

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN THE MATTER OF THE APPLICATION OF)
VCI COMPANY FOR DESIGNATION AS AN)
ELIGIBLE TELECOMMUNICATIONS CARRIER)
IN BELL SOUTH TELECOMMUNICATIONS, INC.'S)
SERVICE AREA)

Docket No. 06-00026

APPLICATION FOR DESIGNATION AS AN
ELIGIBLE TELECOMMUNICATIONS CARRIER

VCI Company ("Company" or "VCI"), pursuant to Section 214(e)(2) and Section 214(e)(6) of the Communications Act of 1934, as amended (the "Act")¹ and Sections 54.101 through 54.207 of the Rules of the Federal Communications Commission ("FCC"),² hereby makes application to the Tennessee Regulatory Authority ("Authority") for designation as an Eligible Telecommunications Carrier ("ETC") in exchanges and wire centers served by BellSouth Telecommunications, Inc. ("BellSouth") as described herein ("Designated Area") for the purpose of receiving federal universal service support ("Application"). As demonstrated below, VCI satisfies all of the statutory and regulatory requirements for designation as an ETC in the Designated Area. Furthermore, designation of VCI in the Designated Area will serve the public interest. Accordingly, VCI respectfully requests that the Authority grant this Application.

I. VCI COMPANY

1. The Company is a corporation organized under the laws of the State of Washington on November 24, 2003 and was authorized to conduct business as a foreign corporation in the State of Tennessee on September 28, 2005, Control No. 0503305. The Company was granted a Certificate of Public Convenience and Necessity by the Authority to provide competing local exchange services on March 31, 2006 in Docket No. 06-00019. On April 24, 2006, the

¹47 U.S.C. Sec. 214(e)(2); 47 U.S.C. Sec. 214(e)(6).

Company filed Price List No. 1, including the rates, services, terms and conditions for the provision of local exchange service in Tennessee. The principal office of the Company is located at 3875 Steilacoom Blvd. S.W. #A, Lakewood, Washington 98499. The Company's web site URL is www.vcicompany.com.

2. Correspondence and communications regarding this Application should be directed to:

Stacey A. Klinzman
Regulatory Attorney
VCI Company
3875 Steilacoom Blvd. S.W. #A
Lakewood, WA 98499
Telephone: (253) 830-0056
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And to:

April Ingram
Boulton, Cummings, Connors and Berry, PLC
Roundabout Plaza
1600 Division Street, Suite 700
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Telephone: (615) 252-2302
Facsimile: (615) 252-6302
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Correspondence and communications regarding on-going company operations should be directed to:

Stan Efferding
Secretary/Treasurer
VCI Company
3875 Steilacoom Blvd. S.W. #A
Lakewood, WA 98499
Telephone: (206) 419-5948
Facsimile: (253) 475-6328
Electronic mail: Vilaire@comcast.net

² 47 C.F.R. Sec. 54.101-54.207.

3. BellSouth has filed the executed Adoption Agreement between BellSouth and VCI, docket no. 06-00107, for the adoption of the Budget Phone, Inc. Interconnection Agreement approved by the Authority on November 21, 12005 in docket no. 05-00264. The Interconnection Agreement covers resale services and UNEs. Company also has entered into a commercial agreement with BellSouth.

4. The Company is not currently providing local exchange services in Tennessee, but will do so using a combination of unbundled network elements ("UNEs"), consisting of the local loop, ports and transport, provided by BellSouth and resale of BellSouth's services. Company is currently authorized to provide local exchange services in the following states: California, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Tennessee, Texas, Utah, Wisconsin, Wyoming and Washington. Company is a designated ETC in all of the above states except Florida, Georgia, Kansas, Kentucky, Louisiana, Missouri, Montana, Nevada, Tennessee and Wisconsin. *(See Exhibit A – Copies of ETC Designation Orders).*

5. VCI has not been denied ETC designation in any jurisdiction where it has applied therefor. VCI withdrew its ETC applications in the states of Michigan, Montana and Nevada. Company withdrew its Nevada ETC application so that it could address issues brought forward by staff, such as the facts that Company did not yet have an interconnection agreement or commercial agreement with SBC Nevada. Company withdrew its Montana ETC application for business reasons. Michigan staff initially requested that VCI withdraw its ETC application pending approval of its CLEC application. Upon obtaining CLEC authority in Michigan, the ETC application was refiled and was granted on April 13, 2006, Docket No. U-14807. The

Company expects to refile its Nevada and Montana ETC applications during 2006.

6. Company provides service to approximately 50,000 low-income residential customers in the states of Iowa, Minnesota, North Dakota, Oregon, South Dakota, Texas, Wyoming and Washington.

7. VCI is current and in good standing with the Universal Service Administrative Company.

II. Requested Designated Area

8. VCI requests that it be designated an ETC in the service area of BellSouth. A list of wire centers in VCI's requested Designated Area is attached as ***Exhibit B***.

III. Requirements for Eligible Telecommunications Service Designation

9. As set forth in Section 214(e) (2) of the Act, the state commission "shall upon its own motion or upon request designate a common carrier that meets the requirements of [Section 214(e) (1)] as an eligible telecommunications carrier for a service area designated by the State commission."³ Section 214(e)(2) of the Act further provides, in the case of areas not served by a rural telephone company, that the state commission *shall designate more than one common carrier as a eligible telecommunications carrier*, consistent with the public interest, convenience and necessity. Upon designation as an ETC, the carrier shall be eligible to receive universal support in accordance with Section 254 of the Act.⁴

³ 47 U.S.C. Sec. 214(e)(2); see 47 C.F.R. 54.210(b) (FCC rules citing the Act's requirements.)

⁴ 47 U.S.C. Sec. 214(e)(1)

10. The requirements for designation as an ETC set forth in Section 214(e)(1) of the Act and 47 C.F.R. 54.501(d)(1) and (2) are that the carrier must be a "common carrier" and

- (A) offer the services that are supported by Federal universal support mechanisms under section 254(c), either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier); and
- (B) advertise the availability of such services and the charges therefore using the media of general distribution.⁵

11. Additional requirements for ETC designation were adopted by the FCC in the March 17, 2005 Order, which are codified at 47 C.F.R. 54.202(a) (1)-(5). The additional requirements provide that a carrier requesting designation as an ETC must:

- (A) Commit to provide service throughout its proposed designated service area to all customers making a reasonable request for service 47 C.F.R. 54.202(a)(1)(i);
- (B) Provide service on a timely basis to requesting customers within the applicant's service area where the applicant's network already passes the potential customer's premises (47 C.F.R. 54.202(a)(1)(i)(A));
- (C) Provide service within a reasonable period of time, if the potential customer is within the applicant's licensed service area but outside its existing network coverage, if service can be provided at reasonable cost by:
 - (1) Modifying or replacing the requesting customer's equipment;
 - (2) Deploying a roof-mounted antenna or other equipment;
 - (3) Adjusting the nearest cell tower;
 - (4) Adjusting network or customer facilities;
 - (5) Reselling services from another carrier's facilities to provide service; or
 - (6) Employing, leasing or constructing an additional cell site, cell extender, repeater, or other similar equipment.47 C.F.R.54.202(a)(1)(i)(B).

⁵ Id.

- (D) Submit a five-year plan that describes with specificity proposed improvements or upgrades to the applicant's network on a wire center-by-wire center basis throughout its proposed designated service area. Each applicant shall demonstrate how signal quality, coverage or capacity will improve due to the receipt of high-cost support; the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; the specific geographic areas where the improvements will be made; and the estimated population that will be served as a result of the improvements. If an applicant believes that service improvements in a particular wire center are not needed, it must explain its basis for this determination and demonstrate how funding will otherwise be used to further the provision of supported services in that area (47 C.F.R. 54.202(a)(1)(ii));
- (E) Demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations (47 C.F.R. 54.202(a)(2));
- (F) Demonstrate that it will satisfy applicable consumer protection and service quality standards. A commitment by wireless applicants to comply with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service will satisfy this requirement. Other commitments will be considered on a case-by-case basis (47 C.F.R. 54.202(a)(3));
- (G) Demonstrate that it offers a local usage plan comparable to the one offered by the incumbent LEC in the service areas for which it seeks designation. (47 C.F.R. 54.202(a)(4)); and
- (H) Certify that the carrier acknowledges that the Authority may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area. (47 C.F.R. 54.202(a)(5)).

12. Pursuant to the FCC's Order released August 10, 2000, Section 214(e)(1) of the Act does not require a carrier to provide supported services throughout a service area prior to being designated an ETC.⁶

⁶ *In the Matter of the Federal-State Joint Board on Universal Service; Western Wireless Corporation Petition for Preemption of an Order of the South Dakota Public Utilities Commission*, 15 FCC Rcd. 15168 (CC Docket No. 96-45, rel. August 10, 2000).

IV. VCI Company Satisfies the Requirements Set Forth in Section 214 (e)(1) and 47 C.F.R. 54.501(d)(1) and (2) for Designation as an ETC to Serve the Designated Area

13. VCI Company is a common carrier as that term is defined in the Act.⁷ Although the Company is not yet providing competitive local telecommunications services in the state of Tennessee, the Company provides local exchange telecommunications services in other states as indicated in paragraph 6 above.

14. VCI will offer all of the supported services enumerated under Section 254(c) of the Act using a combination of its "own facilities" and resale of another carrier's services. The term "facilities" under 47 C.F.R. Section 54.201 is defined as "any physical components of the telecommunications network that are used in the transmission or routing of the services that are designated for support pursuant to subpart B of this part."⁸ 47 C.F.R. Sec. 54.201(f) provides that "the term 'own facilities' includes, but is not limited to, facilities obtained as unbundled network elements...."⁹ The Company's use of BellSouth UNEs meets this definition of "facilities." Accordingly, the Company satisfies the requirement set forth in Section 214(e)(1)(A) of the Act.

⁷ See 47 U.S.C. Sec. 153(10) ("the term 'common carrier' or carrier' means any person engaged as a common carrier for hire; in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy").

⁸ 47 C.F.R. Sec. 54.201(e).

⁹ 47 C.F.R. Sec. 54.201(f).

15. The services that are supported by Federal universal support mechanisms under Section 254(c) of the Act are enumerated in the FCC's rules.¹⁰ These services are:

- a) Voice grade access to the public switched network.
- b) Local usage.
- c) Dual tone multi-frequency signaling or its functional equivalent
- d) Single-party service or its functional equivalent.
- e) Access to emergency services.
- f) Access to operator services.
- g) Access to interexchange service.
- h) Access to directory assistance.
- i) Toll limitation for qualifying low-income consumers.

16. The Company will provide the supported services in Tennessee, and does provide the services in other states, as follows:

- a) Voice Grade Access to the Public Switched Network. The FCC has concluded that voice-grade access means the ability to make and receive phone calls, within a bandwidth of approximately 2700 Hertz within the 300 to 3000 frequency range. There is no requirement to support high-speed data transmissions.¹¹ The Company will meet this requirement by providing voice-grade access to the public switched telephone network (PSTN). Through its interconnection arrangements with BellSouth, all customers of the Company will be able to make and receive calls on the PSTN within the specified bandwidth.
- b) Local usage. Although the FCC requires an ETC applicant to demonstrate that it offers a local usage plan comparable to the one offered by the BellSouth in the service areas for which the applicant seeks designation, the FCC has not adopted a specific local usage threshold.¹² VCI will offer unlimited local service permitting the customer to make an unlimited amount of local calls within his/her local calling area.
- c) Dual tone multi-frequency. ("DTMF") is a method of signaling that facilitates the transportation of signaling through the network, shortening call set-up time. VCI will use DTMF or signaling that is functionally equivalent to DTMF in Tennessee.

¹⁰ 47 C.F.R. Sec. 54.101(a)(1)-(9)

¹¹ See Universal Service Fourth Order on Reconsideration, FCC 97-420 (Dec. 30, 1997).

¹² *In the Matter of Federal-State Board on Universal Service*, Report and Order, CC. Docket No. 96-45 (March 17, 2005) ¶¶ 32-34 (hereinafter "March 17, 2005 Order").

- d) Single-party service. 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. VCI will meet the requirement of single-party service in Tennessee by providing its customers with exclusive use of a wireline subscriber loop for each call placed, through its interconnection agreement with BellSouth.
- e) 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. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code "911," to call emergency services through a Public Service Access Point (PSAP) operated by the local government. "Enhanced 911" is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party. "Access to emergency services" includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems. VCI will provide all of its customers with access to emergency services by dialing 911 through its interconnection agreement with BellSouth in satisfaction of this requirement.
- f) 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 or completion, or both, of a telephone call. VCI will meet this requirement by providing all of its customers with access to operator services provided by BellSouth through its interconnection agreement with BellSouth.
- g) 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 to access an interexchange carrier's network. VCI will meet this requirement by providing all of its customers with the ability to connect with the interexchange carrier of their choice.
- h) 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. VCI will meet this requirement by providing its customers with access to directory assistance by dialing "411" or "555-1212."

- i) Toll limitation for qualifying low-income consumers. Toll limitation service is defined as either “toll control” or “toll blocking” services pursuant to 47 C.F.R. Sec. 54.400(d). VCI will provide the toll limitation service that BellSouth has the technological capability to provide. VCI provides toll blocking services to requesting Lifeline eligible customers free-of-charge in those states where it provides service.

17. The Company will advertise the supported services in media of general distribution as required in Section 214(e)(1) of the Act. Furthermore, the Company is in compliance with the outreach guidelines adopted by the FCC in its Report and Order and Further Notice of Proposed Rulemaking released April 29, 2004,¹³ including 1) utilizing outreach materials and methods designed to reach households that do not currently have telephone service; 2) developing outreach advertising that can be read or accessed by any sizeable non-English speaking populations within a carrier’s service area; and 3) coordination of outreach efforts with governmental agencies/tribes that administer relevant government assistance programs.¹⁴

18. In states where the Company is currently providing service as a designated ETC, the Company advertises the availability of Lifeline and Link-Up service via television advertisements. In addition, the Company has developed brochures in English and Spanish which are displayed in government agency offices and offices of organizations that provide services to low-income consumers, such as state departments of social service, housing offices, and food banks. Finally, the Company advertises its services in newspapers and fliers in Native American communities and also works directly with some tribal coordinators. The Company’s advertising plan is designed to provide notification of the existence of low-income programs to the widest possible audience. *(See sample Company brochure at Exhibit C)*

¹³ *In the Matter of Lifeline and Link-Up*, Report and Order and Further Notice of Proposed Rulemaking (WC Docket No. 03-109, rel. April 29, 2004).

¹⁴ *Id.* at ¶ 45.

V. VCI Satisfies all Applicable Requirements Set Forth in the March 17, 2005 Order as Codified at 47 C.F.R. 54.202(a)(1)-(5) for Designation as an ETC to Serve the Designated Area

19. The Company believes that many, if not all, of the additional requirements set forth in the March 17, 2005 Order and 47 C.F.R. 54.202(a) apply to wireless carriers or carriers requesting reimbursement from the Federal high cost fund.¹⁵ Nevertheless, VCI will comply with all applicable requirements set forth in the March 17, 2005 Order and adopted by the Authority. Each requirement is addressed below.

20. VCI commits to provide service throughout its proposed designated service area to all customers making a reasonable request for service.

21. VCI will provide service on a timely basis within its designated service area. As the Company does not own, operate or manage a network, whether the Company is able to serve a particular subscriber is dependent on where BellSouth's network is located or where BellSouth builds out its network. Service outside of BellSouth's existing network coverage, in VCI's Designated Area, cannot be provided at reasonable cost by VCI.

22. VCI proposes to provide Lifeline and Link-Up services in the service area where BellSouth is a certificated local exchange carrier. BellSouth is not a rural carrier. VCI does not request reimbursement from any state or federal high cost fund. Thus, the Company should not be required to provide a 5-year plan indicating how high-cost funding will be used.

¹⁵ The March 17, 2005 Order arose out of the FCC's request to the Joint Board to "review certain of the Commission's rules relating to the high-cost universal service support mechanisms to ensure that the dual goals of preserving universal service and fostering competition continue to be fulfilled." (March 17, 2005 Order, ¶ 9).

23. The FCC has determined that Lifeline providers utilize Federal universal service support for the purpose it was intended when the carrier reduces the price of access to telecommunications services for the eligible customer by the amount of that support.¹⁶ VCI will pass through all applicable state and Federal service discounts to its end-user customers, thus reducing the price of access to telecommunications services for the Lifeline and Link-Up eligible customer.

24. VCI will invest in Tennessee's telecommunications infrastructure through payment of rates and charges to BellSouth for services purchased or leased from BellSouth, which rates and charges include costs for maintenance and upgrade of BellSouth's facilities.

25. VCI's ability to remain functional in an emergency situation is dependent on that of BellSouth, its underlying network based carrier, including the supply of a reasonable amount of back-up power to ensure functionality without an external power source, ability to reroute traffic around damaged facilities, and capability of managing traffic spikes resulting from emergency situations.

26. VCI will comply with all applicable consumer protection and service quality standards in Tennessee.

27. The Company offers a local usage plan with unlimited calling within the customer's local calling area for a flat monthly fee, as does BellSouth (see BellSouth Telecommunications, Inc. Tennessee General Subscriber Services Tariff, Section A3.2). The FCC did not adopt a specific local usage threshold in the March 17, 2005 Order, contemplating that such service would vary from carrier to carrier.¹⁷

¹⁶ *In the Matter of Federal-State Board on Universal Service, Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. Sec. 214(e)(1)(A) and 47 C.F.R. Sec. 54.201(i), ¶ 26* (CC Docket No. 96-45, rel. Sept. 8, 2005).

¹⁷ The FCC envisioned that carriers might offer local calling plans that vary from the ILEC's, such as 1) a local calling plan with a calling area different from that of the ILEC; 2) a local calling plan with a specified number of

28. VCI certifies that it acknowledges that the Authority may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access with the service area.

VI. VCI Company's Proposed Lifeline Service Rates and Charges and Tariffed Regulations

A. Lifeline and Link-Up Discounts

29. VCI will pass through all federal and state mandated service support¹⁸ to its Lifeline and Link-Up customers, and may provide additional company discounts that encompass additional support required by state commissions, as follows:

A. Lifeline Assistance Credits

- | | | |
|----|----------------|--|
| a. | Tier 2 credit | \$1.75 – discount off basic monthly service |
| b. | Tier 3 credit | \$1.75 – discount off basic monthly service |
| c. | Company Credit | <u>\$7.49</u> – discount off basic monthly service |

TOTAL CREDIT \$10.99

In addition, the SLC is waived. The SLC amount has been \$4.92 per line per month, but is subject to change by the ILEC and pursuant to FCC rules and regulations

30. Pursuant to 47 U.S.C. 54.411(a)(1)(2), VCI will reduce its connection fee by ½ or \$30.00, and may provide additional company credits to further low the connection fee. The customer will be permitted to pay the remaining connection fee, up to \$200, over a 12 month period without interest.

free minutes; or 3) a local calling plan with bundled local and long distance minutes, and suggested that local calling plans be reviewed on a case-by-case basis. March 17, 2005 Order, ¶33.

¹⁸ See 47 U.S.C. Sec. 54.403(a)(1)-(3).

B. VCI's Lifeline and Link-Up Rates

31. VCI proposes to provide basic local exchange service to Lifeline eligible customers for a monthly fee of \$19.00, after service discounts are applied. VCI's service connection fee, after application of all discounts, including the required \$30.00 discount, is expected to be \$120.00, payable at \$10.00 per month over a 12 month period. The Lifeline and Link-Up eligible customer's telephone bill is expected to be \$24.00 per month for the first year of service and \$14.00 per month thereafter, plus all applicable taxes and surcharges.

32. VCI's proposed Lifeline and Link-Up regulations, assistance credits and rates are included in its Price List No. 1, filed with the Authority on April 24, 2006.

