

in the wire center, 3) the available support in a rural ILEC study area does not exceed the funds needed for network improvements in that ILEC area, and 4) the wire center is not in the service area of Cingular's affiliate, Edge Wireless. Based on these criteria, Cingular requests designation as a federal ETC in the study areas of 14 rural incumbent local exchange carriers (ILECs) and selected wire centers of the 2 non-rural ILECs (28 wire centers of Qwest and 16 wire centers of Verizon). The wire centers that comprise Cingular's proposed designated service area are listed in Appendix A to this memo. Most of the wire centers are located in the northwestern part of the state where no wireless competitive ETCs have been designated to date.

Previous wireless ETC applicants generally chose to include within their designated service areas all, or most, ILEC wire centers within their mobile licensed boundaries. Although Cingular's approach to defining its designated service area is different, it does offer many benefits. First, by including only ILEC study areas that are completely within Cingular's licensed areas, this approach eliminates any possibility of creamskimming. For example, although some of CenturyTel's wire centers are within Cingular's licensed area, several other CenturyTel wire centers are not. Therefore, Cingular excludes all CenturyTel wire centers from its proposed designated service area. Second, by excluding wire centers in which the network is already sufficiently built out, even though support money is available there, Cingular's approach ensures prudent use of support funds. Third, Cingular commits to reinvesting support funds in the same ILEC study areas that generate them, and it will not transfer funds across ILEC study areas.

Cingular filed its initial application for federal ETC status on March 7, 2006, under Docket No. UM 1253. However, the application remained inactive while the Commission investigated new mandatory requirements for federal ETC designation in Docket No. UM 1217. That investigation began in August of 2005, and continued until the Commission adopted new requirements in Order No. 06-292 on June 13, 2006. After release of the order, Cingular revised its original application to meet the new requirements and submitted an amended application on October 27, 2006. On December 22, 2006, Cingular filed revised Exhibits A and B to its amended application. On March 14, 2007, Cingular filed a second amended application to correct for the prior omission of several Verizon wire centers that meet its selection criteria. With this last application, Cingular also noted that its name has been changed to AT&T Mobility LLC.

No parties filed to intervene in this docket. As a courtesy, Cingular sent copies of its application to Qwest, Verizon and OTA. As of the date of this memo, Staff is unaware of any opposition to Cingular's application.

Commission Authority

Section 214(e)(2) of the federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), delegates authority to state commissions to designate common carriers that are eligible to receive federal universal service support. State commissions may confer federal ETC status on common carriers that meet conditions set out in Section 214(e)(1) of the Act. In general, those conditions require that the ETC offer and advertise, throughout its designated service area, the services that are supported by federal universal service support mechanisms. The carrier must provide the supported services using either its own facilities or a combination of its own facilities and resale of another carrier's services. Carriers other than incumbent LECs may be designated as ETCs if such designation is consistent with the public interest.

Requirements for ETC Designation

In June of last year, the Commission adopted a set of explicit requirements for federal ETC designation, based largely on the Act and FCC recommendations. See Docket No. UM 1217, Order No. 06-292. Appendix A to the order sets forth detailed requirements for initial ETC designation and for annual recertification of ETC status. Cingular demonstrates through its amended application that it satisfies each of the designation requirements as described below.

1. Common carrier status: As a CMRS telecommunications provider, Cingular qualifies for common carrier status under Part 54 of the federal universal service rules. Cingular holds cellular and PCS broadband licenses to offer mobile services to customers in Oregon.
2. Commitment and ability to provide all supported services: Cingular currently offers all of the required supported services except toll limitation. ETCs must offer toll limitation to low-income Lifeline customers who request it. Once designated as an ETC, Cingular will participate in the Lifeline and LinkUp low-income programs and will meet all program requirements, including those related to toll limitation.
3. Commitment and ability to provide supported services throughout the designated service area: Cingular commits to offer the supported services throughout its designated service area. Cingular's application includes maps of its current network coverage and a list of ILEC wire centers to be included in its proposed designated service area. The carrier will serve each wire center in its entirety. Consistent with requirements for ETC designation, Cingular commits to use the 6-point checklist to fulfill requests from customers in locations outside the company's network coverage, but within its designated service area. See Docket No. UM 1217, Order No. 06-292, Appendix A, and 47 CFR Section 54.202(a)(1)(i).

4. Use of own facilities to provide service: Cingular will provide service using primarily its own network infrastructure, which includes the same antennae, cell sites, towers, trunking, mobile switching and interconnection facilities used to serve its existing customers. Cingular will also expand its own network in the future as it receives universal service support funds.

