

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: KIRA DALE PFISTERER

DATE: JANUARY 7, 2005

RE: VCI COMPANY'S PETITION FOR DESIGNATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER. CASE NO. VCI-T-04-1.

BACKGROUND

On September 13, 2004, VCI Company (VCI) filed a Petition with the Commission requesting designation as an Eligible Telecommunications Carrier (ETC). VCI holds a certificate as a competitive telecommunications provider in the State of Idaho and provides wireline services primarily through the leasing of unbundled network elements (UNEs) from Qwest Corporation. ETC designation would allow VCI to be eligible for federal universal service support.

In the Notice of Application and Modified Procedure issued December 3, 2004, the Commission solicited comments regarding VCI's Petition. Order No. 29652. No comments were received other than those submitted by Commission Staff.

THE PETITION

VCI's Petition for Designation as an Eligible Telecommunications Carrier (Petition) states that VCI will provide service throughout Qwest's territory to Idaho residents qualifying for the Idaho Telecommunications Service Assistance Program (ITSAP). The Petition also provides that VCI advertises these services throughout its service areas in Washington, Oregon, and Wyoming and will do so in Idaho upon ETC approval.

According to the Petition, VCI has been designated as an ETC in Washington, Oregon, and Wyoming and complies with all Federal Communications Commission (FCC) rules, including federal high-cost support regulation.

STAFF COMMENTS

Based on its review of VCI's Petition and discussions with VCI, Staff believes that VCI's Petition complies with the state and federal requirements for ETC status and is consistent with the public interest, convenience, and necessity. VCI provides the services provided for in the definition of universal service set forth in 47 C.F.R. 54.101(a) and offers such services using its own facilities or a combination of its own facilities and resale of another carrier's service throughout the service area. In addition, VCI assures Staff that it will advertise the availability of such services, as it does in Washington, Oregon, and Wyoming, and will provide these services to Idaho residents qualifying for the ITSAP.

Staff asserts that ETC status for VCI is in the public interest, in large part because VCI will benefit Idaho's ITSAP customers who may not be able to afford a supplemental communications service, such as a cell phone. Moreover, this is a niche market that can benefit from a competitive company. By granting the Petition of VCI, Idaho customers will have an opportunity to choose a competitor in certain Qwest territories. In addition, VCI proposes to waive the subscriber line charge (SLC) for its customers and will use the federal match to offset the SLC, thereby reducing Idaho customers' bills.

In light of the foregoing, Staff supports VCI's Petition and recommends that the Commission grant VCI ETC status with the caveat that VCI update, if necessary, all tariff pages that pertain to its service area(s) and offerings currently on file in its Competitive Local Exchange Carrier price list. In addition, the Commission should make clear that, despite granting VCI ETC status, state USF funds are not currently available under *Idaho Code* §§ 62-610A-F.

COMMISSION DECISION

Does the Commission wish to approve VCI's Petition for designation as an ETC?



Kira Dale Pfisterer

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