

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE PETITION OF GTE )**  
**NORTHWEST INCORPORATED FOR )** **CASE NO. GTE-T-97-12**  
**DESIGNATION AS AN ELIGIBLE TELECOM- )**  
**MUNICATIONS CARRIER IN THE STATE OF )**  
**IDAHO PER FCC UNIVERSAL REPORT AND )** **ORDER NO. 27245**  
**ORDER NO. 96-45. )**  

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On October 17, 1997, GTE Northwest filed a Petition requesting that the Commission designate the Company as an eligible telecommunications carrier pursuant to provisions of the federal Telecommunications Act of 1996. A company designated as an eligible telecommunications carrier (ETC), is then eligible to receive federal universal service support. GTE asserted that it meets the requirements for designation as an ETC with one exception. The Company maintained that it cannot offer toll control service at this time and asked that the Commission grant a one year waiver for this service. The Company requested that the Commission issue its Order designating GTE as an ETC no later than January 1, 1998.

In Order No. 27196 issued October 29, 1997, the Commission found that this matter could be processed under Modified Procedure. The Commission requested that interested persons file written comments regarding GTE's Petition no later than November 19, 1997. Only the Commission Staff filed comments. Based upon our review of the Petition, federal requirements and Staff's comments, we grant GTE's Petition.

**BACKGROUND**

Before a telecommunications carrier may receive federal universal service support, it must be designated as an eligible telecommunications carrier by the appropriate state regulatory commission. Federal universal service support includes high-cost support, reimbursement for discounts provided to low-income customers in the Lifeline and Link Up programs,<sup>1</sup> and federal support for health care providers.

To be designated as an ETC, the Company must offer services that are supported by federal universal service support mechanisms . . . , either using its own facilities or a combination of its own facilities and resale of another carrier's services and advertise the availability of such services

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<sup>1</sup> The FCC Lifeline program currently reduces charges for low-income consumers in those states participating in the program. Link Up assists some subscribers to acquire new telephone service by paying half of the first \$60.00 charge for the installation of service. Idaho participates in the program.

and the charges therefore using media of general distribution. 47 U.S.C. 214(e). In its Universal Service Order released in May 1997, the FCC designated the following services as core universal services and must be provided by the carrier in order to qualify as an ETC:

- single-party service
- voice grade access to the public switched network
- touch-tone service
- access to emergency services, including 911 and E911
- access to operator services
- access to interexchange long-distance service
- access to directory assistance
- toll limitation services for qualifying low-income consumers

Universal Service Order, CC Docket No. 96-45, FCC 97-157 at 61-82 (codified at 47 C.F.R. 54.101). This Commission must also designate a service area for each ETC. An ETC service area is defined as a geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms. 47 U.S.C. 214(e)(5).

### **GTE S PETITION**

In its Petition, GTE asserted that it offers all of the designated core services (with one exception discussed below) using its own facilities and generally advertises the availability of those services. GTE requested that its Idaho study area (i.e., certificated service territory) be designated as its ETC service area. Finally, the Company requested that the Commission waive the FCC requirement that it provide toll control service as part of the toll limitation services required to be offered by ETCs.

GTE, like all other carriers seeking ETC status in Idaho, requested that the Commission grant it a waiver of the requirement to offer toll control as part of the toll limitation services. The FCC requires that ETCs provide qualifying low-income consumers toll limitation services free of charge. Toll limitation services includes both toll blocking and toll control services. Universal Service Order at 383. Toll blocking prohibits a customer from making long-distance telephone calls. Toll control allows a customer to limit the toll charges he or she incurs during a billing period to a preset amount. *Id.*

GTE stated that it currently provides toll blocking services, but does not presently have the capability of providing toll control as described by the FCC. GTE Petition at 4. GTE indicated that it is in the process of investigating whether modifications to its advanced credit management system could meet the FCC's toll control requirements. The Company stated that even if it can modify its billing system to provide for toll control, such a toll limitation process can be effective only to the degree that interexchange carriers supply rated toll billing records to GTE on a timely basis for inclusion in the customers' incurred balances and comparison to account credit limits, a practice that is not common in the industry at this time. *Id.*

GTE also argued that it was unclear from the FCC's Universal Service Order whether both toll blocking and toll control services must be offered. *Id.* Until GTE has had an opportunity to fully determine whether it has the capability to offer toll control service, the Company requested that the Commission waive the toll control requirement for a period of 12 months or until January 1, 1999.

### STAFF COMMENTS

In its comments, Staff confirmed that GTE offers the required core services using its own facilities and generally advertises the availability of those services, with the exception of toll control. Staff Comments at 3. Staff recommended the Commission grant GTE's Petition and specifically offered comments on two issues.

1. ETC Service Areas. GTE requested ETC designation for its service areas described by its tariffs and exchange maps filed with the Commission. Petition at 1. The Company states that this service area constitutes the Company's study area in Idaho. Petition at n.1.

Staff noted that the FCC expressed concern in the Universal Service Order, that designating a large LEC's entire study area as a single ETC service area might pose a barrier to competition. In other words, large service areas may constitute a hardship for new competitors to serve. Staff Comments at 4. The FCC recommended that a designated ETC service area should be at least sufficiently small to ensure accurate targeting of high cost support and to encourage entry by competitors. Universal Service Order at 185. The Order further cautioned against state commissions simply designating service areas that fit the contours of the existing provider, because new entrants, especially radio providers, might find it difficult to conform their signals or service areas to the precise contours of the incumbent's ETC support area.

