

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET UT-111570
	)	
BUDGET PREPAY, INC.,	)	ORDER 02
	)	
Petitioner,	)	
	)	ORDER RENEWING ELIGIBLE
For an Exemption from WAC 480-	)	TELECOMMUNICATIONS CARRIER
123-030(1)(d), (f), and (g), and	)	DESIGNATION AND EXEMPTION
Designation as an Eligible	)	FROM RULE WITH AMENDED
Telecommunications Carrier	)	CONDITIONS
.....	)	

**BACKGROUND**

- 1 On July 25, 2013, Budget PrePay, Inc. (Budget PrePay or Company) filed an application with the Washington Utilities and Transportation Commission (Commission) to renew its designation as an Eligible Telecommunications Carrier (ETC) under the Communications Act of 1934<sup>1</sup> (Communications Act) and WAC 480-123.
- 2 The Commission originally designated Budget as an ETC on August 6, 2012, allowing the Company to provide qualified Washington consumers with Lifeline support, part of federal Universal Service Fund (USF) supported service that subsidizes qualified low-income household monthly charges for basic telephone services.<sup>2</sup> In that order, the Commission granted the Company exemptions from the provisions of WAC 480-123-030 (1)(d), (f), and (g), which require the company to file a substantive investment plan, digital map of wireless facilities and coverage, and certification regarding back-up power requirements. The Commission also imposed 21 conditions on Budget’s ETC designation, including a requirement that the Company seek renewal of its ETC status within one year.
- 3 In support of its renewal application, Budget states that it satisfied the requirements of WAC 480-123-030 in its original petition and that its service areas and operations remain unchanged. The Company further states that it has complied with all 21 conditions the Commission imposed on the Company in Order 01 and provides a summary explanation of its compliance for each individual condition. Finally, Budget affirms that the

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<sup>1</sup> 47 U.S.C. § 214 (e)(2) (2012).

<sup>2</sup> Order 01, Order Granting Exemption From Provisions of WAC 480-123-030(1)(d), (f), and (g), and Designation as an Eligible Telecommunications Carrier (August 6, 2012).

circumstances underlying the Commission's grant of exemption from WAC 480-123-030(1)(d), (f), and (g) remain unchanged.

- 4 Budget states that its service continues to advance the purposes of universal service set forth in 47 U.S.C. § 254. Budget states that its designation as an ETC remains in the public interest because ETC service benefits low-income household in Washington.<sup>3</sup>
- 5 Commission Staff (Staff) supports Budget's application with certain new or revised conditions and the deletion of two previously imposed conditions. The Company agrees to these revised conditions on its ETC status, as enumerated in Appendix A.
- 6 Staff believes that Budget has complied with all federal rules and state conditions to continue to be an ETC. According to Staff, because current federal rules strengthened the ETC's accountability in the Lifeline program, the Company will no longer need to seek separate annual ETC renewal from the Commission.

#### **DISCUSSION**

- 7 Common carriers receiving designation as ETCs under 47 U.S.C. § 214 are eligible to receive subsidies from the federal Universal Service Fund. State utility commissions are responsible for designating common carriers as ETCs for the purpose of receiving such funds, and may impose conditions on a common carrier so designated. The Commission will approve applications from carriers requesting ETC designation if the application meets the requirements of WAC 480-123-030, the designation will advance some or all of the purposes of universal service found in 47 U.S.C. § 254, and the designation is in the public interest.<sup>4</sup>
- 8 The Commission agrees with Staff that the Company has demonstrated that it continues to meet the criteria for designation as an ETC set forth in Order 01, including offering all services supported by the federal universal service support mechanisms set forth in 47 U.S.C. § 254. Additionally, Budget should continue to be exempt from WAC 480-123-030(1)(d),(f), and (g) because they are not a high cost fund recipient and because the Company relies on other carrier's facilities. Budget has also demonstrated compliance with the 21 conditions set forth in Appendix B to Order 01.
- 9 The Commission also agrees with Staff that the amended conditions set forth in Appendix A to this order are appropriate, given the FCC's adoption of more stringent requirements for the federal Lifeline program.

