

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Consolidated Communications Networks, Inc.
Designated Eligible Carrier Expansion
Application**

Case No. PU-24-168

ORDER ON ELIGIBLE TELECOMMUNICATIONS CARRIER DESIGNATION

July 23, 2024

Preliminary Statement

On April 22, 2024, Consolidated Communications Networks, Inc. (CCNI), a North Dakota Corporation with its principal offices located at 507 S Main Ave, Dickinson, ND 58602, filed an application for designation as an eligible telecommunications carrier (ETC) for the purpose of receiving federal universal service support for low-income consumers under 47 CFR Part 54 Subpart E. This designation is also known as Lifeline-only ETC designation. CCNI proposes to provide Lifeline universal services to eligible low-income customers as a competitive local exchange carrier (CLEC) carrier.

On May 23, 2024, the Commission issued a Notice of Opportunity for Hearing (Notice) providing until July 8, 2024, for comments and requests for hearing. No comments or requests for hearing were received. The Notice identified the issues to be considered in this matter are:

1. Is the applicant qualified under the Telecommunications Act of 1996, Section 214(e) for designation as an ETC eligible to receive federal universal service funding?
2. What ETC universal service support area should be designated?
3. Is designation of the applicant as an ETC in the public interest?

The Notice stated that the Commission can determine the matter without a formal hearing.

On July 8, 2024, the Commission held an Informal Hearing to discuss the issues with CCNI.

ETC Designation

The Telecommunications Act of 1996 provides financial support for universal services to common carriers that have been designated as ETCs and that (1) offer the universal services that are supported by federal universal service support mechanisms under section 254(c), either using its own facilities or a combination of its own facilities

and resale of another carrier's services and (2) advertise the universal services, advertise the availability of such services, and advertise the charges for such services, using media of general distribution.

In its *Report and Order and Further Notice of Proposed Rulemaking* released February 6, 2012, in Docket No. FCC 12-11 at paragraph 368, the Federal Communications Commission (FCC) found that it would forbear from the "own-facilities" requirement contained in section 214(e)(1)(A) for carriers that seek to become, Lifeline-only ETCs, subject to the following conditions: (1) the carrier must comply with certain 911 requirements and (2) the carrier must file, and the FCC must approve, a compliance plan providing specific information regarding the carrier's service offerings and outlining the measures the carrier will take to implement Lifeline service obligations as well as further safeguards against waste, fraud and abuse the FCC may deem necessary.

Under 47 CFR 54.201, a carrier seeking Lifeline-only ETC designation must demonstrate that it is financially and technically capable of providing Lifeline service in compliance with 47 CFR Part 54 Subpart E. CCNI is seeking Lifeline-only ETC designation.

Both federal law and state law give the Commission the authority to designate a common carrier as an ETC. In areas served by a rural telephone company, the Commission must find that ETC designation is in the public interest.

CCNI was organized and incorporated in the state of North Dakota on May 2, 1996. CCNI is a common carrier and will offer all of the services and functionalities detailed in Section 54.101(a) of the FCC Rules. CCNI generates revenues from non-Lifeline services and has access to capital from its investors; and with its affiliated companies, currently provides services to approximately 10,000 customers. Therefore, CCNI is not solely dependent on reimbursements from the Universal Service Fund. CCNI proposes to provide services to customers by using its own facilities.

CCNI will offer plan options including unlimited local calling, 911 and enhanced 911 (where available).

CCNI seeks only Lifeline support from the low-income mechanism of the federal Universal Service Fund and does not seek support from the high-cost support mechanism. This program is designed to reduce the monthly cost of telecommunication services for eligible consumers, is distributed on a per-customer basis, and is directly reflected in the price that the eligible customer pays. Because CCNI does not seek support from the high-cost support mechanism, designation of CCNI as a Lifeline-only ETC will not pose any adverse effect on the growth in the high-cost portions of the Universal Service Fund (USF), nor will it create or contribute to an erosion of high-cost funding from any rural or nonrural telephone company. Increasing the number of designated Lifeline-only ETCs in North Dakota will provide the opportunity for increased participation by eligible consumers in the Lifeline program.

Universal Service Support Area

The Commission must establish a geographic area (service area) for the purpose of determining universal service obligations and support mechanisms for the designated ETC. 47 U.S.C. § 214(e)(5).

The Act defines service area:

SERVICE AREA DEFINED-- The term "service area" means a geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms. In the case of an area served by a rural telephone company, "service area" means such company's "study area" unless and until the Commission and the States, after taking into account recommendations of a Federal-State Joint Board instituted under section 410(c), establish a different definition of service area for such company.

In its *Memorandum Opinion and Order*, FCC 13-44, released April 15, 2013, the Federal Communications Commission determined that carriers may be designated as a Lifeline-only ETC in partial rural service areas.

In this proceeding, CCNI is requesting ETC designation in the census blocks listed in Exhibit A and depicted in the map in Exhibit B to its application.

CCNI has demonstrated that it is financially and technically capable of providing Lifeline service in compliance with 47 CFR Part 54 Subpart E.

Based on the evidence in this proceeding, CCNI is qualified under the Telecommunications Act of 1996, Section 214(e) for designation as an ETC eligible to receive federal universal service support for low-income consumers under 47 CFR Part 54 Subpart E.

It is in the public interest that CCNI be designated as a Lifeline-only ETC in North Dakota within the census blocks listed in Exhibit A of its application.

CCNI is registered with the Commission to provide access services, local services, and long-distance services.

CCNI is registered with the Secretary of State of North Dakota and CCNI is in good standing.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed, and considered all testimony and evidence presented, the Commission makes the following:

Order

The Commission orders:

1. Consolidated Communications Networks, Inc. is designated as an eligible telecommunications carrier for the purpose of receiving federal universal service support for low-income consumers under 47 CFR Part 54 Subpart E. The designated service area in this proceeding consists of the census blocks listed in Exhibit A and depicted in the map in Exhibit B.
2. Consolidated Communications Networks, Inc. shall comply with the applicable annual reporting requirements set forth in North Dakota Administrative Code § 69-09-05-12.1.

PUBLIC SERVICE COMMISSION


Sheri Haugen-Hoffart
Commissioner


Randy Christmann
Chair


Julie Fedorchak
Commissioner