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Before the Arizona Corporation Commission

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AZ CORP COMMISSION
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IN RE
 APPLICATION OF SMITH BAGLEY, INC.
 FOR DESIGNATION AS AN ELIGIBLE
 TELECOMMUNICATIONS CARRIER UNDER
 47 U.S.C. §214(e)(2)

) Docket No. T-02556A-01-0931

**Amendment to Application of Smith Bagley, Inc.
 for Designation as an Eligible Telecommunications Carrier**

Smith Bagley, Inc. ("SBI"), by its attorneys, hereby amends its Application for Designation as an Eligible Telecommunications Carrier ("ETC") for the remaining portion of its service area in the Arizona-3 RSA, filed on November 26, 2001, in the above-referenced docket. SBI's application included a request for designation in "near reservation areas," as defined by the Bureau of Indian Affairs ("BIA"). By this amendment, SBI seeks to add to its requested area the City of Page, a "near reservation area." In addition, by this amendment, SBI responds to the Arizona Corporation Commission's ("ACC") recent request that SBI provide additional information regarding how the universal service program SBI provides in its existing ETC area satisfies public interest objectives.

I. The City Of Page Is Properly Included As Part Of SBI's Application For ETC Status In Near Reservation Areas Filed In The Above-Referenced Docket.

SBI has already been designated as an ETC in that portion of its service area in the Arizona-3 RSA located on Native American lands.¹ By this application, SBI seeks designation in the remaining area within the Arizona-3 RSA, which includes a number of towns which the BIA

¹ *Application of Smith Bagley, Inc., For Designation as an Eligible Telecommunications Carrier Under 47 U.S.C. §214(e)(2) and A.C.C. §R14-2-1203, Order, Docket No. T-02556A-99-0207, Decision No. 63269 (December 15, 2000) ("ETC Order").*

has classified as “near reservation areas”. Recently, SBI acquired PCS Spectrum in the Flagstaff BTA which completes SBI’s coverage of the remaining portion of Navajo and Hopi Reservation’s in Arizona. SBI’s service area in the Flagstaff BTA also includes the incorporated City of Page, which is classified as a “near reservation area”² As such, Page is more appropriately associated with this application. Therefore, SBI requests that the ACC also designate SBI as an ETC in the City of Page, the boundary of which is depicted in the map at Exhibit A.

SBI has implemented a successful universal service program called VisionOne™, which has enabled many Native Americans who never had phone service to obtain basic telephone service. SBI hopes to extend this program to all those living on reservation lands in Arizona and to the surrounding communities where significant Native American populations are present. Page would benefit greatly from the VisionOne™ program. Twenty-seven percent (27%) of the residents of Page are Native American.³

The FCC has recognized that near reservation lands include many Native American citizens who deserve the same benefits made available to those person residing on reservation lands. In its Twelfth Report and Order and Order and Further Notice of Proposed Rulemaking, the Commission stated its intention to make enhanced federal lifeline support available in near

² While Page was originally on the Navajo reservation, the federal government acquired Page in a land swap arrangement associated with the construction of the Glen Canyon Dam. Subsequently, Page became an incorporated city, and was designated as a near reservation area.

³ See www.census.gov, year 2000 census data.

reservation lands.⁴ The FCC's proceeding is not yet complete, however it is anticipated that persons living in near reservation lands will soon be able to obtain such support and SBI will be able to extend its current program to these communities.

II. The Universal Service Program Implemented In SBI's Existing ETC Service Area Has Furthered The Public Interest.

By this amendment, SBI also responds to the staff's recent request for additional information regarding SBI's outreach efforts over the past ten months.

Since launching its VisionOne™ program in May 2001, over fourteen thousand (14,000) people have signed up for subsidized service. What follows is a summary of SBI's efforts to improve service for Native Americans living in its existing ETC service area and to expand its network.

