### COMMONWEALTH OF KENTUCKY

### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF VIASAT CARRIER SERVICES,<br/>INC. FOR DESIGNATION AS AN ELIGIBLECATELECOMMUNICATIONS CARRIER TO201RECEIVE CONNECT AMERICA FUND PHASE IIAUCTION SUPPORT FOR VOICE ANDBROADBAND SERVICES)

CASE NO. 2018-00330

## <u>order</u>

On September 27, 2018, Viasat Carrier Services, Inc. (Viasat), filed an application seeking designation as an Eligible Telecommunications Carrier (ETC) under 47 U.S.C. § 214(e)(2) in order to receive federal Universal Service Fund (USF) high-cost support as part of the Federal Communication Commission's (FCC) Connect America Fund Phase II Auction (CAF II Auction). The Commission issued an order on November 7, 2018, finding that Viasat was not represented by counsel licensed in Kentucky at the time it filed its application as required by 807 KAR 5:001, Section 4(4), and ordered Viasat to obtain counsel within 21 days to proceed with the application. Counsel for Viasat entered an appearance on November 28, 2018, and Viasat responded to requests for information from Commission Staff on January 9, 2019, and February 14, 2019. Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Viasat's request to be designated as an ETC should be granted as set forth below.

### BACKGROUND

Viasat's parent company, Viasat, Inc. (VSI), was selected as a winning bidder in

certain census blocks in Kentucky in the CAF II Auction,<sup>1</sup> and VSI transferred its winning bid to Viasat under rules prescribed by the FCC.<sup>2</sup> As part of the CAF II Auction, the FCC will disburse up to \$198 million annually for providers to deploy broadband networks in high-cost, unserved price cap areas.<sup>3</sup> However, Viasat's receipt of CAF II Auction funding in Kentucky is conditioned upon Viasat obtaining a designation as an ETC in the census blocks for which it was the winning bidder in the CAF II Auction, which are listed in Exhibit A to Viasat's application. Thus, Viasat requests that it be designated as an ETC in the census blocks in Kentucky for which it was the winning bidder in the CAF II Auction.

Viasat and its parent company, VSI, are both Delaware corporations that are authorized to conduct business in the Commonwealth.<sup>4</sup> VSI currently provides voice telephony service and broadband internet using high-capacity Ks-band satellites, ground infrastructure, and user terminals in all fifty states and the District of Columbia, including 600,000 residential customers.<sup>5</sup> VSI "holds a number of patents with respect to satellite technology, which cover, among other things, user terminals and networking."<sup>6</sup> Viasat noted that VSI's technical qualifications have been reviewed by the FCC on numerous occasions and that "the favorable results of such reviews are reflected in the multiple FCC licenses and authorizations granted to the company."<sup>7</sup> VSI is a publically-traded company

- <sup>2</sup> Id. at 5.
- <sup>3</sup> Id. at 4.
- 4 Id. at 3.
- <sup>5</sup> Id. at 3, 6.
- 6 Id. at 6.
- 7 Id.

<sup>&</sup>lt;sup>1</sup> Application at 1.

with more than \$1.5 billion in revenue for the year ending March 31, 2018.8

Viasat asserted that VSI's expertise made it possible for Viasat to participate in the CAF II Auction with the certainty that it will be able to fulfill its obligations.<sup>9</sup> Viasat stated that it will initially rely on VSI for technical, billing, installation, and customer service matters, as doing so is more efficient and cost-effective than creating duplicative functions.<sup>10</sup> Viasat also stated that VSI would provide the necessary funding to Viasat, in addition to any CAF II Auction funding, to facilitate Viasat's achievement of its service obligation milestones and ongoing operations.<sup>11</sup> Thus, Viasat contends that it has the ability to meet the applicable CAF II Auction obligations and be designated as an ETC.<sup>12</sup>

Viasat stated that it will provide its voice telephony service as a common carrier in the areas for which it was awarded USF support as part of the CAF II Auction. Viasat further stated that it would provide, in areas where it was awarded CAF II Auction support, voice grade access to the public switched network, including access to emergency services via 911 or E-911 where available from the local government or public safety organizations; and broadband in a manner consistent with the requirements of 47 C.F.R. § 54.101(c).<sup>13</sup> Viasat indicated that it would provide standalone voice telephony service at rates reasonably comparable to urban rates; that it will advertise the availability of its

<sup>&</sup>lt;sup>8</sup> Viasat's Response to Staff's First Request for Information (Response to Staff's First Request), Item 3(a).

