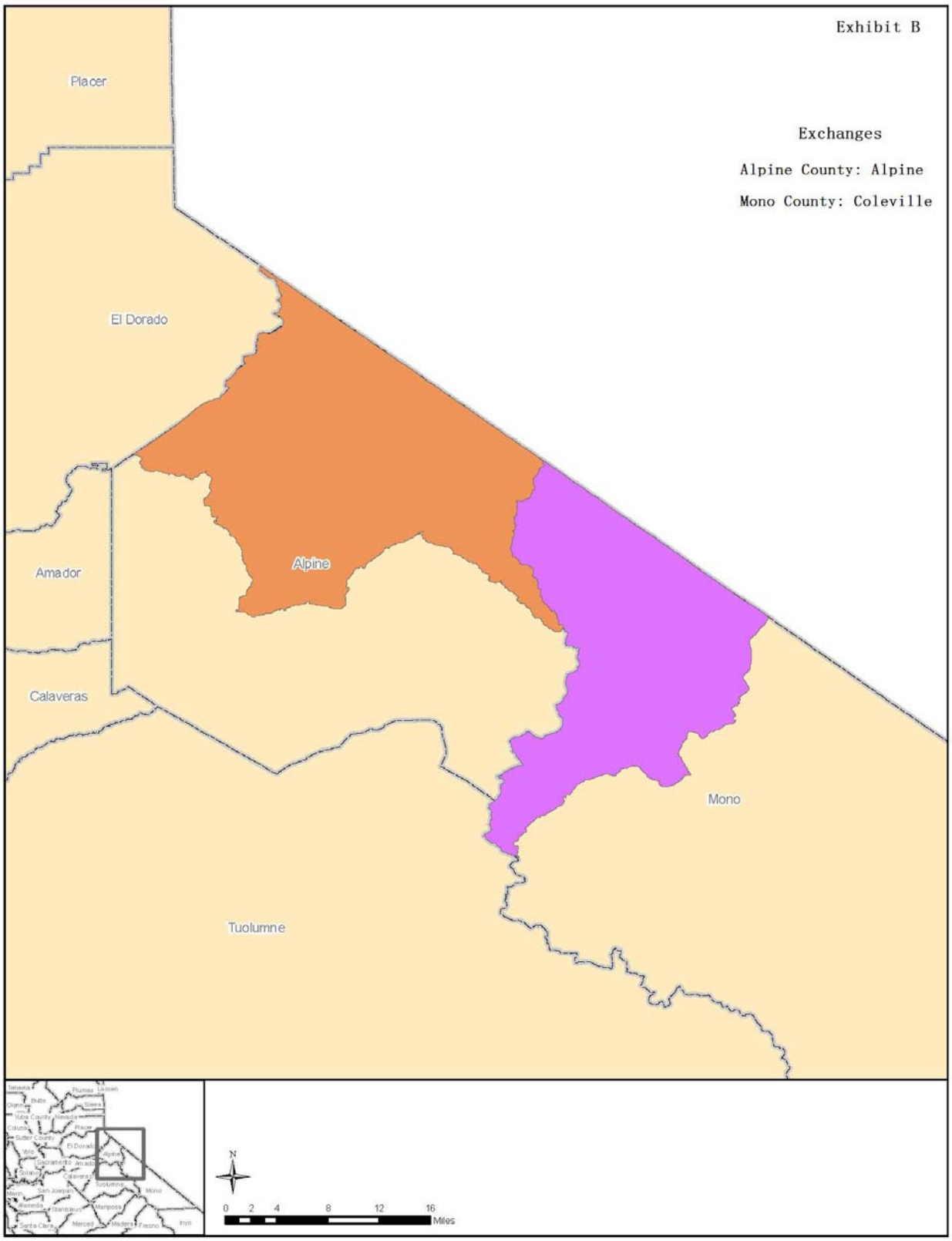
Exhibit B
Exchanges
Alpine County: Alpine
Mono County: Coleville
Placer
El Dorado
Amador
Alpine
Calaveras
Mono
Tuolumne
N
0 2 4 8 12 16
Miles