

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Petitions For Designation As An	)	WC Docket No. 09-197
Eligible Telecommunications Carrier	)	WT Docket No. 10-208
For Purposes of Participation in Mobility Fund	)	AU Docket No. 12-25
Phase I	)	
	)	
Petition of SI Wireless, LLC For Designation As	)	
An Eligible Telecommunications Carrier In	)	
Tennessee	)	

**ORDER**

**Adopted: July 3, 2012**

**Released: July 3, 2012**

By the Chief, Wireline Competition Bureau and the Chief, Wireless Telecommunications Bureau:

**I. INTRODUCTION**

1. In this order, the Wireline Competition Bureau and the Wireless Telecommunications Bureau (the Bureaus) grant in part the petition of SI Wireless, LLC (SI Wireless or the company) to be conditionally designated as an eligible telecommunications carrier (ETC), contingent upon SI Wireless becoming authorized to receive support in Mobility Fund Phase I and limited to those areas in which it becomes so authorized.<sup>1</sup> We find that SI Wireless meets the eligibility requirements of section 214(e)(6) of the Communications Act of 1934, as amended (the Act), and the Commission’s rules to be designated as an ETC in Tennessee, subject to the condition specified above.<sup>2</sup> We condition the designation pursuant to the Commission’s decision in the *USF/ICC Transformation Order* providing that conditional

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<sup>1</sup> Petition of SI Wireless, LLC For Designation As An Eligible Telecommunications Carrier In Tennessee, WC Docket No. 09-197, WT Docket No. 10-208, AU Docket No. 12-25 (filed April 23, 2012) (SI Wireless Petition). If SI Wireless becomes authorized to receive support in Mobility Fund Phase I, SI Wireless must, as a condition of being an ETC, offer Lifeline services and comply with all Lifeline rules in the areas in which it becomes authorized to receive Mobility Fund Phase I support, i.e., its ultimate service area. *See* 47 C.F.R. § 54.405. This order does not grant SI Wireless Lifeline-only ETC designation. *See* 47 C.F.R. § 54, Subpart E, as amended. *See generally, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 12-23, *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Lifeline and Link Up*, WC Docket No. 03-109, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, ¶¶ 49, 230 (rel. Feb. 6, 2012) (*Lifeline Reform Order*). Thus, under this designation, SI Wireless is not eligible to receive Lifeline support nor obligated to provide Lifeline services except to the extent that it is authorized to receive Mobility Fund Phase I support.

<sup>2</sup> 47 U.S.C. § 214(e)(6); 47 C.F.R. § 54.202.

designations may satisfy the ETC designation requirement for participation in the Mobility Fund Phase I auction.<sup>3</sup>

## II. BACKGROUND

### A. The Act

2. Section 254(e) of the Act provides that “only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific federal universal service support.”<sup>4</sup> Pursuant to section 214(e)(1), a common carrier designated as an ETC must offer and advertise the services supported by the federal universal service support mechanisms throughout its designated service area.<sup>5</sup>

3. Section 214(e)(2) of the Act gives state commissions the primary responsibility for designating ETCs in their states.<sup>6</sup> Section 214(e)(6) directs the Commission, upon request, to designate as an ETC “a common carrier providing telephone exchange service and exchange access that is not subject to the jurisdiction of a State commission.”<sup>7</sup> Under section 214(e)(6), the Commission may, with respect to an area served by a rural telephone company, and shall, in all other cases, designate more than one common carrier as an ETC for a designated service area, consistent with the public interest, convenience, and necessity, so long as the requesting carrier meets the requirements of section 214(e)(1).<sup>8</sup> Before designating an additional ETC for an area served by a rural telephone company, the Commission must determine that the designation is in the public interest.<sup>9</sup>

### B. Commission Requirements for ETC Designation

4. An ETC petition must contain the following: (1) a certification and brief statement of supporting facts demonstrating that the petitioner is not subject to the jurisdiction of a state commission;<sup>10</sup> (2) a certification that the petitioner offers all services designated for support by the Commission pursuant to section 254(c) of the Act;<sup>11</sup> (3) a certification that the petitioner offers or intends to offer [the

<sup>3</sup> Connect America Fund, WC Docket No. 10-90, A National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Lifeline and Link-Up, WC Docket No. 03-109, Universal Service Reform – Mobility Fund, WT Docket No. 10-208, *Report and Order and Further Notice of Proposed Rulemaking*, 26 FCC Rcd 17663, 17809 ¶ 439 (2011) (*USF/ICC Transformation Order*), *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011); 47 C.F.R. § 54.1003(a). This order in no way pre-judges the qualifications of SI Wireless to participate in Auction 901 or become authorized to receive Mobility Fund Phase I support.