Federal universal service funding has enabled SBI to accelerate construction of facilities on Native American reservations within its ETC service area. Over the past six months, SBI has constructed five new cell sites and has increased voice channel capacity to its existing cell sites by an average of 35% to ensure sufficient capacity for its customers. SBI anticipates that it will increase channel capacity by an additional 35% over the next four to six months as the summer busy season arrives. SBI has added six additional T-1 connections, as well as six spread spectrum microwave links to transport traffic between its cell sites and switching office. SBI has also

⁴ *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas, Twelfth Report and Order*, 15 FCC Rcd 12208 (2000); *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas, Order and Further Notice of Proposed Rulemaking*, 15 FCC Rcd 17112 (2000).

commenced site acquisition and engineering studies needed to construct five additional sites within its ETC service area to improve coverage within the next year. Finally, SBI is in the process of designing and implementing a digital overlay to its system. Digital service will begin in parts of the ETC service area within one year, and SBI expects to have digital service throughout its existing and proposed ETC coverage area within the next three years.

One of the primary problems SBI described to the Commission back in 1999 is that of phonelessness, i.e., people living without phone service. A phoneless home happens either because landline facilities are unavailable to a location or because the household cannot afford phone service. SBI has solved both of these problems for many native Americans. Of the 14,000 new VisionOne™ subscribers SBI has signed up, approximately 90% have never had telephone service. It is clear that expanded Lifeline subsidies from the federal government have effectively reduced the price of basic telephone service to a level that even the most economically challenged households can afford. On reservation lands it currently serves, SBI identified roughly 35 geographic areas which were unserved, including areas near Shonto, Sweetwater, Pinon, Kayenta, Chinle, Hard Rocks, Jeddito, Keams Canyon and Polacca. High cost loop support has enabled SBI to construct, and to plan new construction of, facilities in these areas.

SBI has also undertaken significant community outreach efforts in an effort to increase telephone penetration on reservation lands. In addition to advertising and opening five new stores on reservation lands, SBI has recognized that many residents cannot travel significant distances to obtain telephone service. In response to this problem, SBI has brought service to some of the most remote regions of the reservation. The company has commissioned a mobile sales office, consisting of several vehicles and up to 20 personnel, to visit small towns to sign up new

customers. SBI has converted a 35 foot travel trailer to a mobile office, outfitting it with office and communications facilities needed to activate subscribers.

SBI holds one to three day events, usually located at a school or community center, which include music, food and live radio coverage. SBI advertises the events in advance by direct mail, newspaper, and postings at local community centers.

On the day of the event, SBI sets up its mobile sales office to provide potential customers with information about telephone service, available Lifeline and Link-Up benefits, and educational seminars devoted to learning to use a mobile phone. These community events have been very successful, sometimes resulting in several hundred new subscribers taking service, most of which have never had a telephone. SBI intends to continue these outreach efforts as long as demand for its service warrants.

SBI has hired twenty Native American employees to assist in its VisionOne™ outreach effort. These new employees work in SBI's distribution department and also assist customers who only speak their native language.

SBI plans to take steps similar to those outlined above in order to provide service to "near reservation" areas. SBI believes these communities would benefit immensely from an advanced mobile communications offering.

WHEREFORE, pursuant to Section 214(e)(2) of the Act, SBI requests that the ACC designate SBI as an ETC in the City of Page, as depicted at Attachment A. In addition, SBI requests that the Commission consider SBI's ongoing outreach efforts to the Native American

community residing in its existing ETC area when deciding whether to award ETC status in the areas requested in the instant proceeding.

Respectfully submitted,

SMITH BAGLEY, INC.