VII. Public Interest Analysis

33. In the March 17, 2005 Order, the FCC adopted, and encouraged the states to utilize, a cost-benefit analysis methodology of determining whether an application for ETC designation is in the public interest.¹⁹

34. According to the FCC, the public interest analysis should take into account the fundamental goals of preserving and advancing universal service; ensuring the availability of quality telecommunications services at just, reasonable and affordable rates, and the deployment of advanced telecommunications and information services to all regions of the nation, including rural and high-cost areas.²⁰

35. Because the FCC's rules indicate that a state commission *shall* designate more than one ETC in an area served by a non-rural incumbent, the FCC indicated that the public interest analysis may be conducted differently, certain factors may be given more weight than others, and that state commissions may reach a different outcome in applying the test to carriers serving in a

¹⁹ March 17, 2005 Order, ¶ 58.

non-rural area.²¹ The FCC also indicated that the public interest inquiry need not be as rigorous for carriers seeking ETC designation in non-rural carrier areas.²²

36. The FCC's cost-benefit analysis consists of the weighing and consideration of such factors as 1) the benefits of increased consumer choice; and 2) the advantages and disadvantages of an applicant's service offering.²³ Among the advantages may be that an ETC designation will permit consumers to be subject to fewer toll charges, and to obtain access to premium services, such as voice mail, call forwarding, three-way calling and call waiting. Disadvantages might include dropped call rates and poor coverage.²⁴

37. VCI engages in the FCC's cost benefit analysis on the assumption that the Authority has adopted the FCC's public interest methodology. Accordingly, the Authority should find that VCI's designation as an ETC in the state of Tennessee is in the public interest for the reasons set forth below:

A VCI's Designation will Lead to Increased Consumer Choice

38. Competitive carriers do not often request ETC designation or offer Lifeline and Link-Up services. Designation of VCI as an ETC will increase the low-income consumer's choice of carriers.

39. For those consumers who have been disconnected from BellSouth or other competitive carriers for non-payment of bills, VCI will provide an alternative to higher priced pre-paid local exchange carriers.

²⁰ March 17, 2005 Order, ¶ 40.

²¹ March 17, 2005 Order, ¶ 43.

²² Id. at ¶¶ 58, 59.

²³ Id. at ¶ 40.

²⁴ Id. at ¶ 44.

B. VCI's Designation Would Lead to Increased
Subscribership

40. According to the FCC, in 2004²⁵ only one-third of households eligible for Lifeline and Link-Up service subscribed to these programs, at a time when poverty rates were increasing.²⁶ VCI's aggressive advertisement of Lifeline and Link-Up services, at a cost of approximately \$10,000.00 per state per month, ensures that a significant portion of the eligible population is aware of the availability of low-income telephone service programs. Increased awareness leads to increased subscribership in these programs for all carriers.

41. VCI's customers generally have poor credit and have had service disconnected by BellSouth or another competitive local exchange carrier because of unpaid bills. These consumers may be without telephone service altogether because of an inability to bring their accounts current and comply with other requirements for being reconnected, such as the payment of a deposit and/or reconnection fee. Company removes significant barriers to telephone subscribership by providing service to all Lifeline and Link-Up eligible consumers within its designated service area without credit checks or the imposition of a deposit, and despite the customer having been disconnected by another carrier.

C. Company's Designation Would Result in a Significant Reduction
in Toll Charges, thereby making Telephone Service More
Affordable

42. VCI provides toll restriction services throughout its designated service area, free of charge, as required by the FCC's rules. In addition, VCI's customer service personnel are trained to and do actively educate the Company's potential customers on the benefits of toll limitation service in reducing the customer's telephone bill. VCI's customer

²⁵ Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of Lifeline and Link-Up*, WC Docket No. 03-109 at ¶ 1 (FCC 04-87, April 29, 2004).

²⁶ Id. at ¶ 11.

service staff recommends the use of prepaid long distance calling cards as an alternative to subscription to Interexchange telephone service. As a result, the majority of VCI's customers choose toll restriction service and/or prepaid long distance telephone cards, which leads to affordable telephone service for the low-income consumer.

D. Company's Designation Would Make Premium Services Available to Low Income Consumers

43. VCI's service offering includes premium services, such as Caller ID, Call Waiting and Three-Way Calling. Where economically feasible, VCI offers premium service to its customers free-of-charge for the first year of service.

E. Company's Procedures and Processes are Geared Toward the Low-Income Customer

44. VCI bills its low-income customers at the beginning of the month, when the customer is likely to have funds available for payment of bills. In addition, VCI keeps telephone service simple. The Company only offers flat rated, unlimited local exchange service and a few custom calling features. VCI does not upsell its low-income customers features and services that the customer cannot afford. As a result, the customer pays one, consistent monthly rate.

VIII. VCI'S Designation Will Have Minimal Impact on the Federal Universal Service Fund or any State Universal Service Fund

45. VCI requests reimbursement from the Low-Income Division of the USAC only. The Company does not request reimbursement from any state universal service fund, or from the High Cost Division of the USAC.

46. VCI primarily will serve consumers that were previously customers of other carriers, such as BellSouth. Thus, VCI's reimbursement from the USAC is transferred from the previous carrier to VCI. The only increase in demand on the Federal Universal Service Fund would be for those consumers who subscribe to telephone service for the first time.

IX. Conclusion

VCI Company has demonstrated that it meets the FCC's requirements for designation as an Eligible Telecommunications Carrier. Accordingly, VCI Company respectfully requests the Tennessee Regulatory Authority to designate it an ETC in BellSouth Telecommunications, Inc.'s service area for purposes of the purpose of receiving federal universal service support.

[Signature Next Page]

Respectfully submitted this 28th day of APRIL, 2006.

By:



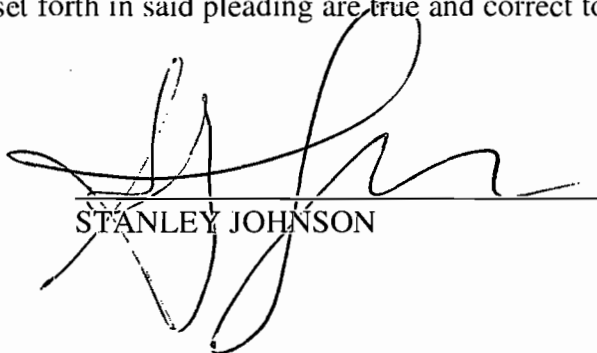
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VERIFICATION

STATE OF WASHINGTON)
) ss: Lakewood
COUNTY OF PIERCE)

THE UNDERSIGNED, STANLEY JOHNSON, being duly sworn states under oath as follows:

1. I am President of VCI Company;
2. I am familiar with the foregoing Application for and on behalf of VCI Company;
3. I am authorized to execute this oath and file said pleading on behalf of VCI Company;
4. VCI Company will comply with the requirements set forth in the Federal Communications Commission's rules and regulations for the provision of Lifeline and Link-Up Service, including the requirements 1) to provide the supported services throughout its designated service area and 2) to advertise the availability of the services and charges for Lifeline and Link-Up services using the media of general distribution;²⁷ and
5. The matters and things set forth in said pleading are true and correct to the best of my knowledge, information and belief.


STANLEY JOHNSON

²⁷ 47 C.F.R. 54.501(d)(1) and (2).

SWORN TO AND SUBSCRIBED before me on this the 26th day of April 2006.



A handwritten signature of Alexis Steckler in black ink.

Alexis Steckler, NOTARY PUBLIC in and for the
State of Washington, residing at

Pierce County

My Commission Expires:

3-31-09

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing is being forwarded via U.S. mail, to:

Guy Hicks
BellSouth Telecommunications, Inc.
333 Commerce Street
Nashville, TN 37219

on this the 28th day of April, 2006.

A handwritten signature in black ink, appearing to read 'April', is written over a horizontal line.

April Ingram

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN THE MATTER OF THE APPLICATION OF)
VCI COMPANY FOR DESIGNATION AS AN)
ELIGIBLE TELECOMMUNICATIONS CARRIER)
IN BELL SOUTH TELECOMMUNICATIONS, INC.'S) Docket No. 06-_____
SERVICE AREA)

LIST OF EXHIBITS

EXHIBIT

A
B
C

DOCUMENT

Copies of ETC Designation Orders
BellSouth Wire Centers in Designated Area
Sample Brochure

EXHIBIT A

**Copies of ETC Designation Orders
(Attached)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division
Public Programs Branch

RESOLUTION T-16919
March 17, 2005

R E S O L U T I O N

Resolution T-16919. VCI Company dba Vilaire.
To designate VCI company as an Eligible Telecommunications Carrier (ETC) pursuant to the Federal Communications Commission's Report and Order (FCC 97-157) in the matter of Federal-State Joint Board on Universal Service (CC Docket No. 96-45).

Summary

This Resolution addresses the request of VCI Company dba Vilaire for designation as an Eligible Telecommunications Carrier (ETC) in the exchanges of Pacific Bell.

Although VCI Company has satisfied most of the requirements for ETC designation, the Commission finds that VCI Company needs to comply with certain requirements such as adherence to the terms and conditions set forth in Appendix B of Decision 04-09-047 dated September 23, 2004, immediate commencement of operations in California, inclusion of California as one of the states where telephone services is being offered in its website, revision of its tariff to include toll limitation, and expansion of advertisement of universal service offering in media of general circulation other than television and the company's website.

This resolution grants conditional approval of VCI Company's request and orders VCI Company to submit an attestation letter to the Director of Telecommunications Division, 15 days after the effective date of this resolution stating, under penalty of perjury, that it will comply with the following requirements:

- 1) Advertise the availability of telephone services in California in its website;
- 2) Revise its tariffs to include toll limitation as an offered service; and
- 3) Expand its advertisement to other media of general circulation such as newspapers of general distribution or radio. VCI should also advertise the designated services in annual bill inserts, white page directories, and other means that would satisfy the FCC advertising requirement.

This resolution likewise grants authority to the Director of the Telecommunications Division (TD) to issue a letter to VCI Company granting final approval to VCI

Company's request for designation as an ETC after TD has verified that the aforementioned requirements have been met.

VCI Company is obligated to provide all the designated services for federal universal service support in the areas for which it is designated an ETC.

Background

Pursuant to the Federal Communications Commission's (FCC) Report and Order (R&O) on Universal Service (FCC 97-157), only eligible telecommunications carriers (ETCs) designated by state commissions will be eligible to receive federal high cost, low income, and most rural health care universal service support beginning January 1, 1998.¹

Resolution T-16086

In Resolution T-16086, the Commission adopted procedures and guidelines for designating ETCs in accordance with the FCC rules. The Commission directed all incumbent local exchange carriers, facilities-based competitive local carriers, and facilities-based broadband commercial mobile radio service (CMRS) carriers seeking ETC status to submit to TD the following: (1) self-certification letters indicating their compliance with the ETC eligibility requirements, (2) advice letters to implement any necessary tariff changes consistent with the ETC service requirements, and (3) requests for additional time to complete network upgrades needed to provide single-party, E-911, or toll limitation services.²

Carriers were instructed to include the following in their self-certification letters: (1) the service areas for which the carrier is requesting ETC designation, (2) an itemized list of the designated services to be provided, (3) a list of any services which the carrier proposes not to provide and for which the carrier is requesting an extension of time, (4) an indication of whether the carrier plans to apply for a waiver of the requirement that an ETC not disconnect Lifeline service for non-payment of toll charges, (5) a description of the carrier's advertising plan, indicating the advertising media to be used, and an explanation of how its plan meets the advertising requirement in section 214(e) of the Telecommunications Act.³

Resolution T-16086 also required carriers requesting additional time to undertake network upgrades necessary to provide single-party service, access to E911, and/or toll limitation services, to provide (1) a justification for the extension request, (2) an indication of the length of time for which the extension is being sought, (3) an

¹ 47 C. F. R § 54.201 (a) (1)

² Resolution T-16086, Ordering Paragraphs (O. P.) 1 and 2.

³ *Id.*, O. P. 3.

implementation plan for the network upgrades necessary to provide any of the above services, and (4) an estimate of the cost of undertaking the network upgrades. Furthermore, carriers seeking a waiver of the prohibition to disconnect Lifeline service for non-payment of toll charges were directed to apply for such a waiver to the Commission. The waiver application must demonstrate that (a) the carrier would incur substantial costs in complying with this requirement, (b) the carrier offers toll limitation to qualifying low-income customers without charge, and (c) the telephone subscribership among low-income customers in its area is greater than or equal to the national subscribership rate for low-income consumers.⁴

Notice/Protests

Notice of Filing of the petition by VCI Company to be designated as an ETC for purposes of federal universal service support was published in the Commission Daily Calendar of October 15, 2004. No protest to this letter request has been received.

Discussion

VCI Company dba Vilaire, an FCC licensed, CPUC certificated competitive local exchange carrier, submitted a petition for ETC designation to TD on October 4, 2004. TD reviewed the request and found that VCI was not in compliance with some of the requirements set forth in Resolution T-16086, to wit:

- 1) submission of a petition instead of an application letter;
- 2) non-submission of service areas/GSAs proposed to be served as an ETC;
- 3) non-submission of a map indicating the service areas by Census block groups;
- 4) non-submission of an advertising plan, media to be used, explanation of how its plan meets the advertising requirement in section 214 (e) of the Telecommunications Act;
- 5) non-submission of justification for request for exemption to provide toll limitation to qualifying low-income customers, an indication of time for which the extension is being sought, an implementation plan for the network upgrades necessary to provide the service and an estimate of the cost of undertaking the network upgrade; and
- 6) non-submission of proof that petition for ETC designation was served on all parties to the universal service proceeding (OII/R 95-01-020/021), all LECs, all facilities based CLCs, and all facilities-based broadband CMRS carriers.

Likewise, in their petition, VCI stated that the request is being made for purposes of providing local exchange service to California residents qualifying for the California

⁴ Id., O. P. 4 and 5.

Telephone Assistance Plan (CTAP). Clarification was requested as to what CTAP program VCI was referring to.

On December 21, 2004, TD sent a letter to VCI asking the carrier to comply with the provisions of Resolution T-16086, with clarification requested on the aforementioned items. VCI responded to TD's letter on December 24, 2004 by submitting an application letter and submitting some of the required documents.

A. Compliance with ETC Eligibility and Service Requirements

In Resolution T-16086, the Commission indicated that it will designate the Geographic Study Area (GSA), i.e., census block groups (CBGs), as the service area for purposes of the federal universal service obligations and support mechanisms for areas served by non-rural LECs, consistent with 47 C.F.R. § 54.207. VCI Company requested ETC status in exchanges served by Pacific Bell as defined in Pacific Bell's current and effective tariffs on file with the CPUC.

In compliance with the directive in Resolution T-16086, VCI Company resubmitted an application letter stating that it is requesting for designation as an ETC for purposes of providing local-exchange service to California residents qualifying for the California Universal Lifeline Telephone Service Program.

In its self-certification application letter, VCI signified its intent to provide all of the designated services. These services include the following:

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

VCI will provide the above services primarily through the use of Unbundled Network Elements (UNE's) leased from Pacific Bell Communications.

VCI further states that customers who are eligible for the California Universal Lifeline Telephone Service Program will receive discounts in accordance with state and federal guidelines.

Although VCI, in its petition, requested for exemption to provide toll limitation services to qualifying low-income customers since its underlying carrier and UNE-P provider, Qwest Communications, does not have the technological capability for providing toll-limitation service, it is not requesting the same exemption in its application letter. A check of VCI's tariffs filed with the Commission, disclosed that toll limitation is not offered as one of its services.

Although a Certificate of Public Convenience and Necessity (CPCN) was granted to VCI on September 23, 2004, VCI's website does not include California as one of the areas where telephone service is being offered. Washington, Montana, Oregon, and Wyoming are the states listed in VCI's website. Except for its tariff filing, no other reports (e. g. surcharge remittance reports) were filed by VCI

VCI also states that it will advertise the availability of its services throughout its proposed service area through television advertisement daily. Lifeline and link-up information will also be available in their website at <http://www.vcicompany.com>.

Based on the application letter submitted by VCI to TD, VCI Company has substantially complied with the guidelines set forth in Resolution T-16086 and the FCC's service requirements for ETCs. However, TD finds that VCI should do the following as a condition for its designation as an ETC:

1. Advertise the availability of telephone services in California in its website;
2. Revise its tariffs to include toll limitation as an offered service; and
3. Expand its advertisement to other media of general circulation such as newspapers of general distribution or radio. VCI should also advertise the designated services in annual bill inserts, white page directories, and other means that would satisfy the FCC advertising requirement.

VCI should, within 15 days from the effective date of this resolution, send an attestation letter to the TD Director, certifying, under penalty of perjury, that it will comply with the abovementioned requirements.

The TD Director will, after TD has verified that the above requirements have been met, will send a letter to VCI Company, granting final approval of their request for ETC designation.

B. Universal Service Administrative Company Certification Requirements

According to the FCC rules, a state commission shall file or require an ETC to file information with the federal universal service administrator demonstrating that the carrier's Lifeline service meets the FCC requirements. Lifeline assistance shall be made

available once the administrator certifies that the carrier's Lifeline plan meets the criteria.⁵

After final approval is issued by the TD Director, VCI Company, as an ETC, should file information with the federal universal service administrator, the Universal Service Administrative Company (USAC), pursuant to 47 C. F. R. § 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. VCI shall provide the USAC an estimated amount of state assistance (if any) based on current ULTS rates, net of the expected amount of federal support. A Copy of VCI's filing with the USAC shall be provided to the TD Director.

C. Reimbursements from the ULTS Fund

As a designated ETC, VCI is eligible to obtain federal Lifeline and Link Up support. Resolutions T-16086, 16128 and 16591 require that ULTS payments from California be reduced by amounts received under the federal ETC program.

Comments

In compliance with PU Code § 311 (g), copies of the notice letter were e-mailed on February 15, 2005, to all Local Exchange Carriers, all facilities-based Competitive Local Carriers, and all facilities-based broadband Commercial Mobile Radio Service carriers, and parties to the universal service proceeding (OII/R 95-01-020/021), advising parties of the availability of the draft resolution on the Commission website www.cpuc.ca.gov/static/industry/telco/resolutions/index.htm, for public comments. In addition, TD informed these parties of the availability of the conformed resolution, when adopted by the Commission, at the same website.

TD received no comments on this resolution.

Findings

1. Resolution T-16086 established a procedure for California telecommunications carriers to request designation as eligible telecommunications carriers.
2. VCI Company dba Vilaire is a Federal Communications Commission (FCC) licensed, California Public Utilities Commission (CPUC) certificated competitive local exchange carrier.

⁵ 47 C. F. R. § 54.401 (d).

3. VCI Company submitted a petition requesting designation as an Eligible Telecommunications Carrier (ETC) on October 4, 2004.
4. The notice of filing of the petition was published in the Commission Daily Calendar of October 15, 2004.
5. No protests were received on VCI's petition for ETC designation.
6. The Telecommunications Division (TD) reviewed VCI's filing and sent the carrier a letter, dated December 21, 2004, informing the carrier that their submission was inconsistent with the guidelines set in Resolution T-16086. Likewise, TD required clarification and submission of additional documents to support VCI's request.
7. On December 24, 2004, VCI responded to TD's letter by filing an application letter and providing answers to the issues raised in TD's letter of December 24, 2004.
8. VCI requested ETC designation in exchanges served by Pacific Bell as defined in Pacific Bell's current and effective tariffs on file with the CPUC.
9. In its self-certification application letter, VCI states that it provides the following services: Voice-grade access to the public switched network; Local Usage; Dual tone multi-frequency (DMTF) signaling or its functional equivalent; Single-party service or its functional equivalent; Access to emergency services; Access to operator services; Access to interexchange service; Access to directory assistance; and Toll limitation.
10. VCI states that it provides the above services primarily through the use of Unbundled Network Elements (UNE's) leased from Pacific Bell Communications.
11. A check of VCI's website disclosed that services are being offered in the following states: Washington, Montana, Oregon, and Wyoming. No services for California are being offered, although VCI was granted a Certificate of Public Convenience and necessity on September 23, 2004 and tariffs are on file with the Commission.
12. In its petition, VCI requested for exemption to provide toll limitation services to qualifying low-income customers since its underlying carrier and UNE-P provider, Qwest Communications, does not have the technological capability for providing toll-limitation service. VCI is not requesting the same exemption in its application letter. A check of VCI's tariffs filed with the Commission, disclosed that toll limitation is not offered as one of its services.

