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September 14, 2012

VIA FEDEX

Idaho Public Utilities Commission
Attn: Jean Jewell
PO Box 83720
Boise, ID 83720-0074

NCI-T-11-01

**Re: In the Matter of the Application of Nexus Communications, Inc. for
Designation as an Eligible Telecommunications Carrier for Low Income
Support Only**

Dear Ms. Jewell:

On behalf of Nexus Communications, Inc. ("Nexus"), please find the enclosed Amendment to the Application of Nexus Communications, Inc. for Designation as an Eligible Telecommunications Carrier for Low Income Support Only, which was filed on April 5, 2011.

An original and seven copies of Nexus's Amendment are enclosed. Please date-stamp and return in the self-addressed envelope included with this filing. Should you have any questions regarding this, please do not hesitate to call.

Respectfully submitted,

Danielle Frappier
Adam Shoemaker
Davis Wright Tremaine LLP

CC: Neil Price
Grace Seaman

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of Nexus
Communications, Inc. for Designation as an
Eligible Telecommunications Carrier for Low
Income Support Only

Case No. NCI-T-11-01

**AMENDMENT TO APPLICATION OF NEXUS COMMUNICATIONS, INC.
FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER
FOR LOW INCOME SUPPORT ONLY**

Nexus Communications, Inc. ("Nexus") respectfully submits this amendment to its application for designation as an eligible telecommunications carrier ("ETC") filed on April 5, 2011 ("Application"). This amendment describes how Nexus will comply with the new requirements in the Federal Communication Commission's ("FCC") rules for the Lifeline Universal Service program instituted by the FCC's November 18, 2011 *Connect America Fund Order*¹ and February 6, 2012 *Lifeline Reform Order*.²

¹ *In the Matter of Connect America Fund, et al.*, CC Docket No. 96-45 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (FCC rel. Nov. 18, 2011) ("*Connect America Fund Order*").

Specifically, Nexus amends the following sections of its Application:

1) **Link Up**

In the *Lifeline Reform Order*, the FCC revised the requirements of the Link Up program to limit Link Up support to ETCs receiving High Cost support for tribal areas. Nexus does not seek High Cost support, and therefore no longer seeks designation for Link Up support. All requests for and references to “Link Up” made in Nexus’s Application should be deleted.

2) **Revised Section B: Supported Services**

In the *Connect America Fund Order*, the FCC revised 47 C.F.R. § 54.101(a), which provides the definition of supported services that are required to be offered by ETCs.³ To comply with the new requirements, Nexus replaces the language in Section B of its Application as follows:

B. Nexus Offers the Services Supported by Federal Universal Service Support Mechanisms

Nexus will provide the services supported by federal Lifeline universal service support mechanism upon designation as an ETC, as defined in recently revised 47 C.F.R. § 54.101(a), which reads as follows:

Services designated for support. Voice telephony services shall be supported by federal universal support mechanisms. Eligible voice telephony service must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible telecommunications carrier’s service area has

² *In Re Lifeline and Link Up Reform and Modernization, et al.*, WC Docket No. 11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656 (FCC rel. Feb. 6, 2012) (“*Lifeline Reform Order*”).

³ *Connect America Fund Order* at 62.

implemented 911 or enhanced 911 systems; and toll limitation for qualifying low-income consumers (as described in subpart E of this part).

Nexus complies with the revised version of 47 C.F.R. § 54.101(a) and provides the services designated for support, as set forth below:

- Voice Grade Access to the Public Switched Network: Voice grade access permits a telecommunications user to transmit and receive voice communications with a minimum bandwidth of 300 to 3,000 Hertz. Nexus will meet this requirement through its provision of mobile voice communications service and interconnection to the public switched telephone network.
- Minutes of Use for Local Service at No Additional Charge. Local usage is an amount of minutes of use provided free of charge. Nexus will meet this requirement by providing a nationwide local calling area, permitting customers to call throughout the United States without toll charges.
- Access to Emergency Services. Access to emergency services includes both access to 911 and E911 services to the extent the local government has implemented such services. Nexus currently: (1) provides its Lifeline subscribers with 911/E911 access at the time Lifeline service is initiated, regardless of activation status and availability of minutes, and (2) provides its Lifeline subscribers with E911-compliant handsets and replaces, at no additional charge to the subscriber, noncompliant handsets of Lifeline-eligible subscribers who obtain Lifeline-supported services.
- Toll Limitation Service for Qualifying Low-Income Consumers. Toll limitation means both toll blocking and toll control, or, if a carrier is not capable of providing both toll blocking and toll control, then toll limitation is defined as either toll blocking or toll control.⁴ Nexus will meet the requirement to provide toll limitation to Lifeline subscribers by offering service on a prepaid, or pay-as-you-go, basis, as well as toll blocking for international calls. As the FCC found in its grant of ETC designation to Virgin Mobile, “the prepaid nature of [a prepaid wireless carrier’s] service offering works as an effective toll control.”⁵ Moreover, Nexus will provide traditional toll blocking for international calls to qualifying low income consumers at no additional charge. Nexus also provides its users with the ability to monitor their minute usage and balance as an additional means of controlling their communications budget.

