

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 12, 2008**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  February 12, 2008

DATE: January 29, 2008

TO: Public Utility Commission

FROM: Jon Cray, RSPF Manager

THROUGH: Rick Willis and David Poston

SUBJECT: COMSPAN COMMUNICATIONS INC: (Docket No. UM 1362) Designation as an Eligible Telecommunications Provider, providing services to customers under the Federal Lifeline/Link-Up Program and the State of Oregon Telephone Assistance Program (OTAP).

**STAFF RECOMMENDATION:**

Staff recommends that the Commission grant Comspan Communications Inc.'s request to be designated as an Eligible Telecommunications Provider (ETP) pursuant to Oregon Administrative Rule (OAR) 860-033-0005 in the Veneta, Reedsport, and Myrtle Point wire centers. Granting the petition will authorize Comspan Communications Inc. to participate in the Federal Lifeline/Link-Up Program, as well as the Oregon Telephone Assistance Program in the Veneta, Reedsport, and Myrtle Point wire centers.

**DISCUSSION:**

**A. The Application of Comspan Communications Inc.**

Commission Order No. 08-101 designated Comspan Communications Inc. a federal eligible telecommunications carrier (ETC) on January 29, 2008, in the Veneta, Reedsport, and Myrtle Point wire centers. The company now seeks designation as an ETP in order to participate in the Federal Lifeline/Link-Up Program and the State of Oregon Telephone Assistance Program (OTAP) in the Veneta, Reedsport, and Myrtle Point wire centers. The corporation submitted their application to provide OTAP services in Veneta, Reedsport, and Myrtle Point, Oregon on January 28, 2008. Comspan Communications Inc., formerly known as Wantel Inc., is a Southern Oregon based telecommunications provider. Comspan Communications Inc. is currently authorized as a federal ETC and participates in OTAP in the Bandon, Coquille, Oakland, Roseburg, Sutherlin, and Winston wire centers.

## **B. The Federal Lifeline/Link-Up Program**

The Federal Lifeline/Link-Up Program is a Universal Service Fund (USF) supported mechanism designed to increase the availability of telecommunications services to low-income customers.

The Lifeline portion of the Lifeline/Link-Up Program reimburses telephone companies for providing low-income customers with a discount on the cost of basic residential local exchange service. Lifeline support enables low-income customers to save up to \$13.50 with OTAP contributing \$3.50 per month. Customers living on tribal lands may qualify for alternate Lifeline discounts based on their area of tribal residence.

The Link-Up portion of the Lifeline/Link-Up Program reimburses telephone companies for providing low-income customers with a discount on the cost of connecting their basic residential local exchange service. Link-Up support enables low-income customers to save up to 50% on connection fees or up to \$30. Participants may also establish a deferred payment schedule for remaining connection charges of up to \$200.

Telecommunications service providers provide funding for Federal Lifeline/Link-Up. Carriers are required to contribute a percentage of their interstate revenues towards federal USF mechanisms, including high cost support and rural healthcare programs. Most telecommunications service providers pass this cost on to their customers via a surcharge on end user bills.

## **C. Oregon Telephone Assistance Program**

In 1987, the Commission established OTAP in response to the law enacted by the Oregon Legislature stating that all Oregonians have a right to access basic telecommunication services under the Residential Service Protection Fund (RSPF). OTAP is one of three telecommunication assistance programs outlined in Chapter 290, Oregon Laws 1987.

OTAP is administered by Commission staff and serves as an additional source of support to the Lifeline portion of the Federal Lifeline/Link-Up Program. The state contributed \$3.50 per eligible consumer for basic local exchange telephone service, while the federal government contributes up to \$10 per customer.

Currently, there are 33 ILEC companies, 1 CLEC and 5 wireless companies participating in the OTAP and Federal Lifeline/Link-Up Program. Approximately 56,000 low-income customers in Oregon currently receive OTAP and Lifeline support.

#### **D. Oregon Telephone Assistance Program**

In states that maintain their own low-income support programs, the FCC requires customers 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, customers are required to meet default federal eligibility requirements. In Oregon, customers 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% of the federal poverty level. In addition to food stamps, customers receiving assistance such as Temporary Assistance to Needy Families, Supplemental Security Income or coverage under an approved medical program 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 a federal ETC by a state public utility commission. On January 29, 2008, Comspan Communications Inc. was granted an ETC designation in the Veneta, Reedsport, and Myrtle Point wire centers by the Commission through Order No. 08-101, Docket UM 1316.

#### **F. The State ETP Designation Process**

In order to be designated as a state ETP to participate in OTAP, a telecommunications service provider must comply with the federal requirements contained in C.F.R. § 54.101. The applicant must also demonstrate that it will comply with OAR 860-033-0005 through OAR 860-033-0100, which includes the rules applicable to OTAP. Comspan Communications Inc. filed its completed OTAP ETP Application form on January 28, 2008. The application is attached to this memo.

Staff found that the application was complete and responsive. As part of the application, Comspan Communications Inc. agreed to abide by the PUC Oregon Administrative Rules pertaining to OTAP. These rules specifically apply to procedures for approving, denying and terminating OTAP recipients, timelines for submitting reports, requirements regarding customer confidentiality and expectations pertaining to Link-Up. In summary, Comspan Communications Inc. has satisfied the requirements to provide OTAP to their qualifying customers.

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**PROPOSED COMMISSION MOTION:**

Approve Comspan Communications Inc.'s application for designation as an ETP, so it can provide services to customers under the Federal Lifeline/Link-Up Program and the State of Oregon Telephone Assistance Program in the Veneta, Reedsport, and Myrtle Point wire centers.