13. VCI indicated that it will advertise the availability of its services throughout its proposed service area through television advertisement daily. Lifeline and link-up information will also be available in their website at <http://www.vcicompany.com>.
14. Based on the application letter submitted by VCI to TD, VCI Company has substantially complied with the guidelines set in Resolution T-16086 and FCC's service requirements for ETCs. However, TD finds that VCI should, within 15 days from the effective date of this resolution, send an attestation letter to the Director of TD certifying, under penalty of perjury, that it will comply with the following requirements:
 - a) Advertise the availability of telephone services in California in its website.
 - b) Revise its tariff to include toll limitation as an offered service; and
 - c) Expand its advertisement of universal service offering to other media of general circulation such as newspapers of general distribution or radio. VCI should also advertise the designated services in annual bill inserts, white page directories, and other means that would satisfy the FCC advertising requirement.
15. VCI should comply with all of the requirements applicable to Competitive Local Exchange Carriers as indicated in Appendix B of Decision 04-09-047 dated September 23, 2004, granting VCI Company a Certificate of Public Convenience and Necessity.
16. TD should verify that the above requirements have been met.
17. The Director of TD should be given authority to send a final approval letter to VCI Company designating VCI Company as an ETC after the aforementioned requirements have been met.
18. After final approval is issued by the Director of TD, VCI Company, as an ETC, should file information with the federal universal service administrator, the Universal Service Administrative Company (USAC). A Copy of VCI's filing with the USAC should be provided to the TD Director.
19. Copies of the notice letter were e-mailed on February 15, 2005 to all Local Exchange Carriers, all facilities-based Competitive Local Carriers, and all facilities-based broadband Commercial Mobile Radio Service carriers, and parties to the universal service proceeding (OII/R 95-01-020/021), advising parties of the availability of the draft resolution on the Commission website www.cpuc.ca.gov/static/industry/telco/resolutions/index.htm, for public

comments. In addition, TD informed these parties of the availability of the conformed resolution, when adopted by the Commission, at the same website.

20. TD received no comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. VCI Company dba Vilaire is granted conditional approval as an Eligible Telecommunications Carrier (ETC) in exchanges served by Pacific Bell as defined in Pacific Bell's current and effective tariff on file with the California Public Utilities Commission.
2. VCI shall immediately start offering telephone services in California and include California as one of the states where it is offering telephone services in its website.
3. VCI shall comply with all of the requirements applicable to Competitive Local Exchange Carriers as indicated in Appendix B of Decision 04-09-047 dated September 23, 2004, granting VCI Company a Certificate of Public Convenience and Necessity.
4. As a condition for being designated as an ETC, VCI Company shall, within 15 days from the effective date of this resolution, submit an attestation letter to the TD Director certifying, under penalty of perjury, that it will:
 - a. Advertise the availability of telephone services in California in its website;
 - b. Revise its tariff to include toll limitation as an offered service; and
 - c. Expand its advertisement of universal service offering to other media of general circulation such as newspapers of general distribution or radio. VCI shall also advertise the designated services in annual bill inserts, white page directories, and other means that would satisfy the FCC advertising requirement
5. TD shall verify that the above requirements have been met.
6. The TD Director is granted the authority to send a final approval letter to VCI Company designating VCI Company as an ETC after the aforementioned requirements have been met.

7. As a designated ETC, VCI Company shall file information with the federal universal service administrator, the Universal Service Administrative Company (USAC). A Copy of VCI's' filing with the USAC shall be provided to the TD Director.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 17, 2005. The following Commissioners approved it:

/s/ STEVE LARSON

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH
Commissioners

Decision No. C05-0324

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 05A-049T

IN THE MATTER OF THE APPLICATION OF VCI COMPANY D/B/A VILAIRE FOR
DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER.

ORDER APPROVING APPLICATION

Mailed Date: March 18, 2005

Adopted Date: March 16, 2005

I. BY THE COMMISSION

A. Statement and Findings of Fact

1. On February 1, 2005, VCI Company doing business as Vilaire (VCI) filed an application for designation as an Eligible Telecommunications Carrier. 4 *Code of Colorado Regulations* (CCR) 723-42-7.

2. Notice of the application was posted on the Commission's web site on February 3, 2005. Interventions were due on or before March 7, 2005. None were filed.

3. On February 25, 2005, VCI filed a First Amended Application for designation as an Eligible Telecommunications Carrier.

B. Discussion

4. The application is unopposed and may be considered without a hearing. § 40-6-109(5), C.R.S.

5. The Commission's rules at 4 CCR 723-42-7.2 require the following information to be contained in an application seeking designation as an ETC.

- a) 7.2.1 – A statement identifying the decision(s) of this Commission and/or the Federal Communications Commission (FCC) authorizing the applicant to provide telecommunications service;
- b) 7.2.2 – A statement describing the Service Area for which applicant seeks designation as an ETC;
- c) 7.2.3 – A statement of the facts (not in the form of conclusory statements) relied upon by the applicant to demonstrate that it meets the requirements of 47 C.F.R. § 54.201(d);
- d) 7.2.4 – An affirmative statement that the applicant will offer the services that are supported by the Federal universal service support mechanisms under 47 U.S.C. § 254(c);
- e) 7.2.5 – An affirmative statement that the applicant is a Common Carrier;
- f) 7.2.6 – An affirmative statement that the applicant will advertise the availability of such service and the charges therefore using media of general distribution pursuant to section 214(e)(1)(B) of the Act. The Commission established as guidelines to meet the requirements of section 214(e)(1)(B), that an ETC should advertise in publications targeted to the general residential market, and an ETC should place customer guide pages in the "White Pages" Directory within the ETC's Service Area. Such customer guide pages should indicate that the provider will offer basic local exchange service to all who request such service within that area; and
- g) 7.2.7 – An affirmative statement that the applicant will make available Lifeline service, as defined in § 54.401, pursuant to Subpart E of 47 C.F.R. § 54, to qualifying low-income customers.

6. The Commission's *Rules of Practice and Procedure* at 4 CCR 723-1-70 state that during the notice period, the Commission Staff shall determine if the application meets the requirements for completeness. If the application does not meet the requirements, Staff shall give written or electronic notification to the applicant of the information or documentation necessary to meet the requirements.

7. On February 14, 2005, Commission Staff mailed a written notice to the attorney for VCI informing VCI that its ETC application did not meet the requirements for completeness. Specifically, VCI's ETC application did not meet the requirements provided in 4 CCR 723-42-7.2.2.

8. Specifically, VCI's application requested designation in all Qwest Corporation (Qwest) wire centers contained on Exhibit B and shown in a service territory map attached as Exhibit C to the Application. However, there were more wire centers listed in Exhibit B than were shown in Exhibit C.

9. VCI corrected the information in Exhibits B and C with its First Amended Application on February 25, 2005.

10. VCI's application certifies that it will provide the supported services to customers in the Qwest wire centers through the use of Unbundled Network Elements (UNE's) obtained from Qwest.

11. Under § 214(e)(2) of the Act, "A State commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the State commission. Upon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area serviced 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 (1)." Paragraph (1) requires a common carrier designated as an ETC that will be eligible to receive universal service support in accordance with § 254 of the Act to (A) offer the supported services throughout the service area for which the designation is received and (B) to advertise the availability of such services and the charges therefore using media of general distribution

12. VCI is a common carrier.

13. VCI requests designation as an ETC in the non-rural Qwest territories. Therefore, a public interest test is not a required condition for ETC designation in this application

14 VCI will provide the supported services to customers through the purchase of UNE's

15 VCI will offer the supported services throughout the Qwest territory

16. VCI will advertise the availability of the supported services and the charges therefore using media of general distribution

17. Pursuant to § 214(e)(2) of the Act and 4 CCR 723-42-7, VCI shall be designated as an ETC in the Qwest Colorado wire centers.

II. ORDER

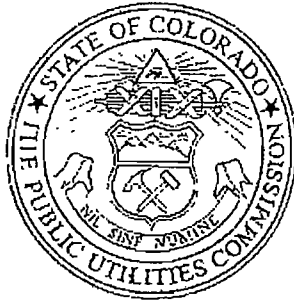
A. The Commission Orders That:

1. The application for Designation as an Eligible Telecommunications Carrier pursuant to Commission Rule 4 *Code of Colorado Regulations* (CCR) 723-42-7, by VCI Company is deemed complete

2. The application for Designation as an Eligible Telecommunications Carrier pursuant to Commission Rule 4 CCR 723-42-7, by VCI Company is approved consistent with the discussion above.

3. This Order is effective upon its Mailed Date

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
March 16, 2005**



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF VCI)	
COMPANY FOR DESIGNATION AS AN)	CASE NO. VCI-T-04-1
ELIGIBLE TELECOMMUNICATIONS CARRIER)	
PROVIDING SERVICE TO CUSTOMERS UNDER)	
THE IDAHO TELECOMMUNICATIONS)	ORDER NO. 29686
SERVICE ASSISTANCE PROGRAM.)	

On September 13, 2004, VCI Company (VCI) filed a Petition with the Commission requesting designation as a wireline Eligible Telecommunications Carrier (ETC). In the Notice of Application and Modified Procedure issued December 3, 2004, the Commission solicited comments regarding the Petition. Order No. 29652. Only the Commission Staff filed comments and recommended that the Commission grant the Petition. In this Order, the Commission grants ETC status to VCI.

BACKGROUND

The federal Telecommunications Act of 1996 allows qualifying telecommunications carriers to receive universal service support for providing service in high cost areas of the nation 47 U.S.C. § 214(e).¹ To be designated as an ETC, the carrier must: 1) be designated a "common carrier" as defined by 47 U.S.C. § 153(10); and 2) offer throughout its proposed service area the universal services set forth in 47 C.F.R. § 54.101(a) either by using its own facilities or a combination of its own and the resale of another carrier's.² In addition, to be designated as an ETC in an area already served by an incumbent telephone company, an applicant must demonstrate that doing so is in the public interest 47 U.S.C. § 214(e)(2).

¹ For a brief review of the 1996 Act and the purpose of ETC designation, see Order No. 29541 at 3-5

² The services are: 1) voice grade access to the public switched network; 2) local calling; 3) touch tone signaling or its functional equivalent; 4) single-party service or its functional equivalent; 5) access to 911 emergency services where available; 6) access to operator services; 7) access to long-distance service; 8) access to directory assistance; and 9) toll limitation service. 47 C.F.R. § 54.101(a). In addition, ETCs are also required by FCC Regulations §§ 54.405 and 54.411 to offer qualifying low-income customers both "Lifeline and Link Up" programs as a condition precedent to receiving federal universal service support.

THE PETITION

VCI requests that the Commission designate it as an ETC for the purpose of providing local exchange service to Idaho residents qualifying for the Idaho Telephone Assistance Plan (ITSAP). VCI's Petition states that it will provide such services primarily through the leasing of unbundled network elements (UNE-P) from Qwest Corporation throughout Qwest's territory.

VCI holds a certificate as a competitive telecommunications provider in the State of Idaho. In addition, VCI has been designated as an ETC in Washington, Oregon, and Wyoming. According to its Petition, VCI complies with all Federal Communications Commission (FCC) rules, including federal high-cost support regulations. The Petition also provides that VCI advertises these services throughout its service areas in Washington, Oregon, and Wyoming and will do so in Idaho upon ETC approval.

THE STAFF COMMENTS

Based on its review of VCI's Petition and discussions with VCI, the Commission Staff determined that VCI's Petition complies with the state and federal requirements for ETC status and is consistent with the public interest, convenience, and necessity. According to Staff, VCI provides the services provided for in the definition of universal service set forth in 47 C.F.R. § 54.101(a); offers such services using its own facilities or a combination of its own facilities and resale of another carrier's service throughout the service area; and, upon ETC designation, will advertise such services. Staff confirmed that VCI advertises its services in Washington, Oregon and Wyoming.

Staff asserts that ETC status for VCI is in the public interest, in large part because VCI will benefit Idaho's ITSAP customers who may not be able to afford a supplemental communications service, such as a cell phone. *Idaho Code* § 56-901. Moreover, this is a niche market that can benefit from a competitive company. By granting the petition of VCI, Idaho customers will have an opportunity to choose a competitor in certain Qwest territories. In addition, VCI proposes to waive the subscriber line charge (SLC) for its customers and will use the federal match to offset the SLC, thereby reducing the monthly telephone charges for eligible Idaho customers.

DISCUSSION AND FINDINGS

The Commission has jurisdiction to determine whether VCI's Petition for ETC status should be granted 47 U.S.C. § 21; *Idaho Code* §§ 62-615(1) and 62-610D. In making this determination, the Commission considers both whether VCI meets the state and federal requirements necessary to be designated as an ETC and whether ETC status is in the public interest. In evaluating the "public interest," the Commission weighs whether the potential benefits of ETC designation outweigh the potential harms. *Virginia Cellular, LLC Petition for Designation as an ETC*, 19 F.C.C.R. 1563, 1574 (2004).

Based upon our review of VCI's Petition and the supporting comments of Staff, we grant the Petition. In particular, we find on the record presented that VCI has complied with the federal and state requirements for ETC status. VCI is a "common carrier" as defined by 47 U.S.C. § 153(10) and offers throughout its proposed service area the services set forth in 47 C.F.R. § 54.101(a) either by using its own facilities or a combination of its own and the resale of Qwest's. We further find that it is in the public interest to grant ETC status to VCI in Qwest's service area. The benefits identified in the record include greater competition and the provision of universal services at reduced cost to Idaho residents qualifying for ITSAP. There are no harms identified in the record. Because the potential benefits of ETC designation outweigh the potential harms, the Commission concludes that it is in the public interest to grant ETC status to VCI.

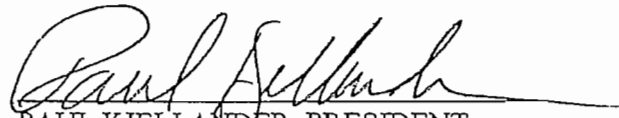
ORDER

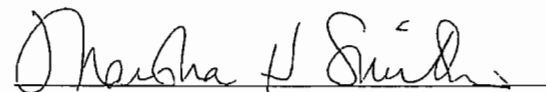
IT IS HEREBY ORDERED that VCI's Petition seeking designation as an ETC in Qwest's service area is granted.

IT IS FURTHER ORDERED that VCI update its tariffs pages that pertain to its service area(s) and offerings currently on file in its Competitive Local Exchange Carrier (CLEC) price list to the extent such action is necessary.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* §§ 61-626; 62-619.

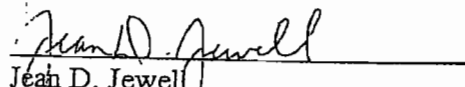
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th
day of January 2005


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST


Jean D. Jewell
Commission Secretary

OVCIT0401_kdp

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE VCI COMPANY	DOCKET NO. 199 IAC 39.2(4)
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ORDER DESIGNATING ELIGIBLE CARRIER

(Issued February 23, 2005)

On January 18, 2005, VCI Company (VCI) filed with the Utilities Board (Board) an application for universal service eligible telecommunications carrier (ETC) status in Iowa pursuant to 199 IAC 39.2(4). No objections have been filed regarding this application.

Board rule 39.2 provides a means by which the Board can designate Iowa telecommunications companies to be eligible to receive funding from the universal service fund, as defined by the Telecommunications Act of 1996, 47 U.S.C. § 254. Under the Act (and the Federal Communications Commission regulations implementing the Act), the Board must determine that a carrier meets certain service requirements before it may be designated an eligible carrier as set forth in subrule 39.2(4). The carrier must

- 1) Offer the services supported by the federal universal service fund,

- 2) Offer the services using its own facilities or a combination of its own facilities and resale (47 C F R § 54.201(c) provides that "own facilities" includes purchased unbundled network elements),
- 3) Advertise the availability of the supported services, and,
- 4) Offer the services throughout the designated service area

In its request for designation, VCI states that it satisfies each of these requirements. Based on that representation, the Board finds that VCI offers the services supported by the federal universal service fund, using its own facilities or a combination of its own facilities and resale of the facilities of another carrier. The Board also finds that VCI advertises and offers the services throughout its designated service area. Attached to this order are VCI's current tariff pages that reflect its designated service area.

The Board notes that pursuant to federal mandate, VCI is required to file an annual certification with the Board regarding its use of universal service funds. This filing should be made pursuant to subrule 22.2(7), as described in Docket No. RMU-01-14, Certification of Rural and Non-Rural Telecommunications Carriers.

IT IS THEREFORE ORDERED:

1. Eligible telecommunications carrier status is granted to VCI Company as requested on January 18, 2005. The designated service area shall be the service territory as established in its certificate of public convenience and necessity and as reflected in the attached tariff pages.

DOCKET NO 199 IAC 39 2(4)
PAGE 3

2. The Executive Secretary of the Utilities Board shall mail copies of this order to VCI Company, the Universal Service Administration Company, the Federal Communications Commission Universal Service Branch, and the Federal Communications Commission Office of the Secretary

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O Lambert

ATTEST

/s/ Judi K Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 23rd day of February, 2005.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Ken Nickolai
Marshall Johnson
Phyllis Reha
Thomas Pugh

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Stan Efferding
VCI Company d/b/a Vilaire Communications
3875 Steilacoom Boulevard, #A
Lakewood, WA 98499

SERVICE DATE **MAY 25 2005**

DOCKET NO. P-6400/M-04-1692

In the Matter of the Petition of VCI Company d/b/a Vilaire Communications for Designation as an Eligible Telecommunications Carrier

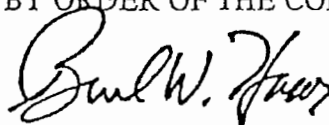
The above entitled matter has been considered by the Commission and the following disposition made

VCI has made a credible showing of the intent and capability of providing and advertising an affordable, quality service offering, including the nine services supported by the federal universal service fund throughout its requested service area;

Granted VCI's request to be designated as an ETC in Minnesota, conditioned upon Commission approval of the 911 plan, submitted by VCI on April 19, 2005.

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary

(S E A L)

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 297-4596 (voice), or 1-800-627-3529 (TTY relay service)

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3273
of VCI Company, d/b/a Vilaire)
Communications, Inc Lakewood,)
Washington, seeking a)
certificate of public)
convenience and necessity as a)
local competitive exchange)
carrier in Nebraska.) GRANTED

In the Matter of the Application)
of VCI Company d/b/a Vilaire for)
designation as an eligible)
telecommunications carrier)
providing service to customers)
under the Nebraska Telephone)
Assistance Plan.) Entered: June 1, 2005

APPEARANCES:

For the Applicant:

Mr. Stanley Johnson, pro se
Co-President of VCI Company d/b/a Vilaire
3875 Steilacoom Blvd., SW, #A
Lakewood, WA 98499

For the Intervenors:

Mr. James Overcash
Woods & Aitken LLP
301 South 13th Street
Suite 500
Lincoln, NE 68508

Mr. Troy Kirk
Rembolt Ludtke LLP
1201 Lincoln Mall
Suite 102
Lincoln, NE 68508

For the Commission:

Shana Knutson
300 The Atrium Building
1200 N Street
Lincoln, NE 68508

BY THE COMMISSION:

By its application filed September 27, 2004, VCI Company, d/b/a Vilaire Communications, Inc., Lakewood, Washington, (Applicant or Vilaire) seeks a certificate of public convenience and necessity as a local competitive exchange carrier in Nebraska. Additionally, by its application filed October 4, 2004, Vilaire seeks designation as an eligible telecommunications carrier (ETC) providing service to customers under both the federal Lifeline/Link-Up and the Nebraska

Application No. C-3273

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Telephone Assistance Plan. Amended Notice of the combined application was published in the Daily Record, Omaha, Nebraska, on October 11, 2004.

