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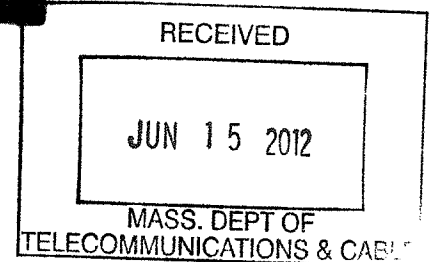
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June 14, 2012

VIA FEDERAL EXPRESS

Ms. Catrice C. Williams
Secretary, Department of Telecommunications and Cable
1000 Washington Street, Suite 820
Boston, MA 02118-6500

ORIGINAL



**RE: Petition of Budget PrePay, Inc. for Designation as a Lifeline-Only Eligible
Telecommunications Carrier in Massachusetts**

Dear Ms. Williams:

On behalf of Budget PrePay, Inc., enclosed are an original and three copies of a verified Petition for Designation as a Lifeline-Only Eligible Telecommunications Carrier in Massachusetts. Pursuant to the "Order of Dismissal Without Prejudice" issued by the Department of Telecommunications and Cable on March 1, 2012 in Docket No. D.T.C. 11-12, Budget PrePay is permitted to re-file its Petition without the required filing fee.

We are also enclosing one additional copy of the Petition; please date-stamp this copy and return it in the enclosed self-addressed stamped envelope.

Respectfully submitted,

Robert S. Koppel

Todd B. Lantor (MA BBO #633715)
Robert S. Koppel

Enclosures

cc: Sean Carroll (w/ enclosures)

**Before the
COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE**

In the Matter of)
)
Budget PrePay, Inc.) Docket No. _____
)
Petition for Limited Designation as a)
Lifeline-Only Eligible Telecommunications)
Carrier in Massachusetts)

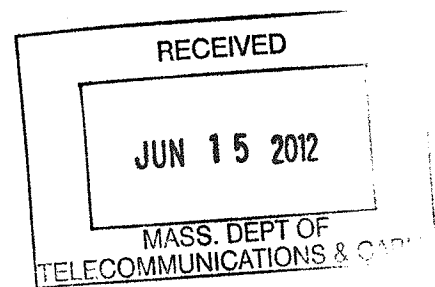
**PETITION OF BUDGET PREPAY, INC.
FOR LIMITED DESIGNATION AS A LIFELINE-ONLY ELIGIBLE
TELECOMMUNICATIONS CARRIER IN MASSACHUSETTS**

Todd B. Lantor (MA BBO #633715)
Brooks E. Harlow
Robert S. Koppel

LUKAS, NACE, GUTIERREZ & SACHS, LLP
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McLean, Virginia 22102
(703) 584-8678

Counsel for Budget PrePay, Inc.

June 14, 2012



**Before the
COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE**

In the Matter of)
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Budget PrePay, Inc.) Docket No. _____
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Petition for Limited Designation as a)
Lifeline-Only Eligible Telecommunications)
Carrier in Massachusetts)

**PETITION OF BUDGET PREPAY, INC.
FOR LIMITED DESIGNATION AS A LIFELINE-ONLY ELIGIBLE
TELECOMMUNICATIONS CARRIER IN MASSACHUSETTS**

Budget PrePay, Inc. (“Budget PrePay” or “Company”) respectfully submits this Petition for Designation as a Lifeline-Only Eligible Telecommunications Carrier (“ETC”) pursuant to Section 214(e)(6) of the Communications Act of 1934, as amended (the “Act”),¹ and Federal Communications Commission (“FCC” or “Commission”) Rules, 47 C.F.R. §§ 54.101 *et seq.* (the “FCC Rules”).² Budget PrePay seeks designation as a competitive ETC throughout the Commonwealth of Massachusetts solely for the limited purpose of receiving federal support for the provision of prepaid wireless Lifeline service to eligible low-income Massachusetts residents.³

As demonstrated herein, Budget PrePay meets all of the statutory and regulatory requirements for ETC designation under Section 214(e) of the Act. In addition, consumers

¹ 47 U.S.C. § 214(e)(6).

² 47 C.F.R. § 54.201 *et seq.*

³ Budget PrePay initially filed a Petition for Limited Designation as an ETC in Massachusetts on September 16, 2011 (Docket No. D.T.C. 11 - 12). On December 2, 2011, Budget PrePay filed its Response to the “First Set of Information Requests” propounded by the Department of Telecommunications and Cable (“Department” or “DTC”). On March 1, 2012, the Department issued an “Order of Dismissal Without Prejudice,” stating in relevant part that Budget PrePay is permitted to re-file its Petition after FCC approval of Budget PrePay’s Compliance Plan.

qualifying for the Lifeline discounts offered by Budget PrePay will receive the benefits of mobility, as well as the high-quality and high-value services offered by Budget PrePay at a substantially discounted price. Designating Budget PrePay as an ETC will serve the public interest generally and the needs of low-income customers in Massachusetts in particular.

The FCC recently determined that it would grant blanket forbearance from the “own facilities” requirement of Section 214(e)(1)(A) of the Communications Act to Lifeline-only applications that comply with the conditions set forth in the *Lifeline Reform Order*.⁴ Specifically, carriers seeking forbearance must submit and obtain FCC approval of a comprehensive Compliance Plan.⁵ A copy of Budget PrePay’s FCC-approved Compliance Plan is attached hereto as Attachment 1. The Commission approved Budget PrePay’s Compliance Plan and granted Budget PrePay forbearance from the “own facilities” requirement on May 25, 2012.⁶ Budget PrePay will comply with all aspects of its Compliance Plan in providing Lifeline service in Massachusetts.

Accordingly, Budget PrePay respectfully requests that the Department of Telecommunications and Cable (“Department” or “DTC”) grant this Petition expeditiously so that qualified Massachusetts residents can benefit from the high-quality and high-value services that the Company plans to offer.

⁴ *In the Matter of Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“*Lifeline Reform Order*”) at ¶ 368.

⁵ See *Lifeline Reform Order* at ¶ 368. See Budget PrePay, Inc. Compliance Plan, WC Docket Nos. 09-197 and 11-42 (filed May 1, 2012).

⁶ FCC Public Notice, WC Docket Nos. 09-197 and 11-42, DA 12-828 (rel. May 25, 2012) (see Attachment 2).

