

ORIGINAL

OPEN MEETING



MEMORANDUM

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TO: THE COMMISSION **DOCKETED**
Arizona Corporation Commission

2016 OCT 13 AM 11 41

FROM: Utilities Division **OCT 13 2016**

DATE: October 12, 2016

DOCKETED BY *YH*

RE: IN THE MATTER OF THE APPLICATION OF TELRITE CORPORATION
DBA LIFE WIRELESS TO EXPAND ITS ELIGIBLE
TELECOMMUNICATIONS CARRIER SERVICE AREA (DOCKET NO. T-
04288A-16-0310)

INTRODUCTION

Enclosed are the Arizona Corporation Commission ("ACC" or "Commission") Utilities Division's ("Staff") Memorandum and Proposed Order for the application of Telrite Corporation dba Life Wireless ("Telrite" or "Company") to expand its eligible telecommunications carrier service area (Docket No. T-04288A-16-0310). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at 1200 W. Washington St., Phoenix, AZ 85007 by 4:00 p.m. on or before October 24, 2016.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **October 27, 2016, at 10:00 a.m. and October 28, 2016, at 10:00 a.m.**

If you have any questions about this matter, please contact Lori Morrison of our Staff at (602) 542-2179, or Thomas Broderick, Director, at (602) 542-7270.

PROCEDURAL HISTORY

The Commission designated Telrite a wireless, Lifeline-only ETC in Decision No. 73724, on February 20, 2013. On September 2, 2016, Telrite filed an application requesting to expand its Eligible Telecommunications Carrier ("ETC") designated service area in Arizona and convert the manner in which its ETC service area is designated from wire centers to zip codes.

On September 22, 2016, Telrite filed an amended application to replace the September 2, 2016 application because the original application requested a conversion from wire centers to zip codes but Telrite already uses zip codes to define its designated service area, thus no conversion is needed. In addition, Telrite does not serve Tribal Lands and removed 3 zip codes from the previous proposed list of zip codes expanding its existing ETC designated service area.

DESIGNATED SERVICE AREA

Telrite's existing designated service area contained 403 Zip Codes in the State of Arizona as approved in Decision No. 73724, dated February 20, 2013. In this Amended Application, Telrite seeks to expand its ETC designated service area to match the service areas covered by its underlying carriers. Specifically, Telrite is requesting to expand its designated service area to include an additional 71 zip codes, identified in Attachment 1 of the Proposed Order, to the current zip codes in its current designated service area. For those zip codes that encompass tribal lands, Telrite requests to serve only the non-tribal areas of the zip code.

STAFF ANALYSIS

In Decision No. 73724, the Commission required that should Telrite expand its Lifeline service beyond the designated service area specified in this application, Telrite is required to seek ETC designation from the Commission to serve the additional area.¹ Telrite currently is authorized to provide Lifeline services in 403 zip codes in Arizona. In this application, Telrite seeks to add an additional 71 zip codes to its designated service area.

In the course of its review of Telrite's Application, Staff found the Federal Communication Commission ("FCC") issued Telrite a *Notice of Apparent Liability for Forfeiture* ("NAL") on December 9, 2013.² While Arizona was not one of the nine states reviewed, the NAL alleges that Telrite willfully violated 47 C.F.R. §§ 54.407, 54.409, and 54.410 by requesting and receiving reimbursement payments from the Universal Service Fund for intra-company duplicate Lifeline enrollments. An intra-company duplicate occurs when a consumer is provided more than one Lifeline service by a single company. The basis for the NAL is Universal Service Administrative Company's ("USAC's") in-depth validation review of a sample of months in 2012 and 2013 for nine states to identify intra-company and inter-company Lifeline service duplicates.³ From the nine state review,⁴ USAC identified 4,387 intra-company duplicates during the period of June 2012 through April 2013.

Since the time the NAL was issued, the National Lifeline Accountability Database ("NLAD") came online on April 3, 2014 and is now used to ensure that only eligible households will receive one federal Lifeline benefit per household from ETCs and intra- and inter-company duplications are eliminated. Thus this issue should not recur in the future.

Telrite states it has denied the allegations in the NAL and has requested that the NAL be cancelled. In late 2015, the NAL and nearly a dozen others like it were referred to the FCC's Office of Inspector General. Telrite states the issuance of the NAL has not affected its ability to obtain

¹ See Decision No. 73724, Page 16, lines 23-24.

² FCC 13-154 (December 9, 2013).

³ An inter-company duplicate occurs when a consumer is provided Lifeline service by more than one company.

⁴ FCC 13-154, ¶ 9.

ETC designation in an additional six jurisdictions⁵ and does not affect Telrite's ability to operate as an ETC going forward.

