

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 3, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Competitive Markets & Enforcement (Maduro, Casey, Beard)
Office of the General Counsel (Scott, Wiggins)

RE: Docket No. 060399-TX – Petition for designation as eligible telecommunications carrier (ETC) by Midwestern Telecommunications, Inc. (MTI)

AGENDA: 08/15/06 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Commissioner J. Terry Deason

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\060399.RCM.DOC

Case Background

On May 17, 2006, Midwestern Telecommunications Inc. (MTI) petitioned the Florida Public Service Commission (FPSC or Commission) for designation as an Eligible Telecommunications Carrier (ETC) in the State of Florida. MTI is requesting that it be granted ETC status in 202 non-rural exchanges in BellSouth Telecommunications, Inc.'s (BellSouth)

territory. This is the sixth competitive local exchange carrier (CLEC) ETC petition to be brought before the Commission for consideration.¹

MTI is a FPSC-certificated CLEC which provides local exchange service in BellSouth's service area. MTI has indicated that it has the ability to provide all of the supported services outlined in Section 254(c) of the Telecommunications Act of 1996 utilizing the facilities obtained through a commercial facilities agreement (CFA) provided by BellSouth. Upon designation as an ETC, MTI indicates that it will participate in and offer Lifeline and Link-Up programs to qualified low income consumers. Additionally, MTI has committed to publicize the availability of Lifeline and Link-Up services in a manner reasonably designed to reach those likely to qualify for those services.²

MTI is headquartered in Chicago Heights, Illinois and is authorized to conduct business as a foreign corporation in the State of Florida. MTI has indicated that it provides service to approximately 1,000 customers in BellSouth's territory. It estimates that 90% of customers receive service via prepaid arrangements. MTI also stated that it does not require its customers to subscribe to its long-distance service or make a deposit in order to receive services. MTI further indicates that its accounts with the Federal Communications Commission (FCC) and Universal Service Administrative Company are current. MTI is not aware of any outstanding complaints or violations with the FCC.

MTI has stated that it is not planning to seek high-cost universal service funding if it is designated as an ETC in Florida. Since MTI is not seeking any high cost universal service funding, and its primary purpose in requesting ETC status in Florida is to provide Lifeline and Link-Up service, staff believes it would be beneficial to grant ETC status to MTI. It would have little, if any, effect on the size of the universal service fund³, and it would enhance the availability of Lifeline and Link-Up services in Florida. Therefore, staff is recommending that MTI be granted ETC status in the requested BellSouth non-rural wire centers.

The Commission has authority under Section 364.10(2), Florida Statutes, to decide a petition by a CLEC seeking designation as an eligible telecommunications carrier pursuant to 47 C.F.R. § 54.201.

¹ Order PSC-05-0324-PAA-TX, issued March 21, 2005, Docket No. 041302-TX, In Re: Petition for Designation as Eligible Telecommunications Carrier by Knology of Florida, Inc.; Order PSC-05-1255-PAA-TX, issued December 27, 2005, Docket No. 050483 TX, In Re: Petition for designation as Eligible Telecommunications Carrier by Budget Phone, Inc.; Order PSC-06-0298-PAA-TX, issued April 14, 2006, Docket No. 050542, In Re: Petition for Designation as Eligible Telecommunications Carrier by Ganaco, Inc. d/b/a American Dial Tone.; Order PSC-06-0350-PAA-TX, issued April 25, 2006, Docket No. 050889-TX, In Re: Petition for Designation as Eligible Telecommunications Carrier by Nexus Communications, Inc. d/b/a Nexus Communications TSI, Inc.; Order PSC-06-0436-PAA-TX, issued May 22, 2006, Docket No. 060144-TX, In Re: Petition for Designation as Eligible Telecommunications Carrier by Vilaire Communications, Inc.

² See 47 C.F.R. §§ 54.401-54.417 – Universal Service Support for Low Income-Consumers.

³ See FCC 05-46 (¶54) - Federal-State Joint Board on Universal Service – Impact on the Fund. “As the Commission has found in the past, analyzing the impact of one ETC on the overall fund may be inconclusive. Indeed, given the size of the total high-cost fund — approximately \$3.8 billion a year — it is unlikely that any individual ETC designation would have a substantial impact on the overall size of the fund.”

Discussion of Issues

Issue 1: Should MTI be granted ETC status in the State of Florida?