On October 29, 2004, an Intervention was filed on behalf of the Rural Independent Companies: Arlington Telephone Company, Blair Telephone Company; Clarks Telephone Company, Consolidated Telephone Company, Consolidated Telco, Inc.; Consolidated Telecom, Inc., Eastern Nebraska Telephone Company, Great Plains Communications, Inc.; K & M Telephone Company, Inc.; Nebraska Central Telephone Company; Northeast Nebraska Telephone Company; Rock County Telephone Company; and Stanton Telephone Co., Inc. (collectively the Intervenors).

On November 12, 2004, an Intervention was filed on behalf of Arapahoe Telephone Company d/b/a ATC Communications; Benkelman Telephone Company, Inc., Cozad Telephone Company; Curtis Telephone Company; Diller Telephone Company; Glenwood Telephone Membership Corporation; Hartman Telephone Exchanges, Inc.; Hooper Telephone Company d/b/a Westel Systems, Keystone-Arthur Telephone Company; Mainstay Communications; Plainview Telephone Company; and Wauneta Telephone Company (collectively the Intervenors).

A Stipulation was filed by the Applicant and the Intervenors on January 6, 2005 with respect to Applicant's request for eligible telecommunications carrier designation.

On May 17, 2005, the Commission granted Vilaire's application for authority to operate as a competitive local exchange carrier (CLEC) within the state. This order addresses Vilaire's application seeking designation as an ETC for the purpose of receiving federal Lifeline/Link-Up and NTAP support.

EVIDENCE

Applicant is a corporation organized under the laws of the state of Washington. Applicant is a certified CLEC and is providing telecommunications services in the states of Washington, Oregon and Wyoming, with approval to provide such in Montana, Idaho and California.

Applicant seeks designation as an ETC so that it may receive both state and federal low income assistance support including support from the NTAP. The witness for Applicant testified that it does not seek high cost support from either the state or federal universal service funds.

Application No. C-3273

Page 3

On March 22, 2005, the Commission held a hearing on Vilaire's request for ETC designation. Appearances were entered as indicated above. Counsel for the Formal Intervenor presented a stipulation which was offered and received into evidence as Exhibit 3. Vilaire presented one witness in support of its application, Mr. Stanley Johnson. Mr. Johnson testified as follows

Vilaire's target market is low income consumers. At the time of the hearing, Vilaire provided local exchange service to approximately 30,000 low income consumers. Vilaire's total focus is to provide awareness to low income customers that they may qualify for discounted telephone service. Vilaire has received an ETC designation in six states including California, Washington, Oregon, Wyoming, Idaho and Iowa.

Mr. Johnson testified Applicant can provide toll blocking, but cannot provide toll limitation due to technology restrictions of the underlying carriers. Applicant is seeking designation in all of Qwest's ILEC territory.

O P I N I O N A N D F I N D I N G S

Under Section 214 of the Telecommunications Act of 1996 the Commission may determine that a carrier meet certain service requirements before it may be designated as an eligible telecommunications carrier (ETC). Pursuant to 47 CFR 54.201(d) a common carrier must demonstrate that it will:

- 1) Offer the services supported by the federal universal service support mechanisms;
- 2) Offer the services using its own facilities or a combination of its own facilities and resale of another carrier's services;
- 3) Advertise the availability of the supported services; and
- 4) Offer the services throughout the designated area.

In its request for designation, Vilaire states that it satisfies each one of these requirements.

Applicant and the Formal Intervenor have entered into a stipulation in relation to this application which was identified as Exhibit 3. The Commission has reviewed this stipulation and hereby approves its terms.

Based on the application and representations made at the hearing, the Commission finds that Vilaire offers the services

supported by the federal universal service fund, using its own facilities or a combination of its own facilities and resale of the facilities of another carrier. The Commission also finds that Vilaire intends to advertise and offer the services throughout its designated service area. Vilaire provided sufficient commitments to the Commission that it will offer the supported services throughout the designated area, and that Vilaire will abide by Commission rules and regulations in relation to service quality, consumer protection and the NTAP rules and regulations. Further, the Commission finds Vilaire's request for ETC designation to receive NTAP support to be consistent with public interest.

These opinions and findings carry no precedential value for the calculation of support in rural areas or for a support methodology for elements or services provided through a means other than UNE-P. Applicant shall comply with all current and future Commission NUSF rules and regulations and must provide supported services as defined by current and future Commission orders, rules and regulations. Additionally, Applicant shall comply with all current and new quality of service rules and regulations. Applicant must offer service throughout its designated area. The rates charged by Applicant must not be less than benchmark rates established by the Commission. Applicant is required to file an additional application for support for any service offerings in any service area other than Qwest's ILEC service area. An additional application would also be required for any service offering that is not provided either by leasing of facilities or by some combination of leased facilities and Applicant's own facilities. As applicant has limited its application to designation for the receipt of NTAP and federal low income support, an additional application would also be required before applicant can receive an ETC designation for federal high cost support.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-3273 be, and hereby is, granted as amended by the stipulation and Applicant is designated as an eligible telecommunications carrier throughout Qwest's ILEC territory for the purpose of receiving federal Lifeline/Link-Up and state NTAP support as set forth herein.

IT IS FURTHER ORDERED that Applicant comply with all Commission rules and regulations and orders.

IT IS FURTHER ORDERED that application must offer the supported services throughout its designated area.

Application No. C-3273

Page 5

IT IS FURTHER ORDERED pursuant to the terms of the stipulation that the rates charged by Applicant must not be less than the benchmark rates established by the Commission.

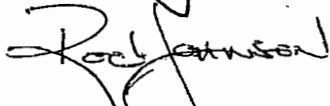
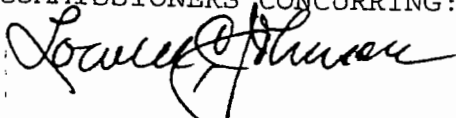
IT IS FURTHER ORDERED that Applicant be required to file an application with the Commission prior to receiving support for any service offerings in any service area other than Qwest's service area

IT IS FURTHER ORDERED that Applicant be required to file an application with the Commission prior to seeking or receiving high cost support in any service area in Nebraska.

MADE AND ENTERED at Lincoln, Nebraska, this 1st day of June, 2005

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



//s//Frank E. Landis

//s//Gerald L. Vap

Chairman



ATTEST:



Executive Director

COPY

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF VCI)
 COMPANY FOR DESIGNATION AS AN ELIGIBLE)
 TELECOMMUNICATIONS PROVIDER)
 PROVIDING SERVICE TO CUSTOMERS UNDER)
 THE NEW MEXICO TELEPHONE ASSISTANCE)
 PLAN)

Case No. 04-00416-UT

FINAL ORDER APPROVING RECOMMENDED DECISION ON REMAND

THIS MATTER comes before the New Mexico Public Regulation Commission ("Commission") upon the Recommended Decision on Remand issued by Hearing Examiner Marilyn S. Hebert on January 5, 2006. Having considered the Recommended Decision on Remand and the record in this case and being fully apprised in the premises:

THE COMMISSION FINDS AND CONCLUDES:

1. The Commission has jurisdiction over the parties and the subject matter of this case.
2. The Recommended Decision on Remand is well taken and should be adopted.
3. The Statement of the Case, Discussion, and all findings and conclusions contained in the Recommended Decision on Remand, attached to this Final Order as Exhibit 1, are incorporated by reference as if fully set forth in this Final Order, and are ADOPTED, APPROVED, and ACCEPTED as Findings and Conclusions of the Commission.

IT IS THEREFORE ORDERED:

- A. The Orders contained in the Recommended Decision on Remand as set forth in Exhibit 1 are incorporated by reference as if fully set forth herein and are ADOPTED, APPROVED and ACCEPTED as Orders of the Commission.

B. The Recommended Decision on Remand is ADOPTED, APPROVED, and ACCEPTED in its entirety.

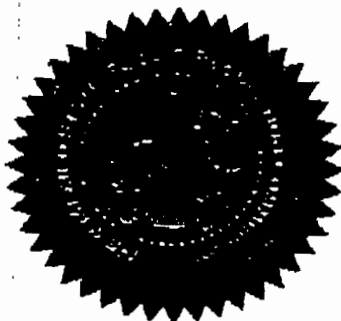
C. This Order is effective immediately.


D. A copy of this Order, including Exhibit 1, shall be served on all persons listed on the attached Certificate of Service.

E. This Docket is closed

Issued under the seal of the Commission at Santa Fe, New Mexico, this 24th day of
January, 2006.

NEW MEXICO PUBLIC REGULATION COMMISSION




BEN R. LUJAN, CHAIRMAN

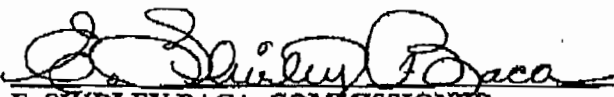
EXCUSED

JASON MARKS, VICE CHAIRMAN


DAVID W. KING, COMMISSIONER

EXCUSED

LYNDA M. LOVEJOY, COMMISSIONER


E. SHIRLEY BACA, COMMISSIONER

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF VCI)
COMPANY FOR DESIGNATION AS AN ELIGIBLE)
TELECOMMUNICATIONS PROVIDER)
PROVIDING SERVICE TO CUSTOMERS UNDER)
THE NEW MEXICO TELEPHONE ASSISTANCE)
PLAN)

Case No. 04-00416-UT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Final Order Approving
Recommended Decision on Remand, issued January 24, 2006, was mailed first-
class, postage prepaid, to each of the following:

Stan Efferding
VCI Company
3875 Stellacoom Blvd, SW #A
Lakewood, WA 98499

The Honorable Patricia Madrid
New Mexico Attorney General
Post Office Drawer 1508
Santa Fe, NM 87504-1508

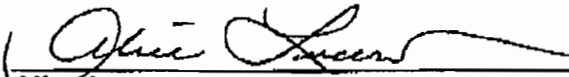
Jeffrey H. Albright
Cynthia A. Loehr
Lewis and Roca Jontz Dawe, LLP
Attorneys for VCI Company
201 Third Street NW, Suite 19th Floor
Albuquerque, New Mexico 87102

and hand-delivered to:

Roy E. Stephenson, Esq.
Director of Legal Division
224 E. Palace Ave, Marian Hall
Santa Fe, NM 87501

Dated this 24th day of January, 2006.

NEW MEXICO PUBLIC REGULATION COMMISSION



Alice Lucero, Paralegal

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE PETITION OF VCI)
COMPANY FOR DESIGNATION AS AN ELIGIBLE)
TELECOMMUNICATIONS PROVIDER)
PROVIDING SERVICE TO CUSTOMERS UNDER)
THE NEW MEXICO TELEPHONE ASSISTANCE)
PLAN)**

Case No. 04-00416-UT

RECOMMENDED DECISION ON REMAND

Marilyn S. Hebert, Hearing Examiner for this case, submits this Recommended Decision to the New Mexico Public Regulation Commission ("NMPRC" or "Commission") pursuant to 17.1.2.32 NMAC and 17.1 2.39 NMAC. The Hearing Examiner recommends that the Commission adopt the following as its Final Order for this case.

STATEMENT OF THE CASE

On August 23, 2005, the Commission issued an Order of Remand for the purpose of gathering additional information before issuing a Final Order in this case. Following a status conference held on September 6, 2005, the Hearing Examiner issued a Procedural Order on Order of Remand on September 7, 2005, setting deadlines for filing testimony as well as a hearing date

The following testimony was filed in this matter on remand: Supplemental Direct Testimony and Rebuttal Testimony of Stanley Johnson on behalf of VCI Company ("VCI") and Supplemental Reply Testimony of Susan E. Oberlander on behalf of the Commission's Utility Division ("Staff").

On December 23, 2005, the parties filed VCI and Staff Joint Proposed Findings of Fact and Conclusions of Law at the request of the Hearing Examiner.

The following appearances were entered at the October 28, 2005 public hearing:

For VCI

Jeffrey H. Albright, Esq

For Staff

Jane Yee, Esq.

At the hearing, no one requested the opportunity to make a comment pursuant to 17.1.2.26.F NMAC

DISCUSSION

On November 15, 2004, VCI Company ("VCI") filed its petition for designation as an eligible telecommunications carrier ("Application") with the Commission. The Application requests that the Commission designate VCI as an eligible telecommunications carrier ("ETC") for the purpose of seeking federal universal-service support. ---

VCI's Application states that VCI is a registered New Mexico competitive telecommunications provider providing wireline services primarily through the leasing of unbundled network elements ("UNEs"). The Application states that VCI will serve all the exchanges in New Mexico served by Qwest Corporation ("Qwest"), a non-rural carrier.

In its Order of Remand, the Commission set forth the following issues for which it required information:

- a. What information supports a finding that designating VCI as an Eligible Telecommunications Carrier (ETC) in this case would be in the public interest?
- b. How would VCI's proposed rates, charges, terms and conditions compare to those of the incumbent local exchange carrier in the geographic areas to be served?
- c. How would low-income customers in the geographic areas to be served benefit from the designation of VCI as an ETC?
- d. How would low-income potential customers in the geographic areas to be served be made aware of any pertinent differences between the offerings of VCI and the offerings of the incumbent local exchange carrier, specifically with regard to cost, quality, or consumer protection advantages or disadvantages that might affect such potential customers?

a. Information supporting a finding that VCI's designation as as ETC would be in the public interest

The parties note that in a March 17, 2005 Order,¹ the Federal Communications Commission ("FCC") confirmed that, before designating an ETC at the federal level, it will make an affirmative determination that such designation is in the public interest, regardless of whether the applicant seeks designation in an area served by a rural or nonrural carrier and introduced an analytical framework for making such public interest determination. The FCC encouraged states to adopt this framework, on a case-by-case basis, for all carriers seeking ETC status. The parties note that the NMPRC has conducted its public interest review in ETC cases on a case-by-case basis.

The parties agree that the FCC's March 17, 2005 Order contains valuable standards pertinent to this case. The parties recommend the Commission, in

¹ Report and Order, *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, 20 FCC Rcd 6371 (March 17, 2005) ("the March 17, 2005 Order")

making its public interest determination, adopt the FCC's overall "cost benefit analysis" including 1) the benefits of increased consumer choice, and 2) the unique advantages and disadvantages of VCI's service offering in New Mexico. Staff also stated that a third factor in the public interest determination factor is preserving and advancing universal service and assuring the availability of quality telecommunications services at just, reasonable and affordable rates.

1. Benefits of increased consumer choice

VCI testified that New Mexico consumers could benefit from VCI's designation as an ETC because of increased consumer choice. VCI pointed out that most CLECs do not offer Lifeline and Link-Up services. Staff testified that other ETCs, which are wireless, do not serve all of Qwest's service area. The parties agreed that VCI, if designated as an ETC, would become one of the low-income consumer's few alternatives to Qwest and the only alternative wireline Lifeline provider in Qwest's territory. VCI testified that it would be the only alternative to higher cost prepaid telephone service providers.

Staff testified that in determining whether VCI's designation as an ETC would lead to increased consumer choice, it considered whether there is sufficient information for the consumer to make a decision and to make an informed choice. Staff concluded that there would be enhanced customer choice and sufficient information because of the federal regulatory advertising requirements and market dynamics. Staff also testified that VCI's offering promotes customer choice by providing service comparable to and of equal quality to Qwest's.

2. Advantages and disadvantages of VCI's service offering

VCI testified that its typical low-income customer is one who has been disconnected by Qwest or other carriers for non-payment of bills, and that a large number of its customers contact the company from pay telephones to subscribe to VCI. VCI explained that it tailors its offerings to low-income customers by, among other things, keeping telephone service simple for the low-income consumer, and issuing bills at the beginning of the month when low-income consumers have the funds to pay. VCI listed eight additional advantages to New Mexico consumers should VCI be designated as an ETC:

i. VCI's aggressive advertising of Lifeline and Link-Up services leads to increased telephone subscribership. VCI testified that in other states where VCI has been designated as an ETC, VCI advertises Lifeline and Link-Up services in compliance with the FCC's recommendations in its April 29, 2004 Report and Order,² by utilizing television and newspaper advertisements, as well as brochures placed at sites, such as low-income housing offices and food banks. Brochures are printed in Spanish in areas where significant Spanish-speaking populations reside. VCI testified that its monthly advertising budget for Lifeline and Link-Up is approximately \$10,000.00

ii. VCI removes serious obstacles to telephone service for the low-income customer by not performing credit checks, demanding deposits or requiring large up-front payments prior to connecting telephone service. VCI stated that federal regulations do not permit carriers to collect security deposits

² Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of Lifeline and Link-Up*, WC Docket No. 03-109 at ¶ 1 (FCC 04-87, April 29, 2004)

from Lifeline customers who elect toll restriction services. VCI testified that its customers often have been disconnected from other carriers because of unpaid toll charges, and the majority of VCI's customers subscribe to toll limitation service. VCI testified that it does not collect any security deposit from Lifeline customers, whether or not the customer chooses toll limitation service.

iii. ~~VCI testified that it actively educates its consumers on all the~~ options and benefits of the Lifeline program, especially the importance of toll limitation service, which is required by the FCC's rules to be offered free of charge to Lifeline customers. VCI stated that its customer service personnel review program features with the customer each time a customer subscribes to its service, even if the customer is a reconnecting, or return, customer.

iv. VCI testified that it offers low-income customers access to premium services, such as Call Waiting, Caller ID and Call Forwarding, at individual rates, or where economically possible, free-of charge during the first year of service.

v. VCI stated that it grants customers 15 calendar days to pay their bills prior to the issuance of a late notice, and then VCI makes autodial calls during an eight business day period following the issuance of the notice, requesting payment and informing customers of pending disconnection; the autodial recording also indicates the company's 800 number and address for payment, informs customers of additional payment options, including Moneygram at Western Union, and gives the customer the office hours.

vi. VCI stated that it does not bill reconnecting customers any amount of the unpaid connection fee; reconnecting customers are charged a \$30.00

reconnection fee and the amount of the past-due bill VCI states that it allows customers to pay the past-due amount on terms if there is an emergency situation.

vii. VCI testified that it has not historically pursued collection actions against disconnected customers for past-due bills.

~~viii. VCI testified that it serves tribal customers in all states where tribal~~
territories are within VCI's service areas. VCI stated that it has tribal customers in Oregon, Washington and Wyoming. VCI stated that Qwest identifies all tribal territories by NPZ/NXX [area code/first three numbers of phone number] designation. VCI stated that pursuant to agreements with Qwest, VCI has access to these lists and provides discounts based on the lists VCI stated that all tribal members qualify for the service. VCI testified that it is not required to be designated by the FCC to serve tribal areas, because VCI is able to serve by virtue of Qwest's being able to serve tribal areas within Qwest's territory. VCI stated that it advertises its services in newspapers and fliers in Native American communities and also works directly with some tribal coordinators.

Staff testified that the main advantage to VCI's offering is that VCI targets customers who do not have telephone service because they have been disconnected by Qwest for unpaid bills and are unable or unwilling to return to Qwest because of the amount of their bills Staff stated that such consumers may remain off the network because of a lack of alternatives to Qwest. Staff testified that if VCI's ETC offering results in a higher penetration rate of phone

subscribership in Qwest's territory, then Staff would see an advantage to VCI's ETC designation.