By: 

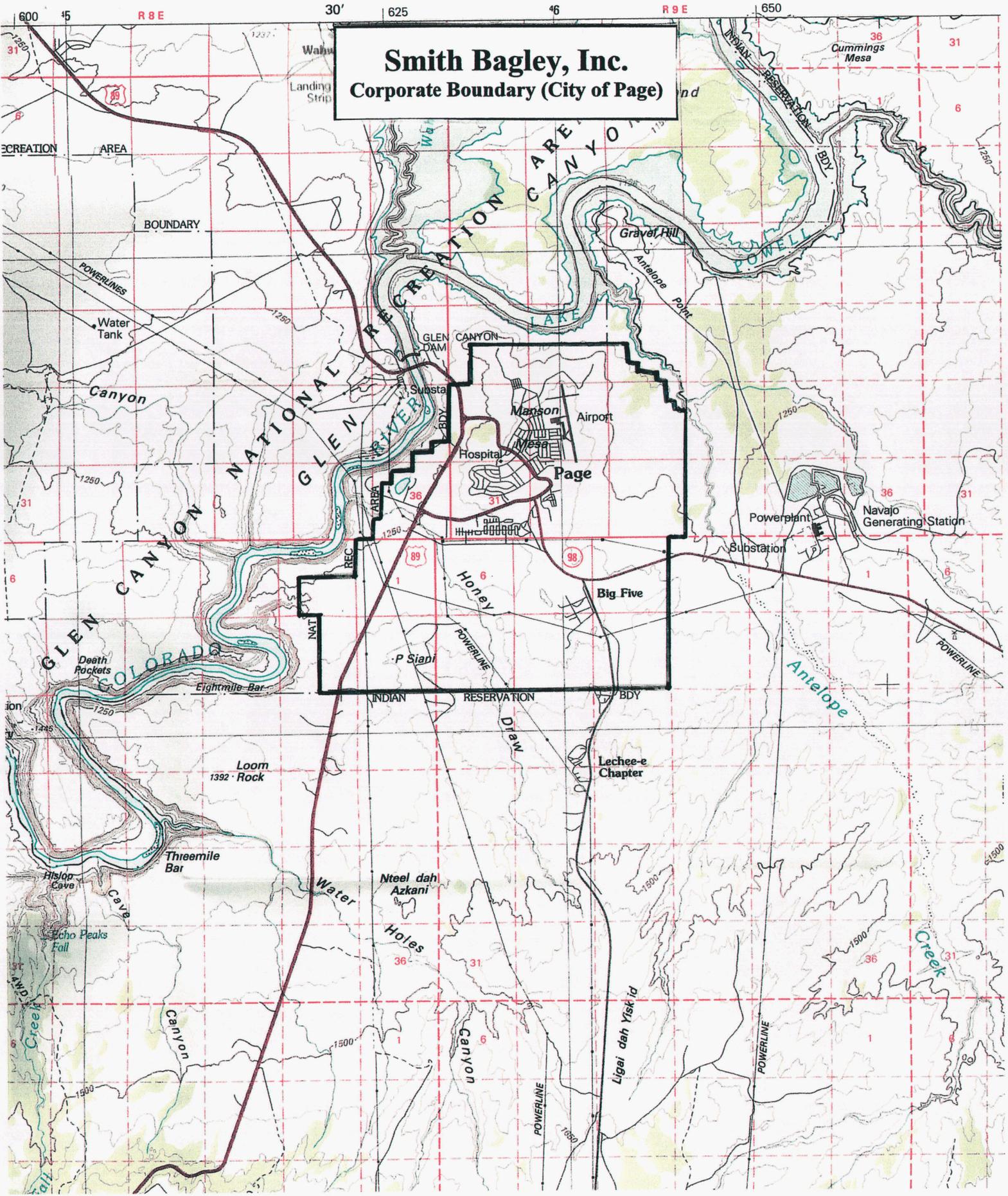
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April 2, 2002

EXHIBIT A

Smith Bagley, Inc. Corporate Boundary (City of Page)



BEFORE THE ARIZONA CORPORATION COMMISSION

CERTIFICATE OF SERVICE

I, Janelle Wood, hereby certify that I have, on this 2nd day of April, 2002, placed in the United States mail, first-class postage pre-paid, a copy of the foregoing AMENDMENT filed today to the following:

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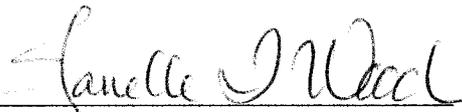
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