

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In the Matter of:

Teleguam Holdings, LLC ("GTA")
USAC CERTIFICATION

GTA Docket 14-03

PUC LEGAL COUNSEL REPORT

BACKGROUND

On September 12, 2014, Teleguam Holdings LLC ("GTA") filed its 2014 Annual USAC filing. It petitioned the 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 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 to the FCC and the Universal Service Administrative Company (USAC) that those funds will be used only for the purposes designated in the federal Act.² 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.³ The Executive Vice President- Legal & Regulatory 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 support is intended.⁴ 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

¹ GTA Petition for Annual USAC Certification, GTA Docket 14-03, filed September 12, 2014.

² Georgetown Consulting Group Report on USAC Certification - GTA Telecom, dated September 12, 2008.

³ GTA Petition, at p. 2.

⁴ Id. at p. 1.

⁵ Id.

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").

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 Network Improvement Build Out plan. The Federal Communications Commission requires ETCs to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(c) of the Commission's Rules by July 1, 2014 and to submit annual progress reports thereafter.¹⁰ Section 54.202(a)(1)(ii) requires the ETCs to submit a five year plan that describes with specificity proposed improvements or upgrades to the ETC's network throughout its proposed service area, including an estimate of the area and population that will be served as a result of the improvements.¹¹

⁷ Id.

⁸ GTA Petition, supra, at p. 2.

⁹ Id.

¹⁰ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund*; WC Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 13-332 (rel. Mar. 5, 2013) ("*March 5, 2013 Order*") at Para's. 4, 6-9. Delaying Five Year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para 8 (released May 16, 2013).

¹¹ 47 C.F.R. §54.202(a)(1)(ii).

In particular, the FCC March 5, 2013 Order specified that, for rate-of-return carriers [i.e. "GTA"], the five-year plans "should describe the carrier's network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories."¹² The FCC has indicated that a key component of the certification issued by entities such as the Guam PUC under Section 254(e) is whether USF support is being used to maintain and extend modern networks capable of providing voice and broadband service.¹³

The FCC's five year plan requirements require the ETC to describe with "specificity" the proposed improvements or upgrades to the ETC's network throughout its service area: (1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support throughout the area for which the ETC seeks designation; (2) the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; (3) the specific geographic areas where the improvements will be made; and (4) the estimated population that will be served as a result of the improvements.¹⁴

GTA has submitted its Five-Year Network Improvement Plan, Exhibit "A" to its Petition.¹⁵ The Plan, and Appendix A thereto, set forth GTA's major network improvement projects for the five calendar years 2015 through 2019, along with the start and completion dates, capital costs, areas and population associated with those projects.¹⁶ GTA asserts that each of the projects listed in Appendix A will improve or upgrade the network for voice and/or broadband services by: (1) expanding the network; (2) updating technology to accommodate new services or higher bandwidth; and (3) address maintenance issues.¹⁷ Numerous projects are listed including: installation of VDSL; upgrade of the fiber core network; fiber Remediation & Capacity Upgrade; wire line integration; capacity

¹² March 5, 2013 Order at Para. 9 *citing* Section 54.202(a)(1)(ii).

¹³ USF/ICC Transformation Order at Para. 612.

¹⁴ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) ("2005 ETC Order").

¹⁵ GTA Petition for Annual USAC Certification, GTA Docket 14-03, filed September 12, 2014 [Exhibit A-Five Year Build Out Plan].

¹⁶ *Id.* at p. 7; Appendix A-Five Year Plan.

¹⁷ Exhibit A-Five Year Network Improvement Plan at p. 7.

enhancement; and ongoing cable maintenance and upgrades.¹⁸ GTA has also indicated a breakdown of the estimated capital expenditures associated with the projects and operating expenses.¹⁹

Submitted with its Five-Year Build-Out Plan are certifications by Teleguam Holdings LLC that it complies with applicable service quality standards and Consumer Protection Rules, and that it is able to function in emergency situations.²⁰

2. Detailed information on any outage lasting at least 30 minutes. GTA had zero outages that affected the landline and wireless service.²¹
3. The number of requests for service from potential customers that were unfulfilled for the past year. Requests that GTA was unable to fulfill were due to the subscriber's inability to pay the required deposits for delivery of service or service drops for new subscribers.²² GTA estimates that there were approximately twenty cases where GTA could not fulfill requests for service due to the subscriber's inability to pay the required deposits. Where a customer does not accept a price quotation for service, no order is entered into the system.²³
4. The number of complaints per 1,000 handsets or lines. During calendar year 2013 and to date 2014, GTA was not aware of any end user complaints filed with the PUC or any other regulatory body.²⁴
5. Certification that the ETC is complying with applicable service quality standards. GTA certifies that it adheres to all applicable PUC service quality standards.²⁵
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

¹⁸ Appendix A-Five-Year-Plan.

¹⁹ Id.

²⁰ Exhibit "A-Five Year Build-Out Plan" and attachments thereto.

²¹ GTA Petition, supra, at p. 3.

²² Id.

²³ Email from Lucia Perez, Managing Director, Legal, Regulatory, Security & External Affairs [GTA], to Frederick J. Horecky, PUC Counsel, dated September 15, 2014.

²⁴ GTA Petition, supra, at p. 3.

²⁵ Id.

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.²⁶

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.²⁷
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.²⁸

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 2013 and to date 2014, in compliance with 47 C.F.R. §54.101.²⁹ 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.³⁰

GTA indicates that, for calendar year 2013, it received \$6,609,906.00 in USF.³¹ To date through June 30, 2014, it has received \$2,925,668.00³² GTA has also submitted audited financial data for 2013 as an attachment to its Petition to demonstrate that all funds are being used to support core services.³³ Based upon the Petition and supporting exhibits submitted by GTA, it appears that the USF received in calendar year 2013 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 Teleguam Holdings LLC "Use" certification is submitted herewith.

²⁶ Id. at p. 3.

²⁷ Id.

²⁸ Id.

²⁹ Id. At pgs. 3-4.

³⁰ Id. at p. 4.

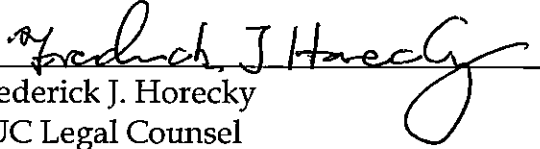
³¹ Second Email from Lucia Perez, Managing Director, Legal, Regulatory, Security & External Affairs [GTA], to Frederick J. Horecky, PUC Counsel, dated September 16, 2014.

³² Id.

³³ Petition, Id. at p. 4; see also Exhibit B [GTA Audited Financial Information].

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Dated this 16th day of September, 2014.



Frederick J. Horecky
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