<sup>&</sup>lt;sup>9</sup> Id. at 6.

<sup>&</sup>lt;sup>10</sup> Viasat's response to Staff's First Request for Information (Response to Staff's First Request), Item 6(a).

<sup>&</sup>lt;sup>11</sup> Response to Staff's First Request, Item 3(a).

<sup>&</sup>lt;sup>12</sup> See id. (Where Viasat relies on technical and financial assistance, VSI will provide as proof that it will be able to meet the service requirements necessary for an ETC designation).

<sup>&</sup>lt;sup>13</sup> Application at 11; Response to Staff's First Request, Item 7(c), Item 11.

universal service offerings and charges for such offerings using media of general distribution; and that it will have the ability to remain functional in emergency situations.<sup>14</sup> Finally, Viasat certified that it will only use federal universal service support for the provision, maintenance, and upgrading of facilities and services for which the support is intended;<sup>15</sup> and it stated that it will collect all applicable fees for the appropriate 911 emergency service authority in each census block; comply with the annual assessment and gross earnings reports requirements pursuant to KRS 278.130 through KRS 278.150; contribute to the Kentucky Telecommunications Relay Service/Telecommunications Access Program surcharge; and contribute to the Kentucky Universal Service Fund.<sup>16</sup>

The Commission received a comment in this matter from Senior Vice President of Regulatory Affairs at Hughes Network Systems, LLC, Jennifer A. Manner, regarding whether Viasat would be able to offer voice telephony service in a manner consistent with the requirements of the CAF II Auction. Specifically, she noted that Viasat stated that VSI conducted internal testing of voice quality using the ITU-T Recommendation P.800 conversational opinion test and other parameters required by the FCC and that the tests were conducted by VSI employees. She pointed out that the FCC required as part of the CAF II Auction that the voice quality interviews and surveys be conducted by an independent agency or organization. Thus, she contended that "Viasat's 'preliminary testing' does not meet the FCC's requirements, and is not responsive to the concern that Viasat's voice service does not meet FCC-established standards for voice quality for high-

<sup>&</sup>lt;sup>14</sup> Application at 11–12; Response to Staff's First Request, Item 11.

<sup>&</sup>lt;sup>15</sup> Application at 12.

<sup>&</sup>lt;sup>16</sup> Response to Staff's First Request, Item 18-Item 19.

latency bidders in the CAF-II auction."17

Viasat acknowledged that a July 6, 2018 order in the FCC's CAF II Auction matter required that the opinion testing for voice quality by high latency providers be conducted by an independent agency or organization.<sup>18</sup> Viasat stated that it filed a petition for reconsideration with the FCC that is currently pending based, in part, on its assertion that Viasat is the only winning bidder to which the requirement applies and that there are few if any third parties willing and capable of performing such testing.<sup>19</sup> Viasat indicated that opinion testing performed by VSI employees on VSI's current service, not Viasat's CAF II Auction supported service, in a manner consistent with the CAF II Auction requirements resulted in a score that exceeded that required by the FCC.<sup>20</sup> However, Viasat indicated that the opinion testing be conducted by an independent third party that it will comply with the FCC's order when testing its CAF II Auction supported service.<sup>21</sup>

### DISCUSSION

Pursuant to 47 U.S.C. § 214(e), "a common carrier designated as an eligible telecommunications carrier . . . shall be eligible to receive [federal] universal service support in accordance with [47 U.S.C. § 254] . . . throughout the service area for which

<sup>&</sup>lt;sup>17</sup> Manner, Jennifer, Public Comment on Behalf of Hughes Network Systems, LLC (filed Feb. 1, 2019).

