

## TELECOMMUNICATIONS DIVISION STAFF REPORT

June 7, 2006

**SUBJECT:** Initiate a rulemaking to address service quality and customer protection safeguards applicable to wireless carriers operating as eligible telecommunications carriers.

### I. Capsule Summary

In Dockets 04-0454, 04-0455, and 04-0456 (consolidated) ("consolidated proceedings"), Illinois Valley Cellular RSA 2-I Partnership, Illinois Valley Cellular RSA 2-II Partnership and Illinois Valley Cellular RSA 2-III Partnership (collectively "IVC" or "Applicants") sought and received designation as eligible telecommunications carriers ("ETC") for purposes of receiving federal Universal Service Support pursuant to Section 214(e)(2) of the Telecommunications Act of 1996 (47 U.S.C. 214(e)(2)). In this proceeding, it became clear that many of Illinois' customer protection and service quality standards formulated for wireline local exchange carriers were not applicable to or did not easily translate into standards for wireless local exchange carriers. However, in its ETC Order<sup>1</sup>, the Federal Communications Commission ("FCC") has recommended that state commissions institute requirements for ETC applicants, including a requirement that the ETC applicant demonstrate that it will satisfy consumer protection and service quality standards. Further, the FCC affirmed the state commissions' authority to impose consumer protection requirements upon wireless carriers to ensure that universal service fund supported services are offered in a manner that protects consumers.<sup>2</sup>

In the consolidated proceedings, Staff evaluated the IVC applicants' commitments to service quality and consumer protections, including the applicants' ability to comply with the Commission's rules at 83 Ill. Adm. Code 730 and 735, which codify existing service quality and consumer protection rules. In response to applicants' concerns, Staff acknowledged that some of the requirements in Parts 730 and 735 contained wireline-specific language. Accordingly, IVC and Staff agreed, and the Commission directed that, there be a rulemaking proceeding to address consumer protection and service quality standards for wireless local exchange carriers operating as ETCs.

This Staff Report recommends that the Commission originate that rulemaking proceeding to address customer protection and service quality standards for wireless carriers operating as ETCs.

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<sup>1</sup> March 17, 2005 Report and Order, CC Docket No. 96-45, In the Matter of Federal-State Joint Board on Universal Service, FCC 05-46.

<sup>2</sup> Id., at paras. 30 and 31.

## II. Background

On July 2, 2004, IVC filed its application seeking designation as a telecommunications carrier eligible under the provisions of Section 54.201(d) of the FCC's Rules to receive federal universal service support. Several parties intervened in the case, and testimony was provided. IVC filed a draft order on December 29, 2005. At a hearing on that day, Intervenors and the Commission Staff indicated, through their respective counsel, that they had no objection to the draft order. On January 5, 2006, the matter was marked "Heard and Taken." A proposed order was issued by the administrative law judge. No exceptions were filed. The Commission entered a final order on April 19, 2006.

As noted in the final order, the three IVC Partnerships agreed to 16 voluntary commitments as a condition of ETC designation. Staff and, in some instances, the Intervenor Illinois Independent Telephone Association, recommended that these commitments be made conditions to the Order. The Commission concluded that the 16 commitments were necessary and appropriate conditions with which Applicants should comply in connection with their designation as eligible telecommunications carriers and adopted the 16 commitments as conditions to the ETC designation granted to IVC.

Condition 7 of the final order states:

Each of the three IVC Partnerships shall abide by its commitment to participate in any rulemaking proceeding to be initiated by the Commission with respect to consumer protection and service quality standards for wireless ETCs as discussed and set forth in this Order.

## III. Rulemaking Proceeding

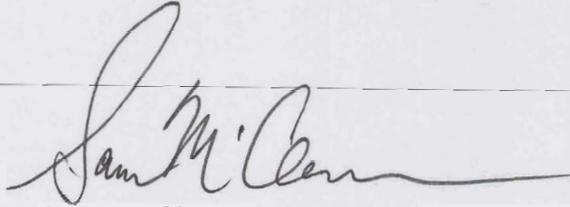
It is Staff's intention, upon Commission direction, to originate a rulemaking proceeding as described and to engage the many interested parties in a workshop environment. Staff plans to provide notice of the workshop process to all Illinois wireless carriers, local exchange carriers, and other potential intervenors. Staff believes there are several detailed issues that may be resolved through collaborative discussion, thereby reducing the number of issues the Commission will have to resolve in the docket.

Staff will work toward the goal of providing a draft proposed order to the Commission within 6 months, but understands there are many legal or regulatory issues that may complicate that timeline.

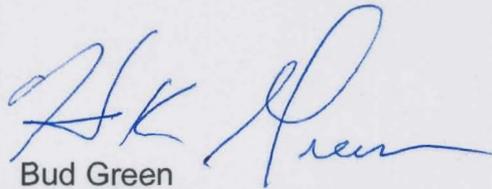
#### IV. Summary and Conclusion

Staff believes the time is ripe to originate the rulemaking proceeding contemplated as a condition of IVC's ETC designation. The rules and regulations that wireless ETC's are operating under relative to consumer protection and service quality standards are imperfect and require revision.

Accordingly, Staff asks that the Commission initiate a docket to perform a rulemaking addressing consumer protections and service quality standards for wireless carriers operating as ETCs, as envisioned in Condition 7 of the final order from Consolidated Dockets 04-0454, 0455, and 0456.



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