5. Commitment to use support funds only for the intended purposes (including a detailed network plan): Cingular's application includes an affidavit certifying that it will use support funds only for the intended purposes. Cingular will receive the same type and amount of per-line federal support as the serving ILEC in each of its wire centers. The types of support Cingular expects to receive include High Cost Loop (HCL), Local Switching Support (LSS), Interstate Common Line Support (ICLS), Interstate Access Support (IAS), and Lifeline/Link Up support. As required, Cingular includes in its application network improvement plans that detail the proposed uses for federal support funds for each of the next two years and an overview plan for the third, fourth and fifth years. Staff reviewed the plans with Cingular to ensure appropriate use of support funds. Cingular filed its network plans under confidential cover. In general, the plans propose to use support funds to build new cell sites and upgrade existing sites to improve service and expand coverage into new portions of the designated service area. The plans demonstrate Cingular's commitment to reinvest funds in the same ILEC areas that generate the funds.

6. Commitment to advertise supported services: Cingular commits to advertising the supported services throughout the designated service area using media of general distribution.

7. Commitment to offer and advertise Lifeline, Link Up, and OTAP services: Cingular commits to participation in the Lifeline and Link Up programs for qualifying low-income customers. Its application describes how Cingular plans to advertise these services to reach consumers most likely to qualify. Cingular originally planned to offer a single plan for Lifeline customers, rather than a discount on any qualifying plan that the Lifeline customer chooses. After discussion with Staff, Cingular agrees to reevaluate its proposed Lifeline offering and commits to offering Lifeline services that meet the requirements of the low-income program in Oregon. Staff will follow up on Cingular's progress in this regard as part of the annual recertification process.

8. Ability to remain functional during emergencies: Cingular demonstrates its ability to remain functional in emergency situations by describing the availability of battery and emergency generator back-up power. Cingular has a comprehensive disaster recovery plan that it reviews annually. Cingular's network is fully capable of deploying E911 and

the carrier commits to working with local PSAPs to make E911 service available according to FCC requirements.

9. Commitment to service quality and consumer protection standards: Cingular has already adopted the CTIA Consumer Code and commits to comply with its consumer protection standards throughout its service area. It also commits to resolve any customer complaints received by the Commission and designates Steve Bethel as the company contact for resolution of any complaints.

10. Public Interest Demonstration: Order No. 06-292 requires a demonstration that designation of the applicant is in the public interest. This demonstration must address: 1) specific ways in which consumer choices will be increased, and 2) specific advantages and disadvantages of the applicant's service offerings. Additionally, designation requires a creamskimming test in cases where a proposed designated service area includes only a portion of any rural ILEC's service area.

Cingular's application demonstrates that ETC designation is in the public interest. Cingular's designation will result in increased consumer choices for mobile telecommunications services in high cost areas where Cingular will invest support funds to expand and improve its network coverage. In 85 percent of the wire centers that comprise its proposed designated service area, Cingular will be the first competitive ETC to receive federal high cost support. Cingular will be the first competitive ETC to be designated in 12 of the 14 rural ILEC service areas in its proposed designated service area. No CETCs have been designated to date in the Verizon wire centers included in Cingular's proposed designated service area. Cingular's designation will bring competition and service improvements to rural areas that other wireless ETCs have not targeted to date. Because Cingular has limited its designated service area to only those wire centers that are high cost and for which support funds are available, the Commission can be assured that Cingular will be investing the support money it receives only in the high cost areas for which the support was intended.

Since Cingular will be the first wireless carrier to obtain federal support in many of the rural wire centers in its designated service area, the advantages of Cingular's mobile services should be compared to the wireline services of the ILECs that receive support in the same areas. The relative advantages of Cingular's proposed service offerings include all of the important characteristics of wireless service such as mobility, wider calling areas, and access to emergency services while traveling. Relative to other wireless carriers, Cingular offers a GSM network which is the global standard for interconnected mobile voice service. Cingular customers currently utilize the EDGE data network, and Cingular is in the process of transitioning to the Universal Mobile Telecommunications System (UMTS) with High Speed Downlink Packet Access

(HSDPA) to offer even higher downlink speeds. Although data is not a supported service, and Cingular will not use support funds for that purpose, the availability of such services will certainly benefit consumers in Cingular's designated service area.

Cingular's request does not require a creamskimming analysis, or redefinition of any rural ILEC's service area, because the proposed designated service area does not include any rural ILEC service areas that are not completely inside Cingular's proposed designated service area.

Reporting Requirements

Order No. 06-292 also requires that all ETCs file annual reports with the Commission in order to retain their ETC status. Cingular agrees to abide by these reporting requirements.

PROPOSED COMMISSION MOTION:

The application of Cingular Wireless, LLC for designation as a federal ETC in the wire centers listed in Appendix A, be granted.

