Date of Issuance: December 2, 2011

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division **RESOLUTION T-17345**
Carrier Oversight and Programs Branch **December 1, 2011**

R E S O L U T I O N

RESOLUTION T-17345. This Resolution grants the request of SureWest TeleVideo (U-6324-C) to be designated as an Eligible Telecommunications Carrier to provide federal Lifeline and Link-Up services in Sacramento County and Placer County in California.

SUMMARY

By this Resolution, the California Public Utilities Commission (CPUC or Commission) grants the request of SureWest TeleVideo dba SureWest Broadband (U-6324-C) (SureWest) to be designated as an Eligible Telecommunications Carrier (ETC) to provide federal Lifeline and Link-Up services in Sacramento County, the communities of Sacramento and Elk Grove, and Placer County, the community of Lincoln, in California.[1] SureWest is not requesting federal High-Cost Fund support. SureWest's request is consistent with Resolution T-17002 and applicable requirements for a CPUC certificated or registered carrier. We find that the request is reasonable and consistent with the public interest, and should be granted.

BACKGROUND

Pursuant to federal law, state commissions or the Federal Communications Commission (FCC) designate telephone corporations as ETCs. The FCC then authorizes the ETC to receive federal Universal Service Fund (USF) support for providing local telephone service in high-cost areas and to low-income customers.

The FCC established the ETC program to satisfy the 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

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[1] AT&T California and Frontier Communications of California are the ILECs that currently serve the proposed service areas that SureWest is requesting to operate in as an ETC.
[2] 47 U.S.C. Section 214(e)

to low-income consumers and/or those living in designated high-cost areas, e.g., rural areas.

In Resolution T-17002, the Commission adopted *The Comprehensive Procedures and Guidelines for ETC Designation and Requirements for ETCs* that are consistent with the FCC Orders 97-157 and 05-46 regarding designation of a telephone carrier as a qualified ETC. All carriers seeking ETC designation in California are required to comply with the applicable requirements for a CPUC certificated or registered carrier.

In addition to reviewing ETC designation requests for compliance with the federal and CPUC ETC requirements, the Communications Division (CD) staff reviews the requests for compliance with CPUC California LifeLine rules contained in G.O. 153 and Decision (D.) 10-11-033. CD staff also reviews the request for compliance with other state regulatory requirements for telephone corporations operating in California, including but not limited to, reporting and paying California Public Utilities Commission (CPUC) user fees and Public Purpose Program (PPP) surcharges, and submitting required reports.

In D. 00-03-047, the Commission granted Western Integrated Networks of California Operations, LLC (WINCO) a Certificate of Public Convenience and Necessity (CPCN) as a competitive local exchange carrier (CLEC) to provide resold local exchange services in California. Subsequently, in 2002, the CPUC approved SureWest's acquisition of WINCO in D. 02-07-042. SureWest is a facilities-based carrier currently providing basic residential telephone service and participating in the California LifeLine program. SureWest, the applicant here for ETC status, does not offer basic telephone services in the areas where SureWest the Incumbent Local Exchange Carrier (ILEC) operates.

SUBJECT OF ADVICE LETTER FILING

On September 13, 2011, SureWest filed AL No. 86 requesting ETC designation for the limited purpose of providing Federal Lifeline and Link-Up services in Sacramento County, the communities of Sacramento and Elk Grove, and Placer County, the community of Lincoln, in California. SureWest is not requesting federal High-Cost Fund designation and support. SureWest provided information to comply with the requirements of Resolution T-17002.

NOTICE/PROTEST

In compliance with General Order (G.O.) 96-B, SureWest served a copy of its Advice Letter No. 86 on September 12, 2011 via email to its AL service list and was posted on the CPUC Daily Calendar on September 16, 2011.

No protests were received.

DISCUSSION

Compliance with Resolution T-17002

In order for the Commission to grant SureWest's request to be designated as an ETC, SureWest has to satisfy the requirements for designation as an ETC pursuant to Resolution T-17002, *The Comprehensive Procedures and Guidelines for ETC Designation*. SureWest's AL contained information required by Appendix A of Resolution T-17002. Since SureWest 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, SureWest is not required to meet the requirements contained in Appendix A: Section II-B: *Two-Year Service Quality Improvement Plan*, and in Appendix B: *Comprehensive Reporting Requirements for ETCs to receive federal High-Cost Support* to Resolution T-17002.

CD staff has reviewed SureWest's AL and determined that it has satisfied the applicable requirements in Resolution T-17002 regarding ETC designation for federal Lifeline and Link-Up support, e.g., requirements to submit maps, a commitment to provide the services supported by the USF, a demonstration of its ability to remain functional in an emergency situation, and a commitment to satisfy consumer protection and service quality standards.