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<sup>3</sup> Budget Application to Renew at ¶ 5; *see also* Order 01 at ¶¶ 14-15.

<sup>4</sup> WAC 480-123-040.

10 The Commission agrees with Staff that the Company may continue to be designated as an ETC and is entitled to continued exemptions from WAC 480-123-030(1)(d),(f), and (g), subject to the amended conditions set forth in Appendix A to this order.

### **FINDINGS AND CONCLUSIONS**

11 (1) The Commission has jurisdiction over ETCs in Washington and the subject matter of this order under 47 U.S.C. § 214(e)(2), 47 C.F.R. 54.201(b)-(c) and WAC 480-123-040.

12 (2) Budget PrePay, Inc. is a telecommunications company doing business in the state of Washington as an Eligible Telecommunications Carrier. Budget has demonstrated that it continues to meet the requirements for designation as an ETC, subject to the amended conditions set out in Appendix A to this Order.

13 (3) Budget PrePay's continued designation as an ETC will advance the purpose of universal service because Budget will offer voice telephony services, which facilitate universal service.

14 (4) Budget PrePay has also demonstrated that its designation as an ETC is in the public interest because its services will benefit low-income customers.

15 (5) This matter came before the Commission at its regularly scheduled meeting on February 14, 2014.

### **O R D E R**

#### **THE COMMISSION ORDERS:**

16 (1) Budget PrePay Inc.'s request for continued designation as an ETC in its designated service areas is hereby GRANTED, subject to the amended conditions set forth in Appendix A.

17 (2) Budget PrePay Inc.'s request for continued exemption from WAC 480-123-030(1)(d),(f) and (g) is hereby GRANTED, subject to the amended conditions set forth in Appendix A.

18 (3) The Commission retains jurisdiction over this matter for purposes of effectuating this order.

DATED at Olympia, Washington, and effective February 14, 2014.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**DAVID W. DANNER, Chairman**

**JEFFREY D. GOLTZ, Commissioner**

**APPENDIX A**

**Washington State Conditions on Designation of Budget PrePay, Inc.  
as an Eligible Telecommunications Carrier**

1. Budget PrePay, Inc.'s (Budget or Company) shall utilize federal default eligibility criteria only, i.e., not utilizing Washington Telephone Assistance Program eligibility criteria that are not on the federal list.
2. Budget shall file with the Commission any future changes to its rates, terms, conditions or Lifeline customer application form at least one day prior to the effective date of the change.
3. The information on Budget's rates, key terms and conditions, e.g., return policy, usage definition, refill methods, annual recertification requirement, and customer service contact, shall be provided in a package sent or given to Lifeline customers after enrollment in Budget's Lifeline program, as well as at Budget's official Lifeline website.
4. For the rate plans free of charge to customers, Budget must offer at least one plan with a minimum of 250 minutes per month. The Company may invoke Condition No. 2 only for the purpose of increasing the number of minutes or enhancing the features in the Lifeline plan, but not decreasing the number of minutes.
5. Budget shall deactivate a Lifeline account if the customer has no usage for 60 consecutive days pursuant to 47 C.F.R. § 54.407(c)(2). No fewer than eight business days before deactivation, Budget shall send the customer a written notice by mail about the potential deactivation and ways to avoid unwanted deactivation. The customer shall have a 30 day grace period from the deactivation date to reactivate the Lifeline account by incurring "usage" as defined in 47 C.F.R. § 54.407(c)(2). When a customer reactivates the account, Budget must deposit the minutes the customer is entitled to for the grace period.
6. On a quarterly basis, Budget shall provide the number of Lifeline customers that it enrolls each month. Budget shall also report the number of deactivated Lifeline customers each month by service plan and the reasons for deactivation, e.g., no usage for 60 consecutive days, annual verification unsuccessful, or voluntary exit. Quarterly reports shall be filed with the Commission no later than 30 days after the end of each quarter.
7. Budget shall respond within 30 days to Commission Staff's information requests on Budget's Lifeline operations, including but not limited to Lifeline customers' usage patterns and Lifeline customer records.