I. BACKGROUND

A. Company Overview

Budget PrePay, based in Bossier City, Louisiana, has been in business since 1996.⁷ The Company provides both wireline and wireless services. For its wireless services, the Company resells the services of Sprint and Verizon Wireless. The Company has been designated as an ETC for wireless services in the states of Arkansas, Kentucky, Louisiana, Maryland, Rhode Island, Wisconsin and Nevada, and is currently offering, or will begin offering, Lifeline service in each of these states.⁸ Budget PrePay operates its wireless business under the name Budget Mobile, and operates its wireline business under the name Budget Phone. Further information about the Company is set forth in Section II.C below (Financial and Technical Qualifications).

B. The DTC has Jurisdiction to Designate Budget PrePay as an ETC

The DTC has the requisite authority to perform the limited ETC designation requested herein. Pursuant to the provisions of Section 214(e)(2) of the Act, state commissions have primary responsibility for the designation of eligible telecommunications carriers.⁹ Specifically, Section 214(e)(2) provides that a State commission “shall ... upon request designate a common carrier that meets the requirements of paragraph 1 [of Section 214(e)] as an eligible telecommunications carrier for a service designated by the State commission.”¹⁰

⁷ Budget PrePay was organized and incorporated in the State of Louisiana on May 1, 1996.

⁸ Budget PrePay also has been designated as an ETC for wireline services in Tennessee, Oklahoma, Alabama, Florida, Nebraska, Maryland, Louisiana, Mississippi, Arkansas, Kentucky, Michigan, Missouri, North Carolina, and South Carolina. The Company does not seek ETC designation for its wireline services in this Petition.

⁹ 47 U.S.C. §214(e)(2).

¹⁰ *Id.*

C. Budget PrePay's Lifeline Service Offerings

The details of Budget PrePay's current Lifeline offerings are set forth in Exhibit 3 to its Compliance Plan (attached hereto), and reflect the new federal Lifeline subsidy support amounts that will soon be made available to qualified ETCs.¹¹

All of Budget PrePay's Lifeline plans will include a free handset and the following custom calling features: Caller ID, Call Waiting, and Voicemail. Budget PrePay does not impose credit checks or long-term service contracts on its prepaid customers. Customers are not bound by a local calling area requirement. All Budget PrePay plans come with domestic long distance at no extra per minute charge. There are no roaming charges. Customers can purchase extra minutes at retail outlets in Budget PrePay's service area, by telephone, and online. Additional minutes will be loaded electronically. Calls to 911 emergency services are always free, regardless of service activation or availability of minutes.

II. BUDGET PREPAY SATISFIES THE STATUTORY AND REGULATORY REQUIREMENTS TO BE DESIGNATED AS A LIFELINE-ONLY ETC

A. Budget PrePay Offers the Services and Functionalities Supported by the Federal Low-Income Universal Service Program [47 C.F.R. § 54.201(d)]

In its *Lifeline Reform Order* the FCC revised 47 C.F.R. § 54.101 to read as follows:

§ 54.101. Supported Services for rural, insular and high cost areas.

- (a) Services designated for support. Voice telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911 systems ...; and toll limitation services to qualifying low-income consumers as described in subpart E of this part.

Budget PrePay provides each of the services supported by federal universal service support mechanisms, as set forth in Sections 54.101 *et seq.* of the FCC's new rules, and will offer these

¹¹ See *Lifeline Reform Order* at ¶ 58 (setting a flat interim rate of \$9.25 per line per month).

supported services throughout the Commonwealth of Massachusetts upon designation as an ETC, as follows:

Voice Grade Access. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent. “Voice grade access” permits a telecommunications user to transmit voice communications, including signaling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal that there is an incoming call. Budget PrePay will provide its customers with “voice grade access” by enabling such customers to make and receive calls on the public switched telephone network.

Minutes of Use for Local Service at No Additional Charge. Budget PrePay will provide its Lifeline customers with minutes of use for local service at no additional charge. Each of the Lifeline plans to be offered by Budget PrePay will provide local usage at no additional charge to customers.

Access to Emergency Services. Budget PrePay will provide access to emergency services in conformance with the FCC’s requirements. All of the phones that Budget PrePay will distribute to subscribers will be capable of delivering automatic numbering information (“ANI”) and automatic location information (“ALI”), and otherwise satisfy applicable enhanced-911 requirements.

Toll Limitation. Budget PrePay will provide toll limitation services at no cost to qualifying low-income customers.

B. Scope of Budget PrePay’s ETC Designation Request

Budget PrePay seeks ETC designation only for the limited purpose of receiving Lifeline support. The Company requests ETC designation statewide. Budget PrePay understands that its proposed service area overlaps with certain rural carriers in Massachusetts, but maintains that the

public interest factors described herein justify its designation in these carriers' service areas, especially because it only seeks ETC designation for the purpose of participating in the Lifeline program. Budget PrePay's authorized service area covers the service territories of the following non-rural and rural telephone companies:

Verizon New England, Inc. (Non-Rural)
Granby Telephone and Telegraph Company, Inc. of Massachusetts (Rural)
Richmond Telephone Company (Rural)
Taconic Telephone Cooperative (Rural)

C. Financial and Technical Qualifications

As part of the *Lifeline Reform Order*, the FCC amended its rules to require a carrier seeking designation as a Lifeline-only ETC to demonstrate that it is financially and technically capable of providing the supported Lifeline service in compliance with all of the low-income program rules.¹² Budget PrePay satisfies these criteria.

Budget PrePay, based in Bossier City, Louisiana, has been in business since 1996. Budget PrePay currently derives the majority of its revenue from selling low-cost prepaid telephone services on a nationwide basis to tens of thousands of customers and employs approximately 340 people nationally. Budget PrePay owns and operates its own switching facilities in Dallas, Texas and Shreveport, Louisiana. In addition, Budget PrePay has invested millions of dollars in software development, including its own customized, user friendly point-of-sale software.

Budget PrePay has not been subject to any enforcement action at the FCC or in any state. No ETC designations held by Budget PrePay have been rescinded, revoked or terminated by the FCC or by any state.

¹² See *Lifeline Reform Order* at ¶ 387.

D. Description of Budget PrePay’s Lifeline Service Offering.

Budget PrePay’s Lifeline offerings are described in detail in Exhibit 3 to the attached Compliance Plan.

III. BUDGET PREPAY SATISFIES THE STATUTORY AND REGULATORY PREREQUISITES FOR DESIGNATION AS AN ETC.

Budget PrePay satisfies each of the statutory and regulatory prerequisites set forth in the Act and the FCC’s rules:

A. Budget PrePay Is a Common Carrier.

Section 3(10) of the Act, 47 U.S.C. § 153(10), defines a common carrier as “any person engaged as a common carrier for hire, in interstate or foreign communications by wire or radio...” Budget PrePay meets the definition of a person, offers interstate communications by radio, and is a common carrier for hire.

B. Budget PrePay Will Provide the Supported Services Through Resale.

Budget PrePay operates as a reseller for the supported services, purchasing them on a wholesale basis from Sprint and Verizon Wireless, both of which are national service providers.

C. Functionalities

In addition to those requirements set forth in Section 54.201 of the FCC’s Rules, Budget PrePay will satisfy other ETC requirements adopted by the FCC, as applicable. In particular:

1. *Satisfaction of Applicable Consumer Protection and Service Quality Standards [47 C.F.R. § 54.202(a)(3)].* Budget PrePay will comply with all applicable state and federal consumer protection and service quality standards. Further, as set forth in its Compliance Plan, Budget PrePay will abide by CTIA’s Consumer Code for Wireless Service (“CTIA Code”). In particular, Budget PrePay will use its best efforts to resolve any complaint received by the FCC

or the PUC and designates the following contact person to resolve any complaints or other compliance matters:

Robin Enkey
Compliance Manager
Budget PrePay, Inc.
1325 Barksdale Blvd.
Bossier City, Louisiana 71111
E-mail: robine@budgetprepay.com

2. *Ability to Remain Functional in Emergency Situations [Section 54.202(a)(2)].*

Budget PrePay has the ability to remain functional in emergency situations. Budget PrePay has geographically located its switching infrastructure in two locations. This network design is in an effort to eliminate a single isolated power incident from affecting traffic on Budget's network. All facilities are equipped with both AC and DC battery backup as well as generators. All critical equipment is also supplied with 2 separate power sources (or primary and redundant power feeds).

Budget PrePay maintains multiple paths to reach its network. This is accomplished by using multiple IP transit providers for all IP connectivity and an N+1 configuration for all TDM connectivity. Once the origination traffic reaches the Budget network all elements are setup with the same N+1 configuration. The configuration allows each element a primary and redundant path to terminate the traffic without service interruption. In the event the main element fails or that element reaches maximum capacity Budget PrePay has designed the network to advance the traffic to 1 of 3 other elements in the same N+1 configuration that is listed above.

Budget PrePay has built the voice network to be self-sustaining in the event of a failure. The switching infrastructure will advance to the next termination carrier in route in the event of a failure on any termination carrier's route.

Budget PrePay has redundant, geographically separated call centers with the capability to route incoming calls as needed, and additional data processing capacity at each of its three data centers that can accommodate extra workload as needed in the event of a systems outage. With daily GFS backups, monthly offsite tape backup, and a tertiary optical backup of critical SQL databases, data can be quickly restored in the event of a key systems failure. Budget PrePay maintains 24x7x365 support agreements on all key systems, with four hour maximum response time specified where possible, so that technical support is always available.

In the event of a service impacting event, an initial investigation and impact analysis should determine whether the affected services can be restored within the timeframe of the MTO (Maximum Tolerable Outage). If it is uncertain that services can be restored within the MTO, a disaster is declared and a detailed incident investigation ensues. Based upon the results Budget PrePay will either correct the affected service(s) or invoke disaster recovery activities, such as routing all calls to the alternate call center and rerouting data and/or voice traffic to servers and equipment in the unaffected data centers while the affected service is restored.

Budget PrePay's underlying wireless providers, Sprint and Verizon Wireless, have indicated that they implement best practices in business continuity and have very robust emergency response and disaster recovery capabilities which enable quick restoration of impacted services following a disaster and mitigate congestion risks through traffic management algorithms to handle the overload surges in traffic. In addition, both Sprint and Verizon Wireless are ETCs and have certified to the FCC that they are both able to function in emergency situations in accordance with 47 C.F.R. 54.202(a)(2).¹³

¹³ See e.g., Sprint Nextel Corporation Verified Filing in Compliance with 47 C.F.R. § 54.209, CC Docket No. 96-45, at 6 (filed Oct. 1, 2010); see also Alltel Communications, LLC d/b/a Verizon Wireless 2010 Eligible Telecommunications Carrier Certification and Annual Report for the State of Georgia, pursuant to 47 U.S.C. § 254(e), 47 C.F.R. §§ 54.313, 54.314, 54.202(a) and 54.209(b), WC Docket No. 09-197, at 8-9 (filed Sept. 30, 2010).

3. ***Lifeline Certification and Verification [47 C.F.R. § 54.410]***. Budget PrePay will certify and verify consumer eligibility to participate in the Lifeline program in accordance with its Compliance Plan and all applicable FCC and/or DTC rules.

D. Budget PrePay Will Advertise the Availability of and Charges for Its Universal Service Qualifying Offerings [47 C.F.R. § 54.201(d)(2)].

Budget PrePay will advertise the availability of the supported services detailed above, and the corresponding rates and charges in a manner designed to inform the general public within Massachusetts. This advertising will occur through a combination of media channels, such as television and radio, newspaper, magazine and other print advertisements, outdoor advertising, direct marketing, and the Internet. The Company's advertising will be targeted to low-income consumers.

IV. BUDGET PREPAY SATISFIES THE MASSACHUSETTS-SPECIFIC REQUIREMENTS FOR ETC DESIGNATION

Budget PrePay will satisfy all Massachusetts-specific ETC requirements. In particular, Budget PrePay will conduct an annual audit of a random and statistically valid sample of its customers to verify subscriber eligibility and submit a report of its results to the Department.¹⁴ This audit will include: a detailed report of each audited subscriber listed by subscriber identification number; a classification of each subscriber's reason for de-enrollment, if applicable; the initial enrollment method for each subscriber; and the annual self-certification and verification information described in the previous section.

¹⁴ See *TracFone Wireless, Inc., Annual Verification of SafeLink Wireless Lifeline Subscribers*, D.T.C. 09-9 Order at 16 (June 30, 2010); See *TracFone Wireless, Inc., Annual Verification of SafeLink Wireless Lifeline Subscribers*, D.T.C. 10-6 Order at 4 (Oct. 19, 2010). Budget PrePay notes that the FCC's *Lifeline Reform Order* sets forth extensive new audit requirements. To the extent that the DTC determines that the FCC's new audit requirements supersede the DTC requirements, Budget PrePay will comply with the FCC's requirements.

In addition, Budget PrePay agrees to provide the Department with supplemental information that permits the Department to monitor Budget PrePay's Lifeline service.

Specifically, Budget PrePay agrees to:

1. Provide quarterly reporting to the Department of customer accounts terminated for inactivity;¹⁵
2. Provide reporting of consumer complaints to the Department regarding its Lifeline service and participate in dispute resolution by the Department's Consumer Division;
3. Provide reporting to the Department of USF support received for its Massachusetts customers;
4. File with the Department, within 60 days of the approval of its Petition, its terms and conditions of service, applicable to qualifying Lifeline service customers. Further, Budget PrePay shall have an ongoing obligation to notify the Department of any future changes to its rates, terms, or conditions;
5. Include the Department's contact information for consumer complaints in its marketing materials for its Lifeline service; and
6. Provide Public Safety Answering points (PSAP) self-certification to the Department.

V. DESIGNATING BUDGET PREPAY AS A COMPETITIVE ETC FOR LIFELINE-ONLY SERVICES WILL SERVE THE PUBLIC INTEREST

One of the principal goals of the Act, as amended by the Telecommunications Act of 1996, is "to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies" to all

¹⁵ Budget PrePay notes that the FCC's *Lifeline Reform Order* sets forth extensive new certification, verification and reporting requirements. To the extent that the DTC determines that these new FCC requirements supersede the DTC requirement to provide quarterly reports of customer accounts terminated for inactivity, Budget PrePay will comply with the FCC's requirements.

citizens, regardless of geographic location or income.¹⁶ The primary purpose of universal service is to ensure that consumers—especially low-income consumers— receive affordable and comparable telecommunications services. A 2008 study has found such services to be a vital economic resource for low-income consumers that leads to improved wage levels and personal safety.¹⁷ Given this context, designating Budget PrePay as an ETC would serve the public interest generally, and the needs of low-income customers in Massachusetts in particular.

The public interest benefits associated with the Company's wireless service include nationwide calling areas (as compared to traditional wireline carriers' local calling areas) and the convenience and personal security afforded by mobile telephone service. Wireless service greatly benefits consumers who routinely drive long distances to attend work or school or to accomplish everyday tasks such as shopping or attending community and social events.

Budget PrePay will offer a unique pre-paid option that is designed to provide consumers who, due to credit or deposit requirements, may not be able to obtain the safety and convenience of telephone service from traditional providers, and Budget PrePay customers are never obligated to pay for a period of service that exceeds 30 days. Because Budget PrePay's service is provided with no credit check, deposit requirement, minimum service periods, or early termination fees, the service will be an attractive and affordable alternative to qualified low-income consumers without regard to age, residency or creditworthiness. Unlike many wireless providers, one of Budget PrePay's service offerings is a high-value wireless service that includes nearly unlimited local and domestic long distance calling and text messaging, caller ID, call

¹⁶ Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56.

¹⁷ See Nicholas P, Sullivan, "Cell Phones Provide Significant Economic Gains for Low-Income American Households: A Review of Literature and Data from Two New Surveys," April 2008, accessed at http://www.newmillenniumresearch.org/archive/Sullivan_Report_032608.pdf.

waiting and voicemail, all without any of the credit check, deposit and contract requirements imposed by the more traditional wireline and wireless service providers.

Because of these benefits, Budget PrePay expects that many eligible consumers will select its wireless Lifeline service in lieu of the more traditional wireline or wireless services available from competing providers. Budget PrePay will fulfill a critical role in the marketplace by ensuring that many Americans who cannot qualify for, or afford, the services provided by other wireless providers can still enjoy the benefits of wireless telecommunications.

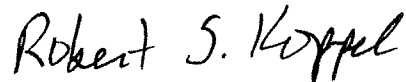
Designation of Budget PrePay as an ETC would also promote competition. Budget PrePay will bring the same entrepreneurial spirit that has reinvigorated the wireless industry to the Lifeline market in Massachusetts, helping to redefine the wireless experience for many low-income consumers in the state. Other carriers, therefore, will have the incentive to improve their existing service offerings and tailor their service plans to offer service terms and features appealing to low-income customers.

Budget PrePay has emphasized customer service as a pillar of its marketplace success since service launch. The Company's business model includes brick and mortar stores in low-income communities to best serve Lifeline customers. Upon designation as an ETC by the DTC, the Company intends to follow the same business model in Massachusetts. As a result, in addition to bringing new service options to eligible Massachusetts residents, Budget PrePay's designation will also mean new job opportunities for Massachusetts residents.

VI. CONCLUSION

Based on the foregoing, Budget PrePay has demonstrated its eligibility for designation as a Lifeline-only ETC. Accordingly, Budget PrePay respectfully requests that the DTC grant this Petition expeditiously.

Respectfully submitted,



Todd B. Lantor (MA BBO #633715)
Brooks E. Harlow
Robert S. Koppel

LUKAS, NACE, GUTIERREZ & SACHS, LLP
8300 Greensboro Drive, Suite 1200
McLean, Virginia 22102
(703) 584-8678

Counsel for Budget PrePay, Inc.

June 14, 2012

CERTIFICATION

I, David Donahue, do hereby declare under penalty of perjury as follows:

1. I am the Chief Financial Officer of Budget PrePay, Inc., a Louisiana Corporation, with its principal place of business at 1325 Barksdale Blvd., Bossier City, Louisiana 71111.
2. I have read Budget PrePay's Petition for Limited Designation as a Lifeline-Only Eligible Telecommunications Carrier in Massachusetts and confirm the information contained therein to be true and correct to the best of my knowledge.
3. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.



David Donahue
Chief Financial Officer
Budget PrePay, Inc.

June 13, 2012.

Attachment 1

Budget PrePay, Inc.
Compliance Plan

ATTACHMENT 1

LUKAS, NACE, GUTIERREZ & SACHS, LLP

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HON. GERALD S. MCGOWAN*
TAMARA DAVIS BROWN*
JEFFREY A. MITCHELL*
ROBERT S. KOPPEL*
MARC A. PAUL*
—
*NOT ADMITTED IN VA

May 1, 2012

FILED VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-B204
Washington, D.C. 20554

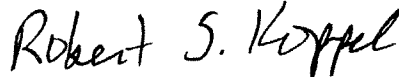
Re: WC Docket No. 09-197; WC Docket No. 11-42

Madam Secretary:

On April 17, 2012, Budget PrePay, Inc. ("Budget PrePay") submitted its Compliance Plan to the Commission.¹ Based on discussions with Commission staff, Budget PrePay has revised its Compliance Plan to add specific details regarding its customer enrollment procedures. The enclosed Compliance Plan replaces the Compliance Plan submitted to the Commission on April 17, 2012.

If you have any questions or require any additional information, please contact undersigned counsel directly.

Respectfully submitted,



Todd B. Lantor
Robert S. Koppel
Counsel to Budget PrePay, Inc.

Enclosures

cc (via e-mail): Best Copy and Printing, Inc.
Divya Shenoy
Kim Scardino

¹ The April 17, 2012 Compliance Plan replaced Budget PrePay's initial Compliance Plan, filed on March 1, 2012.

ATTACHMENT 1

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Telecommunications Carriers Eligible to Receive Universal Service Support)	WC Docket No. 09-197
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
BUDGET PREPAY, INC.)	
)	
Petition for Limited Designation as an Eligible Telecommunications Carrier)	

COMPLIANCE PLAN OF BUDGET PREPAY, INC.

Budget PrePay, Inc. (“Budget PrePay” or “Company”) is a prepaid wireless telecommunications carrier seeking designation as an Eligible Telecommunications Carrier (“ETC”) solely for the purpose of participating in the Lifeline program.¹ Budget PrePay requests that the Commission forbear from applying the “own facilities” requirement contained in section 214(e)(1)(A) of the Communications Act, 47 C.F.R. § 214(e)(1)(A), consistent with the Commission’s determination to forbear from applying this requirement to Lifeline-only ETC applications that comply with the conditions set forth in the *Lifeline Reform Order*.²

¹ Budget PrePay notes that it no longer seeks authority to be eligible for Link Up support, as was originally requested by the Company in its pending ETC applications. See Letter to Marlene H. Dortch from counsel to Budget Prepay, WC Docket No. 09-197 (dated March 1, 2012), at 2.

² *In the Matter of Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“*Lifeline Reform Order*”).

ATTACHMENT 1

Budget PrePay hereby files its Compliance Plan outlining the measures it will take to implement the conditions set forth in the *Lifeline Reform Order*.³ Budget PrePay respectfully requests expeditious approval of this Compliance Plan so that the Company, upon designation as an ETC by the FCC and other state commissions, may quickly begin providing essential Lifeline services to eligible low-income customers.

I. INFORMATION ABOUT BUDGET PREPAY, INCLUDING FINANCIAL AND TECHNICAL QUALIFICATIONS

Budget PrePay, based in Bossier City, Louisiana, has been in business since 1996.⁴ The Company provides both wireline and wireless services. The Company has been designated as an ETC for wireless services in the states of Arkansas, Kentucky, Louisiana, Maryland, Rhode Island, Wisconsin and Nevada, and is currently offering, or will begin offering, Lifeline service in each of these states.⁵

Budget PrePay currently derives the majority of its revenue from selling low-cost prepaid telephone services on a nationwide basis to over tens of thousands of customers and employs approximately 340 people. Budget PrePay will not need to rely exclusively on USF support to provide wireless Lifeline services.

Budget PrePay owns and operates its own switching facilities in Dallas, Texas and Shreveport, Louisiana. In addition to providing access to directory assistance and operator services, the switching facilities are also used to provide access to some interexchange services (for the routing of certain domestic and all non-domestic) calls. Budget PrePay has also invested

³ This Compliance Plan and the attached supplemental materials replace the Compliance Plan submitted to the Commission on March 1, 2012 and the revised Compliance Plan submitted April 17, 2012.

⁴ Budget PrePay was organized and incorporated in the State of Louisiana on May 1, 1996.

⁵ Budget PrePay also has been designated as an ETC for wireline services in Tennessee, Oklahoma, Alabama, Florida, Nebraska, Maryland, Louisiana, Mississippi, Arkansas, Kentucky, Michigan, Missouri, North Carolina, South Carolina, and Texas.

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millions of dollars in software development, including its own customized, user friendly point-of-sale software.

Budget PrePay has not been subject to any enforcement action at the FCC or in any state. No ETC designations held by Budget PrePay have been rescinded, revoked or terminated by the FCC or by any state.

Budget PrePay operates its wireless business under the name Budget Mobile, and operates its wireline business under the name Budget Phone. The Company directly owns 100% of the following affiliated entities: Silver Creek Long Distance, Inc.; MyMinutes.com, Inc.; and Bluebird Wireless, Inc.

II. BACKGROUND

In the *Lifeline Reform Order*, the Commission stated that it would grant forbearance from the “own-facilities” requirement contained in Section 214(e)(1)(A) for carriers that are, or seek to become, Lifeline-only ETCs, subject to compliance with the following conditions:⁶

(1) the carrier must comply with certain 911 requirements: (a) providing its Lifeline subscribers with 911 and E911 access, regardless of activation status and availability of minutes; (b) providing its Lifeline subscribers with E911-compliant handsets and replacing, at no additional charge to the subscriber, noncompliant handsets of Lifeline-eligible subscribers who obtain Lifeline-supported services; and (c) complying with conditions (a) and (b) starting on the effective date of this Order; and

(2) the carrier must file, and the Bureau must approve, a compliance plan that: (a) outlines the measures the carrier will take to implement the obligations contained in this Order, including but not limited to the procedures the ETC follows in enrolling a subscriber in Lifeline and submitting for reimbursement for that subscriber from the Fund, materials related to initial and ongoing certifications and sample marketing materials, as well as further safeguards against waste, fraud and abuse the Bureau may

⁶ *Lifeline Reform Order* at ¶¶ 368, 373 and 379. While Budget PrePay owns some facilities and appears to satisfy the revised supported services requirements applicable to ETCs, Budget PrePay is filing this Compliance Plan out of an abundance of caution, to illustrate its support for many of the recent reform measures taken by the Commission that attempt to curb waste, fraud and abuse in the Low Income Fund, and in the hopes that this filing will expedite processing of its pending ETC designation Petitions. Budget PrePay commits to comply with its Compliance Plan in all states where it is designated as a Lifeline-only ETC.

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deem necessary; and (b) provides a detailed description of how the carrier offers service, the geographic areas in which it offers service, and a description of the carrier's various Lifeline service plan offerings, including subscriber rates, number of minutes included and types of plans available.

III. COMPLIANCE PLAN

Budget PrePay will comply with all of the conditions set forth in the *Lifeline Reform Order* and Sections 54.101 et. seq. of the Commission's Rules (as amended by the *Lifeline Reform Order*), the provisions of its Compliance Plan, and all laws and regulations governing its provision of Lifeline-supported prepaid wireless service to customers throughout the United States.

A. Access to 911 and E911 Services

The *Lifeline Reform Order* requires ETCs to provide their Lifeline customers with access to 911 and E911 services, regardless of activation status and availability of minutes.⁷ Budget PrePay hereby affirms that all of its customers will have access to emergency calling services at the time that Lifeline service is initiated, and that such 911 and E911 access will be available from Budget PrePay handsets even if the account associated with the handset has no minutes remaining.

B. E911-Compliant Handsets

The Commission also conditioned its grant of forbearance on ETCs providing only E911-compliant handsets to its Lifeline customers.⁸ Budget PrePay will ensure that all handsets used in connection with the Company's Lifeline service offering are E911-compliant. In the event that an existing Budget PrePay customer does not have an E911-compliant handset, the Company will replace it with a 911/E911-compliant handset at no charge to the customer. Any

⁷ *Id.* at ¶ 373.

⁸ *Id.*

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new customer that qualifies for and enrolls in the Lifeline program will receive a 911/E911-compliant handset, free of charge.

C. Certification and Verification of Lifeline Eligibility

Budget PrePay proposes the following plan to implement the certification and verification conditions outlined in the *Lifeline Reform Order*. Budget PrePay intends to keep these measures in effect until such time as the Commission implements its planned National Lifeline Accountability Database. Budget PrePay shares the Commission's concern about waste, fraud and abuse of the Lifeline program and is committed to the safeguards stated herein.

1. Policy

Budget PrePay will comply with all certification and verification requirements for Lifeline eligibility established by states where it is designated as an ETC. In states where there are no state-imposed requirements, Budget PrePay will comply with the certification and verification procedures in effect in that state as reflected on the website of the Universal Service Administrative Company ("USAC"). For any states which do not mandate Lifeline support and/or which do not have established rules of procedure in place, Budget PrePay will certify at the outset and will verify annually customers' Lifeline eligibility in accordance with the Commission's requirements.

2. Certification Procedures

Budget PrePay will implement certification procedures that require consumers to demonstrate their eligibility for Lifeline assistance by contacting the Company in person or via mail, telephone, facsimile, or the internet. At the point of sale, consumers will be provided with printed information describing Budget PrePay's Lifeline program with instructions for enrolling, including eligibility requirements. Consumers will be signed up in person or directed, via company literature, collateral or advertising, to a toll-free telephone number and to the Company

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website, which will contain a link to information regarding the Company's Lifeline service plans, including a detailed description of the program and state-specific eligibility criteria. Budget PrePay's application form will clearly identify that it is a "Lifeline" application. Except in states in which applicants are enrolled through a designated state agency, Budget PrePay will have direct contact with all customers applying for Lifeline service, in person or by telephone, facsimile, mail or the internet.

Budget PrePay will provide Lifeline-specific training to all personnel, whether employees, agents or representatives, who interact with actual or prospective consumers with respect to obtaining, changing or terminating Lifeline services. Consumers who do not complete the application process in person must return the signed application and support documentation to the Company by mail, fax, email or other electronic transmission. The Company will accept electronic signatures that meet the requirements of the Electronic Signatures in Global and National Commerce Act, 15 USC 7001-7006, and any applicable state laws, and may verify consumers' signatures via interactive voice response (IVR) systems. Processing of consumers' applications, including review of all application forms and relevant documentation, will be performed under the Company's supervision by personnel trained in the administration of the Lifeline program. Budget PrePay will ensure that all required documentation is reviewed and handled properly by using state-specific compliance checklists.

For states with program-based eligibility criteria, the form will list each of the qualifying programs, and the applicant will be required to identify the specific program(s) in which they participate, and to provide the requisite proof that they currently participate in such program(s), regardless of whether such proof is required pursuant to state law. For states with income-based eligibility criteria, the applicant will be required to certify under penalty of perjury that their

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household income does not exceed the relevant threshold (*e.g.*, 135% of the Federal Poverty Guidelines for federal default states) and will be required to provide the requisite proof of income-based eligibility. Budget PrePay will not retain copies of proof documentation, but rather will maintain accurate records detailing how the customer demonstrated his or her eligibility.⁹

Budget PrePay will check the eligibility of low-income consumers seeking to enroll in Lifeline either by accessing electronic eligibility databases, where available, or by reviewing documentation from the consumer demonstrating his/her eligibility for Lifeline service. Where the Company is able to access a state or federal database to make determinations about customer eligibility, the Company is not required to obtain proof documentation; in such case Budget PrePay or its representative will note in its records what specific data was relied upon to confirm the customer's initial eligibility for Lifeline.¹⁰ In instances where a state agency or third-party administrator is responsible for the initial determination of consumer eligibility, Budget PrePay will rely on the state identification or database.¹¹

In addition, the Lifeline application form will include a certification section where the applicant must attest and sign under penalty of perjury that the applicant's representations are true and correct. Applicants will also be required to initial a number of disclosure statements intended to ensure that the applicant understands applicable eligibility requirements—including a statement to the effect that to the best of his or her knowledge, the applicant is not receiving Lifeline-supported service from any other Lifeline provider. Penalties for perjury will be clearly stated on the certification form. The certification form will also contain language stating that

⁹ *Lifeline Reform Order* at ¶ 101.

¹⁰ *Id.* at ¶ 98.

¹¹ *Id.*

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violation of the one-per-household requirement constitutes a violation of the Commission's rules and will result in the consumer's de-enrollment from the program, and could result in criminal prosecution by the United States government.¹² Although the exact wording of the disclosure statements described above may vary on a state-by-state basis, depending on state-specific requirements and/or consultations with relevant state agencies, Budget PrePay expects the substance of these disclosures to be consistent with the certifications set forth in the enclosed Lifeline Application and Certification Form. See Exhibit 1.

Finally, the application forms will require each applicant to provide the following information:¹³

- Name
- Primary residential address – and whether the address is a permanent address
- Billing address (if this differs from the residential address)
- Last four digits of social security number
- Birth date

After the National Database is established, Budget PrePay will provide the above information to the database, together with the following additional information:

- Telephone number (for Lifeline handset)
- Date of service initiation
- Date of de-enrollment (if applicable)
- Means by which the subscriber qualified for support
- Amount of Lifeline support received by the subscriber each month
- Whether the subscriber receives Link Up support

The application form will clearly state that Lifeline participants must provide their new address to the Company within 30 days of moving.¹⁴ Budget PrePay will incorporate this information into its customer information database. Prior to initiating service for a customer, the Company will check the address of each Lifeline applicant against its database to determine

¹² *Id.* at ¶ 121.

¹³ *Lifeline Reform Order* at ¶¶ 85 and 184.

¹⁴ *Id.* at ¶¶ 85 and 117.

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whether or not it is associated with a customer that already receives Budget PrePay Lifeline service, and will then review the application to ascertain whether the applicant is attempting to receive Lifeline-supported service for more than one handset associated with its household.¹⁵ If the Company determines that an individual at the applicant's residential address is currently receiving Lifeline-supported service, the Company will take an additional step to ensure that the applicant and the current subscriber are part of different households.¹⁶ In order to make this determination, Budget PrePay will require applicants to complete and submit to the Company a written document which will be developed by USAC. Budget PrePay will deny the Lifeline application of any individual residing at the same address as a current Lifeline subscriber who is part of the same household, and will advise the applicant of the basis for the denial. Budget PrePay also will de-enroll within ten (10) business days any subscriber whom the Company knows is receiving Lifeline-supported service from another ETC or knows is no longer eligible. In the event that the Company is notified by the Administrator that a subscriber is receiving duplicative support, the Company will de-enroll that subscriber from participation in the Lifeline program within five (5) business days.¹⁷

If the subscriber provides Budget PrePay with a temporary address, the Company will verify with the subscriber every 90 days that this address remains valid. If the subscriber fails to respond to the Company within 30 days, the subscriber will be de-enrolled from the Lifeline program.¹⁸

¹⁵ Budget PrePay will use the definition of "household" established by the *Lifeline Reform Order* at ¶¶ 29 and 74; see also revised section 47 CFR § 54.400(h).

¹⁶ *Lifeline Reform Order* at ¶ 78.

¹⁷ 47 C.F.R. § 54.405 (e)(2).

¹⁸ *Id.* at ¶¶ 88 – 89.

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3. *Annual Verification Procedures*

As required by the Commission's *Lifeline Reform Order*, Budget PrePay will require every consumer enrolled in the Lifeline program to verify on an annual basis that he or she is the head of his or her household, receives Lifeline-supported service only from Budget PrePay and, to the best of his or her knowledge, no one else in the subscriber's household is receiving a Lifeline-supported service.¹⁹ Pursuant to the new rule adopted in the *Lifeline Reform Order*, Budget PrePay will re-certify the eligibility of all of its Lifeline subscribers as of June 1, 2012, by the end of 2012, and report the results to USAC by January 31, 2013.²⁰ The Company may undertake this re-certification on a rolling basis throughout the year.²¹ Where ongoing eligibility cannot be determined through access to a qualifying database either by the Company or the state, and there is no state administrator verifying the continued eligibility of Lifeline subscribers, the Company will re-certify the continued eligibility of its subscribers by contacting them—either in person, in writing (by mail), by phone, by text message, by email, or otherwise through the Internet—to confirm their continued eligibility.²² Such certifications may be obtained in person through a written document, an IVR system, a text message, or on-line with an electronic signature. The Company will accept electronic signatures that meet the requirements of the Electronic Signatures in Global and National Commerce Act, 15 USC 7001-7006, and any applicable state laws, in accordance with the *Lifeline Reform Order*.²³ In states where a state agency or a third party has implemented a database that carriers may query to re-certify the consumer's continued eligibility, the Company (or state agency or third-party, where applicable)

¹⁹ *Id.* at ¶ 120.

²⁰ *Id.* at ¶ 130.

²¹ *Id.*

²² *Id.* After 2012, the Company may elect to have USAC administer the self-certification process on its behalf. *See id.* at ¶ 133.

²³ *Id.* at ¶ 132.

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will instead query the database and maintain a record of what specific data was used to re-certify eligibility and the date of re-certification.²⁴

The notice will explain the actions the customer must take to retain Lifeline benefits, when Lifeline benefits will be terminated if such actions are not taken, and how to contact Budget PrePay. Consistent with the *Lifeline Reform Order*, the Company will provide notice of impending Lifeline service termination to subscribers who do not respond to the annual re-certification within 30 days. Anyone who does not respond to the impending termination notice within 30 days to demonstrate that his or her Lifeline service should not be terminated will be de-enrolled from the Company's Lifeline program.²⁵

D. Specific Customer Enrollment Procedures

Budget PrePay prefers direct contact with consumers. To this end, Budget PrePay does not offer its services through "chain" stores, but rather through its own stores, and through retail agents familiar with the underserved consumers in the communities Budget PrePay serves. Currently, Budget PrePay has 12 stores in Louisiana, 3 stores in Maryland, 2 stores in Arkansas, Nevada, and Kentucky, and one store in Rhode Island. Budget PrePay plans to open multiple stores in each state where it is designated. Budget PrePay sells the remainder of its service through Internet sales and inbound telemarketing (where a customer is seeking to initiate service with Budget PrePay).

As an initial matter, in those few states that have a state administrator, Budget PrePay fully cooperates with the state Lifeline administrators to ensure that it does everything necessary to ensure it is in compliance with both state and federal enrollment, verification, and re-certification procedures. For all states that do not have a Lifeline administrator, Budget PrePay

²⁴ *Id.* at ¶ 131.