Staff testified to two disadvantages to VCI's offering: 1) price; and 2) lack of market power of the disconnected low-income consumer in the market. Staff pointed out that VCI's rates are higher than Qwest's. Staff explained that while ~~the price to the customer should be just and reasonable to decrease the~~ customer's chance of being disconnected again, the price must also be just and reasonable to the company so that it stays in business. Staff stated that lack of market power may force a low-income customer to make a less than optimal choice when choosing between a large one-time bill, but lower recurring charges with Qwest, and a smaller one-time bill with higher recurring charges offered by VCI. Staff concluded that the customer in this particular market has a choice of how to get back on the network and should be able to obtain sufficient information to make a decision that maximizes her own welfare. Staff believes this choice is assisted by the Commission's continuing jurisdiction to review the ~~annual advertising plans.~~ Staff testified that, overall, the advantages of VCI's offering outweigh the disadvantages.

3. Preserving and advancing universal service and assuring the availability of quality telecommunications services at just, reasonable and affordable rates

Staff testified that an important factor in the public interest test is whether VCI is providing service "at just, reasonable and affordable rates that advances universal service, given the risk VCI incurs offering Lifeline/Link-Up services to a specific high risk class of eligible customers."

i. Preserving and Advancing Universal Service. Staff testified that preserving and advancing universal service means getting people on the network. Staff stated that testimony in Case No. 3269 (Qwest's "271" proceeding)³ indicates that Qwest has a high number of disconnects per year. Staff testified that those carriers that targeted Qwest's disconnected customers ~~were serving far fewer of those customers than the total number of customers~~ disconnected by Qwest. Staff concluded that there is a significant need in that particular market. Staff stated that New Mexico's penetration rate for telephone service is 91.7%, compared to the national average of 95.1%. Staff concluded that having another carrier targeting disconnected Qwest customers would help preserve and advance universal service in New Mexico.

ii. Availability of Quality Telecommunications Services at Just, Reasonable and Affordable Rates. VCI testified that it will provide unlimited local service. Mr. Johnson stated that VCI lowest advertised retail rate is \$21 per month. He stated that the rates for basic local service for Lifeline customers would differ depending on the zone in which the customer resides; Lifeline customers in Qwest's Zone 1 will be charged \$14 per month for basic local service and will receive free vertical features for one year. VCI also pointed out that Qwest's reconnection fee for disconnected customers is \$40, while VCI's reconnection fee is \$30. VCI stated that because VCI experiences additional costs to provide vertical features in Qwest's Zones 2 and 3, Lifeline customers residing in those zones will be offered vertical features at or just slightly above

³ In the Matter of Qwest Corporation's Section 271 Application and Motion for Alternative Procedure to Manage the Section 271 Process, Utility Case Nos. 3269, 3537, 3495 and 3750, Final Order, Oct. 8, 2002 ("Final Order")

the amount Qwest's charges to VCI for those services; thus, in Zones 2 and 3 the cost of basic local service, after Lifeline discounts, will be \$14 per month plus, if the customers so subscribes, the cost of vertical features

Mr. Johnson testified that Lifeline customers receive a company discount of \$30 off of the connection fee of \$180, and the FCC pays \$30, as well, Lifeline customers would therefore pay a connection fee, after discounts, of \$120, which is paid at \$10 per month over 12 months. VCI pointed out that the FCC's rules provide that connection fees may be as high as \$230, before applying the Link-Up discount of \$30. VCI agreed to submit a revised tariff reflecting these figures.

For the first year of service, Lifeline customers in Zone 1 will be billed a total of \$24 per month, including the connection fee of \$120 paid at \$10 per month over 12 months. For the first year of service, Lifeline customers in Zones 2 and 3 will be billed \$24 per month plus the cost of vertical features, if the customer orders such features

Staff agreed with VCI that the company assumes financial risk by serving low-income customers. Staff testified that VCI's rates are higher than Qwest's but also pointed out that CLECs competing with Qwest and serving similar customers as VCI charge rates that are considerably higher than VCI's proposed rates; Staff cited to testimony from Case No. 3269 to support this statement. Staff testified that if competitive market forces are at work and VCI is competing with other carriers for this niche of customers, then market forces will exert downward pressure on prices, making prices more affordable for this class of customer.

Staff also testified that the fact that VCI's allows the connection fee to be paid over time is appealing to people who find themselves in certain circumstances. Staff also testified that VCI's charges are ameliorated in that VCI has no service termination charge, like a wireless carrier, and does not collect the full amount of the connection fee if the customer is disconnected and returns.

~~b. How VCI's rates, terms and conditions of service compare with the incumbent local exchange carrier in the geographic areas to be served~~

VCI testified that its \$24 monthly charge for Lifeline service during the first year, which includes a \$10 a month prorated connection fee, is not significantly higher than Qwest's, when free custom calling features in Zone 1 are taken into account. A review of Qwest's tariff currently on file with the Commission indicates that unlimited local service and custom-calling features, without Caller ID, is \$24.78 per month, resulting in Lifeline rates of \$15.89 after discounts.

VCI explained that differing cost bases between competitive carriers and the incumbent dictate that competitive carriers cannot provide service at Qwest's rates and remain financially viable. VCI testified that Qwest and most CLECs serve business as well as non-low-income residential customers and are able to sell additional services and features to increase profit; VCI, in contrast, serves primarily low-income customers and does not sell its low-income customers services and features that are not affordable.

VCI testified that because the company primarily serves low-income customers, the company experiences more financial risk than other carriers. VCI stated that approximately 15% of VCI's customers default on bill payments each

month, and VCI absorbs the cost of unpaid bills, unlike other carriers that may collect deposits or pursue collections actions against defaulting customers. VCI stated that it experiences a higher turnover rate than other carriers because its customers tend to be transient. VCI stated that its rates and charges reflect the fact that the company's service market is financially risky and transient.

~~VCI testified that it competes with prepaid providers rather than Qwest,~~ and its rates should more fairly be compared to those of the typical prepaid provider. VCI stated that consumers who are unable to obtain Qwest's services resort to prepaid providers, such as Budget Phone, the rates and charges of which are higher than those charged by VCI.

Staff compared VCI's proposed rates to Qwest's estimated rates in the first month as well as the rates in the following months. Staff explained that disconnected Qwest customers must pay a past due amount before being reconnected. Staff estimated that its best estimate of a possible first month charge to such a Qwest customer would be approximately \$33.43; after that, the ~~Qwest customer would pay \$5.61 monthly for basic service.~~ Staff stated that the VCI customer would pay \$24 monthly during the first year, which would include the \$10 installment on the connection fee. But, Staff pointed out that in Qwest's Zone 1, the VCI customer receives custom calling features included in that price. Staff stated that after the first year, VCI's customer would pay \$14 per month for basic local service and for those in Qwest's Zone 1, vertical features would be included.

Staff agreed that VCI's rates should be compared with carriers, other than Qwest, with whom VCI testified it competes. Staff compared VCI's rates to those of other carriers serving the same type of customer in the same competitive market to assess whether the rates fall within a "zone of reasonableness" and the comparison reveals that the rates of other CLECs identified in Case No 3269 range from \$41.99 to \$49.99. Staff concluded that VCI's rates and charges for basic local service is in the "zone of reasonableness" when compared to these similarly situated companies.

c. How would low-income customers in the geographic areas to be served benefit from the designation of VCI as an ETC

VCI testified that customers in the geographic areas to be served would benefit from the designation of VCI as an ETC because VCI's business operations are geared to the needs of the low-income customers, including keeping its service offering simple and billing customers at the most convenient time. VCI stated that it has an aggressive advertising plan, in combination with its policies of not performing credit checks, collecting deposits or charging large up-front fees, and permitting subscription for consumers who have been disconnected from other carriers, lead to increased telephone subscribership among low-income consumers. VCI testified that it educates its customers on the benefits of toll limitation, recommending the use of telephone cards; consequently, the majority of VCI's customers experience low or non-existent toll charges. VCI testified that it provides low-income customers with access to premium calling services at no or minimal charge.

VCI testified that customers who are disconnected from VCI's services for non-payment are charged a reconnection fee and the amount of the past-due bill should they request service at a later time, however, the reconnecting customers are not billed the unpaid portion of the connection fee or any of the charges VCI has paid Qwest on the customer's behalf. VCI stated that under certain circumstances, customers are permitted to pay the past due charges over time. VCI stated that it has not historically pursued collection actions against disconnected customers for the amount of their past-due bills.

VCI testified that it serves low-income consumers living on tribal lands. VCI stated that it advertises its services in newspapers and fliers in Native American communities and also works directly with some tribal coordinators.

d. How would low-income customers in the geographic areas to be served be made aware of any pertinent differences between the offerings of VCI and the offerings of the incumbent local exchange carrier, specifically with regard to cost, quality, or consumer protection advantages or disadvantages that might affect such potential customers

VCI testified that low-income consumers will be made aware of the differences among carriers' offerings through Lifeline and Link-Up advertisements, including the rates, terms and conditions of service. Because each carrier is required by FCC rules to advertise Lifeline and Link-Up services, the consumer has the opportunity to make its own service rate and charge comparisons among carriers.

VCI testified that the company's customer service representatives explain in detail VCI's services and prices to all potential and reconnecting customers, including the connection fee and free premium services, if any. VCI also testified

that VCI ensures that its customers know all the options and benefits of the Lifeline program. VCI testified that it provides the same quality of service as Qwest, but prides itself on having superior customer service

The Hearing Examiner finds that VCI's designation as an ETC is in the public interest as it has satisfied the federal statutory and regulatory requirements as well as the Commission's Rule 17.11.10 NMAC.⁴

The Hearing Examiner recommends the Commission **FIND** and **CONCLUDE** as follows:

1. All findings of fact and conclusions of law contained in the Statement of the Case and Discussion, above, are adopted as findings of fact and conclusions of law of the Commission.

2. The Commission has jurisdiction over the parties and the subject matter of this case

3. Due and proper notice of this proceeding has been provided.

4. Substantial evidence has been presented that VCI meets the requirements of 47 U.S.C. Section 214(e) and the Commission's Rule 17.11.10 NMAC.

5. Substantial evidence has been presented that VCI's designation as an ETC is in the public interest.

6 VCI is willing to meet additional requirements recommended by Staff as being in the public interest, and VCI should continue to meet the statutory, regulatory and additional requirements specified in the Recommended

⁴ 17.11.10 NMAC was amended effective December 28, 2005. This case is proceeding under the rule in effect at the time the Petition was filed on November 15, 2004

Decision issued July 29, 2005, and those herein as a condition of its status as an ETC.

7. VCI should be required to file a report on April 1, 2006, and thereafter annually, with the Commission verifying that it continues to satisfy the requirements for ETC designation including in that report all information as agreed upon in the record of this case.

8. Within 30 days of this Order, VCI should be required to file a revised tariff and supplement the record regarding the Interstate Access Support Fund as agreed upon in the record of this case.

The Hearing Examiner recommends that the Commission **ORDER** as follows:

A. The Statement of the Case, Discussion and all findings of fact and conclusions of law contained in the Hearing Examiner's Recommended Decision issued July 29, 2005, are hereby incorporated by reference as findings of fact and conclusions of law of the Commission

B. The Statement of the Case, Discussion and all findings of fact and conclusions of law contained in this Recommended Decision on Remand are incorporated by reference as findings of fact and conclusions of law of the Commission.

C. VCI's Application for designation as an ETC in certain non-rural areas, as set forth in Attachment A to the Recommended Decision of July 29, 2005, for the purposes of the federal fund is hereby granted

D. The designation hereby conferred is and shall be conditioned upon the Commission's continuing jurisdiction over the parties and the subject matter of this case

E. Within 30 days of this Order, VCI shall file a revised tariff to reflect the rates and subsidies that it intends to offer its universal service customers and VCI shall supplement the record with information regarding the Interstate Access Support Fund as agreed upon in the record of this case

F. Beginning on April 1, 2006, VCI shall submit an annual report to the Commission verifying that it continues to satisfy the criteria for ETC designation as well as all the agreed upon items in the record of this proceeding.

G. This Order is effective immediately

H. This Order shall be served on all persons listed on the attached Certificate of Service

I. This Docket is closed.

ISSUED this 5th day of January 2006.

NEW MEXICO PUBLIC REGULATION COMMISSION


MARILYN S. HEBERT
Hearing Examiner

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE PETITION OF VCI)
COMPANY FOR DESIGNATION AS AN ELIGIBLE)
TELECOMMUNICATIONS PROVIDER)
PROVIDING SERVICE TO CUSTOMERS UNDER)
THE NEW MEXICO TELEPHONE ASSISTANCE)
PLAN)

Case No. 04-00416-UT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of **Recommended Decision on Remand**, issued January 5, 2006, was mailed first-class, postage prepaid, to each of the following:

Stan Efferding
VCI Company
3875 Steilacoom Blvd, SW #A
Lakewood, WA 98499

The Honorable Patricia Madrid
New Mexico Attorney General
Post Office Drawer 1508
Santa Fe, NM 87504-1508

Jeffrey H. Albright
Cynthia A. Loehr
Lewis and Roca Jontz Dawe, LLP
Attorneys for VCI Company
201 Third Street NW, Suite 19th Floor
Albuquerque, New Mexico 87102

and hand-delivered to:

Roy E. Stephenson, Esq.
Director of Legal Division
224 E. Palace Ave, Marian Hall
Santa Fe, NM 87501

Dated this 5th day of January, 2006.

NEW MEXICO PUBLIC REGULATION COMMISSION


Elizabeth Saiz, Law Clerk

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**VCI Company
Designated Eligible Carrier
Application**

Case No. PU-05-28

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

July 28, 2005

Appearances

Commissioners Tony Clark, Susan E. Wefald and Kevin Cramer

Stacey A. Klinzman, Regulatory Attorney and Stanley Efferding, Secretary/Treasurer, P.O. Box 98907, Lakewood WA, 98499, appearing on behalf of VCI Company.

William W. Binek, Chief Counsel, North Dakota Public Service Commission, State Capitol, Bismarck, North Dakota 58505, appearing on behalf of the Public Service Commission.

Allen C. Hoberg, Office of Administrative Hearings, 1707 North 9th Street, Bismarck, North Dakota 58501-1882, appearing as Hearing Examiner.

Preliminary Statement

On January 18, 2005, VCI Company d/b/a Vilaire of Lakewood, WA filed a Petition for Designation as an Eligible Telecommunications Carrier (ETC) for receiving federal universal service support in the following North Dakota local exchanges currently served by Qwest Corporation: Belfield, Bismarck, Casselton, Dickinson, Fargo, Grand Forks, Emerado, Grafton, Gardner, Hillsboro, Hatton, Jamestown, Kindred, Leonard, Larimore, Manvel, Minto, Mandan, Mayville, Northwood, Reynolds, Thompson, Valley City and Wahpeton.

On January 26, 2005, the Commission issued a Notice of Opportunity for Hearing, which provided until March 7, 2005 for receiving written comments or hearing requests. No response was received.

On April 6, 2005 the Commission discussed the application with the applicant and Commission staff during an informal hearing.

On May 24, 2005 the Commission issued a Notice of Hearing, scheduling a public hearing for June 28, 2005. The Notice identified the following issues to be considered:

1. Qualification of the applicant under the Telecommunications Act of 1996, Section 214(e) for designation as an ETC eligible to receive federal universal service funding.

2. Whether the Commission should order additional requirements for ETC designation recommended in the FCC's Report and Order released March 17, 2005 in CC Docket No 96-45.

3. What ETC universal service support area should be designated.

On June 28, 2005 a public hearing was held as scheduled. As agreed during the hearing, VCI filed an amendment to its application on July 6, 2005 addressing the additional requirements for ETC designation recommended in the Federal Communication Commission's Report and Order released March 17, 2005

Having heard and considered this matter, the Commission makes its:

Findings of Fact

1 VCI Company (VCI) is a competitive local exchange telecommunications carrier with headquarters in Lakewood, Washington.

2. VCI was incorporated as a privately held Washington corporation on November 23, 2003. Prior to incorporation the company operated as a sole-proprietorship under the name of its current secretary/treasurer, Stanley Efferding d/b/a Vilaire or Vilaire Communications.

3. VCI was registered in North Dakota to resell interexchange and local services on September 22, 2004 in Case No. PU-04-464 and was issued certificates of public convenience and necessity to provide facilities based local and interexchange service on November 18, 2004 in Case No. PU-04-465.

4. VCI requests ETC designation in order to receive federal universal service support for providing local exchange services to Lifeline and Link Up customers in North Dakota

5 VCI reports that it has been designated as an ETC in other jurisdictions, including Iowa, Oregon, Washington and Wyoming

6. To be designated as an eligible telecommunications carrier under Section 214(e) of the Telecommunications Act of 1996, a carrier must: (1) offer the services that are supported by federal universal service support mechanisms, and offer the services designated by the FCC for such federal support mechanisms for schools, libraries, and health care providers; and (2) advertise the availability of such services and the charges therefore using media of general distribution

7. For telecommunications customers, the services designated by the FCC for support by universal service support mechanisms include voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent, access to emergency services, access to operator services, access to interexchange service, access to directory assistance and toll limitation for qualifying low-income consumers including Link Up under 54 CFR part 411 and Lifeline under 54 CFR part 405.

8. For schools and libraries, the services designated by the FCC for support by universal service support mechanisms include all items listed on the most recent annual

Eligible Services List of the Schools and Libraries Support Mechanism of the Universal Service Administrative Company dated October 5, 2004.

9. For health care providers, the services supported by universal service support mechanisms include any telecommunications service that is used primarily for the provision of health care
10. VCI Witness Stanley Efferding testified and affirmed that VCI will offer all services supported by the federal universal service support mechanisms and will advertise the availability of and charges for those services using media of general distribution throughout its service area.
11. Mr. Efferding testified and affirmed that VCI Lifeline and Link Up offerings will meet the requirements established by the FCC
12. The Commission finds VCI is qualified under Section 214(e) of the Communications Act of 1934 as amended by the Telecommunications Act of 1996 for designation as an ETC to receive federal universal service support.
13. The Commission finds the amendment filed to VCI's application on July 6, 2005 sufficiently addresses the additional requirements for ETC designation recommended in the FCC's Report and Order released March 17, 2005 in CC Docket No. 96-45 and no further requirements need be ordered at this time.

Based on the foregoing Findings of Fact, the Commission makes its

Conclusions of Law

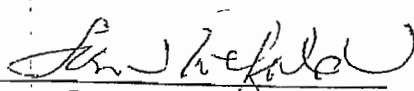
1. The Commission has jurisdiction over this matter under Title 49 of the North Dakota Century Code.
2. VCI is qualified under Section 214(e) of the Communications Act of 1934 as amended by the Telecommunications Act of 1996 for designation as an Eligible Telecommunications Carrier to receive federal universal service support.

Based on the foregoing Findings of Fact and Conclusions of Law, the Commission issues its.

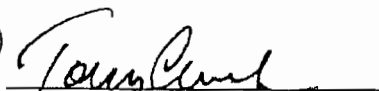
Order

The Commission Orders VCI's application for designated eligible carrier status is granted and VCI is designated as an eligible telecommunications carrier in the requested Qwest exchange areas

PUBLIC SERVICE COMMISSION



Susan E. Weisald
Commissioner



Tony Clark
President



Kevin Cramer
Commissioner

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VCI Company
Designated Eligible Carrier
Application

Case No. PU-05-28

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that

she is over the age of 18 years and not a party to this action and, on the 29th day of July, 2005, she deposited in the United States Mail, Bismarck, North Dakota, two envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of.

Order

The envelopes were addressed as follows:

Stan Efferding
VCI Company
3875 Steilacoom Blvd SW #A
Lakewood WA 98499
Cert. No. 7004 2510 0004 8815 5262

Stacey A Klinzman Attorney
VCI Company
P O Box 89807
Lakewood WA 98499
Cert. No. 7004 2510 0004 8815 5293

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this 29th day of July, 2005

SEAL

Notary Public

ORDER NO 03-749

ENTERED DEC 17 2003

This is an electronic copy. Format and font may vary from the official version. Attachments may not appear.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1107

In the Matter of)	
)	ORDER
STAN EFFERDING dba VILAIRE)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier Providing Service)	
to Customers Under the Oregon Telephone)	
Assistance Plan.)	