<sup>&</sup>lt;sup>18</sup> Viasat's Response to Staff's Second Request for Information (Response to Staff's Second Request), Item 1(a). Notably, Hughes Network Systems, LLC's is opposing Viasat's Motion for Reconsideration before the FCC as well.

<sup>&</sup>lt;sup>19</sup> Response to Staff's Second Request, Item 1(a).

<sup>&</sup>lt;sup>20</sup> Response to Staff's Second Request, Item 1(e).

<sup>&</sup>lt;sup>21</sup> Response to Staff's Second Request, Item 1(a)–(b).

the designation is received." Pursuant to 47 U.S.C. § 214(e)(2), state commissions bear the primary responsibility for making ETC designations.<sup>22</sup> State commissions may, with respect to an area served by a rural telephone company, and must, in all other cases, designate a common carrier as an ETC for a designated service area, consistent with the public interest, convenience, and necessity, if the requesting carrier meets the requirements of 47 U.S.C. § 214(e)(1). Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Viasat has provided the Commission with the information required for designation as an ETC in the service area at issue and that the public interest supports such designation, subject to Viasat's continued compliance with FCC rules and the representations and commitments made by Viasat as part of its application.

## Viasat Met the Requirements of 47 U.S.C. § 214(e)(1)

Section 214(e)(1) requires a provider seeking ETC designation to establish that it will (1) provide the supported services in accordance with 47 U.S.C § 254 throughout its designated service area "either using its own facilities or a combination of its own facilities and resale of another carrier's services;"<sup>23</sup> (2) advertise its universal service offerings and the charges thereof, using media of general distribution;<sup>24</sup> (3) comply with the service

<sup>&</sup>lt;sup>22</sup> See also KRS 278.040 (giving the Commission general jurisdiction over the services and rates of utilities) KRS 278.542(1) (indicating that limitations on the Commission's jurisdiction over telephone utilities in KRS 278.541 to KRS 278.544 should not affect the Commission's jurisdiction over federal universal service fund and lifeline program eligibility).

<sup>23 47</sup> U.S.C. § 214(e)(1)(A); 47 CFR § 54.201(d)(1).

<sup>&</sup>lt;sup>24</sup> 47 U.S.C. § 214(e)(1)(B); 47 C.F.R. § 54.201(d)(2).

requirements applicable to the support that it receives;<sup>25</sup> and (4) be able to remain functional during emergency situations.<sup>26</sup> Because providers must obtain an ETC designation before offering the supported service, providers generally establish that they will satisfy those requirements by certifying that they will comply with them and providing circumstantial evidence of their ability and willingness to comply.

# Offering the Supported Services Using a Carrier's Own Facilities

Viasat will provide the CAF II supported service with facilities owned by VSI. Viasat is a wholly owned subsidiary of VSI, Viasat and VSI have officers and managers in common, and VSI will provide the technical and financial assistant to Viasat. While 47 U.S.C. § 214(e)(1)(A) requires that ETCs provide supported services, in part, using their "own facilities," the FCC interprets the meaning of a providers "own facilities" broadly to include the facilities of a parent company.<sup>27</sup> Thus, based on the FCC's interpretation of 47 U.S.C. § 214(e)(1)(A) and the current relationship between the companies, Viasat has satisfied the requirement that it offer the supported service using its own facilities.

# Advertising Supported Services

Viasat has committed to actively market its supported services throughout the

<sup>&</sup>lt;sup>25</sup> 47 C.F.R. § 54.202(a)(1)(i). The third and fourth requirements listed were adopted by regulation to apply to the FCC's review of a providers ETC status, but the Commission generally looks at the same requirements as the FCC in seeking to determine whether a provider meets the requirements for an ETC designation.

<sup>26 47</sup> C.F.R. § 54.202(a)(2).