Recommendation: Yes, staff recommends that MTI be granted ETC status in the BellSouth non-rural wire centers identified in Attachment A. (Maduro, Casey, Beard)

Staff Analysis: The FCC rules provide that carriers designated as ETCs shall, throughout the designated service area: (1) offer the services that are supported by federal universal support mechanisms either using their own facilities or a combination of their own facilities and the resale of another carrier's services and, (2) advertise the availability of such services and the related charges therefore using media of general distribution. See CFR §54.201(d).

MTI has identified a total of 202 BellSouth wire centers in which it wishes to offer the services that are supported by federal universal service support mechanisms.

ETC Certification Requirements

CFR Rule 54.201(c), addresses a state commission's responsibilities related to ETC designation, stating:

Upon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission, so long as each additional requesting carrier meets the requirements of paragraph (d) of this section. Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the state commission shall find that the designation is in the public interest.

To qualify as an ETC, telecommunications carriers must provide nine services identified in CFR Rule 54.201(d)(1).

- (1) Voice grade access to the public switched network Voice grade access is defined as a functionality that enables 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;
- (2) Local Usage Local usage indicates the amount of minutes of use of exchange service, provided free of charge to end users;
- (3) Dual tone multi-frequency signaling or its functional equivalent Dual tone multi-frequency ("DTMF") is a method of signaling that facilitates the transportation of signaling through the network, thus shortening call set-up time;

- (4) Single-party service or its functional equivalent Single party service is telecommunications service that permits users to have exclusive use of a wireline subscriber loop or access line for each call placed, or in the case of wireless telecommunications carriers, which use spectrum shared among users to provide service, a dedicated message path for the length of a user's particular transmission;
- (5) Access to emergency services Access to emergency services includes access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations;
- (6) Access to operator services Access to operator services is defined as access to any automatic or live assistance to a consumer to arrange for billing and/or completion, of a telephone call;
- (7) Access to interexchange service Access to interexchange service is defined as the use of the loop, as well as that portion of the switch that is paid for by the end user, or the functional equivalent of these network elements in the case of a wireless carrier, necessary to access an interexchange carrier's network;
- (8) Access to directory assistance Access to directory assistance is defined as access to a service that includes, but is not limited to, making available to customers, upon request, information contained in directory listings; and
- (9) Toll limitation for qualifying low-income consumers Toll limitation or Blocking restricts all direct dial toll access.

In addition to providing the above services, ETCs must advertise the availability of such services and the associated charges using media of general distribution.

Conclusion

The Commission has authority under Section 364.10(2), Florida Statutes, to decide a petition by a CLEC seeking designation as an eligible telecommunications carrier pursuant to 47 C.F.R. § 54.201. MTI is a certificated CLEC that offers local exchange service and meets the statutory facilities requirement of universal service by leasing the physical components of the telecommunications network necessary to provide the nine services identified in CFR Rule 54.201(d)(1) through its CFA with BellSouth.

MTI has acknowledged the requirements of the Florida Lifeline program and has agreed to adhere to the program which provides qualified customers a total of \$13.50 in Lifeline assistance credits consisting of: \$6.50 in federal subscriber line charges, \$1.75 in federal support for states that have approved the credit, and \$1.75 which is a 50% match of federal support for having a state lifeline program requiring a \$3.50 credit under the Florida eligibility criteria. MTI indicates that it will provide the \$3.50 credit to qualified clients, advertise the availability of Lifeline, and begin offering these services within 2-4 weeks of receiving ETC status.

Staff believes granting MTI ETC status may offer low income individuals another telecommunications choice in BellSouth's service areas. MTI has indicated that it will abide by all Florida Statutes, Rules, and Commission Orders regarding ETCs. Since MTI is not seeking any high cost universal service funding and its purpose in requesting ETC status in Florida is to primarily provide Lifeline and Link-Up service, staff believes it would be beneficial to grant ETC status to MTI. Providing Lifeline and Link-up service, which facilitates the availability of basic phone service to Florida's low-income customers, could have a positive effect on Lifeline participation rates. Therefore, staff is recommending that MTI be granted ETC status in the BellSouth non-rural wire centers identified in Attachment A.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected files a protest to the Commission's Proposed Agency Action within 21 days of the issuance of the Commission Order, this docket should be closed upon issuance of a consummating order. (Scott, Wiggins)

Staff Analysis: If no person whose substantial interests are affected files a protest to the Commission's Proposed Agency Action within 21 days of the issuance of the Commission Order, this docket should be closed upon issuance of a consummating order.

FL Wire Center (8-digit CLLI)	FL Wire Center (8-digit CLLI)	FL Wire Center (8-digit CLLI)	FL Wire Center (8-digit CLLI)	
BCRTFLBT	COCOFLME	MIAQFL06	BKVLFLJF	
BCRTFLMA	DBRYFLDL	MICCFLBB	BLDWFLMA	
DYBHFLFN	DBRYFLMA	MLBRFLMA	BNNLFLMA	
FTLDFL92	DELDFLMA	MNDRFLAV	BRSNFLMA	
FTLDFLCR	DLBHFLKP	MNDRFLLO	CDKYFLMA	
FTLDFLCY	DLBHFLMA	MRTHFLVE	CFLDFLMA	
FTLDFLMR	DRBHFLMA	NDADFLBR	CHPLFLJA	
FTLDFLOA	DYBHFLMA	NDADFLGG	CNTMFLLE	
FTLDFLSF	DYBHFL0B	NKLRFLMA	CSCYFLBA	
FTLDFLSG	DYBHFL0S	NSBHFLMA	DLSPFLMA	
FTLDFLSU	DYBHFLPO	ORLDFLAP	DNLNFLWM	
HLWDFLHA	EGLLFLBG	ORLDFLCL	EORNFLMA	
HLWDFLMA	EGLLFLIH	ORLDFLPC	FTGRFLMA	
JCBHFLSP	FLBHFLMA	ORLDFLPH	FTRPFLMA	
JCVLFLCL	FRBHFLFP	ORLDFLSA	GCSPFLCN	
JCVLFLFC	FTLDFLJA	ORPKFLMA	GCVLFLMA	
JCVLFLJT	FTLDFLPL	ORPKFLRW	GENVFLMA	
JCVLFLSM	FTLDFLWN	OVIDFLCA	HAVNFLMA	
KYWSFLMA	GLBRFLMC	PAHKFLMA	HLNVFLMA	
MIAMFLAE	GSVLFLMA	PCBHFLNT	HMSTFLAF	
MIAMFLAP	GSVLFLNW	PMBHFLCS	HMSTFLEA	
MIAMFLBA	HSDFLMA	PMBHFLFE	HMSTFLHM	
MIAMFLBC	HLWDFLPE	PMBHFLMA	HMSTFLNA	
MIAMFLBR	HLWDFLWH	PNCYFLMA	HWTHFLMA	
MIAMFLDB	HTISFLMA	PNSCFLBL	JAY FLMA	
MIAMFLFL	ISLMFLMA	PNSCFLFP	JCVLFLLF	
MIAMFLGR	JCBHFLAB	PNSCFLHC	JCVLFLOW	
MIAMFLIC	JCBHFLMA	PNSCFLPB	KYHGFLMA	
MIAMFLKE	JCVLFLAR	PNSCFLWA	LKCYFLMA	
MIAMFLME	JCVLFLBW	PNVDFLMA	LYHNFLOH	
MIAMFLNM	JCVLFLIA	PRRNFLMA	MCNPFLMA	
MIAMFLPB	JCVLFLNO	PTSLFLSO	MDBGFLPM	
MIAMFLPL	JCVLFLRV	SNFRFLMA	MLTNFLRA	
MIAMFLWD	JCVLFLSJ	STAGFLBS	MNDRFLLW	
MIAMFLWM	JCVLFLWC	STAGFLSH	MNSNFLMA	
NDADFLAC	JPTRFLMA	STRTFLMA	MXVLFLMA	
NDADFL0L	KYLRFLLS	TTVLFLMA	NWBYFLMA	
ORLDFLMA	KYLRFLMA	VRBHFLBE	OKHLFLMA	
PMBHFLNP	LKMRFLHE	VRBHFLMA	OLTWFLLN	
PMBHFLTA	LKMRFLMA	WPBHFLGA	PACEFLPV	
WPBHFLAN	MIAMFLAL	WPBHFLGR	PLCSFLMA	
	MIAMFLCA	WPBHFLHH	PLTKFLMA	
	MIAMFLHL	WPBHFLLE	PMPKFLMA	
BCRTFLSA	MIAMFLNS	WPBHFLRB	PNCYFLCA	
BLGLFLMA	MIAMFL0L	WWSPFLSH	PRSNFLFD	
BYBHFLMA	MIAMFLRR		PTSLFLMA	
CCBHFLAF	MIAMFLSH	ARCHFLMA	SBSTFLFE	
CCBHFLMA	MIAMFLSO	BGPIFLMA	SBSTFLMA	
COCOFLMA				
				FL Wire Center (8-digit CLLI)
				SGKYFLMA
				STAGFLMA
				STAGFLWG
				SYHSFLCC
				TRENFLMA
				VERNFLMA
				WELKFLMA
				WPBHFLRP
				WWSPFLHI
				YNFNFLMA
				YNTWFLMA
				YULEFLMA