DISPOSITION. PETITION GRANTED

On September 2, 2003¹, Stan Efferding, dba Vilaire (Vilaire) filed a petition with the Public Utility Commission (Commission) pursuant to 47 U.S.C. § 214(e)(2), and 47 C.F.R. § 54.201 for designation as a federal eligible telecommunications carrier (ETC) authorized to participate in the federal Lifeline/Link Up program. Granting the petition would also result in Vilaire being designated as a state ETC authorized to participate in the Oregon Telecommunications Assistance Program (OTAP), pursuant to OAR 860-033-0005(7)(a). A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on December 4, 2003, the Commission adopted Staff's Recommendations and approved Vilaire's request.

¹ Staff report, at page 5, paragraph G, line 2 states filing date as August 29, 2003, but actual date received for filing was September 2, 2003.

ORDER

IT IS ORDERED that the application of Stan Efferding, dba Vilaire, for designation as an Eligible Telecommunications Carrier qualified to receive federal universal service fund support and State of Oregon Telephone Assistance Program support is granted

Made, entered, and effective _____

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 4, 2003

REGULAR X CONSENT _____ EFFECTIVE DATE N/A

DATE: November 25, 2003

TO: Lee Sparling

FROM: John Wright and Damara Pans through Dave Booth, Vicki McLean and Phil Nyegaard

SUBJECT: STAN EFFERDING, DBA VILAIRE Petition for Designation as an Eligible Telecommunications Carrier Providing Service to Customers under the Federal Lifeline/Link Up Program and the State of Oregon OTAP Program

STAFF RECOMMENDATION:

Staff recommends the Commission grant the petition of Stan Efferding, DBA Vilaire ("Vilaire") Granting the petition will result in Vilaire being designated as a federal eligible telecommunications carrier (ETC) authorized to participate in the federal Lifeline/Link Up program Granting the petition will also result in Vilaire being designated as a state ETC authorized to participate in the Oregon Telecommunications Assistance Program (OTAP).

DISCUSSION:

A. The Application of Stan Efferding DBA Vilaire

Stan Efferding is an individual based in Lakewood, Washington, who operates Vilaire Communications. Vilaire specializes in providing local exchange service to low income individuals and those with poor credit histories who are unable to obtain service from incumbent local exchange carriers (ILECs) Vilaire currently serves approximately 5000 such customers in the State of Washington

Vilaire is seeking designation as a federal and state ETC throughout the Oregon service area of Qwest Corporation (Qwest). Vilaire will provide service in Oregon by purchasing unbundled network element platforms (so called, UNE-P) from Qwest² At present, Vilaire has no

APPENDIX A
PAGE 1 OF 7

² A UNE-P consists of a bundled switch port and local loop facility allowing competitive carriers to provide local exchange service without constructing their own facilities

customers in Oregon. However, the Company does have authority to operate as a competitive telecommunications provider under Order No 03-165, dated March 19, 2003. Vilaire also has an Oregon interconnection agreement with Qwest that became effective July 11, 2003.

B. The Federal Lifeline/Link Up Program

The federal Lifeline/Link Up program is a universal service fund (USF) support mechanism designed to increase the availability of telecommunications services to low income consumers. The Federal Communications Commission (FCC), estimates 6.5 million consumers paid reduced rates under Lifeline in 2001 and 12 million have paid reduced connection charges under Link Up since 1987.³

The Lifeline portion of the Lifeline/Link Up program reimburses telephone companies for providing low income consumers with a discount on the cost of residential basic local exchange service. Lifeline support enables low-income consumers to save up to \$13.50. Of this amount \$3.50 per month is contributed by the OTAP program. Consumers living on Indian tribal lands may qualify for additional Lifeline discounts.⁴

The Link Up portion of the Lifeline/Link Up program reimburses telephone companies for providing low income consumers with a discount on the cost of commencing residential basic local exchange service. Link Up support enables low-income consumers to save up to 50 percent on connection fees, or \$30, whichever is less. Participants may also establish a deferred payment schedule for remaining connection charges of up to \$200. Consumers living on Indian tribal lands may qualify for additional Linkup discounts.

As is the case for the other federal USF support mechanisms such as high cost support and the rural healthcare program, funding for Lifeline/Link Up is provided by telecommunications service providers who are required to contribute a percentage of their interstate revenues. The federal USF revenue contribution factor for the fourth quarter 2003 is 9.2%. Most telecommunications service providers pass on this cost to their customers via a 9.2% surcharge on end user bills.

C. OTAP

The Commission established OTAP in response to a 1987 directive from the Oregon Legislature to establish an assistance program that provides reduced residential local exchange telephone

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³ See FCC, *Trends in Telephone Service Report*, page 20-I (May 2003).

⁴ Federal regulations governing Lifeline/Link Up are contained in 47 C.F.R. §54.400-54.415.

service to low income consumers⁵ OTAP is administered by Commission Staff and serves as an adjunct to the Lifeline portion of the federal Lifeline/Link Up program Through OTAP, low income consumers can receive monthly discounts of up to \$3.50 per month for basic local exchange telephone service in addition to the discount of up to \$10.00 available via federal Lifeline support⁶

Funding for OTAP, the Telecommunication Devices Access Program and the Oregon Telecommunications Relay Service is provided by a surcharge of up to \$0.35 per month assessed on the telephone bills of retail end users with basic service telephone lines This surcharge is identified on end user telephone bills as the Residential Service Protection Fund (RSPF) surcharge, or other similar wording, and is set by the Commission on an annual basis⁷

The current RSPF surcharge of \$0.13 will be in effect until December 31, 2004 when a new surcharge rate may be implemented by the Commission Funds collected through the RSPF surcharge are held by the Oregon State Treasury As of November 30, 2003, the RSPF fund balance was \$3.786 million At present, Qwest, Verizon and approximately 30 rural ILECs participate in OTAP and the federal Lifeline/Link Up program Approximately 49,000 low income customers in Oregon currently receive OTAP and Lifeline support

D. Consumer Eligibility for Lifeline, Link Up and OTAP

In states that maintain their own low income support programs, the FCC requires consumers to meet state eligibility requirements in order to receive federal Lifeline/Link Up support. In states that do not have their own income support programs, consumers are required to meet default federal eligibility requirements In Oregon, consumers are eligible to receive OTAP and Lifeline/Link Up assistance if they are currently receiving federal food stamps or assistance from another low income program for which eligibility requirements do not exceed 135 percent of the

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⁵ The Legislature also directed the Commission to establish programs which resulted in the development of the Telecommunication Devices Access Program and the Oregon Telecommunications Relay Service for hearing and speech impaired Oregonians See Sections 2 to 8 and 16, Chapter 290, Oregon Laws, 1987 Commission rules governing OTAP can be found in OAR 860-033-0001 through 860-033-0100

⁶ OTAP, the Telecommunication Device Access Program and the Oregon Telecommunications Relay Service are administered by the Residential Service Protection Fund unit of the Commission's Central Services Division

⁷ The RSPF is entirely separate from the Oregon Universal Service Fund (OUSF) Granting ETC status to Vailair for purposes of participating in the OTAP program will not allow the Company to receive OUSF support

federal poverty level⁸ In addition to food stamps, consumers receiving assistance such as Temporary Aid to Needy Families, Supplemental Security Income or coverage under the Oregon Health Plan may qualify.

E. The Federal ETC Designation Process

Before a telecommunications service provider can receive federal USF support (whether high cost support or Lifeline/Link Up), it must be designated as an ETC by a state public utility commission. State involvement in the process of designating federal ETCs stems from 47 U.S.C. § 214(e)(2) which requires state commissions to designate a common carrier as a federal ETC if it offers and advertises federal USF supported services throughout its designated service area using its own facilities.⁹ This Commission has made the requisite ETC designations for all Oregon ILECs and, as required by FCC regulations, re-certifies ILECs on an annual basis. To date, the Commission has not yet designated a competitive provider as a federal ETC.¹⁰

In areas served by non-rural ILECs, 47 U.S.C. § 214(e)(2) also provides that state commissions "shall" designate more than one common carrier as a federal ETC within a specific service area.¹¹ Therefore, if a carrier meets the requisite criteria of offering and advertising services supported by the federal USF mechanism, a state commission must grant ETC status with no latitude for deviation.

In areas served by rural ILECs, 47 U.S.C. § 214(e)(2) allows state commissions significantly greater latitude. State commissions "may" designate more than one ETC in a rural service area if they find such a designation to be in the public interest. This gives states discretion to decline an ETC application based on a public policy rationale even if the applicant complies with requisite criteria of offering and advertising USF supported services. Since Vilaire is not applying for ETC status in the service areas of any rural ILECs, the Company's application need not pass this public interest test.

Note that the federal statutes and regulations discussed above apply regardless of whether a telecommunications service provider desires federal ETC status in order to receive USF high cost

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⁸ The current federal poverty guidelines as published by the Department of Health and Human Services are \$8,980 annual income for a single individual and \$18,400 annual income for a family of four.

⁹ 47 C.F.R. § 51.101(1) specifies the following services as being supported by federal universal service support mechanisms: a) voice grade access to the public switched network, 2) local usage, 3) dual tone multi-frequency signaling or its functional equivalent, 4) single-party service or its functional equivalent, 5) access to emergency services, 6) access to operator services, 7) access to interexchange services, 8) access to directory assistance, 9) toll limitation for qualifying low income consumers. An ETC must offer all of these services to receive federal USF support.

¹⁰ The Commission is currently investigating two dockets in which competitive wireless carriers are seeking to be designated as federal ETCs for the purpose of receiving high cost support (see Dockets UM 1083 and UM 1084).

¹¹ For federal USF purposes, Qwest and Verizon are considered non-rural ILECs in the State of Oregon.

support or participate in the Lifeline/Link Up program. In its application, Vilaire explicitly disavowed any intent to receive federal USF high cost support. However, Staff believes the Company will qualify for both federal high cost support and participation in the Lifeline/Link Up program if it is designated as a federal ETC by the Commission.¹²

F. The State ETC Designation Process

In order to be designated as a state ETC for purposes of OTAP, a telecommunications service provider must comply with the federal requirements contained in C.F.R. §54.101 as discussed above. The applicant must also demonstrate that it will comply with OAR 860-033-0005 through OAR 860-033-100.¹³

G. Analysis of Vilaire's Application

Staff has made approximately twenty-five data requests since Vilaire's filed its application on August 29, 2003. The reason for this large number of data requests includes:

1. Vilaire's application required significant clarification
2. Vilaire specializes in providing local exchange service to low income consumers. Given the vulnerability of this target market, it seemed appropriate to thoroughly investigate the Company's application
3. Recent controversy involving the Washington Telephone Assistance Program which involved Vilaire and numerous other telecommunications service providers serving the same low income target market

Based on Staff's research, we make the following observations:

1. Although Vilaire does not currently offer service in Oregon, the FCC has made it clear in numerous decisions that a service provider need not actually provide service throughout the service area for which it seeks ETC designation at the time of its application. Instead, the applicant must merely make a reasonable demonstration of its capability and commitment to

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¹² This is somewhat of a moot point in Oregon at present. Under the FCC's current rules, non rural ILECs collect federal USF high cost support in only eight jurisdictions. Oregon is not one of the eight. Therefore, Qwest and Verizon do not receive federal high cost fund support. Qwest and Verizon do however, participate in the federal USF Lifeline and Linkup programs for low income consumers.

¹³ Vilaire is not seeking to become a state ETC in order to participate in the OUSF program. Further, the requirements to become a state ETC for OUSF purposes are different from those required to become a state ETC for OTAP purposes.

provide universal service without the actual provision of such services¹⁴ Vilaire's operations in Washington, its certificate of service in Oregon and its interconnection agreement with Qwest demonstrate adequate capability and commitment

- 2 The fact that Vilaire has not constructed its own facilities is also not an impediment to the Company being designated a federal ETC Under 47 C F R. §54 201(f), ETCs are allowed to meet the requirement of providing service using their "own facilities" by purchasing unbundled network elements from another carrier Vilaire's stated intention to provide service via Qwest UNE-P meets this criteria
- 3 Vilaire's application demonstrates compliance with the requirements of 47 U S C § 214(e)(2) and 47 C F R § 51 101(a) regarding the offering and advertising of federal USF supported services
- 4 By virtue of its compliance with 47 C F R §51.101(a), Vilaire qualifies for state ETC certification per the requirements of OAR 860-033-0005(7)(a).
5. Upon investigation, Staff determined that recent controversy involving the financial solvency of the Washington Telephone Assistance Program (WTAP) stemmed from that program's flawed design. Specifically, WTAP reimbursed telecommunications service providers for the difference between the price they charged consumers and the sum of federal Lifeline support and a \$4 consumer co-payment For example, if a service provider charged consumers \$20 per month for service, WTAP would provide a reimbursement of \$6 (\$20 price - \$10 Lifeline - \$4 co-payment) Apparently this system worked well when rate regulated ILECs were the program's sole participants However, WTAP accumulated a \$1.5 million deficit due, at least in part, to the growing participation of competitive carriers such as Vilaire who are free to charge prices significantly higher than rate regulated ILECs

Staff believes that this problem will not occur in Oregon given that OTAP pays a *maximum* of \$13 50 (\$10 Lifeline + \$3 50 OTAP) per month to telecommunications service providers regardless of the price they charge end user consumers Nonetheless, the Commission should be aware that competitive providers in Oregon are free to charge prices for residential basic local exchange service far in excess of those charged by ILECs such as Qwest or

APPENDIX A
PAGE 6 OF 7

¹⁴ See paragraph 16, FCC order DA 02-3181, *RCC Holdings, Inc. Petition for Designation as an Eligible Telecommunications Carrier Throughout its Licensed Service Area in the State of Alabama*

Verizon. In order to participate in OTAP, service providers need merely pass on the OTAP subsidy to consumers.¹⁵ This means that if Vilaire chooses to charge \$63.50 per month for basic residential local exchange service, it is required to charge \$50 to consumers who are qualified for OTAP. It is Staff's understanding there is a pool of low income consumers who may be willing to pay such exceptionally high prices because they are unable to obtain service from ILECs due to their poor credit and/or payment histories.

Given the reasons cited above, Staff believes the Commission does not have a basis for denying Vilaire's application. Vilaire has satisfactorily responded to Staff's data requests and has indicated it will comply with applicable federal and state requirements.

OPTIONS FOR COMMISSION ACTION.

The Commission has two options for action:

1. Approve or deny the application of Vilaire.
2. Set the matter for hearing to investigate relevant issues regarding the operations of Vilaire in other states.

Staff recommends the Commission grant the Vilaire's petition under option #1.

PROPOSED COMMISSION MOTION:

That the application by Stan Efferding DBA Vilaire, for designation as an Eligible Telecommunications Carrier qualified to receive federal universal service fund support and State of Oregon Telephone Assistance Program support be granted.

UM 1107 Stan Efferding DBA Vilaire PM Memo.doc

¹⁵ See OAR 860-033-010 and OAR 860-033-0035(1) which mandate that qualifying customers are to pay reduced monthly rates.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY VCI)	ORDER GRANTING
COMPANY FOR DESIGNATION AS AN)	ELIGIBLE
ELIGIBLE TELECOMMUNICATIONS CARRIER)	TELECOMMUNICATIONS
)	DESIGNATION
)	TC04-225

On November 15, 2004, the Public Utilities Commission (Commission) received a Petition for Designation as an Eligible Telecommunications Carrier from VCI Company (VCI). On March 7, 2005, the Commission received a supplemental letter filing from VCI. VCI sought designation as an eligible telecommunications carrier (ETC) for all Qwest Corporation (Qwest) service areas. On April 7, 2005, VCI filed its Petition on Qwest Corporation and other interested carriers.

On November 18, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of December 3, 2004, to interested individuals and entities. No person or entity filed to intervene.

Pursuant to 47 U.S.C. § 214(e)(2), the Commission is required to designate a common carrier that meets the requirements of section 214(e)(1) as an ETC for a service area designated by the Commission. Pursuant to 47 U.S.C. § 214(e)(1), a common carrier that is designated as an ETC is eligible to receive universal service support and shall, throughout its service area, offer the 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. The carrier must also advertise the availability of such services and the rates for the services using media of general distribution.

The Federal Communications Commission (FCC) has designated the following services or functionalities as those supported by federal universal service support mechanisms: (1) voice grade access to the public switched network, (2) local usage; (3) dual tone multi-frequency signaling or its functional equal, (4) single party service or its functional equivalent, (5) access to emergency services, (6) access to operator services, (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers. 47 C.F.R. § 54.101(a).

As part of its obligations as an ETC, an ETC is required to make available Lifeline and Link Up services to qualifying low-income consumers. 47 C.F.R. § 54.405, 47 C.F.R. § 54.411.

VCI stated in its Petition that it will provide the following services to all of its customers in the Qwest service areas:

1. Voice grade access to the public switched network,
2. Local exchange service, including an amount of local usage free of per minute charges under a flat-rated local service package,
3. Dual tone multi-frequency signaling,
4. Single party service,
5. Access to emergency services such as 911 or Enhanced 911 public services when such services are available,
6. Access to operator services,

- 7 Access to interexchange services,
- 8 Access to directory assistance, and
- 9 Toll block service to qualified low-income consumers

With respect to the obligation to advertise the availability of services supported by the federal universal service support mechanism and the charges for those services using media of general distribution, VCI stated that it will advertise the availability of its local exchange services in media of general distribution, in annual bill inserts, on television, and on its website in all Qwest service areas. VCI stated it will offer the Lifeline and Link Up service discounts in all Qwest service areas.

Pursuant to its Petition, VCI requested ETC status in all Qwest service areas.

At its May 10, 2005, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 214. VCI stated that it will not request high cost support. The Commission finds that VCI will provide the following services or functionalities throughout all Qwest service areas: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling; (4) single-party service; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll blocking for qualifying low-income consumers.

The Commission finds that VCI intends to provide Lifeline and Link Up programs to qualifying customers throughout all Qwest service areas consistent with state and federal rules and orders. VCI will target Lifeline customers in order to assist low-income customers with receiving telephone service. The Commission finds it is in the public interest to designate VCI as an ETC for Qwest service areas.

The Commission finds that VCI shall advertise the availability of the services supported by the federal universal service support mechanism and the charges therefor throughout its service area using media of general distribution at least once each year.

The Commission designates VCI as an ETC for all Qwest service areas. It is therefore

ORDERED, that VCI is designated as an ETC for all Qwest service areas, it is

FURTHER ORDERED, that VCI shall follow the advertising requirements as listed above.

Dated at Pierre, South Dakota, this 26th day of May, 2005.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By	<u><i>Debra K. Kelsch</i></u>
Date	<u>5/26/05</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION

Gary Hanson
GARY HANSON, Chairman

Robert K. Sahr
ROBERT K. SAHR, Commissioner *dk*

Dustin M. Johnson
DUSTIN M. JOHNSON, Commissioner

DOCKET NO. 31499

APPLICATION OF VCI COMPANY FOR §
DESIGNATION AS AN ELIGIBLE §
TELECOMMUNICATIONS CARRIER §
(ETC) PURSUANT TO P.U.C. §
SUBSTANTIVE RULE 26.418 §

2005 OCT -3 PM 3:55
PUBLIC UTILITY COMMISSION
OF TEXAS

ORDER NO. 3
NOTICE OF APPROVAL FOR DESIGNATION AS
AN ELIGIBLE TELECOMMUNICATIONS CARRIER

Procedural History

On August 16, 2005, VCI Company (VCI) filed an application for designation as an eligible telecommunications carrier (ETC) pursuant to P.U.C. SUBST. R. 26.418. VCI sought designation in the geographic areas of Texas currently served by SBC Texas.