<sup>&</sup>lt;sup>27</sup> In the Matter of Telecommunications Carriers Eligible for Universal Service Support, WC Docket No. 09-197, Order, 25 FCC Rcd. 17797, 17803 paragraphs 16–17 (2010) ("We disagree with comments suggesting that Virgin Mobile cannot treat its parent's facilities as its own because the two are distinct legal entities or because Virgin Mobile has a distinct brand and customer base from Sprint. The Commission has previously rejected a formalistic definition of what constitutes a carrier's "own facilities" under section 214(e) in favor of a more flexible approach that meets the goals of universal service."); see also In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, 12 F.C.C.R. 8776, 8865, para. 161 (1997) (noting the broad meaning of the term ownership in the context of the use of the term "own facility" for the purposes of Section (e)(1)(A)).

designated areas in Kentucky using a combination of digital and traditional media.<sup>28</sup> Viasat stated that VSI has existing and well-established sales channels and that it will utilize those sales channels to market Viasat's supported services in conjunction with direct marketing by Viasat.<sup>29</sup> Viasat stated that employees involved in marketing Lifeline services, which it is required to provide, will participate in Lifeline program training, including Universal Service Administrative Company (USAC) offerings and training programs related to the national verifier for Lifeline eligibility.<sup>30</sup> Moreover, Viasat indicated that it would work with outside counsel to ensure that its marketing efforts comply with the FCC's requirements.<sup>31</sup> Thus, Viasat has demonstrated its commitment to comply with the FCC rules regarding marketing of supported services.

### Compliance with Applicable Service Requirements

Providers receiving CAF II support must provide voice telephony service in the areas in which they are designated as an ETC as common carrier. Their supported voice telephony service must also provide voice grade access to the public switched telephone network,<sup>32</sup> local usage,<sup>33</sup> access to emergency services,<sup>34</sup> and toll-limitation for qualifying

- <sup>29</sup> Response to Staff's First Request, Item 2.
- <sup>30</sup> Id.
- <sup>31</sup> Id.
- 32 47 U.S.C. § 214(e)(1); 47 C.F.R. § 54.201(d).
- 33 47 C.F.R. § 54.101(a)(1).
- 34 Id.

<sup>&</sup>lt;sup>28</sup> Response to Staff's First Request, Item 1.

low-income consumers.<sup>35</sup> Providers receiving CAF II support must offer standalone telephone service in the supported areas at rates consistent with the FCC's Urban Rate Survey benchmarks.

Providers receiving CAF II support must also offer the option of Baseline tier broadband service at rates consistent with those established by the FCC based on speed and usage.<sup>36</sup> The Baseline service requires that providers receiving support to provide at least one service that provides download speeds of at least 25 Mbps downstream and 3 Mbps upstream and a minimum usage which is the greater of 150 GB per month or the average usage of a majority of fixed broadband customers, which is 215 GB per month for 2019.<sup>37</sup>

Here, Viasat certified that it will provide the services and functionalities required by the FCC throughout the areas for which it requests ETC designation. Among other things, Viasat committed to providing voice telephony service as a common carrier in the areas where it will receive universal support, and it committed to offering voice grade access to

<sup>&</sup>lt;sup>35</sup> *Id.* Notably, the FCC generally requires those seeking an ETC designation to file a five-year plan that describes the specific proposed improvements and upgrades that will be made to offer the supported service and to demonstrate their ability to satisfy applicable customer protection and service quality standards. However, the FCC waived those requirements for recipients of CAF II Auction funds in favor of reporting requirements it believes will permit it to monitor the use of CAF II Auction funds as they are used. *See In the Matter of Connect America Fund*, Report and Order and Further Notice of Proposed Rule Making, WC Docket Nos. 10-90, 31 FCC Rcd. 5949, 6010-3, paragraphs. 172-8 (2016).