APPENDIX A

Cingular Wireless, LLC
 Federal ETC Designated Service Area - Oregon

| <u>Wire Center*</u> | <u>CLLI Code</u> | <u>ILEC Study Area</u> |
|---------------------|------------------|--|
| Beaver Creek | BVCKOR | Beaver Creek Cooperative Tel. Co. (532359) |
| Canby | CNBYOR | Canby Telephone Association (532362) |
| Needy | NEDYOR | “ “ “ “ |
| Redland | RDLTOR | Clear Creek Mutual Telephone Co. (532363) |
| Gervais | GRVSOR | Gervais Telephone Company (532373) |
| Halsey | HLSYOR | Roome Telecommunications Inc. (532375) |
| Condon | CNDNOR | Home Telephone Company (532377) |
| Antelope | ANTPOR | Trans-Cascades Telephone Co. (532378) |
| Mount Angel | MTANOR | Mt. Angel Telephone Company (532386) |
| Nehalem | NHLMOR | Nehalem Telephone and Telegraph (532387) |
| Dufur | DUFUOR | North State Telephone Company (532388) |
| Lyons | LYNSOR | Peoples Telephone Company (532391) |
| Alea | ALSEOR | Pioneer Telephone Cooperative (532393) |
| Bellfountain | BLFNOR | “ “ “ |
| Blodgett | BLDGOR | “ “ “ |
| Chitwood | CHWDOR | “ “ “ |
| Philomath | PHLMOR | “ “ “ |
| South Beach | SBCHOR | “ “ “ |
| Waldport | WLPTOR | “ “ “ |
| Yachats | YCHTOR | “ “ “ |

APPENDIX A (Continued)

Cingular Wireless, LLC
Federal ETC Designated Service Area - Oregon

| <u>Wire Center*</u> | <u>CLLI Code</u> | <u>ILEC Study Area</u> |
|---------------------|------------------|------------------------------------|
| St. Paul | STPLOR | St. Paul Coop. Tel. Assn. (532396) |
| Stayton | STTNOR | Stayton Coop. Tel. Co. (532399) |
| Adair | ADAROR | Qwest Corporation (535163) |
| Black Butte | BLBTOR | “ “ |
| Blue River | BLRVOR | “ “ |
| Burlington | BURLOR | “ “ |
| Culp Creek | CLCKOR | “ “ |
| Culver | CLVROR | “ “ |
| Cannon Beach | CNBHOR | “ “ |
| Cottage Grove | CTGVOR | “ “ |
| Falls City | FLCYOR | “ “ |
| Gold Hill | GLHLOR | “ “ |
| Jacksonville | JCVLOR | “ “ |
| Jefferson | JFSNOR | “ “ |
| Junction City | JNCYOR | “ “ |
| Leaburg | LEBGOR | “ “ |
| Lowell | LWLLOR | “ “ |
| Madras | MDRSOR | “ “ |
| Mapleton | MPTNOR | “ “ |
| Marcola | MRCLOR | “ “ |
| North Plains | NPLNOR | “ “ |
| Oakridge | OKRGOR | “ “ |
| Rainier | RANROR | “ “ |
| Rogue River | RGRVOR | “ “ |
| Siletz | SLTZOR | “ “ |
| Toledo | TOLDOR | “ “ |
| Umatilla | UMTLOR | “ “ |
| Veneta | VENTOR | “ “ |
| Warm Springs | WRSPOR | “ “ |
| Westport | WSPTOR | “ “ |

APPENDIX A (Continued)

Cingular Wireless, LLC
Federal ETC Designated Service Area - Oregon

| <u>Wire Center*</u> | <u>CLLI Code</u> | <u>ILEC Study Area</u> |
|---------------------|------------------|---------------------------------|
| Amity | AMTYOR | Verizon Northwest Inc. (532416) |
| Beaverton | BVTNOR | “ “ |
| Forest Grove | FRGVOR | “ “ |
| Gaston | GSTNOR | “ “ |
| Grand Island | GDISOR | “ “ |
| Gresham | GRHMOR | “ “ |
| Hoodland | HDLDOR | “ “ |
| Mill City | MLCYOR | “ “ |
| Newberg | NWBROR | “ “ |
| Sherwood | SHWDOR | “ “ |
| Silverton | SLTNOR | “ “ |
| Somerset West | SMRWOR | “ “ |
| Sunnyside | SNSDOR | “ “ |
| Tigard | TGRDOR | “ “ |
| Tualatin | TULTOR | “ “ |
| Vernonia | VRNNOR | “ “ |

* Each wire center will be included in its entirety.