Although it generally agreed with the FCC concerns, Staff suggested that it does not have sufficient information at this time to recommend smaller service areas for GTE. Because GTE is not eligible for USF payments until January 1999, Staff recommended that the Commission revisit this issue prior to January 1999. At that time, additional information would be available to the Commission to make such determinations. Staff concluded that designating the Company's study area as an ETC support area will allow it to comply with the January 1998 Link Up and Lifeline deadlines yet reserve the issue of the support areas for future consideration.

In response to the service area issue, GTE noted that the Commission rejected the Company's request to be designated as a rural telecommunications company. See Order No. 26914. The FCC recognizes that the ETC service area for a rural company is its study area. Universal Service Order at 182 *citing* 47 U.S.C. 214(e)(5). Consequently, GTE suggested that ETC service areas might be defined on the basis of the Company's wire centers.<sup>2</sup> The Company acknowledged that the

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<sup>2</sup> A wire center is a geographic area served by local switching equipment. A telephone exchange normally has at least one wire center and may contain more than one wire center.

Commission would in all likelihood revisit this issue when it explored in greater detail the selection of specific high cost support areas.

2. Toll Control Waiver. GTE also requested that the Commission suspend or waive any requirement to provide toll control services. The Staff noted in its comments that the FCC acknowledged that many utilities do not currently possess the technical ability to provide both toll blocking and toll control services. Staff Comments at 5. Consequently, the FCC authorized state commissions to grant a limited waiver of this requirement. The Idaho Commission must find that exceptional circumstances prevent an otherwise eligible telecommunications carrier from providing . . . toll limitation. 47 C.F.R. 54.101(c). Staff suggested that the waiver should be limited to that time the Commission deems necessary for that eligible telecommunications carrier to complete network upgrades. *Id.* Although the FCC's Order suggests that ETCs install toll blocking in any switch upgrade, the Order does not require that toll control be installed on any switch upgrades. Staff Comments at 5; Universal Service Order at 388.

Given the complexity of toll control services and the time GTE needs to evaluate the technical feasibility of such a program, the Staff recommended that the Commission grant GTE's waiver request. The Staff asserted that offering eligible customers toll blocking meets the spirit of providing toll limitation services.

## **DISCUSSION**

Having fully reviewed the record in this matter, we find that GTE is offering those core services (with the exception of toll control) that are to be supported by the federal universal support mechanisms. GTE asserted and the Staff confirmed that GTE is using its own facilities to offer such services. We further find the Company generally advertises the availability of such services and rates using media of general distribution. Consequently, GTE is in compliance with the requirements of 47 U.S.C. 214(e).

GTE, like all other carriers requesting ETC status in Idaho, has requested that we grant it a waiver of the requirement to offer toll control. GTE stated that it is diligently exploring the capability of offering toll control service in conjunction with its advanced credit management system. Given the FCC's acknowledgment that many telecommunications carriers do not possess the technical ability to provide toll control services, we find there are exceptional circumstances that justify the granting of a waiver in this instance. Accordingly, we grant GTE's waiver request from the toll control requirement for a period of twelve months or until January 1, 1999.

We next turn to the issue of designating the ETC service areas. In its Petition, GTE requested that its Idaho study area be designated as its ETC service area. In its comments, the Staff noted that the FCC recommended that a designated ETC service area should be at least efficiently

small to ensure accurate targeting of high cost support and to encourage entry by competitors. Staff Comments at 4, *quoting* Universal Service Order at 185. In its Order, the FCC cautioned state commissions against simply designating ETC service areas that fit the contour of existing incumbent LECs.

In Order No. 26914 issued May 12, 1997, we determined that GTE did not meet the definition of a rural telecommunications provider under the criteria set forth in the federal Telecommunications Act. Having rejected GTE's request that it be designated as a rural carrier, the Company suggested that we designate its wire center areas as its ETC service areas. We agree and find that the Company's ETC service areas be defined, at this time, as its wire centers. This is not detrimental to competitors because only Idaho's incumbent LECs have petitioned for ETC status. In addition, we intend to revisit this issue of the designated service areas when we examine in greater detail the designation of support areas necessary for receipt of state and federal universal service support.

#### **ULTIMATE FINDINGS OF FACT AND CONCLUSIONS OF LAW**

GTE Northwest is a telephone corporation subject to our regulatory jurisdiction pursuant to *Idaho Code* Title 61 and *Idaho Code* 62-615(1). The Commission finds that GTE meets the requirements to be designated as an eligible telecommunications carrier pursuant to 47 C.F.R. 54.201.

We further find that GTE should be granted a waiver from the requirement of providing toll control services until January 1, 1999. 47 C.F.R. 54.101(c).

Having concluded that GTE meets the requirements for designation as an eligible telecommunications carrier, we designate its ETC service areas as its existing wire centers.

#### **ORDER**

IT IS HEREBY ORDERED that GTE's request for designation as an eligible telecommunications carrier is granted. The Company is hereby designated as an ETC effective January 1, 1998.

IT IS FURTHER ORDERED that the Company's request for a waiver from the requirement that it offer toll control services as a component of toll limitation services is granted for a period of twelve months or until January 1, 1999.

IT IS FURTHER ORDERED that GTE's ETC service areas be designated, at this time, as its wire centers. The Commission specifically reserves the right to revisit the appropriate designation of ETC service areas at such time as it takes up the designation of ETC support areas.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. GTE-T-97-12

may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. GTE-T-97-12. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* 61-626 and 62-619.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of December 1997.

DENNIS S. HANSEN, PRESIDENT

RALPH NELSON, COMMISSIONER

Commissioner Smith out of the office on this date  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters  
Commission Secretary

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