<sup>&</sup>lt;sup>36</sup> See Wireline Competition Bureau Announces Results of 2019 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowances for ETCs Subject to Broadband Public Interest Obligations, Public Notice, WC Docket No. 10-90, DA 18-1280 (rel. Dec. 20, 2018); see also Response to Staff's First Request, Item 5 (where Viasat discusses the rate requirements for the CAF II Program and explains its commitment to comply with the rate requirements).

<sup>&</sup>lt;sup>37</sup> See id.; See also Connect America Fund Phase II Auction Scheduled for July 24, 2018; Notice and Filing Requirements and Other Procedures for Auction 903, Public Notice, FCC 18-6, 33 FCC Red 1428, para. 12 (2018); Response to Staff's First Request, Item 13 (citing to the FCC's orders and notices in this footnote and explaining Viasat's intent to comply with those requirements).

the public switched telephone network, plans with local usage, toll-limitation for qualifying low-income customers, and access to emergency services as required by the FCC. Moreover, it explained its ability to route calls to the appropriate emergency services provider based on the location of the user despite the dispersed areas in which it will be providing service and indicated that, if necessary, capacity for emergency calls is given priority on its network.<sup>38</sup> Thus, Viasat has indicated its commitment to meet the service requirements for voice telephony service established by the FCC.

Similarly, Viasat committed to meeting the FCC requirement to offer Baseline broadband service at rates and with download speeds and usage allowances consistent with those required by the FCC during each year that it receives CAF II Auction support.<sup>39</sup> Viasat further indicated that the availability of broadband services will be available in a timeframe consistent with the FCC's performance and buildout requirements as set forth in the CAF II Auction rules,<sup>40</sup> and the FCC has implemented reporting requirements to monitor the performance and implementation of the supported service.<sup>41</sup> Thus, Viasat has indicated its commitment to meet the broadband service requirements established by

<sup>&</sup>lt;sup>38</sup> Response to Staff's First Request, Item 7(c), Item 11.

<sup>&</sup>lt;sup>39</sup> Response to Staff's First Request, Item 13.

<sup>&</sup>lt;sup>40</sup> Response to Staff's First Request, Item 12.

<sup>&</sup>lt;sup>41</sup> See In the Matter of Connect America Fund, Report and Order and Further Notice of Proposed Rule Making, WC Docket Nos. 10-90, 31 FCC Rcd. 5949, 6010-3, paras. 172-8 (2016) (requiring all CAF II auction recipients to file information regarding the number and location of supported customers, certify that they have net their final service milestones for the prior year, and provide the total amount of Phase II support, if any, that they used for capital expenditures in the previous year among other things); *In the Matter of Connect America Fund*, WC Docket No. 10-90, DA 18-710, paras. 2 (July 6, 2018) (establishing certain testing requirements, including the voice quality testing requirements for high latency providers, and requiring that the results of those tests be filed with FCC as part of each provider's annual report); see also 47 U.S.C. § 254(e) (indicating that providers petitioners are required to use the specific universal-service support they receive "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.").

the FCC, and the FCC will monitor its progress in reaching those requirements.

Viasat also presented evidence that it has technical and financial resources available to it that should allow it to meet the supported service requirements. As noted above, Viasat is a wholly owned subsidiary of VSI, Viasat and VSI have officers and managers in common, and VSI will be providing technical and financial assistance to Viasat. Moreover, VSI has experience providing the services at issue and the resources to assist Viasat in following through on its service commitments. Thus, the Commission finds that Viasat is financially and technically capable of providing supported services as required by the FCC.

As noted above, a public comment by a representative of Hughes Network Systems, LLC, did raise questions regarding Viasat's ability to satisfy the FCC's voice quality tests. However, the opinion testing at issue is supposed to be performed on the supported voice service, which Viasat is not yet offering. Moreover, Viasat is currently seeking reconsideration of FCC's requirement that the testing be conducted by a third party, which Hughes Network Systems, LLC, is opposing in the CAF II matter before the FCC. Viasat also committed to performing the testing as required by the FCC when it began offering the supported service if the FCC does not grant its petition for reconsideration and indicated that its own internal testing of current services demonstrated that it would be able to meet the substantive voice quality standards established by the FCC. Thus, the Commission is not able to find that Viasat's failure to retain a third party to conduct opinion testing on its current service justifies a finding that it will be unable to offer voice quality service as required by the FCC.