⁴ 47 C.F.R. § 54.400(d).

⁵ *Virgin Mobile USA, L.P. Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A)*, Order, 24 FCC Rcd 3381, 3394 at 34 (FCC rel. Mar. 4, 2009).

3) **Revised Section H: Financial and Technical Capability, Calling Plans**

Consistent with changes to 47 CFR § 54.202(a)(4) instituted by the *Lifeline Reform Order*, Nexus replaces the language of Section H of its Application with the following:

H. Nexus Is Financially and Technically Capable of Providing Lifeline Service.

Pursuant to the requirements of the *2012 Lifeline Order*, Nexus offers this description of its financial and technical capability to provide Lifeline service.⁶ Nexus has been in business since 2000. Nexus became a competitive local exchange carrier in 2001 and received its first ETC designation in June 2006. Nexus now focuses on providing service to low income consumers. Nexus initially began providing its services over wireline technology, and has responded to strong customer demand by offering wireless technology as well. Nexus was one of the first telecommunications providers to recognize the low income market segment as a business opportunity rather than a regulatory burden. Its success in the market is based on its willingness to tailor its services to the specific needs of low income consumers, including the budget management tools and mobility that prepaid wireless services provide.

Nexus has been designated as an ETC in 26 states.⁷ It provides wireline service as an ETC in 13 states,⁸ and wireless service in 18 states.⁹ Nexus does not seek, and will

⁶ *Lifeline Reform Order* at 388.

⁷ Nexus has been designated an ETC in the following states: Alabama, Arkansas, California, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, West Virginia and Wisconsin.

⁸ Those states are Alabama, Arkansas, Illinois, Kansas, Louisiana, Michigan, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Wisconsin. Although Nexus has been designated a wireline ETC in Florida and Kentucky, it currently only provides services on a resold basis in these states. In other words, Nexus resells the wireline services of an ILEC, which passes through a Lifeline discount on the wholesale line it sells to Nexus. Nexus does not file FCC Form 497s for its wireline operations in these states.

⁹ Those states are Arkansas, California, Georgia, Iowa, Illinois, Kansas, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nevada, New Jersey, Ohio, Rhode Island, West Virginia and Wisconsin.

not accept, High Cost support in any of those states. Nexus is successfully providing Lifeline-supported services in these states and has a steadily increasing customer base. Nexus's management has many years of experience in the telecommunications industry.

In order to provide Lifeline services, Nexus purchases wireless minutes from a national carrier that is widely-recognized for the quality and reliability of its wireless network. Nexus supplements this robust wireless network with its own network facilities, back-office and operations support systems, which Nexus operates and which are ideally suited to serve lower revenue subscribers. Nexus has made a significant financial investment to evaluate, design, develop and integrate these systems. With respect to this network investment, Nexus owns and operates its own switching and other facilities located in the state of Ohio, which are housed in a Tier IV co-location facility.

Nexus prides itself on maintaining good relationships with the commissions in the states in which it operates. Moreover, Nexus is financially stable and fully capable of honoring its service obligations to customers and federal and state regulatory obligations. Although Nexus currently derives the majority of its revenue from the sale of prepaid wireless services, Nexus does not rely exclusively on disbursements from the Lifeline program to operate. For example, Nexus derives additional revenue from the sale of wireline and wireless services to non-Lifeline customers, and the sale of optional replenishment airtime and text minutes.

4) **New Section J: Forbearance from the Facilities Requirement of Section 214(e)(1)(A).**

Pursuant to the FCC's revised rules on the facilities requirement for Lifeline-only ETCs, Nexus adds a new Section J to its Application, titled "Forbearance from the Facilities Requirement of Section 214(e)(1)(A)" which states as follows:

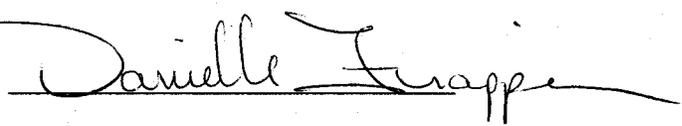
J. Forbearance from the Facilities Requirement of Section 214(e)(1)(A)

In its recent *Lifeline Reform Order*, the FCC granted conditional forbearance for Lifeline ETCs, provided that these ETCs receive FCC approval of a compliance plan.¹⁰ Nexus has filed the necessary compliance plan with the FCC to receive forbearance from the “own facilities” requirement of 47 U.S.C. § 214(e)(1)(A), and expects that plan to be approved shortly.¹¹

Dated this 14th day of September, 2012.

Respectfully submitted,

Nexus Communications, Inc.

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¹⁰ *Lifeline Reform Order* at 368.

¹¹ *Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible to Receive Universal Service Support, et al.*, Compliance Plan of Nexus Communications, Inc., WC Dockets 11-42 and 09-197 (filed April 24, 2012; amended August 22, 2012).