VCI was granted Service Provider Certificate of Operating Authority No. 60729 on May 12, 2005, for the geographic areas of Texas currently served by SBC Texas and Verizon Southwest

On September 27, 2005, Staff filed its recommendation on final disposition. Staff stated that VCI meets all of the requirements for ETC designation, recommending that VCI be granted ETC designation.

Ordering Paragraphs

Based on Staff's recommendation, and pursuant to P.U.C. SUBST. R. 26.418, VCI's application for ETC designation for the geographic area of Texas currently served by SBC Texas is approved effective October 3, 2005

VCI shall comply with new Commission rules and amendments to existing rules that apply to VCI's service as an ETC in Texas.

SIGNED AT AUSTIN, TEXAS the 3rd day of October 2005.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in cursive script, appearing to read "Irene Montelongo", is written over a horizontal line.

IRENE MONTELONGO
ADMINISTRATIVE LAW JUDGE
POLICY DEVELOPMENT DIVISION

q \pd\doct management\telephone\etp & etc\31xxx\31499-3 doc

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of VCI)
Company dba Vilaire for Designation as an)
Eligible Telecommunications Carrier)
Providing Service to Customers under the)
Utah Low Income Telephone Assistance)
Plan)

DOCKET NO 05-2446-01

REPORT AND ORDER

ISSUED August 17, 2005

SYNOPSIS

The Public Service Commission of Utah grants VCI Company's request for Federal ETC status for the Qwest exchanges in Utah. The Commission limits said designation to eligibility for the Federal Lifeline/Link Up program, thereby limiting withdrawal from the Utah Universal Service Fund to the state contribution for low-income households under the Lifeline program

By The Commission

PROCEDURAL HISTORY

On May 8, 1997, the Federal Communications Commission ("FCC") issued its Universal Service Report and Order, CC Docket 96-45, FCC 97-157 ("Universal Service Order") implementing the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the "Act"). The Universal Service Order provides that only eligible telecommunications carriers designated by a state commission shall receive federal universal service support. Under 47 U.S.C. § 214(e)(2), a state commission shall, upon its own motion or upon request, designate a common carrier that meets the requirements set forth by the FCC as an eligible telecommunications carrier ("ETC") for a service area designated by the state commission. The

DOCKET NO 05-2446-01

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FCC defines a service area as a geographic area established by a state commission for the purpose of determining universal service obligations and support mechanisms. Together, all of a carrier's calling areas represent the overall area for which the carrier shall receive support from federal universal service support mechanisms.

On April 18, 2005, VCI Company ("VCI") filed a Petition with the Public Service Commission ("Commission") for designation as an ETC in Utah to receive federal universal service support under the Act and corresponding FCC regulations, and for the purpose of receiving support from the Utah Universal Service Fund ("State Fund") established by the Commission. VCI indicated in its Petition that it does not plan to serve high-cost areas and will limit its service offering to provision of local exchange service to Utah residents qualifying for the Utah Low Income Telephone Assistance Plan. VCI also stated it has been approved for ETC designation in the states of Washington, Wyoming, Oregon, Iowa, Idaho, and Colorado, and currently provides Lifeline/Linkup support to residents of tribal lands in areas approved for ETC designation in each of these states.

No parties have sought intervention in this Docket. On June 20, 2005, the Division of Public Utilities ("Division") filed a request for more time to conduct its investigation. On July 12, 2005, the Division filed comments recommending the Commission grant limited federal and state ETC designation to VCI, authorizing it to participate only in the federal Lifeline/Link-Up, and, thus, to collect federal universal service fund ("USF") monies only for the reimbursement of Lifeline. The Division further recommended granting VCI designation as a state ETC, authorized to participate in the Utah Lifeline Program which would permit limited

withdrawal from the State Fund. The Division recommends the Commission, upon granting ETC designation, order VCI to file its Price List and samples of advertising with the Commission within thirty days of approval.

II. STATUTORY PROVISIONS

To be designated as a federal ETC under the Act, a carrier must (1) be a common carrier, (2) demonstrate it will provide the supported services set forth in 47 C.F.R. § 54.101(a) throughout its designated service areas; and (3) present an acceptable plan for advertising its universal service offerings and the charges therefor using media of general distribution. 47 U.S.C. § 214(e); Universal Service Order, ¶ 24.

The FCC's supported services set forth in 47 C.F.R. § 54.101(a) are.

- a. voice grade access to the public switched telephone network;
- b. local usage,
- c. dual tone multi-frequency signaling or its functional equivalent,
- d. single-party service or its functional equivalent,
- e. access to emergency services,
- f. access to operator services,
- g. access to interexchange service,
- h. access to directory assistance,
- i. toll limitation for qualifying low-income consumers.

In addition, on March 17, 2005, in CC Docket No. 96-45, the FCC adopted additional criteria requiring a petitioning telecommunications corporation to do the following prior to ETC

designation.

- 1 provide a five-year plan demonstrating how high-cost universal service support will be used to improve its coverage, service quality or capacity throughout the service area for which it seeks designation,
2. demonstrate its ability to remain functional in emergency situations,
3. demonstrate that it will satisfy consumer protection and service quality standards;
- 4 offer local usage plans comparable to those offered by the incumbent local exchange carrier in the areas for which it seeks designation, and
- 5 acknowledge that it may be required to provide equal access if all other ETCs in the designated service area relinquish their designations.

To obtain funding from the State Fund, the Commission has established the following requirements in Utah R746-360-6: (a) a carrier must be designated an ETC under Section 214(e) of the Act, (b) a carrier must be in compliance with applicable Commission orders and rules; (c) a carrier must offer "basic telecommunications service" as defined by Commission Rule R746-360-2, and (d) a carrier must be a facilities-based provider.

Provision of "basic telecommunications service" requires a carrier to provide access to the public switched network; touch-tone, or its functional equivalent, local flat-rated, unlimited usage, exclusive of extended area service, single-party service with a telephone number listed free in directories that are received free, access to operator services, access to directory assistance; access to 911 or E911 emergency services, access to long-distance carriers, and access to toll limitation services. Utah R746-360-2C.

III. DISCUSSION AND FINDINGS

Federal ETC Designation

VCI dba Vilaire is a certificated competitive telecommunications provider in the State of Utah. In its application, VCI states that it provides wireline service primarily through the leasing of Unbundled Network Elements ("UNE's"), but the Division notes VCI has not yet begun providing service in Utah, has no customers in the State, and has no Price List on file with the Commission. VCI states that it provides services supported by the USF as set forth in 47 C.F.R. §54.101(a). The Division notes VCI's plan to offer service to low-income consumers utilizing Qwest's UNE/QPP method of connection will, by default, provide the services required in 47 C.F.R. §54.101(a). By providing service via Qwest's UNE/QPP facilities, VCI will also have the ability to provide the same service quality that Qwest provides to its own customers. The Division has investigated VCI's past service quality record in other jurisdictions, observes no severe problem with that record, and notes VCI has committed to abide by all Commission service quality rules and regulations.

VCI indicates that it advertises the availability of its universal service offering throughout its ETC service area by means of daily television advertisement. The Division notes that since VCI does not currently offer service in Utah it does not advertise in Utah. However, the Division has reviewed VCI's advertising in other states and notes VCI also plans to distribute printed advertising materials at food banks, state department of social service offices, and low-income housing offices. VCI thus meets the advertising requirement of 47 U.S.C. § 214(e)(1).

The Division notes VCI maintains no five-year plan for high-cost universal service support but does not view this as a disqualifying factor since VCI plans to provide service to low-income households and does not expect to withdraw funds from the federal high-cost fund. The Division notes that by virtue of VCI's leasing of Qwest's UNE/QPP VCI satisfies the FCC's emergency viability and local usage plan criteria. VCI has also informed the Division that it will offer equal access to its subscribers who do not have toll limitation. Furthermore, the Division concludes granting ETC designation is in the public interest because it will provide consumers another choice in the low-income market.

However, the Division does not believe VCI would be able to provide service to the total subscriber base of a relinquishing service provider. Because VCI plans to provide service to its low-income subscribers via Qwest's UNE/QPP, VCI is dependent upon Qwest to provide access for its subscribers. Thus, were Qwest to relinquish its service territory it would be difficult for VCI to serve Qwest's service area. VCI states that if Qwest were to cease providing service in an area served by VCI, VCI would continue to serve that area because Qwest would continue as VCI's underlying carrier. The Division disagrees, noting that if Qwest relinquished its service territory, it would most likely be sold, requiring VCI to construct its own network or to purchase UNE/QPP, if available, from Qwest's successor.

VCI's representation that it has no plan to serve high-cost areas, coupled with the Division's conclusion that VCI would not be able to serve the total subscriber base if Qwest relinquished its service territory, leads the Division to recommend limiting VCI's ETC

designation and its State Fund reimbursement to the state contribution for low-income households under the Lifeline program

State Level Qualifications for Approval to Draw on the State Fund

VCI seeks to draw from the State Fund for the Qwest exchanges in its application area. The services supported by the State Fund as set forth in the Commission's definition of "basic telecommunications service" are similar to the FCC's service requirements under FCC Rule 54.101(a). While the Utah and FCC supported services are expressed in slightly different words, there are few substantive differences between them. VCI must obey the Commission's Rules with respect to qualifying to receive money from the State Fund. Specifically, VCI must charge no more than the Affordable Base Rate for its universal service offering. The Commission has set rates for basic residential services in the Qwest exchanges dealt with in this order, and presumes that these rates represent the affordable rates for the relevant exchanges or areas.

Using Qwest's network elements, VCI will provide the following State Fund supported services: access to the public switched network; touch-tone, single-party service, access to 911 emergency services, access to long-distance carriers, and access to toll limitation services. Though not specifically provided for in its Petition, we expect that VCI will also provide a free telephone listing in a directory that is distributed without charge.

Findings

We find that VCI qualifies for limited federal ETC designation as defined by the Act and 47 C.F.R. § 54.1 et seq., in the Qwest service territory in Utah for the purpose of

receiving federal universal service support. Further, we find that VCI qualifies for the designation of eligible telecommunications carrier for purposes of drawing from the State Fund in the same Qwest exchanges for which federal designation has been granted. Based on the information contained in VCI's Petition, and concurring with the Division's recommendation, we conclude said ETC designation shall be limited to participation in Lifeline/Link-Up.

We stress that our finding that VCI meets the criteria for federal and state level designation is a recognition only of their potential to provide the service. VCI may draw from the funds only as it provides service to actual customers, and only for so long as it remains in compliance with Commission rules and federal guidelines with respect to prices, quality, services, and offerings.

The Commission has jurisdiction and authority to ensure that VCI continues to meet the ETC criteria set forth in Section 214(e)(1) of the Act. Nothing prevents the Commission from, on its own motion, modifying, suspending or revoking VCI's ETC designation if it does not meet those obligations. An ETC's obligation to "offer the services that are supported by Federal universal service support mechanisms," as required by 47 U.S.C. § 214(e)(1), connotes not just willingness to offer the services, but actual performance of the services. Such performance in turn connotes provision of the services at an adequate service level. The issue of whether an ETC (in this case VCI) is actually performing such services could arise in a proceeding to modify, revoke, or suspend the designation.

IV. ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that

1 VCI is granted limited designation as an eligible telecommunications carrier under the federal guidelines in the Qwest Corporation Local Exchanges in the State of Utah, conditioned on meeting the requirements of this Order. On the same conditions, VCI is also designated as qualified to receive State Fund disbursements for Lifeline and Link-Up as services are provided, in the same Qwest exchanges for which federal designation has been granted. Said designation is conditional on VCI's submission of a written service agreement or Price List and proposed Utah advertising materials as required below.

2. VCI shall provide universal service pursuant to a written service agreement or price list. The service agreement or price list shall be filed for review with the Commission, and shall contain provisions which ensure it will provide universal service as defined by 47 U.S.C. § 214(e)(1) and 47 C.F.R. § 54.101(a) and this Order. The required components of this offering are listed in this Order above. We note that our approval is conditional on VCI offering unlimited local usage as part of the universal service offering package that covers, at a minimum, all areas currently covered by the incumbent local exchange provider. On an individual calling area basis, VCI may offer larger free unlimited local calling areas.

3. Approval to receive money from the State Fund is further conditioned upon VCI providing directory listings as required by state rule, and on not charging a price for basic telecommunications service that is less than or equal to the affordable base rate. At such time as VCI seeks reimbursement from the State Fund, it shall seek reimbursement only for Lifeline

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expenses

4 VCI shall file with the Commission its written service agreement or Price List, as well as samples of its proposed Utah advertising, not less than 30 days in advance of offering service in Utah

5 Pursuant to *Utah Code Annotated* §§ 63-46b-12 and 54-7-15 agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action Any Petition for Review must comply with the requirements of *Utah Code Annotated* §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 17th day of August, 2005

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#45394

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of)	DOCKET NO. UT-033014
)	
STAN EFFERDING)	ORDER NO 01
d/b/a VILAIRE)	
)	
)	ORDER GRANTING
)	DESIGNATION AS AN ELIGIBLE
For Designation as an Eligible)	TELECOMMUNICATIONS
Telecommunication Carrier)	CARRIER
.....)	

BACKGROUND

- 1 On April 3, 2003, Stan Efferding, d/b/a Vilaire (Vilaire), filed a petition with the Commission requesting designation as an eligible telecommunications carrier (ETC) in exchange areas served by Qwest Corporation (Qwest). Vilaire is registered as a competitive local exchange carrier in Washington. Vilaire uses unbundled network element platforms (UNE-P) leased from Qwest to provide service.
- 2 The Federal Telecommunications Act of 1996 (Act) significantly changed national telecommunications policy, including universal service. Under the Act, state public utility commissions implement national telecommunications policy by conducting various proceedings set forth in the Act, one of which is to designate telecommunications companies as ETCs. Federal universal service policy coincides, to a great extent, with Washington's preexisting telecommunications policies, as set forth in Title 80 RCW.
- 3 Federal and state law embrace the policy that certain telecommunications services should be universally available. Congress articulated the basics of what should be included as part of "universal service," in 47 U.S.C. §254(b), and established a Federal-State Joint Board on Universal Service to recommend to the Federal Communications Commission the details of what should be included in universal service. These services are to be supported for low-income customers by money from a fund that is supported by carrier contributions. 47 U.S.C. §254(d), *Recommended Decision, In the Matter of Federal-State Joint Board on*

Universal Service, CC Docket No 96-45 (November 8, 1996), and First Report and Order, In the Matter of Federal-State Joint Board on Universal Service, CC Docket No 96-45 (May 8, 1997) (Universal Service Order).

- 4 The Act provides that ETCs may draw from the universal service fund in order to provide the described services to low-income consumers. The following services must be provided by an ETC in order to be eligible for federal universal service report: single-party service, voice-grade access to the public switched network; dual-tone multi-frequency signaling or its functional equivalent; access to emergency services, including, in some circumstances, access to 911 and E911, access to operator services; access to interexchange services, access to directory assistance; and lifeline and link-up programs, including free toll-limitation services for qualifying low-income consumers.
- 5 Congress left to the state public utility commissions the task of designating ETCs. 47 U.S.C. § 214 (e)(2). Section 214 (e)(1) sets forth the criteria for ETC designation, which are: (1) the carrier must offer the "services" that are supported by the federal fund, and (2) the carrier must advertise the availability of those services. The carrier must fulfill these criteria "throughout the service area for which the designation is received." 47 U.S.C. § 214 (e)(1).
- 6 The Commission is authorized to take actions, conduct proceedings, and enter orders as permitted or contemplated for a state commission under the Federal Telecommunications Act of 1996. RCW 80.36.610.

DISCUSSION

- 7 Facilities leased as UNE-P satisfy the requirement that a carrier use, at least in part, its own facilities to provide service. 47 C.F.R. § 54.201(f).
- 8 All wireline petitioners that had requested ETC designation prior to Vilaire's petition had requested an exemption from the requirement to provide toll limitation as a prerequisite for obtaining ETC designation. Those petitioners had demonstrated that exceptional circumstances exist justifying an exemption from the requirement to provide toll limitation, as authorized by 47 C.F.R. § 54.101(c). It is not technically feasible for wireline carriers to provide this service at this

time Although Vilaire did not petition for the exemption, it is reasonable to conclude that Vilaire cannot provide toll limitation because it uses the service of a company that cannot provide toll limitation. Thus, the Commission finds it reasonable to waive the toll limitation requirement for Vilaire, as well.

- 9 A carrier's obligation to "offer the services that are supported by federal universal service support mechanisms," as required by 47 U.S.C. § 214(e)(1)(A), requires not just willingness to offer the services, but actual provision of the services. Provision of telecommunications services in Washington implies that the services will be at an adequate service level. As set forth below, whether an ETC actually is providing adequate service could arise in a proceeding to modify, revoke, or suspend ETC designation.
- 10 Requiring adequate service also is consistent with the pro-competitive policies of the 1996 Act. No company should be able to obtain a competitive advantage by avoiding its service-quality responsibilities. All ETCs must comply with applicable Commission rules.
- 11 The Commission may from time to time re-open ETC proceedings in order to modify the geographic area for which companies are designated as ETCs. Such a proceeding may be commenced by an ETC, a petitioner for ETC designation, by the Commission on its own motion, or by another person or entity with standing to do so.
- 12 In addition to geographic area modifications, the Commission has the authority to modify, revoke, or suspend ETC designations, should the prerequisites to the original designation cease to exist. If the Commission at a later date must decide whether Vilaire continues to offer such services, the Commission will look not just to whether the services are available as advertised, but will consider the actual and timely delivery of the services, in accordance with currently accepted industry standards, including, but not limited to, the quality of service rules contained in Chapter 480-120 WAC.
- 13 The Commission may modify this Order for other reasons permitted by the Act.

FINDINGS AND CONCLUSIONS

- 14 (1) The Commission has jurisdiction over the subject matter of this proceeding and Stan Efferding d/b/a Vilaire. 47 C.F.R. § 214(e), RCW 80.01 040(3), 80 36.080, 80 36.090, 80.36 140, 80 36 230, 80 36 610
- 15 (2) Stan Efferding d/b/a Vilaire, is a telecommunications company authorized to conduct business in the state of Washington
- 16 (2) After taking into account and considering fully the recommendations of the Federal-State Joint Board, the Commission finds that the appropriate service area for the Petitioner is at the exchange level.
- 17 (3) The Petitioner offers, or will offer, all of the services that are supported by the federal universal service support mechanisms set forth in 47 C.F.R. §54 101(a), with the exception of toll limitation
- 18 (4) The Petitioner will advertise the availability of its service using media of general distribution as required by 47 U.S.C §214(e)(1)(B).
- 19 (5) Granting the relief requested in the petition, except as otherwise modified by this Order, is consistent with the public interest, convenience, and necessity, and is consistent with applicable state and federal law.
- 20 (6) Stan Efferding, d/b/a Vilaire, does not have a study area. The Commission may designate companies as ETCs for geographic areas other than their study areas without conducting an adjudicatory proceeding prior to such designation.

ORDER

THE COMMISSION ORDERS

- 21 (1) The petition of Stan Efferding d/b/a Vilaire for designation as an eligible telecommunications carrier is granted.