The Consumer Services Section of the Utilities Division reports that there have been no complaints, inquiries, or opinions about Telrite for the period of January 2013 to December 2015 and one complaint in 2016 about disconnect/termination, which was resolved. According to the Corporations Division, Telrite is in good standing. The Compliance Section reports that Telrite is in compliance.

RECOMMENDATION

Staff recommends the application of Telrite to add 71 zip codes to its current designated service area be approved subject to the following conditions:

- a. Telrite be required to file to include the additional zip codes in its existing ETC tariff within 30 days of the date of the Decision in this matter; and
- b. Telrite be required to file as a Compliance item a notice with the Commission when the FCC's NAL is resolved.



Thomas M. Broderick
Director
Utilities Division

TMB:LLM:red\MAS

ORIGINATOR: Lori Morrison

⁵ See Amended Application, Page 4, lines 12-26 through Page 5, lines 1-8: California, Nebraska, Washington, Wisconsin, Puerto Rico and U.S. Virgin Islands.

THE COMMISSION

October 12, 2016

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On this 12th day of October, 2016, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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By:



Renee de la Fuente
Administrative Support Specialist

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BEFORE THE ARIZONA CORPORATION COMMISSION

- DOUG LITTLE
Chairman
- BOB STUMP
Commissioner
- BOB BURNS
Commissioner
- TOM FORESE
Commissioner
- ANDY TOBIN
Commissioner

IN THE MATTER OF THE APPLICATION)
 OF TELRITE CORPORATION DBA LIFE)
 WIRELESS TO EXPAND ITS ELIGIBLE)
 TELECOMMUNICATIONS CARRIER)
 SERVICE AREA.)

DOCKET NO. T-04288A-16-0310
 DECISION NO. _____
ORDER

Open Meeting
 October 27 and October 28, 2016
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. The Arizona Corporation Commission (“ACC” or “Commission”) designated Telrite a wireless, Lifeline-only ETC in Decision No. 73724, on February 20, 2013. On September 2, 2016, Telrite Corporation dba Life Wireless (“Telrite” or “Company”) filed an application requesting to expand its Eligible Telecommunications Carrier (“ETC”) designated service area in Arizona and convert the manner in which its ETC service area is designated from wire centers to zip codes.

2. On September 22, 2016, Telrite filed an amended application to replace the September 2, 2016 application because the original application requested a conversion from wire centers to zip codes but Telrite already uses zip codes to define its designated service area, thus no conversion is needed. In addition, Telrite does not serve Tribal Lands and removed 3 zip codes from the previous proposed list of zip codes expanding its existing ETC designated service area.

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1 **Designated Service Area**

2 3. Telrite's existing designated service area contained 403 Zip Codes in the State of
3 Arizona as approved in Decision No. 73724, dated February 20, 2013. In this Amended Application,
4 Telrite seeks to expand its ETC designated service area to match the service areas covered by its
5 underlying carriers. Specifically, Telrite is requesting to expand its designated service area to include
6 an additional 71 zip codes, identified in Attachment 1 of the Proposed Order, to the current zip codes
7 in its current designated service area. For those zip codes that encompass tribal lands, Telrite requests
8 to serve only the non-tribal areas of the zip code.

9 **Staff Analysis**

10 4. In Decision No. 73724, the Commission required that should Telrite expand its
11 Lifeline service beyond the designated service area specified in this application, Telrite is required to
12 seek ETC designation from the Commission to serve the additional area.¹ GCI currently is authorized
13 to provide Lifeline services in 405 zip codes in Arizona. In this application, GCI seeks to add an
14 additional 126 zip codes to its designated service area.

15 5. In the course of its review of Telrite's Application, Staff found the Federal
16 Communication Commission ("FCC") issued Telrite a *Notice of Apparent Liability for Forfeiture* ("NAL")
17 on December 9, 2013.² While Arizona was not one of the nine states reviewed, the NAL alleges that
18 Telrite willfully violated 47 C.F.R. §§ 54.407, 54.409, and 54.410 by requesting and receiving
19 reimbursement payments from the Universal Service Fund for intra-company duplicate Lifeline
20 enrollments. An intra-company duplicate occurs when a consumer is provided more than one Lifeline
21 service by a single company. The basis for the NAL is Universal Service Administrative Company's
22 ("USAC's") in-depth validation review of a sample of months in 2012 and 2013 for nine states to
23 identify intra-company and inter-company Lifeline service duplicates.³ From the nine state review,⁴
24 USAC identified 4,387 intra-company duplicates during the period of June 2012 through April 2013.

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27 ¹ See Decision No. 73724, Page 16, lines 23-24.

² FCC 13-154 (December 9, 2013).

³ An inter-company duplicate occurs when a consumer is provided Lifeline service by more than one company.

⁴ FCC 13-154, ¶ 9.

1 6. Since the time the NAL was issued, the National Lifeline Accountability Database
 2 (“NLAD”) came online on April 3, 2014 and is now used to ensure that only eligible households will
 3 receive one federal Lifeline benefit per household from ETCs and intra- and inter-company
 4 duplications are eliminated. Thus this issue should not recur in the future.

5 7. Telrite states it has denied the allegations in the NAL and has requested that the NAL
 6 be cancelled. In late 2015, the NAL and nearly a dozen others like it were referred to the FCC’s
 7 Office of Inspector General. Telrite states the issuance of the NAL has not affected its ability to
 8 obtain ETC designation in an additional six jurisdictions⁵ and does not affect Telrite’s ability to
 9 operate as an ETC going forward.

10 8. The Consumer Services Section of the Utilities Division reports that there have been
 11 no complaints, inquiries, or opinions about Telrite for the period of January 2013 to December 2015
 12 and one complaint in 2016 about disconnect/termination, which was resolved. According to the
 13 Corporations Division, Telrite is in good standing. The Compliance Section reports that Telrite is in
 14 compliance.

15 **Recommendation**

16 9. Staff recommends the application of Telrite to add 71 zip codes to its current
 17 designated service area be approved as requested.

18 10. Staff recommends that Telrite be required to file to include the additional zip codes in
 19 its existing ETC tariff within 30 days of the date of the Decision in this matter.

20 11. Staff further recommends Telrite be required to file as a Compliance item a notice with
 21 the Commission when the FCC’s NAL is resolved.

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28 ⁵ See Amended Application, Page 4, lines 12-26 through Page 5, lines 1-8: California, Nebraska, Washington, Wisconsin, Puerto Rico and U.S. Virgin Islands.

1 IT IS FURTHER ORDERED that Telrite Corporation dba Life Wireless file, as a compliance
2 item in this docket, a notice with the Commission when FCC's NAL is resolved.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

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CHAIRMAN LITTLE

COMMISSIONER STUMP

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COMMISSIONER FORESE

COMMISSIONER TOBIN

COMMISSIONER BURNS

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IN WITNESS WHEREOF, I, JODI JERICH, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2016.

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JODI JERICH
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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TMB:LLM:red /MAS

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SERVICE LIST FOR: Telrite Corporation dba Life Wireless
DOCKET NO. T-04288A-16-0310

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Zipcode	Zip_Postal_City	State	Zipcode	Zip_Postal_City	State
85039	Phoenix	AZ	85615	Hereford	AZ
85073	Phoenix	AZ	85621	Nogales	AZ
85135	Hayden	AZ	85624	Patagonia	AZ
85137	Kearny	AZ	85625	Pearce	AZ
85173	Superior	AZ	85637	Sonoita	AZ
85192	Winkelman	AZ	85638	Tombstone	AZ
85262	Scottsdale	AZ	85643	Willcox	AZ
85264	Fort McDowell	AZ	85671	Sierra Vista	AZ
85324	Black Canyon City	AZ	85720	Tucson	AZ
85344	Parker	AZ	85736	Tucson	AZ
85347	Roll	AZ	85775	Tucson	AZ
85348	Salome	AZ	85933	Overgaard	AZ
85356	Wellton	AZ	86001	Flagstaff	AZ
85362	Yarnell	AZ	86005	Flagstaff	AZ
85371	Poston	AZ	86021	Colorado City	AZ
85390	Wickenburg	AZ	86046	Williams	AZ
85501	Globe	AZ	86303	Prescott	AZ
85531	Central	AZ	86305	Prescott	AZ
85533	Clifton	AZ	86323	Chino Valley	AZ
85534	Duncan	AZ	86324	Clarksdale	AZ
85535	Eden	AZ	86334	Paulden	AZ
85536	Fort Thomas	AZ	86336	Sedona	AZ
85539	Miami	AZ	86337	Seligman	AZ
85540	Morenci	AZ	86338	Skull Valley	AZ
85541	Payson	AZ	86343	Crown King	AZ
85543	Pima	AZ	86401	Kingman	AZ
85544	Pine	AZ	86406	Lake Havasu City	AZ
85545	Roosevelt	AZ	86411	Hackberry	AZ
85546	Safford	AZ	86433	Oatman	AZ
85548	Safford	AZ	86441	Dolan Springs	AZ
85551	Solomon	AZ	86442	Bullhead City	AZ
85552	Thatcher	AZ	86444	Meadville	AZ
85602	Benson	AZ	86445	Willow Beach	AZ
85607	Douglas	AZ	86446	Bullhead City	AZ
85610	Elfrida	AZ	86508	Lupton	AZ
85611	Elgin	AZ			