<sup>4</sup> 47 U.S.C. § 254(e).

<sup>5</sup> 47 U.S.C. § 214(e)(1).

<sup>6</sup> 47 U.S.C. § 214(e)(2).

<sup>7</sup> 47 U.S.C. § 214(e)(6).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> 47 U.S.C. § 214(e)(1)(A). Section 54.101 of the Commission’s rules, as recently revised, states: “Services designated for support. Voice Telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or

(continued....)

supported] services “either using its own facilities or a combination of its own facilities and resale of another carrier’s services;”<sup>12</sup> (4) a description of how the petitioner “advertise[s] the availability of the [supported] services and the charges therefor using media of general distribution;”<sup>13</sup> and (5) if the petitioner is not a rural telephone company, a detailed description of the geographic service area for which it requests an ETC designation from the Commission.<sup>14</sup> Petitioners also must certify that neither the petitioner nor any party to the application is subject to a denial of federal benefits, including Commission benefits, pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, as implemented in section 1.2002 of the Commission’s rules.<sup>15</sup>

5. Consistent with the service obligations all ETCs must satisfy in the public interest, a party petitioning for designation as an ETC must also: (1) certify that it will comply with the service requirements applicable to the support that it receives;<sup>16</sup> (2) submit a five-year plan that describes with specificity proposed improvements or upgrades to the applicant's network throughout its proposed service area, estimating the area and population that will be served as a result;<sup>17</sup> (3) demonstrate that it will remain functional in emergency situations;<sup>18</sup> and (4) demonstrate that it will satisfy applicable consumer protection and service quality standards.<sup>19</sup> In particular, “[a] commitment by wireless applicants to comply with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service will satisfy this requirement”, *i.e.*, the final requirement of the preceding sentence.<sup>20</sup>

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its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in an eligible carrier’s service area has implemented 911 or enhanced 911 systems; and toll limitation services for qualifying low-income consumers as described in subpart E of this part.” 47 C.F.R. § 54.202. *See Lifeline Reform Order* at ¶¶ 49, 320. *See also 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. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Order on Reconsideration, FCC 11-189, ¶ 3 (rel. Dec. 23, 2011).

<sup>12</sup> 47 U.S.C. § 214(e)(1)(A).

<sup>13</sup> 47 U.S.C. § 214(e)(1)(B). 47 C.F.R. §§ 54.401 *et seq.* In addition, an ETC must advertise the availability of Lifeline service and, if eligible for such support, Link Up, in a manner reasonably designed to reach those likely to qualify for those services. In the recent *Lifeline Reform Order*, the Commission eliminated Link Up except for carriers that receive high-cost support on Tribal lands. *Lifeline Reform Order* at ¶ 254.

<sup>14</sup> Section 54.207(d) of the Commission’s rules specifies the procedures for the Commission, on its own motion, to initiate a proceeding to define a service area that is different from that of the incumbent telephone company where the incumbent provider is a rural telephone company as that term is defined in 47 U.S.C. § 153(37). *See* 47 C.F.R. § 54.207(d).

<sup>15</sup> 47 C.F.R. § 1.2002.

<sup>16</sup> 47 C.F.R. § 54.202(a)(1)(i).

<sup>17</sup> 47 C.F.R. § 54.202(a)(1)(ii).

<sup>18</sup> In particular, the petition must include a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations. *See* 47 C.F.R. § 54.202(a)(2).

<sup>19</sup> 47 C.F.R. § 54.202(a)(3).

<sup>20</sup> *Id.* The Cellular Telecommunications and Internet Association is now known as CTIA-The Wireless Association. We use its former name in this Order because it appears in the text of 47 C.F.R. § 54.202.

6. Prior to designating an ETC pursuant to section 214(e)(6), the Commission must determine whether such designation is in the public interest.<sup>21</sup> In determining the public interest, the Commission considers a variety of factors, including the benefits of increased consumer choice and the unique advantages and disadvantages of the applicant's service offering.<sup>22</sup>

### C. Mobility Fund Phase I

7. In the *USF/ICC Transformation Order*, the Commission comprehensively reformed and modernized the high-cost component of the Universal Service Fund (USF) to help ensure the universal availability of fixed and mobile communication networks capable of providing voice and broadband services where people live, work, and travel. To further achievement of that goal, the Commission created the Mobility Fund. In particular, the Commission provided that in Phase I of the Mobility Fund, it would award by reverse auction up to \$300 million in one-time support to immediately accelerate deployment of current and next generation networks providing mobile voice and broadband services in areas not presently covered by such networks.<sup>23</sup>

