

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: LTD BROADBAND LLC	DOCKET NO. ETA-2019-0001
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ORDER DESIGNATING ELIGIBLE TELECOMMUNICATIONS CARRIER

(Issued February 20, 2019)

BACKGROUND

On January 22, 2019, LTD Broadband LLC (LTD) filed with the Utilities Board (Board) an Application for Eligible Telecommunications Carrier (ETC) Designation for purposes of receiving support from the federal Universal Service Fund (USF), including support through the Federal Communications Commission's (FCC) high-cost USF program. LTD seeks ETC designation in order to receive funding awarded through the recently completed Connect America Fund (CAF) Phase II Auction to deploy broadband and voice communications as well as Lifeline support. LTD seeks ETC designation for the census blocks for which it was allocated funds through the CAF Phase II auction. The application was filed in Docket No. ETA-2019-0001. LTD also provided additional information on February 1, 2019, in response to a request from Board staff.

The CAF is the FCC's program to expand access to voice and broadband services in areas where they are unavailable. To ensure CAF support is used efficiently, the FCC has focused on areas that are found to be unserved or underserved by unsubsidized service providers. Through the CAF Phase II auction,

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the FCC is providing funding to local telephone companies to subsidize the cost of building new network infrastructure or performing network upgrades to provide voice and broadband service in areas where it is lacking. In the areas of states where the respective incumbent price cap carriers declined model-based support, the FCC has undertaken to award support through a competitive bidding process in which the FCC reviews applicants' requests for support by evaluating, among other things, the companies' operational history, financial qualifications and proposed services.

The companies that accept CAF Phase II support must meet several requirements for voice and broadband services. Service providers must offer broadband at speeds of at least 10 megabits per second (Mbps) downstream and 1 Mbps upstream and the network latency cannot be higher than 100 milliseconds round trip. Service providers must also offer at least one plan with a minimum usage allowance of at least 150 gigabytes per month or, in certain circumstances, a plan with 100 gigabytes of usage, and they must offer service at rates reasonably comparable to rates in urban areas.

As a winning bidder in the CAF Phase II auction, LTD is seeking high-cost funding to offset the cost of deploying fiber for broadband and digital voice services to 22 census blocks in Iowa for which it was the winning bidder. LTD is therefore seeking ETC designation for a service area including the census blocks in Iowa where it won the CAF Phase II auction and has been awarded support.

No objections to the application have been filed.

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LEGAL STANDARDS

Board rule 199 IAC 39.3(1) requires a telecommunications carrier to be designated as an ETC to qualify for support from the USF. The Board reviews applications for designation as an ETC for compliance with 47 U.S.C. § 214(e)(1) and grants ETC designations to qualified applicants for a service area designated by the board.

Board rule 199 IAC 39.3(1) also provides the means by which the Board can designate Iowa telecommunications companies to be eligible to receive funding from the USF pursuant to 47 U.S.C. § 254. A carrier must meet the requirements of Board rule 199 IAC 39.3(2) to be designated as an ETC.

ANALYSIS

Pursuant to 47 U.S.C. § 214(e)(2), states have primary responsibility for designating ETCs. Board rule 39.3(1) provides the means by which the Board may designate a telecommunications carrier to be eligible to receive funding from the federal USF. Board rule 39.3(2) specifies the requirements for an application for ETC designation.

Board rule 39.3(2)(a) requires a clear statement of which entity is requesting the designation. LTD states that it is the entity requesting ETC designation.

Board rule 39.3(2)(b) requires an applicant to provide a clear statement of the purposes for which the designation is sought. LTD is seeking ETC designation because it was awarded support as a successful bidder in the FCC's CAF Phase II

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auction. LTD intends to provide voice and broadband service in the census blocks in Iowa where the FCC has awarded support. LTD also seeks Lifeline funding.

Board rule 39.3(2)(b) also requires an applicant to provide a statement of its financial and technical qualification to provide the supported service. LTD states it was founded in 2011 and is one of the largest fixed wireless internet service providers in the United States, covering more than 250,000 rural locations from a network of more than 1,300 towers with 25/3 Mbps broadband. LTD provides broadband services to more than 9,700 customers throughout its service territory. LTD has provided a copy of its Certificate of Existence issued by the Secretary of State of Nevada and the biography of its chief executive officer indicating he has more than 25 years of experience in the industry.

Board rule 39.3(2)(c) requires an applicant to certify that it offers or intends to offer all services designated for support throughout the applicant's service area. LTD states that it offers IP-Voice and fixed wireless internet services and its internet services meet the FCC's definition of broadband (i.e., 25 mbps download/3 mbps upload).

