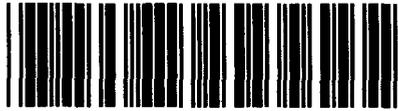




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DOCKET NO. 35078

APPLICATION OF MATRIX BUSINESS § PUBLIC UTILITY COMMISSION
TECHNOLOGIES FOR DESIGNATION AS §
AN ELIGIBLE TELECOMMUNICATIONS § OF TEXAS
CARRIER AND AN ELIGIBLE §
TELECOMMUNICATIONS PROVIDER §

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ORDER NO. 4
NOTICE OF APPROVAL FOR DESIGNATION AS
AN ELIGIBLE TELECOMMUNICATIONS CARRIER AND
ELIGIBLE TELECOMMUNICATIONS PROVIDER

Procedural History

On November 30, 2007, Matrix Business Technologies (Matrix or the Company) filed a combined application for designation as an eligible telecommunications carrier (ETC) pursuant to 47 U.S.C. § 214(e) and P.U.C. SUBST. R. 26.418, as well as designation as an eligible telecommunications provider (ETP) pursuant to P.U.C. SUBST. R. 26.417. Matrix also requested a waiver of P.U.C. SUBST. R. 26.417(c)(1)(A) so that its ETP application could be processed at the same time as its ETC application. Pursuant to 47 U.S.C. § 214(e), the Commission, either upon its own motion or upon request, shall designate qualifying common carriers as ETCs for service areas set forth by the Commission.

Matrix is requesting ETP/ETC designation in the AT&T Texas wire centers identified by CLLI code, as found in Attachment D of the Final Order in Docket No. 18515, dated January 14, 2000. In its amended application of December 10, 2007, Matrix seeks designation in the Verizon Southwest service area in addition to the AT&T Texas service area. Verizon Southwest and AT&T Texas are both non-rural incumbent local exchange carriers.

The Commission issued Order No. 1 in this proceeding which established a procedural schedule, including deadlines for comment, motions to intervene, and published notice in the *Texas Register*. On January 4, 2008, a revised schedule was issued setting January 18, 2008, as the deadline for intervention. Notice was published in the *Texas Register* on December 14, 2007.

Revised notice was published in the *Texas Register* on January 4, 2008, to accommodate the change in scope of the proceeding as reflected in Matrix's amended application dated December 10, 2007. The Applicant provided a copy of the application to the Office of Public Utility Counsel at the time of filing. Pursuant to P.U.C. SUBST. R. 26.417(f)(2)(A)(i) and 26.418(g)(2)(A)(i), the effective date shall be no earlier than 30 days after the filing date of the application or 30 days after notice is completed, whichever is later. Therefore, the earliest effective date for this proceeding, as amended, is February 4, 2008 .

No objection, comment, or motions to intervene were filed, and no hearing was requested. P.U.C. SUBST. R. 26.417(f)(2)(A) and 23.418(g)(2)(A) provide that applications for ETC/ETP designation may be reviewed administratively.

On January 29, 2008, Commission Staff (Staff) filed a recommendation for approval of ETC and ETP status for Matrix based on the following:

Designation as Eligible Telecommunications Carrier

To qualify for ETC status, a carrier must meet four conditions:¹

1. The carrier must be a common carrier, as that term is defined by the Federal Telecommunications Act of 1996 (FTA '96), Section 3(10).
2. The carrier must offer the following services (requisite services),² using its own facilities or a combination of its own facilities and the resale of another carrier's services:³
 - (a) voice grade access to the public switched network;
 - (b) local usage;
 - (c) dual tone multi frequency signaling or its functional equivalent;
 - (d) single party service or its functional equivalent;

¹ 47 C.F.R. § 54.201(b)-(d) (2001).

² 47 C.F.R. § 54.101 (2001).

³ 47 C.F.R. § 54.201 (2001).

- (e) access to emergency services, including such services as 911 or enhanced 911;
 - (f) access to operator services;
 - (g) access to interexchange service;
 - (h) access to directory assistance; and
 - (i) toll limitation for qualifying low income customers.⁴
3. The carrier must advertise the availability of and charges for the requisite services in a media of general distribution.⁵
4. The carrier must provide Lifeline and Link Up support, and may not collect a deposit from a customer receiving such support if the customer also elects toll blocking.⁶

Matrix meets all of the above criteria. Matrix will advertise the designated services and their rates through notices using media of general distribution. Matrix will provide service by using local loop and switch port equipment which it currently leases from AT&T Texas and Verizon Southwest as Unbundled Network Elements (UNEs). Matrix will offer Lifeline Service to qualifying customers in compliance with 47 C.F.R. Part 54, Subpart E, and consistent with P.U.C. SUBST. R. 26.412.