### Ability to Remain Functional in Emergency Situations

In support of its ability to operate in an emergency, Viasat indicated that the major -11- Case No. 2018-00330 network facilities are geographically distributed across the United States and that it has contingency plans in place in the event of an emergency. Additionally, all ground-based facilities are equipped with independent power generators and sufficient fuel to operate for several days so as to mitigate disruptions in service arising from power outages. Viasat also noted that the network systems are highly automated such that they can make certain adjustments quickly without human interaction to correct issues. Moreover, the network is constructed with redundancies in the event of the failure of a particular component.<sup>42</sup> Thus, the Commission finds that Viasat has demonstrated its ability to remain functional in emergency situations.

### Designating Viasat as an ETC is in the Public Interest

Pursuant to 47 U.S.C.A. § 214(e)(2), a state commission reviewing a request by a provider for an ETC designation must find that designation in the public interest before designating an additional eligible telecommunications carrier in an area served by a rural telephone company. Moreover, a state commission has no obligation to designate a provider as an ETC in an area not served by a rural telephone company if the designation is not in the public interest.<sup>43</sup> Thus, in determining whether to designate a provider as an ETC, the Commission reviews whether such a designation is in the public interest.

The CAF II Auction was designed to reduce the monthly cost of telephone and broadband service in designated high-cost areas. Importantly, the high-cost areas that the CAF II Auction funds are intended to support are those in which the incumbent price capped carrier declined to provide service. The FCC offered support based on a forward-

<sup>&</sup>lt;sup>42</sup> Response to Staff's Second Request, Item 3.

<sup>&</sup>lt;sup>43</sup> See 47 U.S.C. § 214(e)(2) (stating that a request for ETC designation should be granted "upon request" and "consistent with the public interest").

looking cost model to incumbent price cap carriers serving certain high-cost areas in exchange for a commitment to offer voice and broadband services meeting certain requirements in those areas. In the areas where the incumbent price cap carrier declined model-based support, the FCC decided to award support through a competitive bidding process, i.e., the CAF II Auction.<sup>44</sup>

The incumbent price cap carriers' decision not to take funds under the first phase of the Connect America Fund weighs in favor of designating Viasat as an ETC in the relevant areas because it indicates, in part, the level of interest or lack thereof in providing service in the areas in question. The Commission also observes that no party has sought to intervene in this matter or otherwise objected to Viasat's designation as an ETC on the basis that designating Viasat would prevent another more suitable provider from receiving federal support to provide service in the relevant census blocks. Thus, if the Commission were to deny Viasat ETC status, it is possible that certain high-cost census blocks would receive little or no support from the FCC's high-cost universal service programs.

There are some questions regarding the quality of service and the extent to which Viasat will be able to provide the service in question using the proposed facilities. However, the Commission's designation of a provider as an ETC does not entitle the provider to universal support offered by the FCC in accordance with 47 U.S.C. § 254. Rather, such a designation makes the provider eligible to apply for or obtain such support from the FCC. The FCC then monitors the quality of supported service and each

<sup>&</sup>lt;sup>44</sup> Connect America Fund Phase II Auction Scheduled for July 24, 2018, Notice and Filing Requirements and Other Procedures for Auction 903, Public Notice, FCC 18-6, WC Docket No. 10-90, 33 FCC Red 1428, 1431, paragraph 3 (2018) (describing the history of the CAF II Auction).

provider's progress expanding in its network in the supported areas<sup>45</sup> and has the ability to impose penalties for certain violations of FCC regulations and orders.<sup>46</sup> Thus, the FCC maintains the ability to ensure compliance with the service requirements of CAF II Auction in awarding and monitoring the use of the funds, and therefore Viasat has an incentive to meet its obligations.

