



## COMMONWEALTH OF MASSACHUSETTS DEPARTMENT OF TELECOMMUNICATIONS AND CABLE

D.T.C. 13-1

July 9, 2013

Telrite Corporation d/b/a Life Wireless Application for Designation as an Eligible Telecommunications Carrier in the State of Massachusetts for the Limited Purpose of Offering Wireless Lifeline Service to Qualified Households (Low Income Only)

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### **FIRST SET OF INFORMATION REQUESTS BY THE DEPARTMENT OF TELECOMMUNICATIONS AND CABLE TO TELRITE CORPORATION**

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Cable (“Department”) submits to Telrite Corporation the following information requests.

#### Instructions

The following instructions apply to this set of information requests, and all subsequent requests issued by the Department in this proceeding.

1. Unless otherwise stated, each request should be answered in writing on a separate three-hole punch page including: the case docket number; a reference to the request number; the name of the person responsible for the answer; and a recitation of the request.
2. Do not wait for all answers to be completed before supplying answers. Provide answers as soon as they are completed.
3. The term “Telrite” means Telrite Corporation, its corporate predecessors, agents, officers, employees, and assigns.
4. The term “Petition” means *Telrite Corp. d/b/a Life Wireless Application for Designation as an Eligible Telecomms. Carrier in the State of Mass. for the Ltd. Purpose of Offering Wireless Lifeline Service to Qualified Households (Low Income Only)* filed with the Department on January 8, 2013.

5. The term “documentation” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, press releases, handwritten and/or typed notes, records, reports, bills, checks, articles from journals and/or other sources, legal filings, e-mails, SMS text messages, blog postings, RSS feeds, web pages, social media postings such as Facebook and Twitter, and/or other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. The terms “provide complete and detailed documentation” means: Provide all data, assumptions, and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports, and planning documents from which data, estimates, or assumptions were drawn, and support for how the data or assumptions were used in developing the projections or estimates.
7. The term “ETC” means eligible telecommunications carrier.
8. The term “FCC” means the Federal Communications Commission.
9. The term “USF” means the Universal Service Fund.
10. The term “USAC” means the Universal Service Administrative Company.
11. The term “certify” means to provide a sworn certification by the appropriate corporate officer.
12. The term “affiliate” is any individual, partnership, association, joint stock company, trust, corporation, or other entity who (or that), directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, Telrite.
13. The term “*Lifeline Reform Order*” refers to *In the Matter of Lifeline and Link Up Reform and Modernization, Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 11-42, FCC 12-11 (rel. Feb. 6, 2012).
14. The term “*Virgin Mobile ETC Order*” refers to *In re Application of Virgin Mobile USA, L.P.’s Petition for Ltd. Designation as an Eligible Telecomms. Carrier*, D.T.C. 10-11, *Order Approving Petition* (Sept. 9, 2011).
15. The term “*T-Mobile ETC Order*” refers to *T-Mobile NE LLC Petition for Ltd. Designation as an Eligible Telecomms. Carrier for Purposes of Low Income Support Only*, D.T.C. 12-4, *Order Approving Petition* (Aug. 30, 2012).
16. The term “*Stand Up ETC Order*” refers to *Petition of Global Connection Inc. of Am. d/b/a STAND UP WIRELESS for Designation as an Eligible Telecomms. Carrier*, D.T.C. 11-11, *Order Approving Petition* (Mar. 5, 2013).

17. The term “*Budget PrePay ETC Order*” refers to *Petition of Budget PrePay, Inc. for Ltd. Designation as a Lifeline-Only Eligible Telecomms. Carrier, D.T.C. 11-12, Order Approving Petition* (Mar. 5, 2013).
18. Requests shall be deemed continuing so as to require further supplemental responses if Telrite and/or its witnesses receive or generate additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
19. If any of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
20. Please serve a copy of the responses no later than 5:00 PM on **August 6, 2013** as follows: (a) one original to Catrice C. Williams, Secretary of the Department, and (b) one copy to all parties on the service list.

### REQUESTS

- D.T.C. 1-1 Provide a current list of all states where Telrite or any of its affiliates has been designated as an ETC. For each state, indicate whether the designation is limited, and if so how, including any specific requirements imposed on or volunteered by Telrite or its affiliates. Provide complete and detailed documentation of any such designation, limitation(s), and/or requirement(s). Also, describe the amendments made to the Oklahoma designation.
- D.T.C. 1-2 Provide a current list of all states where Telrite or any of its affiliates has a petition currently pending for ETC designation and describe the status of each petition. If any petition has been denied, provide a copy of the denial issued by the commission or government agency.
- D.T.C. 1-3 State whether the FCC, any state utilities commission, or any other government agency has, to date, rendered or entered a finding, criminal conviction (including plea agreements), or civil judgment (including money judgments) against Telrite, its executives, or managers, during the last ten years. Provide a copy of any such finding, conviction, plea agreement, or civil judgment entered against Telrite, its executives, or managers.
- D.T.C. 1-4 State whether Telrite or any of its affiliates presently offer, or have in the past offered service in Massachusetts. If so, describe the scope of such service, including geographic areas of operation, types of customers served, and total number of Massachusetts customers.
- D.T.C. 1-5 Identify any and all ongoing litigation that affects or may affect the services offered or intended to be offered by Telrite in Massachusetts. Provide a copy of all judicial filings made in relation to such litigation.

- D.T.C. 1-6 State whether Telrite is subject to any outstanding tax liabilities, late payments, or other liabilities due and owing to the Commonwealth of Massachusetts or any government and/or quasi-public entities in any other jurisdictions. If so, provide complete and detailed documentation identifying the amounts owed and explaining the reasons for such arrears.
- D.T.C. 1-7 Provide a Certificate of Good Standing from Telrite’s state of incorporation.
- D.T.C. 1-8 State the length of time that Telrite has been in business, and the length of time that it has been providing Lifeline wireless service and non-Lifeline wireless service.
- D.T.C. 1-9 Indicate all services which Telrite offers to non-Lifeline subscribers.
- D.T.C. 1-10 At page 7 of its Petition, Telrite states that it “has the financial and technical capability to provide lifeline service” and that “the wireline services offered by Telrite produced substantial net income.” With respect to these wireline services:
- a. Provide complete and detailed documentation about finances and operations including but not limited to the number of customers served, the number of wire centers, revenues, profitability; and
  - b. Provide Telrite’s performance measured by wireline service quality metrics including but not limited to trouble reports per hundred lines, troubles cleared within 24 hours, and average time for resolution of trouble reports.
- D.T.C. 1-11 Provide complete and detailed documentation on the technical capability of Telrite to provide Lifeline services in Massachusetts, including a list of employees, their qualifications, and their previous experience in the telecommunications industry.
- D.T.C. 1-12 Provide the following for each of the last five years:
- a. Profit and loss statements;
  - b. Balance sheets; and
  - c. Statement of cash flows.
- D.T.C. 1-13 Provide financial projections for Telrite’s Lifeline service business models both nationally and specifically for Massachusetts for the next three years. These projections should include costs, revenues, and profits from providing Lifeline service.
- D.T.C. 1-14 State how long it will take Telrite to offer Lifeline service in Massachusetts from the date of approval, if the Petition is granted by the Department.

- D.T.C. 1-15 Pursuant to Rule 47 C.F.R. § 54.202(a)(3), describe in narrative form Telrite’s ability to satisfy applicable consumer protection and service quality standards set forth in the Department’s *Rules & Practices Relating to Telephone Service to Residential Customers* (D.P.U. 18448 (1977)).
- D.T.C. 1-16 Describe in narrative form the types of complaints Telrite receives from Lifeline subscribers in other jurisdictions where it operates as an ETC and the company’s procedures to handle each of these complaints.
- D.T.C. 1-17 At page 18 of its Petition, Telrite states it “will offer qualified consumers their choice of one of three Lifeline Service Plans.” At page 19 of its Petition, Telrite describes only two Lifeline plans with options of 125 or 250 anytime prepaid minutes per month at no charge and seven additional bundles of minutes called “top-up” minutes. With respect to these offerings, state:
- a. The number of Lifeline service plans Telrite plans on offering in Massachusetts;
  - b. Whether the top-up minutes are available for purchase to non-Lifeline subscribers;
  - c. Whether data services are included in any of the Lifeline plans or top-up minutes and if so, describe the data option with specificity, and indicate the source of support; and
  - d. Whether text messages from Telrite to its Lifeline subscribers will count against the allotted amount of text messages.
- D.T.C. 1-18 Referring to Telrite’s “Unlimited Talk and SMS” in certain of its “top-up” plans, at paragraph 6 of Telrite’s terms of service submitted as Exhibit F, the company states that “unlimited does not mean unreasonable use” and that subscriber use in excess of 750 minutes per month for conference calling or call forwarding may result in termination or limits on service. With respect to these terms, state whether:
- a. “[L]ive dialogue between two individuals” exclusive of conference calling or call forwarding counts towards the aforementioned 750 minutes;
  - b. Telrite still refers to such “top-up” plans as “unlimited” after terminating or limiting the service; and
  - c. Telrite has received consumer complaints regarding such termination or limitation, including the number of complaints, and how Telrite handles such complaints.

- D.T.C. 1-19 Provide the terms and conditions of all warranties and refund policies applicable to handsets provided or sold to Lifeline subscribers.
- D.T.C. 1-20 State whether Telrite will impose an activation fee, change fee, early termination fee, or any other service fee for any of its Lifeline services. Provide a detailed description of any such fee(s) and explain whether the same or similar fee is imposed on non-Lifeline subscribers.
- D.T.C. 1-21 State whether Telrite's Lifeline subscribers incur roaming charges. If so:
- a. State whether Lifeline subscribers will be notified before they incur roaming charges, and whether they can terminate the call before incurring such roaming charges;
  - b. Describe in narrative form how roaming charges will apply to Telrite's Massachusetts Lifeline subscribers; and
  - c. State whether additional charges will be incurred for 911 calls made while roaming.
- D.T.C. 1-22 State whether Telrite's Lifeline subscribers in Massachusetts will have free access to any web-based account management tools.
- D.T.C. 1-23 At page 9 of its Petition, Telrite states that it will not provide toll limitation service. Indicate whether Telrite has any mechanisms in place to restrict Lifeline subscribers from making international toll calls and if so, describe the mechanisms.
- D.T.C. 1-24 Provide a list of countries that Lifeline subscribers can make calls to and the rate per minute for each of these countries.
- D.T.C. 1-25 Describe in narrative form how Telrite provides directory assistance and operator services to its Lifeline subscribers.
- D.T.C. 1-26 Certify that Telrite will:
- a. Provide its Lifeline subscribers with 911 and E911 access regardless of activation status and availability of minutes;
  - b. Provide E911 compliant handsets; and
  - c. Replace, at no additional charge to Lifeline subscribers, handsets that are not in compliance with E911.

- D.T.C. 1-27 Certify that Telrite will agree to abide by the statements in its Compliance Plan (dated December 19, 2012) in Massachusetts.
- D.T.C. 1-28 At page 8 of its Compliance Plan, Telrite states it “will not enroll customers at retail locations where Telrite does not have an agency agreement with the retailer” and that it “will require an agent retailer to have any employees involved in the enrollment process go through the standard Telrite field representative training.” With respect to these statements:
- a. Provide the total number of retail locations that Telrite will have in Massachusetts and the number of retail locations that Telrite will have an agency relationship with;
  - b. Identify by name the retail locations in Massachusetts where potential Lifeline subscribers can enroll for Telrite’s Lifeline service;
  - c. Provide a copy of Telrite’s standard agency agreement; and
  - d. Describe in narrative form any oversight or auditing Telrite conducts to ensure that agent retailers are complying with the requirements of the *Lifeline Reform Order*.
- D.T.C. 1-29 At page 16 of its Compliance Plan, Telrite states that its Compliance Department conducts data audits, secret shopping, no-notice field audits, and photo audits to discover potential waste, fraud, and abuse. Detail the manner and frequency of each of these actions.
- D.T.C. 1-30 Provide copies of the training materials referenced at pages 15 and 16 of Telrite’s Compliance Plan.
- D.T.C. 1-31 At page 12 of its Petition, Telrite states that it will “advertise the availability of its services throughout its Service Area using media of general distribution” and that it “targets its advertising”:
- a. Identify by name each media outlet in Massachusetts that Telrite plans to use to advertise its Lifeline services and charges;
  - b. Provide copies of marketing materials Telrite plans to use in Massachusetts; and
  - c. Describe in detail Telrite’s outreach plans for Massachusetts and clarify how Telrite “targets its advertising.”

- D.T.C. 1-32 Certify that Telrite will comply with the procedures and requirements in the *Lifeline Reform Order* regarding:
- a. Screening applicants using the National Lifeline Accountability Database to be established as set forth in 47 C.F.R. §§ 54.404(b)(1)-(10);
  - b. The carrier's obligations to offer Lifeline, including de-enrollment requirements, established in 47 C.F.R. §§ 54.405(a)-(e)(1)-(4);
  - c. The subscriber eligibility determination and certification requirements established in 47 C.F.R. §§ 54.410(a)-(g) to the extent applicable;
  - d. Annual certifications required by ETCs established in 47 C.F.R. §§ 54.416(a), (b);
  - e. Record keeping requirements established in 47 C.F.R. § 54.417;
  - f. Audit requirements, to the extent applicable, established in 47 C.F.R. § 54.420; and
  - g. Annual reporting requirements established in 47 C.F.R. § 54.422.
- D.T.C. 1-33 Certify that Telrite will comply with the applicable requirements established by the Department in the *Virgin Mobile ETC Order*, *T-Mobile ETC Order*, *Stand Up ETC Order*, and *Budget PrePay ETC Order*.
- D.T.C. 1-34 As outlined in the *Stand Up ETC Order*, certify that Telrite will:
- a. Provide quarterly reporting to the Department of subscriber accounts terminated for inactivity;
  - b. Provide quarterly reporting of Lifeline subscribers' complaints to the Department regarding Telrite's Lifeline service and participate in dispute resolution by the Department's Consumer Division;
  - c. Include notice of the Department's dispute resolution procedures for Lifeline-related issues at the point of sale and via Telrite's customer service call centers;
  - d. Provide reporting to the Department of USF support received for Massachusetts Lifeline subscribers;
  - e. File with the Department, within 60 days of the approval of its Petition, its terms and conditions of service, applicable to qualifying Lifeline subscribers;

- f. Notify the Department of any changes to the rates, terms, or conditions of its Lifeline service that clearly benefit Lifeline subscribers (e.g., the *only* change is additional minutes or reduced cost);
- g. Give the Department 30 days advance notice of any changes to the rates, terms, or conditions of its Lifeline service that do not clearly and solely benefit all of its Massachusetts Lifeline subscribers;
- h. Include the Department's contact information for consumer complaints on its Lifeline application, Lifeline subscriber receipts if applicable, Lifeline terms and conditions, and marketing materials for Lifeline service;
- i. Provide Public Safety Answering Points self-certification to the Department; and
- j. Provide annually the certification of an officer of Telrite that it (1) has policies and procedures in place to review Lifeline subscribers' documentation of income and program-based eligibility; (2) is in compliance with all federal Lifeline certification procedures; and (3) has obtained a valid certification form for each Lifeline subscriber for whom the carrier seeks Lifeline reimbursement.

D.T.C. 1-35 State whether Telrite intends to draw more than \$5 million in Lifeline support annually. If yes, state whether Telrite has selected an independent auditor to assess its compliance with program requirements set forth in Rule 47 C.F.R. § 54.420 and provide the name of the auditor.

D.T.C. 1-36 State whether Telrite plans to confirm if potential Lifeline subscribers are already enrolled in Lifeline through another ETC which does not utilize CGM, and if so, explain how it plans to do so.

D.T.C. 1-37 Provide the results of all audits performed by CGM on Telrite during the last five years.

D.T.C. 1-38 Provide sample certification and annual verification (or re-certification) forms to be used by Telrite in Massachusetts that satisfy 47 C.F.R. §§ 54.410(d), (f).

D.T.C. 1-39 Provide a copy of the resale contract Telrite has with its underlying facilities-based carrier(s) and provide:

- a. The tenure of the contractual relationship;
- b. All options for renewal of the contract, if applicable; and
- c. All events that may result in the termination of the contract by either Telrite or the underlying facilities-based carrier(s).

- D.T.C. 1-40 At page 13 of its Petition, Telrite states that if it is designated as a wireless ETC, it “will provide service throughout its Service Area through a combination of its own facilities and the resale of services.” Describe in narrative form the facilities to which Telrite is referring.
- D.T.C. 1-41 Describe in narrative form Telrite’s ownership structure and include a list of all shareholders and their ownership stake in the company.
- D.T.C. 1-42 Explain in detail how Telrite’s proposed Lifeline plans for Massachusetts provide unique advantages as compared to the Lifeline offerings from the following ETCs:
- a. Verizon, the incumbent provider;
  - b. Tracfone d/b/a Safelink (<https://www.safelinkwireless.com/>);
  - c. Virgin Mobile d/b/a Assurance Wireless ([www.assurancewireless.com/](http://www.assurancewireless.com/));
  - d. T-Mobile d/b/a InReach ([www.t-mobile.com/lifeline](http://www.t-mobile.com/lifeline));
  - e. Global Connection Inc. of America d/b/a Stand Up Wireless (*Stand Up ETC Order* at 7-9);
  - f. Budget PrePay, Inc. (*Budget PrePay ETC Order* at 7-8).

D.T.C. 1-43 At page 15 of the Petition, Telrite states:

In addition, the inclusion of domestic telephone toll calling as a part of Telrite’s flat-rate wireless offering allows consumers to avoid the risks of becoming burdened with significant and unexpected per-minute charges for domestic telephone toll and overage charges. These per-minute overruns form the basis of a substantial number of consumer complaints to state and federal regulators.

Provide documentation to support these statements.

- D.T.C. 1-44 At page 24 of its Compliance Plan, Telrite states that it recently entered into a consent decree with the Enforcement Bureau of the FCC relating to an investigation initiated in 2004. With respect to this consent decree:
- a. Provide a copy of the document referenced in footnote 22 entitled “Telrite Corporation’s Statement Seeking Reduction of Proposed Forfeiture”;
  - b. Provide a copy of all filed compliance reports referenced in paragraph 16 including reports that were to be issued 90 calendar days after the effective date and 12 months after the effective date;

- c. State the amount that Telrite paid to USAC for failing to pay USF contributions, Telecommunications Relay Services Fund contributions, numbering administration contributions, local number portability contributions, and regulatory fees, and for filing inaccurate Telecommunications Reporting Worksheets; and
- d. State whether Telrite has paid the \$525,000 voluntary contribution to the United States Treasury referenced in paragraph 18.