8. In the auction for Mobility Fund Phase I support, applicants will bid for the amount of support they need to meet the Mobility Fund Phase I service and other public interest obligations in the eligible census blocks covered by the geographic area on which they bid. Applicants, except for Tribally-owned and controlled entities, must be designated as ETCs in the areas on which they wish to bid prior to filing their auction applications.<sup>24</sup> In connection with the Mobility Fund, the Wireline Competition Bureau and the Wireless Telecommunications Bureau (the Bureaus) have delegated authority to grant or deny ETC designation petitions.<sup>25</sup> An ETC designation may be conditional subject to the receipt of Mobility Fund Phase I support.<sup>26</sup>

### D. SI Wireless Petition

9. On April 23, 2012, SI Wireless filed a request seeking designation as an ETC in a proposed area covering portions of Tennessee.<sup>27</sup> SI Wireless makes its petition in part in order to

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<sup>21</sup> 47 U.S.C. § 214(e)(6); 47 C.F.R. § 54.202(b); *see also Federal-State Joint Board on Universal Service*, CC Docket No. 95-45, Report and Order, 20 FCC Rcd 6371, 6388-96 ¶¶ 40-57 (2005) (*ETC Designation Order*). The Commission places the burden on the ETC applicant to demonstrate that designation will serve the public interest. *Id.* at 6390 ¶ 44. The Commission adopted a single set of criteria for evaluating the public interest for ETC designations for areas served by both rural and non-rural carriers. *Id.* at 6389-90 ¶¶ 42-43.

<sup>22</sup> *See id.* at 6388-96 ¶¶ 40-57.

<sup>23</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17773 ¶ 299.

<sup>24</sup> *See id.* at 17798-801 ¶¶ 388-99; 47 C.F.R. § 54.1003. A Tribal entity may participate provided it has applied for designation as an ETC for the relevant area and that application is still pending. Any such entity must still receive designation prior to support being awarded. *Id.* at 17823 ¶ 491; 47 C.F.R. § 54.1004(a).

<sup>25</sup> *See* 47 C.F.R. §§ 0.91(p)(functions of Wireline Competition Bureau), 0.131(r)(functions of Wireless Telecommunications Bureau), 0.291(delegation of authority to Wireline Competition Bureau), 0.331(delegation of authority to Wireless Telecommunications Bureau), *see also Procedures for FCC Designation of Eligible Telecommunications Carriers Pursuant to Section 214(e)(6) of the Communications Act*, CC Docket No. 96-45, Public Notice, 12 FCC Rcd 22947, 22948 (1997) (express delegation with respect to ETC designations to predecessor to Wireline Competition Bureau). *See also* Eligible Telecommunications Carrier Designation for Participation in Mobility Fund Phase I, WC Docket No. 09-197, WT Docket No. 10-208, AU Docket No. 12-25, *Public Notice*, 27 FCC Rcd 2054 (rel. Feb. 24, 2012).

<sup>26</sup> 47 C.F.R. § 54.1003(a). *See also USF/ICC Transformation Order*, 26 FCC Rcd at 17798-99 ¶¶ 389, 392.

<sup>27</sup> *See, generally*, SI Wireless Petition.

participate in Auction 901, the upcoming competitive bidding for support offered in Mobility Fund Phase I.<sup>28</sup> SI Wireless states that it meets all of the eligibility requirements for ETC designation.<sup>29</sup> SI Wireless also states that it will: (1) offer the services designated for support by the Commission pursuant to section 254(c) of the Act; (2) offer the supported services using its own facilities or a combination of its own and other facilities; and (3) advertise the availability of the supported services and associated charges using media of general distribution.<sup>30</sup> On May 4, 2012, 2012, the Bureaus released a public notice seeking comment on the SI Wireless Petition.<sup>31</sup> In light of SI Wireless' request for confidential treatment of some of the information filed in the SI Wireless Petition,<sup>32</sup> the Bureaus released a Protective Order so that interested parties might have a means of reviewing all the information submitted to the Commission.<sup>33</sup> No comments were received.

### III. DISCUSSION

10. In this order, we consider whether SI Wireless meets the requirements under the Act and the Commission's rules to be designated as an ETC in Tennessee, conditioned upon SI Wireless becoming authorized to receive support in Mobility Fund Phase I and limited to those areas in which it becomes so authorized. After review of the record, we conclude that SI Wireless meets the applicable requirements to be so designated.<sup>34</sup>

#### A. Commission Authority to Perform the ETC Designation

11. SI Wireless includes a copy of an Order by the Tennessee Regulatory Authority in the SI Petition to demonstrate that Tennessee does not exercise jurisdiction over the ETC designation requested and, therefore, that the Commission has authority to consider the SI Wireless Petition under section 214(e)(6) of the Act.<sup>35</sup> SI Wireless thereby has demonstrated that it is not subject to the jurisdiction of the Tennessee Regulatory Authority (TRA). Accordingly, we find that the TRA lacks jurisdiction to designate SI Wireless as an ETC and this Commission has authority to perform the requested ETC designation in Tennessee.<sup>36</sup>

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<sup>28</sup> *See id.* at 1.

<sup>29</sup> *Id.* at 1-2.

<sup>30</sup> *Id.* at 6-10.

<sup>31</sup> "Wireless Telecommunications Bureau and Wireline Competition Bureau Seek Common on Petitions for Designation as Eligible Telecommunications Carriers Filed by SI Wireless and T-Mobile," *Public Notice*, WC Docket No. 09-197, WT Docket No. 10-208, AU Docket No. 12-25, DA 12-718 (rel. May 4, 2012).

<sup>32</sup> SI Wireless Petition, Cover Letter at 2.

<sup>33</sup> Petition of SI Wireless, LLC For Designation as an Eligible Telecommunications Carrier in Tennessee; Petition of T-Mobile for FCC Designation as an Eligible Telecommunications Carrier for Mobility Fund Phase I (Auction 901), WC Docket No. 09-197, WT Docket No. 10-208, AU Docket No. 12-25, DA 12-722, *Protective Order* (rel. May 7, 2012), *superseded by* Petitions for Designation as an Eligible Telecommunications Carrier for Purposes of Participation in Mobility Fund Phase I, WC Docket No. 09-197, WT Docket No. 10-208, AU Docket No. 12-25, DA 12-780, *Protective Order* (rel. May 17, 2012).

<sup>34</sup> *See supra* n.1 (explaining that this Order does not designate SI Wireless to become an ETC for Lifeline-only support).

<sup>35</sup> SI Wireless Petition, Exhibit A (Application of Advantage Cellular Systems, Inc. to be Designated as an Eligible Telecommunications Carrier, Docket No. 02-01245, *Order* (April 11, 2003) (citing Tenn. Code Ann. § 65-4-104)).

<sup>36</sup> 47 U.S.C. § 214(e)(6).

**B. Designated Service Area**

12. Subject to the condition that the designation will be effective only in those areas in which SI Wireless becomes authorized to receive support in Mobility Fund Phase I, we designate SI Wireless as an ETC in Tennessee within the wire centers identified in Appendix A.<sup>37</sup> The Commission provided in the *USF/ICC Transformation Order* that a party must be an ETC to be eligible to compete for support available in Mobility Fund Phase I.<sup>38</sup> The Commission further provided that a party might meet this eligibility requirement with an ETC designation that was conditioned upon the receipt of Mobility Fund support.<sup>39</sup> In other words, the Commission would accept as sufficient for participation in the competitive bidding for Mobility Fund Phase I support an ETC designation that is conditioned upon the party becoming authorized to receive Mobility Fund Phase I support as a result of the bidding.

13. In the SI Wireless Petition, SI Wireless requests designation in specified areas irrespective of whether it wins Mobility Fund support.<sup>40</sup> However, as discussed further below, the Service Improvement Plan that SI Wireless submitted as part of the SI Wireless Petition is expressly conditioned upon the receipt of support from Mobility Fund Phase I.<sup>41</sup> In its current form, therefore, the SI Wireless Petition is sufficient only for purposes of ETC designation in areas in which SI Wireless wins Mobility Fund support. In light of the timeline for participation in Mobility Fund Phase I, we address herein the SI Wireless Petition with respect to areas in which it may become authorized to receive Mobility Fund Phase I support, while allowing SI Wireless to amend the SI Wireless Petition to the extent it wishes to seek ETC designation in areas without Mobility Fund Phase I support.

14. Dependent upon the outcome of Auction 901, SI Wireless might become authorized for Mobility Fund Phase I support in only a portion of a rural study area. The terms of section 214(e)(5) require that an ETC's service area conform to the study area of any rural telephone company within that area. However, the Commission recently issued an Order forbearing from application of the conformance requirement with respect to petitions for designation for purposes of participating in Mobility Fund Phase I.<sup>42</sup> Accordingly, SI Wireless' ETC service area may be limited to the area in which it receives support, in the event that SI Wireless becomes authorized to receive support in only a portion of a relevant rural telephone company study area.

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<sup>37</sup> These wire centers are those that SI Wireless identified in the SI Wireless Petition. See SI Wireless Petition, Exhibit C. Mobility Fund Phase I support will be authorized based on census blocks. "Mobility Fund Phase I Auction Scheduled for September 27, 2012; Notice and Filing Requirements and Other Procedures for Auction 901," *Public Notice*, AU Docket No. 12-25, DA 12-641, at ¶¶ 2, 9 (rel. May 2, 2012) ("*Auction 901 Procedures Public Notice*"). Accordingly, SI Wireless' final service area pursuant to this order will be defined in reference to census blocks, rather than by wire centers.

<sup>38</sup> 47 C.F.R. § 54.1003(a). See also *USF/ICC Transformation Order*, 26 FCC Rcd at 17798-99, 17809 ¶¶ 389, 392, 439.

<sup>39</sup> 47 C.F.R. § 54.1003(a). See also *USF/ICC Transformation Order*, 26 FCC Rcd at 17799 ¶ 391 n.665.

<sup>40</sup> See SI Wireless Petition at 23.

<sup>41</sup> *Id.* at 11.

<sup>42</sup> *Connect America Fund*, WC Docket No. 10-90 et al., Second Report and Order, FCC 12-70 (rel. June 27, 2012), 77 FR 39435 (rel. July 3, 2012) ("*Forbearance Order*"). The *Forbearance Order* became effective upon publication in the Federal Register, i.e., on July 3, 2012. *Id.*

### C. Threshold Eligibility Requirements

15. SI Wireless has established through the required certifications and related filings that it will offer the services supported by the federal universal service support mechanisms.<sup>43</sup> In addition, SI Wireless has certified that it offers or will offer the supported services using its own facilities or a combination of its own and other facilities.<sup>44</sup> Consistent with the requirements of section 214(e)(1)(A), SI Wireless has committed to advertise the availability of the supported services and the related charges “using media of general distribution.”<sup>45</sup>

16. SI Wireless has identified with specificity in the SI Wireless Petition wire centers within which it may seek support in Mobility Fund Phase I. As discussed above, in light of the conditional designation we provide in this order, SI Wireless’ ETC service area resulting from this order will consist of areas within the areas identified in the SI Wireless Petition where SI Wireless becomes authorized to receive Mobility Fund Phase I support. We conclude that a service area designated by these means meets the Commission’s requirement.

17. Pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, no applicant is eligible for any new, modified, or renewed instrument of authorization from the Commission, including authorizations issued pursuant to section 214 of the Act, unless the applicant certifies that neither it nor any party to its application is subject to a denial of federal benefits, including Commission benefits.<sup>46</sup> SI Wireless has provided a certification consistent with the requirements of the Anti-Drug Abuse Act of 1988.<sup>47</sup> We find that SI Wireless has satisfied the requirements of the Anti-Drug Abuse Act of 1988, as codified in sections 1.2001–1.2003 of the Commission’s rules.

### D. Public Interest Service Obligations

18. SI Wireless also has established through the required certifications and related filings that it meets the other requirements for ETC eligibility. SI Wireless has (1) certified that it will comply with the service requirements applicable to the support that it receives;<sup>48</sup> (2) submitted a five-year plan containing the required information;<sup>49</sup> (3) demonstrated its ability to remain functional in emergency situations;<sup>50</sup> and (4) demonstrated that it will satisfy applicable consumer protection and service quality standards, by committing to compliance with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service.<sup>51</sup>

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<sup>43</sup> SI Wireless Petition at 7-9.

<sup>44</sup> *Id.* at 6-7; *see* 47 U.S.C § 214(e)(1)(A); 47 C.F.R. § 54.201(d)(1).

<sup>45</sup> 47 U.S.C. § 214(e)(1)(B); *see* SI Wireless Petition at 9-10.

<sup>46</sup> 21 U.S.C. § 862; 47 C.F.R. § 1.2002(a)–(b). Section 1.2002(b) provides that a “party to the application” shall include: “(1) If the applicant is an individual, that individual; (2) If the applicant is a corporation or unincorporated association, all officers, directors, or persons holding 5% or more of the outstanding stock or shares (voting and/or nonvoting) of the petitioner; and (3) If the application is a partnership, all non-limited partners and any limited partners holding a 5% or more interest in the partnership.” 47 C.F.R. § 1.2002(b); *see Section 214(e)(6) Public Notice*, 12 FCC Rcd at 22949.

<sup>47</sup> SI Wireless Petition at 24 and Exhibit D (Certification).

<sup>48</sup> *Id.* at 10.

<sup>49</sup> *Id.* at 10-11, Exhibit F.

<sup>50</sup> *Id.* at 11-14.

<sup>51</sup> *See* 47 C.F.R. § 54.202(a); SI Wireless Petition at 14.

### E. Public Interest Analysis

19. We find that SI Wireless' participating in universal service programs in areas in which it becomes authorized to receive Mobility Fund Phase I support should provide a variety of benefits to consumers, including mobile voice and current or next generation broadband access.<sup>52</sup> In the *USF/ICC Transformation Order*, the Commission adopted support for advanced services as one of the principles on which it would base policies for the preservation and advancement of universal service.<sup>53</sup> Mobility Fund Phase I offers support in areas that the Commission has determined lack current generation or better mobile voice and broadband service. Mobility Fund Phase I offers support through a competitive bidding process -- the lower are bids in the auction, the greater is the program's ability to support newly provided services. Enabling otherwise qualified parties to participate in this process may encourage more aggressive auction competition, thus lowering bids and permitting greater mobile coverage with the limited amount of support available in Phase I of the Mobility Fund.

20. We further find that the conditional designation of SI Wireless as an ETC contingent upon SI Wireless becoming authorized to receive support in Mobility Fund Phase I may provide additional public interest benefits. SI Wireless states that it intends, in the event that it obtains Mobility Fund Phase I funding in an area, to bring 3G wireless services to the subject area, and eventually to bring 4G wireless services as well.<sup>54</sup> The expanded availability of advanced mobile wireless services would have important public safety and public health benefits.<sup>55</sup> An ETC with conditional designation will have the obligations of any other ETC receiving Mobility Fund Phase I support for the areas in which the condition is satisfied, including an obligation to make available Lifeline service to eligible low income consumers.<sup>56</sup>

21. Finally, we note that the impact on the Universal Service Fund and cream-skimming are not concerns in this instance, in contrast to past designations of competitive ETCs under the identical support rule.<sup>57</sup> Pursuant to the *USF/ICC Transformation Order*, the identical support rule will no longer provide support to newly designated ETCs and the budget for the Mobility Fund is fixed.<sup>58</sup> Accordingly, the requested designation is unlikely to have a substantial impact on the Universal Service Fund. In addition, the recent Commission order forbearing from the service area conformance requirement makes clear that cream-skimming is not a concern when considering the petition of a party seeking conditional ETC designation for purposes of participating in Phase I of the Mobility Fund.<sup>59</sup>

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<sup>52</sup> This Order in no way pre-judges whether any particular proposed service offering by SI Wireless meets the requirements of the Commission's rules.

<sup>53</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17679 ¶¶ 43-45.

<sup>54</sup> SI Wireless Petition at 18.

<sup>55</sup> *Id.* at 19-21.

<sup>56</sup> See 47 C.F.R. § 54.405 (ETC obligation to offer Lifeline service). SI Wireless describes some potential Lifeline offerings in its petition. See SI Wireless Petition at 14-16 and Exhibit E.

<sup>57</sup> The term "cream-skimming" refers to an entity offering service only to those customers who are the least expensive to serve. See *Federal-State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45, 12 FCC Rcd 8776, 8881-82 ¶ 189 (1997) (subsequent history omitted).

<sup>58</sup> *USF/ICC Transformation Order*, 26 FCC Rcd at 17773, 17830 ¶¶ 299 (Mobility Fund budget), 511 (eliminating identical support rule effective January 1, 2012).

<sup>59</sup> *Forbearance Order* at para. 18.

## F. Regulatory Oversight

22. We note that SI Wireless is required under section 254(e) of the Act to use universal service support “only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.” In the event that SI Wireless becomes authorized to receive support in Mobility Fund Phase I, it will have to certify compliance with this requirement and all other requirements for receipt of Mobility Fund Phase I support, prior to requesting the disbursement of any such support.<sup>60</sup> In addition, if it becomes authorized to receive Mobility Fund Phase I support, SI Wireless must report certain information to the Commission, the Universal Service Administrative Company (USAC), and relevant State or Tribal authorities for the area in which it is designated as an ETC pursuant to section 54.1009 of our rules.<sup>61</sup>

23. We find that reliance on SI Wireless’ commitments to meet these requirements is reasonable and consistent with the public interest and the Act.<sup>62</sup> We conclude that fulfillment of these additional reporting requirements will further the Commission’s goal of ensuring that SI Wireless satisfies its obligation under section 214(e) of the Act to provide supported services throughout its designated service area.

