

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on September 12, 2018

COMMISSIONERS PRESENT:

John B. Rhodes, Chair
Gregg C. Sayre
Diane X. Burman
James S. Alesi

CASE 18-C-0329 - Petition of Armstrong Telecommunications, Inc.
for Designation as an Eligible
Telecommunications Carrier.

ORDER APPROVING DESIGNATION
AS ELIGIBLE TELECOMMUNICATIONS CARRIER

(Issued and Effective September 13, 2018)

BY THE COMMISSION:

INTRODUCTION

By petition dated May 22, 2018, pursuant to Section 214 of 47 U.S.C., Armstrong Telecommunications, Inc. (Armstrong or the Company) seeks Commission designation as an eligible telecommunications carrier (ETC) in order to participate in federal universal service low-income and high cost support programs.

An Order was issued in this proceeding on August 10, 2018. That Order granted the company's request for low-income (Lifeline) ETC designation, but failed to additionally grant the company "high-cost" ETC designation. By this Order, the Commission finds that Armstrong meets the requisite criteria for both low-income and high cost ETC designation and that such designation is in the public interest.

BACKGROUND AND LEGAL AUTHORITY

Section 214 of 47 U.S.C. requires state commissions to designate ETCs for the purpose of determining universal service obligations and eligibility to receive federal universal service funding from: 1) the low-income (Lifeline) program, which allows ETCs to receive support for providing discounted voice and broadband service to eligible customers; and 2) the high cost program, which allows ETCs to receive support for providing service in rural/remote high cost areas. Section 214 also requires state commissions to define the service area of the carriers and, when appropriate, to grant waivers of certain requirements. In cases in which an ETC applicant petitions for designation in a rural service area already served by an ETC, the state commission is required to find that such designation is in the public interest.

The Commission issued a Certificate of Public Convenience and Necessity (CPCN) to Armstrong on August 8, 2002 in Case 02-C-0936, to operate as a facilities-based local exchange carrier and a reseller of all forms of intrastate telephone service.

Connect America Fund

The federal Connect America Fund (CAF) was created in 2011 as part of the FCC's modernization of the high-cost program within the federal universal service fund, to focus support on networks capable of providing voice and broadband services.¹ One component of CAF, known as Phase II CAF support, offers certain carriers high-cost universal support in exchange for offering voice and broadband services in eligible high-cost census

¹ *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order and/or FNPRM*) aff'd sub nom., In re: FCC 11-161, 753 F.3d 1015 (10th Cir. 2014).

blocks. In January 2017,² the FCC issued an order conditionally allowing the allocation of Phase II CAF support in CAF II-eligible areas in New York in coordination with New York's New NY Broadband Program.³

PETITION

As a grantee of a New NY Broadband Program award, Armstrong requests ETC designation throughout the CAF II census blocks that it was awarded to provide broadband service; these CAF II census blocks are located within Verizon New York Inc's service territory. The Company states that it will offer the services that are supported by federal universal service support mechanisms by using either its own facilities or with a combination of its own facilities and resale of another carrier's services. Armstrong explains that it satisfies each of the federal statutory and regulatory requirements for ETC designation. Specifically, the Company states that it provides the following supported services that are required to be provided by ETCs pursuant to 47 C.F.R. §54.101(a):

- a) Voice grade access to the public switched network;
- b) Local usage;

² Connect America Fund; ETC Annual Reports and Certifications, Order, FCC 17-2 (Issued Jan. 26, 2017). Specifically, the FCC concluded that funding up to the \$170.4 million of Connect America Phase II support that Verizon New York Inc. declined in New York would be available to applicants selected in New York's New NY Broadband Program.

³ In 2015, the State established the \$500 million New NY Broadband Program (the Program). The Program provides State grant funding through a "reverse auction" method to support projects that deliver high-speed Internet access to Unserved and Underserved areas of New York State at speeds of 100 Megabits-per-second (Mbps) in most areas, and 25 Mbps in the most remote areas. For more information, see <https://nysbroadband.ny.gov/>.

- c) Access to emergency services, including access to 911 or E911;
- d) Lifeline and free toll limitation services for qualifying low-income customers; and,
- e) Voice telephony service.

As a New NY Broadband Program awardee, Armstrong represents that it is financially and technically capable of providing the supported services. It asserts that it will satisfy the ETC requirements adopted by this Commission and the FCC, including:

- a) Provide Service Throughout Designated Service Area - Armstrong certifies that it will provide supported services on a timely basis to requesting customers within the Company's designated service area where the Company's network already passes the potential customer's premises, or outside its existing network coverage if the service can be provided at a reasonable cost. It will advertise the availability and charges for such services in media of general distribution as required by §214(e) (1) (B).
- b) Ability to Remain Functional in an Emergency - Armstrong states that it maintains a reasonable amount of back-up power to ensure the functionality of its service without an external power source; has redundancy in its network for use in re-routing traffic when facilities are damaged; and is capable of managing traffic spikes resulting from emergency situations. The Company also states that it has a Disaster Recovery Plan in place.
- c) Satisfaction of Applicable Consumer Protection and Service Quality Standards - Armstrong states that it will comply with all applicable state and federal consumer protection and service quality standards, including Commission procedures for resolution of complaints.
- d) Lifeline Certification and Verification - Consistent with 47 C.F.R §54.409, the Company will certify that

the consumer receives benefits under an approved assistance program or that the consumer's household meets applicable income requirements; and that the consumer will notify the Company if he/she ceases participation in a program or his/her income exceeds approved thresholds. The Company states that it will obtain this certification annually and shall ensure that only eligible consumers are participating in Lifeline.

DISCUSSION AND CONCLUSION

Armstrong seeks Commission designation as an ETC in order to receive both low-income and high cost federal support. The Commission finds that Armstrong will provide the requisite telephone services and satisfies all the FCC's requirements for designation as an ETC for the purpose of receiving such federal universal service support, and granting an ETC designation to Armstrong will serve the public interest. As an ETC, Armstrong will provide another choice for discounted basic service to meet the needs of New York's Lifeline-eligible consumers. In addition, as Armstrong will also offer broadband services, many Lifeline-eligible customers will have the opportunity to receive more advanced telecommunications services than those available from currently designated ETCs.

The Commission finds that designation of Armstrong as an ETC is in the public interest, and therefore approves the Company's petition requesting designation as an ETC for purposes of participating in federal universal service low-income and high cost support programs.

The Commission orders:

1. The petition of Armstrong Telecommunications, Inc., for designation as an eligible telecommunications carrier for the purpose of receiving federal universal service support for both low-income and high cost, is approved.

2. The case is closed.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary