

Agenda Date: February 14, 2014
Item Number: A2

Docket: UT-111570
Company Name: Budget PrePay, Inc.

Staff: Jing Liu, Regulatory Analyst
Roger Hahn, Regulatory Analyst
William Weinman, Assistant Director - Telecommunications

Recommendation

Renew the designation of Budget PrePay, Inc. as an Eligible Telecommunications Carrier for the purpose of receiving Lifeline Support from the federal Universal Service Fund in service areas specified in Attachment 1 and subject to the modified conditions in Attachment 2.

I. Background

On July 25, 2013, Budget PrePay, Inc. (Budget or company) filed a petition with the Washington Utilities and Transportation Commission (UTC or commission) to renew designation as an Eligible Telecommunications Carrier (ETC) pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended (the Act), and WAC 480-123-030. Budget was designated as an ETC for the purpose of receiving Low Income Support from the federal Universal Service Fund on August 6, 2012. The commission granted the exemption from provisions of WAC 480-123-030(1)(d),(f) and (g), which requires the company to file a substantive investment plan, a digital map of wireless facilities and coverage, and a certification on back-up power capacities. The commission imposed 21 conditions on Budget's ETC designation to make sure that the designation will be consistent with public interest. Condition One provided that the designation is for an interim period of one year and the company needs to seek renewal of its ETC status before the end of one year.

Budget started its Lifeline operation in Washington in the fourth quarter of 2012. It offers multiple rate plans to Lifeline as well as non-Lifeline customers. It has approximately 11,000 Lifeline customers in Washington.

The company states that it has materially complied with all conditions in the Commission order and that the company's provision of Lifeline service in the state is in the public interest.¹

The commission has jurisdiction over ETC petitions. Section 214 (e) of the Act authorizes state regulatory commissions to designate a qualified common carrier as an ETC for the purpose of receiving federal Universal Service Fund.² By rule, WAC 480-123-040, the commission has the authority to approve petitions from carriers requesting ETC designation. The commission's authority to grant or deny petitions for ETC designation includes the authority to impose conditions.³

¹ ETC Renewal Petition, paragraph 5.

² 47 U.S.C. § 214(e)(2). See also 47 C.F.R. § 54.201(c).

³ *In the Matter of the Petition of TracFone Wireless, Inc. for Exemption from WAC 480-123-030(1)(d),(f) and (g); and Designation as an Eligible Telecommunications Carrier for the Purpose of Receiving Lifeline Support from the*

II. Discussion

Staff finds that Budget continues to qualify for ETC designation pursuant to 47 U.S.C. § 214(e)(2). It offer the services that are supported by federal universal service support mechanisms. It advertises the availability of such services and the charges using media of general distribution.

Budget complied with the new rules implemented by the FCC's 2012 Lifeline and Link Up Reform Order,⁴ primarily strengthening eligibility check and one-Lifeline-per-household policy, enforcing deactivation upon 60 consecutive days of non-usage, certifying all its Lifeline customers on an annual basis and providing results of annual recertification to the FCC and relevant state commissions. The company also abided by the conditions specified in the Commission's ETC designation order, including using federal Lifeline eligibility criteria, utilizing the online query database provided by the Washington State Department of Social and Health Services (DSHS) to establish majority of its Lifeline applicants' eligibility,⁵ submitting customer data to the DSHS at least annually for eligibility and duplicate check, and paying Washington State Enhanced 911 taxes.

Staff believes that Budget has met all the federal rules and state conditions to continue to be an ETC. As explained in YourTel America, Inc.'s (YourTel) ETC renewal memo,⁶ Staff proposes some modifications to the original condition list. The final condition list is nearly identical to that of YourTel's.⁷ Staff believes that monitoring and rule enforcement in the today's Lifeline market obviates the need for the commission's one-year interim condition.

III. Conclusion

Budget has complied with all federal and state statutes and rules on ETC designation as well as the conditions that the commission imposed in 2012. Staff believes renewal of its ETC designation is consistent with public interest. The company will continue to use federal Lifeline support to offer affordable wireless services to low-income households.

Staff recommends the commission issue an order to continue to grant the company the exemption from WAC 380-123-030(1)(d),(f) and (g) and renew the designation of Budget PrePay, Inc. as an Eligible Telecommunications Carrier for the purpose of receiving Lifeline support from the federal Universal Service Fund in service areas specified in Attachment 1 and subject to the modified conditions in Attachment 2.

Federal Universal Service Fund, Order 03 (June 24, 2010), UT-093012, ¶ 78.

⁴ *In the Matter of Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb 6, 2012) ("*Lifeline and Link Up Reform Order*").

⁵ The company uses the Department of Social and Health Services' online query system to verify Lifeline applicants who qualifies based on their participation in Medicaid, Supplemental Nutrition Assistance Program (formerly Food Stamps), Supplemental Security Income and Temporary Assistance for Needy Families. For applicants who want to qualify based on other federal programs or on the income criteria, the company reviews relevant proof documents.

⁶ UT-110423, Staff Memo (February 14, 2014).

⁷ Staff eliminated the first condition and part of the second condition for YourTel because they are not applicable to Budget.