24. The Commission may institute an inquiry on its own motion to examine any ETC’s records and documentation to ensure that the universal service support the ETC receives is being used “only for the provision, maintenance, and upgrading of facilities and services” in the areas in which it is designated as an ETC.<sup>63</sup> SI Wireless will be required to provide such records and documentation to the Commission and USAC upon request.<sup>64</sup> We further emphasize that if SI Wireless fails to fulfill the requirements of the Act, the Commission’s rules, and the terms of this order after it begins receiving universal service support, the Commission has authority to revoke its ETC designation.<sup>65</sup> The Commission also may assess forfeitures for violations of Commission rules and orders.<sup>66</sup>

## IV. ORDERING CLAUSES

25. Accordingly, IT IS ORDERED that, pursuant to the authority contained in section 214(e)(6) of the Communications Act, 47 U.S.C. § 214(e)(6), and the authority delegated in sections 0.91, 0.131, 0.291, and 0.331 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.131, 0.291, 0.331, SI WIRELESS IS CONDITIONALLY DESIGNATED AN ELIGIBLE TELECOMMUNICATIONS CARRIER in the state of TENNESSEE within the wire centers identified in Appendix A, contingent upon SI Wireless becoming authorized to receive Mobility Fund Phase I support, and limited to those areas in which it becomes so authorized; and

26. IT IS FURTHER ORDERED that the SI WIRELESS PETITION remains pending with respect to its request for ETC designation to the extent not addressed herein; and

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<sup>60</sup> 47 U.S.C. § 254(e); 47 C.F.R. § 54.1008(e); *see also* SI Wireless Petition at 24.

<sup>61</sup> 47 C.F.R. § 54.1009(c).

<sup>62</sup> *See generally* SI Wireless Petition.

<sup>63</sup> 47 U.S.C. §§ 220, 403.

<sup>64</sup> *See USF/ICC Transformation Order*, 26 FCC Rcd at 17864 ¶ 621; 47 C.F.R. § 54.1010; *see also*, 47 C.F.R. § 54.417.

<sup>65</sup> *See Federal-State Joint Board on Universal Service, Western Wireless Corporation Petition for Preemption of an Order of the South Dakota Public Utilities Commission*, CC Docket No. 96-45, Declaratory Ruling, 15 FCC Rcd, 15168, 15174 ¶ 15 (2000), *recon. pending*; *see also* 47 U.S.C. § 254(e).

<sup>66</sup> *See* 47 U.S.C. § 503(b).

27. IT IS FURTHER ORDERED that a copy of this order SHALL BE transmitted by the Office of the Secretary to the Tennessee Regulatory Authority and the Universal Service Administrative Company; and

28. IT IS FURTHER ORDERED that, pursuant to section 1.102(b)(1) of the Commission's rules, 47 C.F.R. § 1.102(b)(1), this order SHALL BE effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Julie A. Veach  
Chief  
Wireline Competition Bureau

Ruth Milkman  
Chief  
Wireless Telecommunications Bureau

Appendix A**SI WIRELESS PROPOSED ETC SERVICE AREA****Rural Wire Centers**

COMPANY followed by WIRE CENTER

Each rural incumbent local exchange carrier's entire study area should be included.

ARDMORE TELEPHONE CO., INC.

ARMRALXA  
MCBGTNXA  
MNHLTNXA

BEN LOMAND RURAL TELEPHONE COOPERATIVE, INC.

BCGVTNXA  
BRSHTNXA  
CNTWTNXA  
DBRLTNXA  
DOYLTNXA  
DRSTTNXA  
HLBOTNXA  
LAGRTNXA  
MMRLTNXA  
MTEGTNXA  
OLZITNXA  
PLHMTNXA  
RCISTNXA  
SPNCTNXA  
SPRLTNXA  
TRCYTNXA  
VIOLTNXA

BLEDSON TELEPHONE COOPERATIVE

CLSTTNXA  
DNLPTNXA  
FCFLTNA  
NNMLTNXA  
PKVLTNXA

CENTURYTEL OF ADAMSVILLE, INC.

ADVLTNXA  
MDVLTNXA  
SHLHTNXA

**Rural Wire Centers**

COMPANY followed by WIRE CENTER

Each rural incumbent local exchange carrier's entire study area should be included.

CITIZENS COMM CO TN DBA FRONTIER COMM OF TN, LLC

ALGDTNXA  
CKVLTNXA  
CSVLTNXA  
DRSDTNXA  
LTHMTNXA  
MARTTNXA  
MMVLTNXA  
MTRYTNXA  
PLHLTNXA  
PLVLTNXA  
SHRNTNXA  
SIDNTNXA  
SPRTTNXA  
TANSTNXA

CROCKETT TELEPHONE CO., INC.

ALAMTNXA  
FRSHTNXA  
MRCYTNXA

DEKALB TELEPHONE COOPERATIVE

SMVLTNXA

HUMPHREYS COUNTY TELEPHONE CO.

NWJHTNXA

LORETTO TELEPHONE CO, INC.

ETRGTNXA  
FVPLTNXA  
LEOMTNXA  
LRTTTNXA  
STJSTNXA

**Rural Wire Centers**COMPANY followed by WIRE CENTER

Each rural incumbent local exchange carrier's entire study area should be included.

PEOPLES TELEPHONE CO., INC.

ERINTNXA  
HNRYTNXA  
TNRGTNXA

TENNESEE TELEPHONE CO.

BCTNTNXA  
CFTNTNXA  
CNWDTNXA  
COVLTNXA  
DCVLTNXA  
HCRDTNXA  
LBVLTNXA  
LNDNTNXA  
LVRGTNXA  
MTJLTNXA  
PRSSTNXA  
SCHLTNXA  
SRDSTNXA  
WYBOTNXA

UNITED TEL CO INC.

CPHLTNXA  
ESSPTNXA  
NLVLTNXA  
UNVLTNXA

WEST KENTUCY RURAL TELEPHONE COOP. CORP., INC

CTGVTNXA  
CYPRTNXA  
PRYRTNXA  
HAZLKYXA  
BRZLTNXA  
MSHLTNXA  
TRMBTNXA  
YRVLTNXA

**Rural Wire Centers**COMPANY followed by WIRE CENTER

Each rural incumbent local exchange carrier's entire study area should be included.

WEST TENNESSEE TELEPHONE CO., INC.

ATWDTNXA

BRFRTNXA

RTFRTNXA

TRZVTNXA

\*\* END RURAL WIRE CENTERS \*\*

**Non-Rural Wire Centers**COMPANY followed by WIRE CENTER

BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL

BGSNTNMA  
BLLSTNMA  
BLNCTNMT  
BLVRTNMA  
BTSPTNMA  
CHRLTNMT  
CHTGTNSM  
CLVLTNMA  
CMCYTNMT  
CMDNTNMA  
CNHMTNMA  
CNVLTNMA  
CRNTMSMA  
DKSNTNMT  
DOVRTNMT  
DYBGTNMA  
DYERTNMT  
DYTNTNMA  
FLTNYMA  
FLVLTNMA  
FRDNTNMA  
FYVLTNMA  
GBSNTNMT  
GDJTNMA  
GLSNTNMA  
GNFDTNMT  
HHNWTNMA  
HMBLTNMA  
HMPSTNMA  
HNLDTNMA  
HNSNTNMT  
HNTGTNMA  
HRNBTNMT  
JCSNTNMA

**Non-Rural Wire Centers**COMPANY followed by WIRE CENTER

BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL

JCSNTNNS  
JSPRTNMT  
KNTNTNMA  
LRBGTNMA  
LWBGTNMA  
LXTNTNMA  
LYBGTNMT  
LYLSTNMA  
LYVLTNMA  
MCKNTNMA  
MCWNTNMT  
MDTNTNMA  
MEDNTNMA  
MILNTNMA  
MNCHTNMA  
MNPLTNMA  
MSCWTNMA  
NWBRTNMA  
OKGVKYES  
PARSTNMA  
PLMYTNMA  
PLSKTNMA  
PTBGTNMA  
RDGLTNMA  
SDDSTNMA  
SEWNTNMW  
SHVLTNMA  
SLMRTNMT  
SMTWTNMA  
SNTFTNMA  
SOVLTNMT  
SPBGTNMA  
SPCYTNMT  
SVNHTNMT  
TPVLTNMA  
TROYTNMT  
TRTNTNMA  
UNCYTNMA  
VNLRTNMA

**Non-Rural Wire Centers**

COMPANY followed by WIRE CENTER

BELLSOUTH TELECOMM INC DBA SOUTH CENTRAL BELL TEL

WHVLTNMT  
WHWLTNMA  
WLPTTNMA  
WNCHTNMA  
WVRLTNMT

\*\* END NON-RURAL WIRE CENTERS \*\*