

The Company proposes to deliver ETC services in Teton County, eastern and northern Caribou County, and eastern Bonneville County served by two incumbent local exchange carriers (ILECs): Silver Star Telephone Company; and Columbine Telephone (dba Teton Telecom). Silver Star serves the Freedom, Irwin, and Wayan wire centers, and Columbine serves the Driggs wire center.

Gold Star's Application states that it satisfies all of the statutory and regulatory requirements for ETC designation. Gold Star asserts that it will offer the services required for carriers to be eligible for federal USF funding, including: single-party voice grade access; local calling; multi-frequency signaling; access to 911 emergency services; long-distance and directory assistance services; toll blocking; and the ability to remain functional in emergency situations. Gold Star requests that it be designated as eligible to receive all available supports from the federal USF including support for rural, insular and high-cost areas and low-income customers in the proposed service area. *Id.* Gold Star further asserts that it will comply with all applicable Idaho service quality standards and consumer protection rules, as well as those standards established by the Cellular Telephone Industry Association (CTIA) consumer code. Exh. H.

Gold Star insists that granting its ETC designation is in the public interest because its universal service offering will provide consumers in rural, eastern Idaho "with the benefits of increased competitive choice and quality service . . . including high-speed data transmission capabilities." Application at 14-15. The carrier further states that designation as an ETC will have "a nominal impact on the federal [USF] if calculated using the FCC's current 'identical support' rule."² *Id.* at 18. Gold Star insists that it will not engage in "cream skimming" and that it will serve all customers in the proposed area where it is able to provide wireless service regardless of population densities. *Id.* at 17-18.

STAFF COMMENTS

Staff recommended that the Commission approve Gold Star's Application for ETC designation. Comments at 11. Staff compared the Application with the federal and state criteria used to evaluate ETC applications. Staff reviewed the public interest standards of: (1) cost-

² The identical support rule awards federal high-cost USF support to competitive eligible communications carriers (CETC) based on the costs of the ILEC in whose territory the CETC seeks support, rather than on the CETC's own cost or some other basis. The FCC released the *Identical Support NPRM* (FCC 08-4) based, in part, on the conclusions reached in 2007 by the Federal-State Joint Board on Universal Support regarding the need to immediately control the growth of USF support in order to preserve and protect the future sustainability of the fund.

benefit analysis; (2) potential for cream skimming; (3) impact on the federal USF; and (4) state and federal precedent.

1. Cost-Benefit Analysis. While Staff does not advocate one communications technology over another, it recognizes that each technology has unique advantages and disadvantages depending upon the geography, demographics, and technological needs of the proposed service area. After reviewing the Application, Staff concluded that Gold Star's two-year network improvement plan "may be more cost-effective to implement for a wireless provider than a similar plan may be for the [landline] ILEC and, therefore, consumers will more likely see improved services." Comments at 5.

2. Cream Skimming. Gold Star is not seeking ETC designation in partial wire centers and is proposing to serve some of the more sparsely populated and more costly study areas in Idaho. *Id.* at 6. Staff observed that the list of wire centers proposed to be served by Gold Star include the entire service areas of both Silver Star and Columbine. Staff determined that Gold Star's proposal to serve all of the service areas avoids the appearance of cream skimming.

3. Impact on the USF. Gold Star asserts that its receipt of high-cost funds will have a minimal impact on the federal USF. Gold Star calculates that it might receive an estimated \$648,000 per year in USF support, which is less than 0.015% of the high-cost portion of the federal USF, assuming \$4.3 billion in high-cost support per year. *Id.* at 6. Staff expressed concern that the federal USF was not intended to provide equal funding for both the ILEC and an affiliate ETC operating in the same service area. This would be the case with Silver Star Telephone and Gold Star Communications. Staff specifically noted that the FCC imposed an interim cap on the amount of high-cost support that competitive ETCs (CETCs) may receive in each state. "All newly designated and existing CETCs in Idaho will share the high-cost USF support in the amount that was distributed to Idaho CETCs in March 2008." Comments at 10. Although there are some exceptions, Staff noted that the interim cap will remain in place until the FCC adopts comprehensive reform measures. *Id.*

Despite these concerns, Staff does recommend approval of this Application because Gold Star meets all of the statutory requirements for ETC designation. Withholding approval would deny rural consumers the benefit of the federal Lifeline program support as well as the different wireless services Gold Star intends to offer.

4. State and Federal Precedent. Staff noted that designating Gold Star as an ETC is consistent with prior Orders of both the FCC and this Commission. *Id.* at 7.

Staff also stated that Gold Star meets the seven ETC designation requirements set out in Appendix 1 to Order No. 29841.³ *Id.* at 9. In addition, Staff maintained that Gold Star's network improvement plan is in sufficient detail and appears reasonable. The Company provided detailed information in its network plan for 2010 and 2011. If "Gold Star is granted ETC designation, the annual submission of the Two-Year Network Improvement Plan and Progress Report will hold the Company accountable for making a reasonable effort to implement" the plan. *Id.* at 8.

In conclusion, Staff recommended that the Commission approve the ETC Application for Gold Star to serve in Teton County, eastern and northern Caribou County, and eastern Bonneville County.

DISCUSSION AND FINDINGS

Section 214(e)(2) of the federal Telecommunications Act provides that ETC designation shall be made for a geographic "service area" designated by the state commissions. After reviewing the Application and Staff's comments, we find that it is reasonable to grant Gold Star Communications ETC designation. More specifically, we find that Gold Star meets all the statutory ETC requirements as set out in Commission Order No. 29841. Designating Gold Star as an ETC for the rural service areas will provide competitive service options to recipients of the Idaho Telecommunications Service Assistance Program (ITSAP).

Although there is a business relationship between Gold Star and the two competing ILECs, we find that the public interest supports ETC designation. Gold Star would provide the same basic universal services currently offered by the competing wireline carrier but provide different features and functions that may be attractive to customers. We also observe that Gold Star supplied a detailed network improvement plan and provided adequate assurance that its services will remain functional in an emergency. The Company demonstrated an understanding of federal and state customer service requirements for ETC designation and has agreed to comply with the Commission's consumer protection standards and the consumer code established by the Cellular Telephone Industry Association.

³ These requirements include: common carrier status; offer universal services; advertise services; the ability to provide services; commitment to consumer protection; and prepare brochures that describe the different local service plans.

Based upon the record in this case, we find Gold Star meets all federal and state requirements to be granted ETC designation in the rural wire centers of Freedom, Irwin, Wayan, and Driggs. Providing universal services to rural residents of Teton County, eastern and northern Caribou County, and eastern Bonneville County will provide customers with a competitive alternative to wireline service.

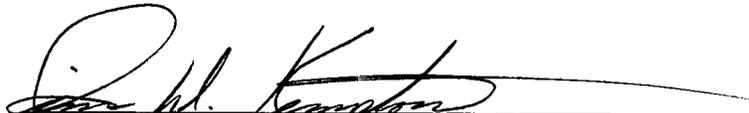
ORDER

IT IS HEREBY ORDERED that the Application of Gold Star Communications, LLC for designation as an eligible telecommunications carrier as set out in Exhibit B is granted.

IT IS FURTHER ORDERED that Gold Star is designated as an eligible telecommunications carrier in the three wire centers served by Silver Star Telephone (Freedom, Irwin, Wayan) and the Driggs wire center served by Columbine Telephone Company. Gold Star shall offer those designated universal services and be eligible for federal USF support when it serves qualifying low-income customers.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. GOL-T-10-01 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. 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 15th
day of November 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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