SureWest offers the services designated by the FCC[3] in the service areas where it plans to be eligible to receive federal Lifeline and Link-Up support. SureWest will provide these services using its own facilities. The designated services include the following:

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;

[3] 47 U.S.C. § 214(e)

8) Access to directory assistance; and
9) Toll limitation for qualifying low-income consumers.

As a designated ETC, SureWest commits to using media of general distribution to comply with Appendix A: Section I –E of Resolution T-17002 and Title 47 C.F.R. Section 54.201. SureWest also commits to advertizing the availability of the supported services to the general public within its designated ETC service areas; as well as through the use of print ads (local city publications and newspapers) and available information from its comprehensive website (www.surewest.com). SureWest also participates in community events and street fairs accessible and open to the public.

Public Interest Determination

Before designating a carrier as an ETC, the Commission must determine that doing so would be in the public interest.[4] CD staff believes that SureWest has demonstrated that it would be in the public interest for the company to be designated as an ETC. SureWest 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 creamskimming.[5]

a. The ETC designation will increase consumer choices

SureWest's ETC designation would maintain the current available consumer choices for telecommunication services but would not necessarily increase it. SureWest has participated in the California's Lifeline program and designation of SureWest as an ETC would preserve consumers' telecommunications service choice for wireline service.

b. The advantages and disadvantages of its service offerings

CD staff recognizes that SureWest will gain certain advantages in being designated as an ETC. The designation of SureWest as an ETC allows consumers to receive federal and state subsidized wireline service, and thus, the advantages of SureWest's offerings outweigh the disadvantages. SureWest offers competitive rates for every financial demographic on all of its services, creating a wide array of available supplementary services.

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[4] FCC 05-46, paragraph 40, CPUC Resolution T-17002 Appendix A, Section II-G: Public Interest Determination
[5] *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."

c. The absence of creamskimming

Creamskimming is not an issue with SureWest's request to be designated as an ETC because it is not requesting federal High-Cost support. SureWest's designation as an ETC would not increase the amount of funding drawn from the federal USF, unless it attracts additional new low-income customers.

In addition, CD believes that it is also in the public interest to ensure that all telephone corporations operating in California comply with other state regulatory requirements, including but not limited to, reporting and paying CPUC user fees and PPP surcharges, and submitting required reports. Upon review, CD has determined that SureWest has complied with the regulatory requirements for telephone corporations operating in California including but not limited to, reporting and paying CPUC user fees and PPP surcharges, and submitting required reports.

CD, therefore, concludes that SureWest's request would be in the public interest and recommends that the Commission approve its ETC designation request. In addition, CD recommends that SureWest be required to continue complying with all applicable Commission rules, including reporting and paying CPUC user fees and PPP surcharges. Failure to do so may result in revocation of ETC designation and as well as SureWest's operating authority in California.

Universal Service Administrative Company (USAC) Certification Requirements

CD recommends that, upon approval of this Resolution, SureWest be required to file information with the USAC, pursuant to 47 Code of Federal Regulation (C.F.R.) Section 54.401 (d), demonstrating that its wireline federal Lifeline service meets FCC requirements, and identifying the number of qualifying low-income customers and the amount of state assistance. SureWest should provide the USAC an estimated amount of state assistance (if any) based on current California LifeLine rates, net of expected amount of federal support. CD also recommends that SureWest be required to certify to the federal USAC that it shall pass through the entire federal subsidy amount to qualifying low-income customers. A copy of SureWest's certification with the USAC shall be provided to the CD Director within 30 days of receipt from USAC by SureWest.

Reimbursements from the California LifeLine fund

As a designated ETC, SureWest 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 SureWest's federal and California 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.[6] CD recommends that SureWest be required to provide supporting documents to CD staff as requested showing this reduction.

The Commission concurs with CD's recommendations and grants SureWest's request for ETC designation for the purpose of offering federal Lifeline and Link-Up services in Sacramento County, the communities of Sacramento and Elk Grove, and Placer County, the community of Lincoln in California.

COMMENTS

Public Utilities (P.U.) 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 the Commission's vote on the draft Resolution. On November 1, 2011, the Commission distributed a draft of this Resolution for comments to the utilities and other interested parties. *See* Attachment A for the Draft Resolution T-17345 Service List.

No comments received.

FINDINGS

1. On September 13, 2011, SureWest filed Advice Letter No. 86 requesting ETC designation to provide federal Lifeline and Link-Up services in Sacramento County, the communities of Sacramento and Elk Grove, and Placer County, the community of Lincoln in California.