Board rule 39.3(2)(d) requires that an applicant explain how it will provide voice telephony service. As identified in 47 C.F.R. § 54.101, the services designated for support are: (a) voice-grade access to the public switched network or its functional equivalent; (b) minutes of use for local service provided at no additional charge to end users; (c) access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911; and (d) toll limitation services to qualifying low-income consumers.

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LTD maintains that it will provide voice-grade access to the public switched telephone network (PSTN) or its functional equivalent using Inteliquent as a wholesale Voice over Internet Protocol (VoIP) provider along with LTD's own voice softswitch cluster. LTD will offer minutes of use for local service provided at no additional charge to end users. LTD will provide toll control service and toll limitation services. LTD maintains it provides access to emergency services by providing access to the local 911 facilities.

Board rule 39.3(2)(e) requires applicants to certify they plan to offer the supported services using their own facilities or a combination of their own facilities and resale of another carrier's services. LTD commits to using its own facilities and a wholesale VoIP provider to provide the services.

Board rule 39.3(2)(f) requires an applicant to describe how it will advertise the availability of supported services and associated charges using media of general distribution. LTD states it will advertise its universal service offerings using media of general distribution consistent with its current advertising practices. The advertising will occur via a combination of newspapers, direct mail, television ads, social media, and websites.

Board rule 39.3(2)(g) requires an applicant to describe its proposed ETC service area. LTD provided a list of census blocks where it has been awarded CAF Phase II support as Exhibit A to its application. LTD also provided maps showing the locations of the census blocks on February 1, 2019, in response to a request from Board staff.

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Where an application is from a carrier seeking ETC designation for an area served by a rural carrier, Board rule 39.3(2)(h) requires an applicant to demonstrate the requested designation is in the public interest. LTD states that granting it designation as an ETC will serve the public interest by permitting it to receive CAF Phase II support to provide 25/3 Mbps broadband in the areas where it has been awarded such support. LTD states this will allow it to provide quality communications services at a reasonable price in rural areas and allow individuals in those areas to access public safety, health, educational, and economically advantageous Internet services and applications.

Board rule 39.3(2)(i) requires an applicant to submit a five-year improvement plan. LTD states the FCC has buildout requirements for carriers awarded CAF Phase II support, and pursuant to those requirements it must provide 25/3Mbps service to those locations within a six-year period. LTD will provide service consistent with those obligations. LTD's services will be provided through a hybrid fiber network and fixed wireless network.

Board rule 39.3(2)(j) requires an applicant to make an affirmative statement explaining how the applicant will remain functional in emergency situations. LTD asserts it is able to function in an emergency situation without an external power source, and it is able to reroute traffic around damaged facilities. LTD also states it is capable of managing traffic spikes resulting from emergency situations. It also has provisions for emergency power that meet or exceed the requirement to provide a minimum of four hours of battery service at each tower site, and mobile power units

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can be delivered on short notice and readily connected to its towers. LTD states it otherwise complies with the FCC's backup power requirements.

As required by Board rule 39.3(2)(k), LTD commits to comply with all applicable FCC and Board service requirements.

Board rule 39.3(2)(l) requires an applicant to certify that it will comply with applicable consumer protection and service quality standards. LTD indicates that it will satisfy all consumer protection and service quality standards as provided by state and federal law.

The Board has reviewed LTD's application. Based on the unopposed representations in those filings, the Board concludes that LTD has substantially complied with the Board's rules governing designation of ETCs. The Board will grant LTD's application for designation as an ETC for purposes of receiving high-cost and low-income support in the service areas defined as the census blocks identified in Exhibit A to the application and as shown on the maps filed on February 1, 2019.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The "Application for Eligible Telecommunications Carrier Designation" filed by LTD Broadband LLC on January 22, 2019, is granted.
2. LTD Broadband LLC is granted such designation for the census blocks for which it has been awarded support through the Connect America Fund Phase II auction which are identified in Exhibit A to its application and shown on the maps filed on February 1, 2019.

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3. LTD Broadband LLC shall be responsible for informing the Federal Communications Commission, the Universal Service Administrative Company, and any other applicable regulatory agency of the designation as necessary.

4. LTD Broadband LLC shall submit a telecommunications service provider registration prior to offering service in Iowa.

5. Once registered, LTD Broadband LLC shall complete and file Dual Party Relay Assessments as required by Iowa Code §§ 476.95 and 477C.7.

UTILITIES BOARD

/s/ Geri D. Huser

/s/ Nick Wagner

ATTEST:

/s/ Kelsie Vanderflute

/s/ Richard W. Lozier, Jr.

Dated at Des Moines, Iowa, this 20th day of February, 2019.