

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

In the Matter of:

**Teleguam Holdings, LLC (“GTA”)
USAC CERTIFICATION**

GTA Docket 12-07

PUC LEGAL COUNSEL REPORT

BACKGROUND

On September 12, 2012, Teleguam Holdings LLC (“GTA”) petitioned the Guam Public Utilities Commission (“PUC”) to issue a Certification that GTA will use federal universal service support funds for purposes in compliance with Section 254(e) of the Communications Act.¹ Previously, GTA has filed such petitions with the Commission through its subsidiary GTA Telecom, LLC. However, on March 26, 2012, PUC approved the transfer of the Certificate of Authority and Eligible Telecommunications Carrier (“ETC”) from GTA Teleguam to GTA Telecom. Therefore, Teleguam Holdings is now the appropriate entity to petition PUC for USAC Certification.²

GTA receives monies from interstate universal service funds (USF) that are designated to support local services, build needed infrastructure and improve service quality. Each year the PUC is required to certify (by September 30) to the Federal Communications Commission (FCC) and Universal Service Administrative Company (USAC) that those funds will be used only for the purposes designated in the federal Act.³ Absent such a Certification by PUC, GTA, as an “Eligible Telecommunications Carrier” (“ETC”), would be denied funds for each quarter of the year that certification is delayed.

GTA’s Petition states that universal support funds received by it are all being used to support core services that are designated for USF support.⁴ The Vice President-Regulatory of GTA has certified that all federal high-cost support received will be used only for the provision, maintenance, and upgrading of facilities and services for which

¹ GTA Petition for Annual USAC Certification, GTA Docket 12-07, filed September 12, 2012.

² PUC Order, GTA Docket 11-14, filed March 26, 2012, at p. 10.

³ Georgetown Consulting Group Report on USAC Certification – GTA Telecom, dated September 12, 2008.

⁴ GTA Petition, p. 1.

support is intended. GTA thus indicates that the cost of providing these core services is covered by federal USF support as intended by the federal USF programs.⁵

On March 17, 2005, the FCC released its ETC (“Eligible Telecommunications Carrier”) Designation Order, which adopted specific requirements for ETCs granted designation pursuant to Section 214(e)(6) of the Federal Act.⁶ The FCC designated nine core services that are eligible for Universal Service Fund (USF) support: single party service; local usage; voice grade access to the public switched telephone network; dual tone multifrequency signaling; access to emergency services; access to operator services; access to interexchange services, access to directory assistance; and toll limitation service for qualifying low-income consumers.⁷

COMPLIANCE WITH FCC AND ETC DESIGNATION ORDER REQUIREMENTS

In its Petition, GTA certifies that, in accordance with 47 C.F.R. §54.101, GTA provides all of the core services that are designated for USF support. It provides those services as part of its basic residential and business local line service under its General Exchange Tariff approved by the PUC.⁸ Through GTA’s tariff, its customers are able to purchase single party, unlimited local usage telephone services that utilize dual tone multifrequency signaling. In addition, GTA provides access to 911 as well as access to operator services, directory assistance and access to interexchange services. It provides toll limitation for domestic and international toll calls.⁹

GTA has submitted information to demonstrate that it is in compliance with the FCC requirements of the ETC Designation Order:

1. Progress report on the ETC’s five-year service quality improvement plan. Construction projects listed under GTA’s plan are designed to improve service quality, network reliability and enhanced capabilities as envisioned under the federal USF program. GTA has increased its capacity for communications between Guam and the mainland USA, migrated digital customers to soft switch, rehabilitated plant distribution cables, pedestals, and connections. New equipment for enhanced survivability has been

⁵ Id., and Letter from Eric N. Votow, Vice President-Regulatory to Fred Horecky, PUC Counsel, GTA Docket 12-07, dated September 11, 2012.

⁶ *In the Matter of Federal –State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (released March 17, 2005) (the “ETC Designation Order”).

⁷ Id.

⁸ GTA Petition, *supra*, at p. 2-3.

⁹ GTA Petition, *supra*, at 3.

installed. GTA has also added capacity to central switching offices, and wired new subdivisions with the latest optical equipment and fiber.¹⁰ GTA has submitted its filing for a five-year service quality improvement plan. The plan provides cost and cost projections for succeeding years.

2. Detailed information on any outage lasting at least 30 minutes. GTA did not have any outages during calendar year 2011, or year-to-date 2012, that lasted 30 minutes.¹¹
3. The number of requests for service from potential customers that were unfulfilled for the past year. GTA estimates that it was unable to fulfill an average of 5 subscribers per month during calendar year 2011. The majority of the requests that GTA was unable to fulfill were due to the subscriber's inability to pay the required deposits for delivery of service drops for new subscribers.¹²
4. The number of complaints per 1,000 handsets or lines. During calendar year 2010 GTA was not aware of any complaints filed with the PUC or any other regulatory body.¹³
5. Certification that the ETC is complying with applicable service quality standards. GTA has filed its Quality of Service Reports with the PUC and indicates that it is complying with applicable service standards.¹⁴
6. Certification that ETC is able to function in emergency situations. GTA certifies that it has the ability to remain functional in emergency situations. Through the use of its backup electricity generators, buried copper and fiber plant, and backup battery power at its central offices, GTA has the necessary infrastructure and equipment to remain functional in situations that include fires, earthquakes or typhoons.¹⁵

¹⁰ GTA Petition, Exhibit A [Estimated Five-Year Network Improvement Plan 2009-2014].

¹¹ Id. at p. 3.

¹² Id. at pgs. 3-4.

¹³ Id. at p. 4.

¹⁴ Id.

¹⁵ Id.

7. Certification that the ETC is offering a local usage plan that is comparable to the incumbent LEC. GTA is the incumbent LEC and offers an unlimited local usage plan to its subscribers.¹⁶
8. Certification that the carrier acknowledges that the Commission may require it to provide equal access. GTA currently offers equal access to all of its subscribers and therefore is in compliance with this requirement.¹⁷

GTA's Petition contains a certification that, as a designated ETC, it has offered all of the services required by the FCC for support pursuant to Section 254(c) of the Communications Act during calendar year 2010, in compliance with 47 C.F.R. §54.101. GTA has also provided the required certification that it has advertised the availability of the supported services and charges through advertising, internet, and general media distribution.¹⁸

GTA indicates that, for calendar year 2011, it received \$6,030,198.00 in USF. To date through August 2012, it has received \$3,850,394.00.¹⁹ GTA has also submitted audited financial data for 2011 as an attachment to its Petition to demonstrate that all funds are being used to support core services.²⁰ Based upon the Petition and supporting exhibits submitted by GTA, it appears that the USF received in calendar year 2011 has been used as intended. Counsel is not aware of any evidence which contradicts the above certifications by GTA and believes that such certifications should be accepted. It is Legal Counsel's recommendation that GTA's request for USAC Certification be granted. The Commission may reasonably certify that future USF received by GTA will be appropriately used. A draft letter to the FCC approving GTA Telecom LLC's "use" certification is submitted herewith.

Dated this 14th day of September, 2012.

Frederick J. Horecky
PUC Legal Counsel

¹⁶ Id.

¹⁷ Id.

¹⁸ Id at p. 4-5.

¹⁹ Email from Eric Votaw, Vice President-Regulatory, to Frederick J. Horecky, PUC Counsel, GTA Docket 12-07, dated September 14, 2012.

²⁰ Petition, Id. at p. 5; see also Exhibit B [GTA Audited Financial Information].