

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF FIRST STEP)	
INTERNET, LLC'S APPLICATION FOR)	CASE NO. FSI-T-14-01
CONDITIONAL DESIGNATION AS AN)	
ELIGIBLE TELECOMMUNICATIONS)	
CARRIER FOR PURPOSES OF)	
PARTICIPATING IN THE FEDERAL)	ORDER NO. 33226
COMMUNICATIONS COMMISSION'S)	
RURAL BROADBAND EXPERIMENTS)	

On December 22, 2014, First Step Internet, LLC (Company) applied to the Commission for a conditional Order designating it as an eligible telecommunications carrier (ETC) so it can participate in the Federal Communications Commission's (FCC's) Rural Broadband Experiments. The Commission issued a Notice of Application and Notice of Modified Procedure with a 21-day comment period. Order No. 33211. Commission Staff was the only party to file written comments.

BACKGROUND

First Step Internet is a facilities-based regional Internet Service Provider, providing fixed broadband Internet access services, and "a variety of fixed terrestrial broadband services, including dial up, DSL, fiber, cable Internet and fixed wireless broadband services." Application at 2. The Company also offers voice services using Voice over Internet Protocol (VoIP) technology. *Id.* The service area for which the Company requests designation is set forth in Exhibit 1 to the Company's Application, but includes part of Washington, and parts of north and central Idaho. *Id.* at 1.

The FCC's Rural Broadband Experiments (RBEs), in which First Step Internet has applied to participate, are intended to bring "robust, scalable broadband networks" to rural communities unserved by "an unsubsidized competitor that offers voice and Internet access delivering at least 3 Mbps downstream/768 kbps upstream."¹ On December 5, the FCC provisionally selected the Company to receive funding for the RBE. *Id.* at 1. The funding is contingent on the Company meeting certain technical and financial qualifications which include obtaining ETC designation from this Commission by March 5, 2015. *Id.*

¹ Application at 1; *Wireline Competition Bureau Announces Application Process for Entities Interested in Participating in the Rural Broadband Experiments*, 29 FCC Rcd. 10016 (2014) at ¶ 2.

THE APPLICATION

First Step Internet requests ETC designation to satisfy requirements for it to participate in and receive funding for the FCC's Rural Broadband Experiments (RBEs). *Id.* at 2. The RBEs, initiated by the FCC in July 2014, are part of the FCC's efforts at comprehensive reform of the universal service system through the Connect America Fund, established in November 2011. *Id.* at 3; *see USF/ICC Transformation Order Connect America Fund; National Broadband Plan for Our Future, et seq., Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663 (2011). The RBEs use Connect America funding to advance broadband networks in rural communities, in price cap areas. Application at 3. The FCC provisionally selected First Step Internet to receive RBE funding, but requires the Company to obtain and confirm ETC status, among other technical and financial qualifications. *Id.* at 1-2. The Company asks the Commission to grant the Company ETC status that is "conditional and effective upon it being awarded" FCC funding for participation in the RBE. *Id.* at 2.

The Company states that it qualifies for ETC designation under the federal Telecommunications Act (47 U.S.C. § 214(e)(1)), the Federal Communications Commission's eligibility rules (47 C.F.R. § 54.101(a)), and other requirements set forth by this Commission, outlined in the Appendix to Commission Order No. 29841. *See* Application at 4-9. Also, the Company states that granting it ETC designation will serve the public interest by enabling it to "provide ongoing support to immediately accelerate deployment of networks for voice and broadband services in unserved areas." *Id.* at 9-10. The Company further asserts that approval of its Application "will increase customer choice and . . . make available new service offerings, including wireless broadband and Lifeline services." *Id.* at 10.

STAFF COMMENTS

Staff reviewed First Step's Application to see if the Company fulfilled requirements in the federal Telecommunications Act of 1996, the Connect America Fund, and Commission Order No. 29841. These requirements include that the Company: (1) have common carrier status; (2) commit to and be able to provide services supported by federal universal support mechanisms; (3) commit to and be able to provide supported services as required by this Commission; (4) advertise the availability of supported services; (5) not seek ETC designation for Tribal Lands; (6) be capable of managing traffic and maintaining functionality without an external power source; (7) comply with applicable consumer protection and service quality

standards; (8) provide a description of its local usage plans as required by this Commission; and (9) advance the public interest through its ETC designation. *See* Comments at 3-4; Order No. 29841 (and Appendix).

Staff examined the Company's compliance with each of these requirements. Comments at 4-6. Staff addressed requirements (6) and (9) in more detail. *Id.* at 4-5. Ultimately, Staff determined all requirements were met. Having determined that all federal and state requirements for the Company's Application were satisfied, Staff recommended that the Commission approve the Company's request for a conditional ETC designation for the census blocks outlined in Exhibit 1 of the Application.

COMMISSION FINDINGS

The Commission has authority to grant ETC designation to a telephone company under federal and state law. 47 U.S.C. § 214(e); *Idaho Code* §§ 62-610D, 62-615(1).

The Commission has reviewed and considered the record in this case, including First Step Internet's Application and exhibits, and Staff comments. The Commission agrees with Staff's assessment that the Company has satisfied the nine requirements for ETC designation.

Specifically, when assessing the public interest requirement, we consider the "advantages and disadvantages of the applicant's service offering." Order No. 29841 at 16. As to the advantages, we note that, in January 2013, we approved First Step Internet as a registered wholesale provider of local telecommunications services in Idaho. Order No. 32721. In so approving, we determined that First Step Internet was contributing, as appropriate, to the Idaho Universal Service Fund, Idaho Telecommunications Relay System, and Idaho Telephone Assistance Program. *See* Order No. 32383 at 3. We find that such contributions benefit the public interest. In assessing possible disadvantages of the Company's request, we consider whether it is seeking ETC designation "for an area less than the entire study area of a rural telephone company." Comments at 5; Order No. 29841 at 16. In such circumstance, known as "cream skimming," a company can avoid providing services throughout the rural study area, which is contrary to the public interest. Comments at 5. However, "the FCC's RBE funds are applied to census blocks rather than study areas," thus the issue of cream skimming is inapplicable here. *Id.* Accordingly, we find that the public interest requirement is met.

The Commission finds that the Company has satisfied the federal and state requirements for a conditional ETC designation and will therefore grant the Application for the


census blocks outlined in Exhibit 1. Per the Company's request, the ETC designation is "conditional and effective upon [the Company] being awarded the [RBE funding]." Application at 1-2.

ORDER

IT IS HEREBY ORDERED that the Commission approves First Step Internet's Application for conditional designation as an eligible telecommunications carrier as discussed herein.

THIS IS A FINAL ORDER. Any person interested in 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.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day of February 2015.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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