The Commonwealth has recognized the benefit of high-cost support for voice telephony service and in expanding broadband and the record indicates that granting Viasat's ETC designation is likely to result in expanded service. Viasat also stated that it will collect all applicable fees for the appropriate 911 emergency service authority in each census block; comply with the annual assessment and gross earnings reports requirements pursuant to KRS 278.130 through KRS 278.150; contribute to the Kentucky Telecommunications Relay Service/Telecommunications Access Program surcharge; and contribute to the Kentucky Universal Service Fund. For those reasons and the reasons discussed above, the Commission finds that designating Viasat in the census blocks in which it was the winning bidder in the CAF II Auction is in the public interest.

However, the Commission finds that Viasat's designation would only be in the

<sup>&</sup>lt;sup>45</sup> See In the Matter of Connect America Fund, Report, and Order and Further Notice of Proposed Rule Making, WC Docket Nos. 10-90, 31 FCC Rcd. 5949, 6010-3, paras. 172-8 (2016) (requiring all CAF II auction recipients to file information regarding the number and location of supported customers, certify that they have net their final service milestones for the prior year, and provide the total amount of Phase II support, if any, that they used for capital expenditures in the previous year among other things); *In the Matter of Connect America Fund*, WC Docket No. 10-90, DA 18-710, paras. 2 (July 6, 2018) (establishing certain testing requirements, including the voice quality testing requirements for high latency providers, and requiring that the results of those tests be filed with FCC as part of each provider's annual report); see also 47 U.S.C. § 254(e) (indicating that providers petitioners are required to use the specific universal-service support they receive "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.").

<sup>&</sup>lt;sup>46</sup> See, e.g., 47 U.S.C. § 503(b)(1)(B)(stating that any person who is determined to have willfully or repeatedly failed to comply with any rule, regulation, or order issued by the FCC "shall be liable to the United States for a forfeiture penalty). The Commission or the FCC may also institute an inquiry on their own motion to examine a provider's records and documentation to ensure that the universal-service support it receives is being used for the purpose intended. See 47 U.S.C. §§ 220, 403.

public interest if it complies with the conditions below to ensure that the public receives the benefit of its designation. Specifically, the Commission finds that Viasat's designation should be conditioned on Viasat acting in a manner consistent with the representations and commitments it made in this matter and with FCC rules. Moreover, each year Viasat will require all Lifeline subscribers to recertify their head of household status, certify that only one Lifeline discount is received at their household, and document their continued program eligibility for Lifeline in accordance with the annual Lifeline Certification and Verification for USAC that is due annually.<sup>47</sup> If Viasat fails to fulfill the requirements of the Act, the FCC's rules, or the terms of this Order after it begins receiving universal-service support, the Commission may exercise its authority to revoke such petitioner's ETC designation.<sup>48</sup>

IT IS THEREFORE ORDERED that:

1. Viasat is designated as an ETC in the census blocks in which it was the winning bidder in the CAF II Auction as identified in Exhibit A to Viasat's application.

2. The designation of Viasat as an ETC is conditioned on Viasat's compliance with the representations and commitments made by Viasat in this matter, applicable statutes, and FCC rules, regulations and orders.

3. Viasat shall be eligible to receive federal USF support in the areas in which it has been designated as an ETC.

4. Viasat shall advertise the availability of and charges for these services using

<sup>47</sup> Case No. 2012-00146, Lifeline Reform (Ky. PSC May 1, 2012).

<sup>&</sup>lt;sup>48</sup> See Federal-State Joint Board on Universal Service; Western Wireline Corp. 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); See also 47 U.S.C. § 254(e).

media of general distribution.

5. Viasat shall comply with the FCC's annual certification process for Lifeline customers.

6. A copy of this Order shall be served upon the FCC and the USAC.

This case is hereby closed and will be removed from the Commission's docket.

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By the Commission



ATTEST:

Live R. Punso **Executive** Director

Case No. 2018-00330

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