- 22 (2) The geographic area for which the designation is granted consists of the exchanges served by Qwest Corporation (See Appendix A)
- 23 (3) The requirement to provide toll control is waived until it is economically and technically feasible to provide it
- 24 (4) The Commission has authority to modify, suspend or revoke this designation, including the service areas accompanying this designation, at a future date.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective this 23rd day of April, 2003

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary

Appendix A

Qwest Exchanges for which Vilaire is designated an ETC

Aberdeen	Liberty Lake	Sunnyside
Auburn	Longview	Tacoma
Bainbridge Island	Loon Lake	Vancouver
Battleground	Maple Valley	Vancouver Orchards
Belfry	Moses Lake	Warden
Bellevue	Newman Lake	Waitsburg
Bellingham	Newport	Walla Walla
Bremerton	Ocean Shores	Winlock
Black Diamond	Olympia	Yakima
Buckley	Omak	
Castle Rock	Oroville	
Centralia	Othello	
Chehalis	Pasco	
Colby	Pateras	
Colfax	Pomeroy	
Colville	Port Angeles	
Coulee Dam	Port Orchard	
Dayton	Port Ludlow	
Deer Park	Port Townsend	
Des Moines	Puyallup	
Easton	Renton	
Elk	Ridgefield	
Ephrata	Rochester	
Greenbluff	Roy	
Graham	Seattle	
Hoodspport	Sequim	
Issaquah	Shelton	
Joyce	Silverdale	
Kent	Spokane	
Lacey	Sumner	

DOCKET NO UT-033014
ORDER NO 01

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BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION)
OF STAN EFFERDING D/B/A VILAIRE FOR) DOCKET NO. 70104-TA-03-2
DESIGNATION AS AN ELIGIBLE) (RECORD NO. 8537)
TELECOMMUNICATIONS CARRIER)

Order**(Issued November 17, 2003)**

This matter is before the Commission upon the application of Stan Efferding d/b/a Vilaire, hereinafter referred to as Vilaire or the Company, requesting designation as an Eligible Telecommunications Carrier, hereinafter referred to as ETC.

The Commission, having reviewed the application, its files regarding Vilaire, applicable telecommunications law, and otherwise being fully advised in the premises, FINDS and CONCLUDES

1. Vilaire is a telecommunications company as defined by W.S. § 37-15-103(a)(xi) and, as such, subject to the Commission's jurisdiction pursuant to the provisions of W.S. § 37-15-401.

2. On September 2, 2003, Vilaire filed the above docketed application requesting designation as an ETC in the State of Wyoming. This request was made pursuant to the provisions of 47 U.S.C. §§ 214(e) and 254 (1996). Vilaire does not currently provide telecommunications services within the state of Wyoming. Further, at the time of the Commission's action on this application, the Company did not have tariffs and/or price schedules on file with the Commission, nor did it have a Commission approved interconnection agreement with any incumbent local exchange service provider for the state of Wyoming.

3. The federal Telecommunications Act of 1996 gives state regulatory commissions authority to designate ETCs for purposes of federal universal service support. The relevant provisions of the statute provide:

(2) Designation of Eligible Telecommunications Carriers.

A state commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (1) as an eligible telecommunications carrier for a service area designated by the state commission. 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 (1). 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 (47 U.S.C. § 214(e)(2) (1996).)

4. The act requires that an ETC must satisfy the following criteria:

(1) Eligible Telecommunications Carriers

A common carrier designated as an eligible telecommunications carrier under paragraph (2), (3), or (6) shall be eligible to receive universal service support in accordance with section 254 of this title and shall, throughout the service area for which the designation is received --

(A) offer the services that are supported by Federal universal service support mechanisms under section 254(c) of this title, either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier); and

(B) advertise the availability of such services and the charges therefore using media of general distribution

(47 U.S.C. § 214(e)(1) (1996).)

5. The act also grants state regulatory commissions the authority to determine relevant service areas. The statute specifically states the following:

The term "service area" means a geographic area established by a state commission (or the Commission under paragraph (6)) for the purpose of determining universal service obligations and support mechanisms. In the case of an area served by a rural telephone company, "service area" means such company's "study area" unless and until the Commission and the States, after taking into account recommendations of a Federal-State Joint Board instituted under section 410(c) of this title, establish a different definition of service area for such company. (47 U.S.C. § 214(e)(5) (1996).)

6 The FCC has provided a detailed list of the services that are to be supported by the federal universal service fund. These services include the following:

- (1) voice grade access to the public switched network,
- (2) local usage,
- (3) dual tone multi-frequency signaling or its functional equivalent,
- (4) single-party service or its functional equivalent,
- (5) access to emergency services,
- (6) access to operator services,
- (7) access to interexchange services,
- (8) access to directory assistance services, and
- (9) toll limitation services for qualifying low-income consumers.

(47 C.F.R. 54.101(a))

7. The Commission finds and concludes that Vilaire does not currently satisfy the necessary criteria in order to receive an ETC designation pursuant to the provisions of 47 U.S.C. §§ 214 (e) and 254. Accordingly, the Commission has determined that the application should be denied without prejudice.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to open meeting action taken on October 30, 2003, the application of Stan Efferding d/b/a Vilaire for designation as an Eligible Telecommunications Carrier in the state of Wyoming is hereby denied without prejudice.

2. This Order is effective immediately

MADE and ENTERED at Cheyenne, Wyoming this 17th day of November, 2003.

PUBLIC SERVICE COMMISSION OF WYOMING

STEVE ELLENBECKER, Chairman

KRISTIN H. LEE, Deputy Chair

(SEAL)

ATTEST.

IVAN H. WILLIAMS, Assistant Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
VCI COMPANY, d/b/a VILAIRE COMMUNICA-)
TIONS, for designation as an eligible telecommuni-)
cations carrier in the state of Michigan.)
_____)

Case No. U-14807

At the April 13, 2006 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

ORDER

On March 8, 2006, VCI Company, d/b/a Vilaire Communications (Vilaire Communications), filed an application, pursuant to Section 214(e)(2) of the federal Communications Act of 1934, as amended, 47 USC § 214(e)(2), for designation as an eligible telecommunications carrier (ETC) for purposes of universal service fund (USF) support.

Vilaire Communications requests that the Commission enter an order immediately designating it as a competitive ETC in the non-rural telephone company wire centers and rural telephone company study areas identified in its application. Vilaire Communications asserts that the Commission may act on its application without the necessity of a public hearing.

After reviewing Vilaire Communications' application, the Commission finds that it should be granted because the Commission is persuaded that ETC designation for Vilaire Communications promotes the availability of universal service and is in the public interest. The application filed by Vilaire Communications for ETC designation for purposes of receiving USF support is granted, with the provision that Vilaire Communications will comply with the application deadline of June 15, 2006 set today in Case No. U-14530.

Moreover, the Commission concludes, as it did in its November 20, 2001 order in Case No. U-13145 that "...it need not solicit comment on the application, which would only further delay action on the application." Order, Case No. U-13145, p. 4.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, as amended, MCL 484.2101 *et seq.*; the Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 USC 151 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*

b. The application filed by Vilaire Communications for designation as an ETC for purposes of universal service fund support should be granted.

THEREFORE, IT IS ORDERED that the application filed by VCI Company, d/b/a Vilaire Communications, for designation as an eligible telecommunications carrier for purposes of universal service fund support is granted.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, pursuant to MCL 484.2203(12).

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of April 13, 2006.

/s/ Mary Jo Kunkle
Its Executive Secretary

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, pursuant to MCL 484.2203(12).

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of April 13, 2006.

Its Executive Secretary

EXHIBIT B

**BellSouth Wire Centers in Designated Area
(Attached)**

State	NPA	Company Name	Rate Center	Switch
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ATHENS	ATHNTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BENTON	BNTNTNMTRS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BULLS GAP	BLGPTNMARS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHARLESTON	CHTNTNMTRS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNBRDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNDTDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNHTDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNMVDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNNSDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNNSDS1
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNRBDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNRDSD0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNSEDSD0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHATTNOOGA	CHTGTNSMRS5
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CLEVELAND	CLEVTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	COPPERBSIN	CRHLTNCBRS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	DAYTON	DYNTNTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	DECATUR	DCTRNTNMTRS5
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ETOWAH	ETWHTNMTRS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	FORK RIDGE	MDBOKYMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GEORGETOWN	CLEVTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	JASPER	JSPRTNMSTD0

TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	JELICO	JLLCTNMARS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNMA84T
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LAFOLLETTE	LFLTNTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MADISONVL	MDVITNMMTDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MORRISTOWN	MRTWTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NEWPORT	HRFRTNMARS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NEWPORT	NWPTTNMTDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ROGERSVL	RRVLTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SNEEDVILLE	SNVLTNMARS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SO PITTSBG	SPBGTNMARS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SODDYDAISY	SDDSTNMARS5
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SPRINGCITY	SPCYTNMTRS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SURGOINSVL	SRVLTNMADS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SWEETWATER	SWTWTNMTDS0
TN	423	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WHITWELL	WHWLTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ADMSCDARHL	ACHLTNMTRS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ASHLAND CY	ASCYTNMADS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CARTHAGE	CRHTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHARLOTTE	CHRLTNMTDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CRSPLORLND	CRPLTNMARS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	DICKSON	DKSNTNMMTDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	EAGLEVILLE	EAVLTNMARS5

TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	EASTSANGO	SANGTNMTRS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	FAIRVIEW	FRVWTNMTRS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	FRANKLIN	FKLNTNCCRS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	FRANKLIN	FKLNTNMADS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GALLATIN	GALLTNMADS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GOODLETSVL	GDVLTNMARS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GREENBRIER	GNBRTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HARTSVILLE	HTVLTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KINGSTNSPG	WHBLTNMTDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LEBANON	LBNNTNMADS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MURFREESBO	MRBOTNMADS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNAARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNAPDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNBHRS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNBVDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNCDRS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNCHDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNDODS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNHHR55
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNINCG0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNMCDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNMT84T

TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNMTDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNMTDS1
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNSTDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNWCDSD0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NASHVILLE	NSVLTNWMDSD0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NSPRINGHIL	SPHLTNMTRS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	OLDHICKORY	OLHCTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	PLEASANTVW	PSVWTNMTRS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	PORTLAND	PTLDTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SCUNNINGHA	CNHMTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SMYRNA	SMYRTNMADSD0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SOFREDONIA	FRDNTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SPENCERMIL	LYLSTNMARS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SPRINGFLD	SPFDTNMADSD0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	TRIUNE	TRINTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	VANLEER	VNLRTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WATERTOWN	WTTWTNMARS5
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WHITEBLUFF	WHBLTNMTDS0
TN	615	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WHITEHOUSE	WHHSTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BELLS	BLLSTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BETHEL SPG	BTSPTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BIG SANDY	BGSNTNMARS0

TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BOLIVAR	BLVRTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BOLIVAR	BLVRTNMADS1
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BROWNSVL	BWVLTNMADS1
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CAMDEN	CMDNTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CEDARGROVE	HNTGTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	DYER	DYERTNMTRS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	DYERSBURG	DYBGTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GIBSON	GBSNTNMTRS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GLEASON	GLSNTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GRAND JCT	GDJTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GREENFIELD	GNFDTNMTDS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HALLS	HLLSTNMTRS5
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HENDERSON	HNSNTNMTRS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HENNING	HNNGTNMARS5
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HORNBEAK	HRNBTNMTRS5
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HUMBOLDT	HMBLTNMADS1
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HUMBOLDT	HMBLTNMADS1
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HUNTINGDON	HNTGTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	JACKSON	JCSNTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	JACKSON	JCSNTNNSDS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KENTON	KNTNTNMARS5
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LEXINGTON	LXTNTNMADS1

TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MCKENZIE	MCKNTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEDINA	MEDNTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MICHIE	CRNTMSMADS2
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MIDDLETON	MDTNTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MILAN	MILNTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NEWBERN	NWBRTNMARS5
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	PARIS	PARSTNMADS1
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	RIDGELY	RDGLTNMARS5
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	RIPLEY	RPLYTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SAVANNAH	SVNHTNMSTD0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SO FULTON	FLTNKYMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	TIPTONVL	TPVLTNMARS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	TRENTON	TRTNTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	TROY	TROYTNMTRS5
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	UNION CITY	UNCYTNMADS0
TN	731	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WHITEVILLE	WHVLTNMTRS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BEAN STATN	MRTWTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BENTCREEK	HRFRTNMARS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CHESTNUTHI	NWPTTNMTDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CLINTON	CLTNTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	DANDRIDGE	DNRGTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GATLINBURG	GTBGTNMSTD0

TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	GREENBACK	GRNBTNMA84T
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HARRIMAN	HIMNTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	JEFFERSNCY	JFCYTNMADS1
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KINGSTON	KGTTNMTDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNBEDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNFCDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNMA84T
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNMADS1
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNWHDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	KNVLTNYHCG0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	KNOXVILLE	MAVLTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LAKE CITY	LKCYTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LOUDON	LODNTNMARS5
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MARYVILLE	FIVLTNMARS5
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MARYVILLE	MAVLTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MARYVILLE	TWNSTNMARS5
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MASCOT	MSCTTNMTDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MAYNARDVL	MYVLTNMARS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NORRIS	NRRSTNMARS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	OAK RIDGE	OKRGTNMTDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	OLIVER SPG	OLSPTNMARS0

TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ROCKWOOD	RKWDTNMADS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SEVIERVL	SVVLTNMTDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SOLWAY	OKRGTNMTDS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WESTSWEETW	SWTWTNMTRS0
TN	865	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WHITE PINE	WHPTNMADS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ARLINGTON	ARTNTNMTRS5
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	COLLIERVL	CRVLTNMADS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LAGRANGE	GDJTTNMARS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	GTWSTNSWRS5
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNBADS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNCKDS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNELDS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNFRDS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNGTDS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNHPRS5
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNMA84T
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNMACG0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNMACG1
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNMADS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNMTCG0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNMSTD0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNOADS1

TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNSLDS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MEMPHIS	MMPHTNWWCG0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MOSCOW	MSCWTNMARS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SOMERVILLE	SOVLTNMTDS0
TN	901	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WESTWHITEV	WHVLTNMTRS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	BLANCHE	BLNCTNMTRS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CENTERVL	CNVLTNMARS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CLARKSVL	CLVLTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	COLUMBIA	CLMATNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CULLEOKA	CULKTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CUMBERLDCY	CMCYTNMTRS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	CUNNINGHAM	CNHMTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	DOVER	DOVRTNMTRS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	ELKTON	PLSKTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	FAYETTEVL	FYVLTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	FLINTVILLE	FLVLTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	FREDONIA	FRDNTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HAMPSHIRE	HMPSTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HOHENWALD	HHNWTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	HUNTLAND	HNLDTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LAWRENCEBG	LRBGTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LEWISBURG	LWBGTNMADS0

TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LYLES	LYLSTNMARS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LYNCHBURG	LYBGTNMTRS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	LYNNVILLE	LYVLTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MANCHESTER	MNCHTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MCEWEN	MCWNTNMTRS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	MTPLEASANT	MNPLTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	NORMANDY	WRTRTNMTRS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	PALMYRA	PLMYTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	PETERSBURG	PTBGTNMARS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	PULASKI	PLSKTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SANGO	SANGTNMTRS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SANTA FE	SNTFTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SEWANEE	SEWNTNMWDS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SHELBYVL	SHVLTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SO GUTHRIE	GTHRKYMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SOOAKGROVE	OKGVKYESDS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SPRINGHILL	SPHLTNMTRS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	SUMMERTOWN	SMTWTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	TULLAHOMA	TLLHTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	W VANLEER	VNLRTNMARS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WARTRACE	WRTRTNMTRS5
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WAVERLY	WVRLTNMTRS5

TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WILLIAMSPT	WLPTTNMARS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL	WINCHESTER	WNCHTNMADS0
TN	931	BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL		NSVL.TNMT86T

EXHIBIT C

Sample Brochure
(Attached)

Aid to needy

Individual with low income must have access to basic telecommunications service as a matter of public health safety and welfare.

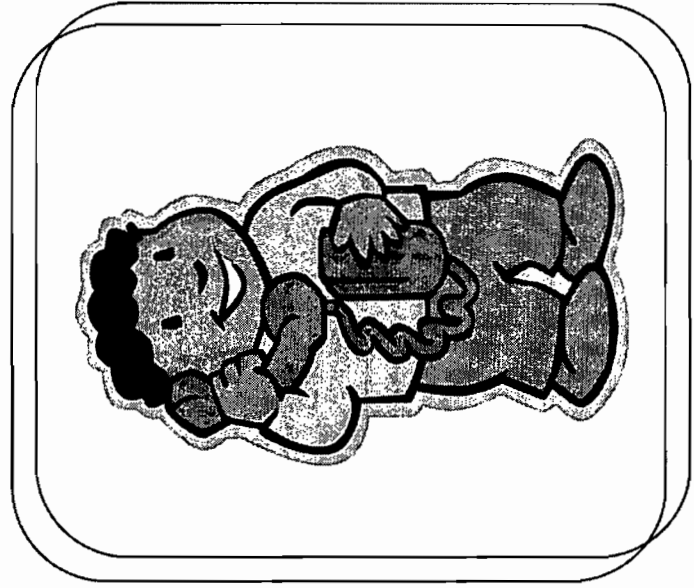
People currently participating in at least one of the qualifying programs would be eligible for assistance with basic home telephone service. You also qualify if your income is at or below 135% of the Federal Poverty Guidelines (For example A Utah family of four with an annual income at or below \$26,123 would be eligible.)



Telephone Assistance Program

VCI Company

VCI 
Company
PO BOX 98907
LAKEWOOD, WA 98498



Phone: 800 923-8375
Web site: www.vcicompany.com

Is your phone bill too high?

Your state allows those individuals with limited income the opportunity to have discounted basic telephone service.

BENEFITS:

1. Local service which includes toll-free and 911
2. Waived Deposits
3. No Credit Checks
4. Past due bills? NO PROBLEM!

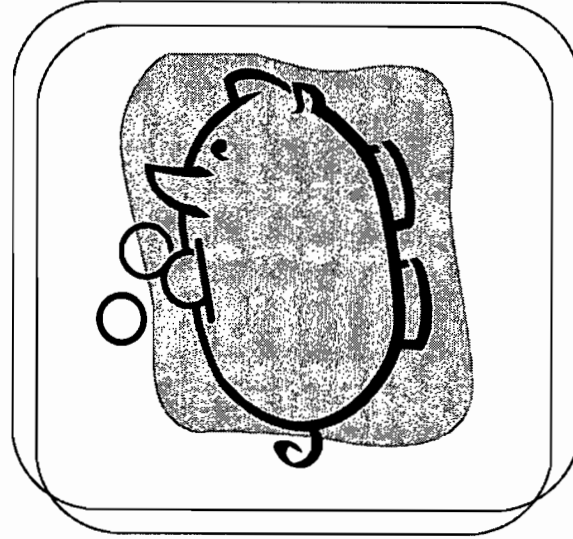
DETAILS

Applicants must participate in at least one of the following public assistance programs to qualify:

- Temporary Assistance to Needy Families (TANF)
- Work Toward Employment
- Food Stamps
- General Assistance
- Home Energy Assistance Target Programs/Help Program
- Medicaid
- Refugee Assistance
- Supplemental Security Income
- Federal Public Housing Assistance, Including Section 8 Housing
- National School Free Lunch Program
- Head Start Program (income qualifying standard only)
- Income at or below 135% of the Federal Poverty Guidelines

FEDERAL POVERTY GUIDELINES	
Persons in Family Unit	\$ PER YEAR @ 135% Below poverty guidelines
1	\$12,920
2	\$17,321
3	\$21,722
4	\$26,123
5	\$30,524
6	\$34,925
7	\$39,326
8	\$43,727
For each additional person, add	\$4,401

Link-up and Lifeline Assistance Application Required



Sign-up Form

Sign up for:

Price

- ☐ Lifeline/Link-Up Program \$14.00

Social Security Number _____

Name _____

Telephone Address _____

Call Me At _____

Mailing Address _____

Connection Fees Apply Call for more info.

Signature _____

Please call 1-800-923-8375 to set up service or mail this application to VCI and a representative will contact you.

VCI Company
PO BOX 98907
LAKEWOOD, WA 98498

Phone: 800 923-8375
Fax: 253 475-8375
Web Site: www.vcicompany.com