Matrix has not requested any waivers of FCC requirements. Matrix commits to offer toll limitation services in accordance with 47 C.F.R. §§ 54.400 and 54.401.

AT&T Texas and Verizon Southwest serve the exchanges for which Matrix requests USF support. AT&T Texas and Verizon Southwest are non-rural incumbent local exchange (ILEC) companies

⁴ Pursuant to FTA § 54.400(d), the FCC defines "toll limitation" as either toll blocking or toll control for eligible telecommunications carriers that are incapable of providing both service.

⁵ *Id.*

⁶ 47 C.F.R. § 54.405 (2001).

Staff's analysis of the application concludes that Matrix meets all of the requirements established by the FCC for designation as an ETC.

Designation as Eligible Telecommunications Provider

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(II) requires carriers applying for ETP status to meet the definition of a local exchange carrier as defined in P.U.C. SUBST. R. 26.5. Matrix meets this definition.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(II) requires carriers applying for ETP status to show that they have been granted ETC status for federal universal service support pursuant to U.S.C. §214(e). ETP and ETC designations are being handled concurrently in this consolidated docket.

To qualify for ETP status, P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III), requires carriers to specify the small or rural ILEC service areas in which they propose to be an ETP. Matrix seeks designation in the Texas High Cost Universal Service Plan (THCUSP) service area of AT&T Texas, and Verizon Southwest as delineated in the amendment to the application filed on January 28, 2008.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) requires applicants for ETP status to show that they offer the designated services defined in P.U.C. SUBST. R. 26.403 throughout the THCUSP or small and rural incumbent local exchange carrier service areas for which the carriers seek ETP status. The designated services required for ETP status are:⁷

1. flat rate, single party residential and business local exchange telephone service, including primary directory listings;
2. tone dialing service;
3. access to operator services;
4. access to directory assistance services;

⁷ P.U.C. SUBST. R. 26.403(d)(1) Texas High Cost Universal Service Plan (THCUSP).

5. access to 911 service when provided by local authority;
6. telecommunications relay service;
7. ability to report service problems seven days a week;
8. availability of annual local directory;
9. access to toll services; and
10. lifeline and link up services.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) also requires the applicant to assume the obligation to provide the services required under P.U.C. SUBST. R. 26.403 to any customer. Matrix states that it meets and assumes the responsibility to offer the basic services defined in P.U.C. SUBST. R. 26.403 to all customers in the THCUSP service area for which ETP designation is requested.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(IV) requires that applicants show they offer the designated services through a means other than total service resale. Matrix will provide the service through UNEs that it leases from AT&T Texas and Verizon Southwest.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(V) – (VI) requires applicants to show that they have offered continuous service that meets the quality of service standards in P.U.C. SUBST. R. 26.52 - 26.54, and that they offer Lifeline and Link-Up services in compliance with P.U.C. SUBST. R. 26.412. Matrix attests that it will meet these requirements. P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(VII) requires applicants to advertise the availability of, and charges for, the designated services using media of general distribution. Matrix stated that it will meet this requirement.

P.U.C. SUBST. R. 26.417(d)(2) provides that the Commission may designate an additional ETP in a small or rural ILEC study area if it is in the public interest. Neither AT&T Texas nor Verizon Southwest are small or rural ILECs.

Matrix has also committed to offering the required designated services at a rate not to exceed 150 percent of the ILEC's tariffed rate in the same designated areas pursuant to the requirements of P.U.C. SUBST. R. 26.417(c)(1)(B).

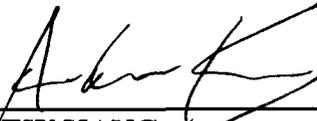
Staff's analysis of the application concludes that Matrix meets the requirements established in P.U.C. SUBST. R. 26.417 for designation as an ETP.

Ordering Paragraph

In accordance with Staff's recommendation and for all the reasons stated therein, pursuant to the FTA § 214(e)(2) and P.U.C. SUBST. R. 26.418, Matrix's application for ETC designation is **APPROVED**, as amended, effective February 4, 2008; pursuant to P.U.C. SUBST. R. 26.417, Matrix's application for ETP designation is **APPROVED**, as amended, effective February 4, 2008.

SIGNED AT AUSTIN, TEXAS the 4th day of February 2008.

PUBLIC UTILITY COMMISSION OF TEXAS



**ANDREW KANG
ADMINISTRATIVE LAW JUDGE**