2. In D. 00-03-047, the Commission granted Western Integrated Networks of California Operations, LLC (WINCO) a Certificate of Public Convenience and Necessity (CPCN) as a competitive local exchange carrier (CLEC) to provide resold local exchange services in California. Subsequently, in 2002, the CPUC approved SureWest's acquisition of WINCO in D. 02-07-042. SureWest is a facilities-based carrier currently providing basic residential telephone service and participating in the California LifeLine program. SureWest, the applicant here for ETC status, does not does not offer basic telephone services in the areas where SureWest the Incumbent Local Exchange Carrier (ILEC) operates.

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

3. SureWest is not requesting federal High-Cost Fund designation and support.

4. SureWest has complied with the regulatory requirements for telephone corporations operating in California including, but not limited to, reporting and payment of CPUC user fees and PPP surcharges and submitting required reports.

5. SureWest has met all the requirements of Resolution T-17002 to be designated as an ETC to provide federal Lifeline and Link-Up services in Sacramento County, the communities of Sacramento and Elk Grove, and Placer County, the community of Lincoln in California.

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

7. CD recommends that SureWest be required to certify to the federal USAC that it shall pass through the entire federal subsidy amount to qualifying low-income customers. A copy of SureWest's certification with the USAC shall be provided to the Communications Division (CD) Director within 30 days of receipt from USAC by SureWest.

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

9. CD recommends that SureWest be required to provide supporting documents to CD staff as requested showing the reduction from California LifeLine payments of the amounts it received under the federal ETC program.

10. CD recommends that SureWest be required to continue complying with all applicable Commission rules, including reporting and paying of CPUC user fees and PPP surcharges. Failure to do so may result in revocation of ETC designation and as well as SureWest's operating authority in California.

11. On November 1, 2011, in compliance with P.U. Code Section 311(g), the Commission distributed a draft of this Resolution for comments to the Resolution T-17345 Service List (*see* Attachment A of this draft Resolution). No comments were received.

THEREFORE, IT IS ORDERED that:

1. SureWest TeleVideo dba SureWest Broadband (U-6324-C) (SureWest) request to be designated as an Eligible Telecommunications Carrier (ETC) to provide federal Lifeline and Link-Up services in Sacramento County, the communities of Sacramento and Elk Grove, and Placer County, the community of Lincoln in California.

2. SureWest shall certify to the Universal Service Administrative Company (USAC) that it will pass through the entire federal subsidy amount to qualifying low-income customers. A copy of SureWest's certification with the USAC shall be provided to the Communications Division (CD) Director within 30 days of receipt from USAC by SureWest.

3. California LifeLine payments shall be reduced by amounts received under the federal ETC program. SureWest shall provide supporting documents to CD staff as requested showing this reduction.

4. SureWest shall continue to comply with all applicable Commission rules, including reporting and paying of California Public Utilities Commission (CPUC) user fees and Public Purpose Program (PPP) surcharges. Failure to do so may result in revocation of ETC designation and as well as SureWest's operating authority in California.

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 December 1, 2011, the following Commissioners voting favorably thereon:

/s/ Paul Clanon

PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
Commissioners

ATTACHMENT A
Draft Resolution T-17345 Service List (November 1, 2011)

UTILITY NAME	EMAIL
Skadden, Arps, Slate, Meagher & Flom Llp	john.beahn@skadden.com
Citizens Telecommunications Co. Of Ca.	Charlie.Born@FTR.com
Citizens Telecoms. Co. Of Golden State	Charlie.Born@FTR.com
Citizens Telecoms. Co. Of Tuolumne	Charlie.Born@FTR.com
The Siskiyou Telephone Company	jtlowers@sisqtel.net
Happy Valley Telephone Co.	gail.long@tdstelecom.com
Hornitos Telephone Company	gail.long@tdstelecom.com
Winterhaven Telephone Company	gail.long@tdstelecom.com
Frontier Communications West Coast, Inc.	joe.chicoine@ftr.com
Sierra Telephone Company, Inc.	lindab@stcg.net
Calaveras Telephone Company	ysmythe@caltel.com
Cal-Ore Telephone Company	waihun@cot.net
Ducor Telephone Company	egwolfe@ducortelco.com
Foresthill Telephone Company, Inc.	dclark@kermantelephone.com
Global Valley Network, Inc.	susan.leclair@pinetreenetworks.com
Kerman Telephone Company	dclark@kermantelephone.com
Pinnacles Telephone Company	lorrie.bernstein@mossadams.com
Volcano Telephone Company	earlb@volcanotel.com
The Ponderosa Telephone Company	dand@ponderosatel.com
WWC License, LLC/Alltel/Western Wireless	nathan.glazier@alltel.com
AT&T California	regtss@att.com
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Floyd Jasinski (SureWest TeleVideo)	f.jasinski@surewest.com