

Wireless Carrier Designation as an Eligible Telecommunication Carrier (ETC) for Universal Service Fund (USF) Support

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Outline

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- **Carrier Eligibility to Receive USF**
- **Procedures for Obtaining ETC Designation**
- **Obtaining USF Funding as an Authorized ETC**
- **Going-Forward Considerations**

USF Overview

- **The Purpose of Universal Service**
- **The Universal Service Administrative Company (USAC)**
- **The Components of the Federal Universal Service Fund (USF)**
 - High-cost support
 - Low income support
 - Rural health care support
 - Schools and libraries support
- **Federal USF contributions** are made quarterly by every carrier that provides interstate telecommunications service
- **Federal USF support** may be received by designated eligible telecommunications carriers (ETCs)
- **Separate high-cost support mechanisms** exist for rural carriers and non-rural carriers
- **Separate state USF programs** often exist for intrastate telecommunications service

USF Overview

High Cost Support Program

- Provides subsidies to ETCs in rural and high-cost service areas to support the extra costs involved in providing telco services to these areas
- The components of high-cost support are:
 - High-Cost Loop Support
 - Local Switching Support
 - Long Term Support
 - Interstate Access Support
 - Interstate Common Line Support

USF Overview

Wireless carriers have qualified to receive USF support

	<u>Wireless USF Support</u>	<u>% of Total USF</u>
1Q – 2000	\$350,000	0.1%
2Q – 2003	\$36,000,000	4.4%

USF Overview

- **States have already defined which areas are eligible to receive high cost USF support.**
- **Top 10 states receiving high cost USF support.**

<u>State</u>	<u>Projected 2003 Support</u>
Texas	\$206 million
Mississippi	\$175 million
Georgia	\$120 million
Kansas	\$114 million
Alabama	\$104 million
Arkansas	\$100 million
Oklahoma	\$ 99 million
Louisiana	\$ 98 million
Wisconsin	\$ 96 million
California	\$ 92 million

Carrier Eligibility to Receive USF Support

Demonstrate willingness and ability to provide all of the following services throughout the area to be served over its own facilities:

- Voice grade access to the PSTN
- Local usage
- Dual tone multi-frequency (“DTMF”) signaling, or its functional equivalent
- Single-party service, or its functional equivalent
- Access to emergency services, including 911 and enhanced 911 where available
- Access to operator services
- Access to the interexchange (*i.e.*, long distance) service
- Toll limitation feature for qualified low-income consumers
- “Lifeline” and link-up programs functionality to qualifying low-income persons

Carrier Eligibility to Receive USF Support

- A carrier must be designated as an ETC for the area to be served.
- The carrier must advertise the availability of the service and rates for service “using media of general distribution.”
- A carrier meeting the basic service requirements in any non-rural service area is entitled to the ETC designation as a matter of right.

Carrier Eligibility to Receive USF Support

- A competitive ETC receives the same per-line universal service funding as the ILEC ETC.
- Multiple connections to a single user all receive the same funding level.
- Currently, there is no limit to the number of ETCs that can be designated to serve a single service area.
- A competitive ETC designation in an area served by a rural telco may be withheld unless the designation is determined to be in the “public interest.”

Specific Procedures for Obtaining ETC Designation

Where to file?

- If a State retains jurisdiction of a wireless ETC designation request, file petition with the State Commission.
- If a State Commission does not retain jurisdiction over a wireless ETC designation request, file petition with the FCC.
- At least 8 states have determined they have no jurisdiction over a wireless ETC designation request.

Specific Procedures for Obtaining ETC Designation

ETC Petitions filed with the FCC must include:

- Certification or order demonstrating that petitioner is not subject to jurisdiction of State Commission.
- Statement of facts demonstrating that the petitioner is capable and willing to provide all required services “primarily” over the carrier’s own facilities.
- Statement of supporting facts demonstrating that the carrier will advertise the availability of its services.
- Description of the geographic areas within which the carrier requests designation as an ETC.
- For areas served by a rural telco, demonstration that the requested ETC designation is in the public interest.

Specific Procedures of Obtaining ETC Designation

State Commission ETC Procedures:

- Information required is generally the same as that required by the FCC, although it may vary from state to state.
- Carrier must, at a minimum, demonstrate that it is both capable and willing to provide all of the services required of an ETC.
- Each state may establish its own preferred form and procedure for the petition.
- State Commissions with jurisdiction over ETC designation may increase scrutiny of ETC approval process in the future.
- At least one State Commission, Utah, has rejected a request of ETC designation for a wireless carrier in a rural area on public interest grounds.

Specific Procedures for Obtaining ETC Designation

- At FCC, process usually takes six to seven months from the acceptance of a completed petition.
- At the state level, length of time required to obtain ETC designations may vary depending upon whether:
 - State Commission has previously established ETC eligibility proceedings.
 - State Commission has resolved the question of jurisdiction over wireless carrier designation as an ETC.
 - Requesting wireless carrier seeks designation in areas served by a rural telco.
 - Designated service area requires modification.

Obtain USF Funding as an Authorized ETC

- Submit Designation Order to USAC.
- Complete and file USAC Form 498.
- Have State Commission file certification that USF funds will only be used for USF program purposes.
- Comply with all quarterly and annual recordkeeping and reporting requirements.
- Currently, a carrier may retain ETC designation indefinitely, as long as it remains in compliance with all requirements and obligations.

Going-Forward Considerations

- On the regulatory front, no resolution of pending proceedings likely until mid-2004.
- Accelerated use of USF support by wireless carriers expected in the short term.
- Possible increased state resistance to competitive ETC designation in rural areas in response to opposition by rural telcos.
- Some modification to competitive ETC methodology possible in late 2004, particularly with respect to lower levels – but not elimination – of USF support for competitive ETCs.
- Competitive carriers already designated as ETCs could receive grandfathered treatment if current rules are modified.