8. Budget shall cooperate with the Commission and the Department of Social and Health Services (DSHS) to work out a procedure to verify Budget Lifeline customers' eligibility. Budget shall maintain access to DSHS's online query database to verify the eligibility of Lifeline applicants who qualify based on their participation in Medicaid, Supplemental Nutrition Assistance Program, Supplemental Security Income and Temporary Assistance for Needy Families. This condition shall be required until the national Lifeline eligibility database is fully functional.
9. Budget must not deduct airtime minutes for calls to customer care made from the customer's handset by dialing 611. Budget shall explicitly state the policy of free 611 calls in its Lifeline service agreements. Budget may require the customer to call the toll-free customer care number from another phone if necessary to resolve technical issues related to the handset or its programming.
10. Budget shall have DSHS audit its Washington Lifeline customers' eligibility at least once a year. By January 31 of each year, Budget shall provide DSHS with its complete Washington Lifeline customer records of the prior calendar year. The records must have all the necessary information and be in an electronic format required by DSHS. After DSHS notifies Budget of the results of the review, Budget must take appropriate measures to either correct the customer records or stop providing services to ineligible customers and report the resolutions to the Commission and DSHS within 60 days of the DSHS notice. This condition shall be required until the national accountability database for duplicate Lifeline claims and the national Lifeline eligibility database are fully functional.
11. Budget shall provide the Commission a copy of its annual Lifeline Re-certification results within 30 days it files with the Universal Service Administration Company (USAC) each year.
12. Budget shall file with the Commission, by March 31 of each year, a report on the number of complaints, categorized by the different nature of complaints that it received from Washington Lifeline customers during the prior calendar year, e.g., billing disputes and service quality complaints. This report shall include complaints filed with Budget, the Commission's Consumer Protection and Communications Section, the Washington State Office of the Attorney General, and the Federal Communications Commission (FCC). This report shall not include calls from customers with regard to general inquiries such as account balance, additional purchases, service availability or technical support. The Commission reserves the rights to revoke Budget's ETC designation if Budget fails to provide reasonable quality of service.

13. Budget shall cooperate with the Washington State Enhanced 911 Program (E911) and all Public Safety Answering Points on E911 issues and shall, upon request, designate a representative to serve as a member or alternate member of the Washington State E911 Advisory Committee or its Communications Sub-committee.
14. Budget shall comply with rules on cessation of business as specified in WAC 480-120-083.
  - a. Prior to cessation of business, Budget shall make arrangements with its underlying carriers to provide minutes already sold to customers under the same terms and conditions it has with the customers, or provide refunds to the existing customers.
  - b. Budget shall provide written notice to the following persons at least 30 days in advance of cessation of service:
    - i. The Commission;
    - ii. The state 911 program;
    - iii. Each of its customers;
    - iv. The national number administrator.
  - c. The notice to the Commission and the state 911 program must include the same information required by WAC 480-120-083(3).
  - d. The notice to the customers must include the same information required by WAC 480-120-083(4).
  - e. The notice to the national number administrator must include the same information required by WAC 480-120-083(7).
  - f. Budget shall file with the Commission at least 30 days in advance of its cessation of business and request the relinquishment of its ETC designation in Washington.
15. Budget shall collect and maintain necessary records and documentation to ensure its compliance with the applicable FCC and Commission requirements, including existing requirements and any future modifications. The records and documentation shall be provided to Commission Staff upon request.
16. Budget shall cooperate with Commission Staff on phone number conservation issues and shall comply with 47 C.F.R. § 52.

17. Budget shall comply with all applicable federal and Washington state statutes and regulations, including E911 tax contributions.
18. Budget shall file with the Commission of the results of any audits (including in-depth data validations) or investigations on the Company's Lifeline operation in any states or jurisdictions conducted by the FCC or USAC within 14 calendar days from the receipt of results. The Company must also notify the Commission of any ongoing investigation that has resulted in monetary or administrative penalty (e.g., suspension of Universal Service Fund reimbursement, suspension of Lifeline program operation) within 14 calendar days of the occurrence of such events. To the extent the Company deems the above information confidential, the Company may submit the notification on a confidential basis.