²⁵ *Id.* at ¶¶ 141-142.

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will perform the same first step in the process of enrollment. Regardless of how the customer applies—whether in a retail store, online, or over the phone, each customer will supply the same information via Budget PrePay’s standard customer application and certification form. (Attached as **Exhibit 1.**)

Budget PrePay enrolls Lifeline customers through several different marketing channels: 1) in person, through company-owned and affiliated retail stores, 2) in person, through retail agents trained by Budget PrePay, and 3) through customer-initiated contact, either through inbound telemarketing, or more frequently, through online sales over the Internet. The majority of Budget PrePay’s sales are through its “in person” channels.

All of Budget PrePay’s retail sales are the result of direct contact with the potential Lifeline consumer.

Retail Stores. The prospective customer comes into the store, and is asked the basis for his or her claim to Lifeline eligibility. The store employee can verify the customer’s program, or income, based eligibility in person. Budget PrePay provides comprehensive training/reference materials to its employees which allow the employees to verify the most common forms of proof for each eligible program and/or income verification. The store employee will then ask the prospective customer for additional documentation proving identity and/or address verification. The final program/income eligibility-specific step is for the customer to provide the required information and make the certifications required by new rule §54.410(d)(3).

If the customer appears to be eligible, the employee will explain the Commission’s definition of “household” as an “economic unit” where related or unrelated people share income and expenses. In the case of multiple applicants at the same mailing address, the customer will then make the “one per household” certification required by §54.410(d)(1). Finally, Budget

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PrePay will collect the necessary customer-specific information required by new rule §54.401(d)(2) so that Budget PrePay can report the information to USAC to be used to populate the National Lifeline Accountability Database (“duplicates database”), defined in §54.400(i) of the Commission’s new rules.

The retail store employee then enters the customer’s information into Budget PrePay’s OSS systems, where the information is checked against available databases (the duplicates database, and Budget PrePay’s own list of existing customers). The retail store rep quickly determines whether the customer is eligible to receive Lifeline service. In cases where a state program eligibility database exists, the retail store personnel will contact Budget PrePay’s internal group dedicated to verifying eligibility who will query the state database and either approve or deny the applicant. Where proof of eligibility is needed, the retail personnel, who are trained on what is eligible documentation will witness the documentation and sign the application demonstrating they have witnessed the documentation.

Upon successful completion of the certification process, the customer chooses a service plan and is provided with a handset. The customer’s account is activated upon completion of an outbound call. For purposes of “enrollment” in the Lifeline program, Budget PrePay will use the date of this first completed outbound call from its call records as the customer’s effective start date.

Retail Agents. The process for signing up customers at Budget PrePay’s retail agents is very similar to the process used by Budget PrePay for signing up customers at its owned stores. The prospective customer comes into the agent’s retail location, and is asked the basis for his or her claim to Lifeline eligibility. The agent’s employee can verify the customer’s program, or income, based eligibility in person. Budget PrePay provides comprehensive training and

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reference materials to its agent's employees which allow the agent's employees to verify the most common forms of proof for each eligible program and/or income verification. The agent's employee will then ask the prospective customer for additional documentation proving identity and/or address verification. The final program/income eligibility-specific step is for the customer to provide the required information and make the certifications required by new rule §54.410(d)(3).

If the customer appears to be eligible, the agent's employee will explain the Commission's definition of "household" as an "economic unit" where related or unrelated people share income and expenses. In the case of multiple applicants at the same mailing address, the customer will then make the "one per household" certification required by §54.410(d)(1). Finally, the agent's employee will collect the necessary customer-specific information required by new rule §54.401(d)(2) so that Budget PrePay can report the information to USAC to be used to populate the National Lifeline Accountability Database ("duplicates database"), defined in §54.400(i) of the Commission's new rules.

The agent's employee then faxes the completed certification form to Budget PrePay's Agent Services department, where an employee enters the data into Budget PrePay's OSS systems. The OSS systems check the data against available databases (the duplicates database, and Budget PrePay's own list of existing customers). Where proof of eligibility is needed, the agent's employees, who are trained on what is eligible documentation, will witness the documentation and sign the application demonstrating they have witnessed the documentation.

Review of the documents and appropriate databases is completed by Budget PrePay employees. If Budget PrePay confirms that the customer is eligible, a handset will be mailed to the customer. The customer's account is not activated until completion of an outbound call. For

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purposes of “enrollment” in the Lifeline program, Budget PrePay will use the date of this first completed outbound call from its call records as the customer’s effective start date.

Inbound Channel Marketing. Prospective customers can also apply for, and obtain, Lifeline service from Budget PrePay either over the phone or through the Internet. Customers choosing to obtain service through inbound channels must either fill out an application online, or provide the relevant information to the customer sales representative over the telephone. In these cases, Budget PrePay verifies eligibility via a state database, state administrator, or by reviewing documentation of eligibility submitted by the applicant in advance of receiving service.

Online Sales. To apply for Budget PrePay Lifeline service online, a customer will fill out an application, provide the necessary information that all prospective Lifeline customers must provide, and be taken through successive screens, which clearly explain all relevant legal eligibility requirements. If the customer is seeking to qualify for Lifeline service based on their participation in a particular program (or income level), the prospective customer may be able to be qualified by an inbound sales representative who inputs the prospective customer’s information into an eligibility database (if available for the relevant state). However, in most cases, the prospective customer will fill out the relevant eligibility forms on the computer, and then send in copies of the records needed by Budget PrePay to verify the customer’s eligibility to participate in Lifeline. Once the prospective customer is successfully verified by Budget PrePay, the customer can be enrolled in the service plan they have chosen, and then mailed their handset.

Assuming the customer has successfully completed the online application process, Budget PrePay will have all the information it needs to verify the customer is only receiving one Lifeline subsidy for their household, to verify eligibility, to satisfy its record-keeping obligations, and to send to USAC in order to populate the duplicates database. The requisite certifications

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needed by Budget PrePay to establish service with the prospective customer is obtained as electronic signatures.

Budget PrePay's method of accepting electronic signatures—on all of its online certifications and re-certifications—is to allow the customer to create a unique electronic signature by typing their name, and providing their date of birth and their social security number. The customer's name, combined with their date of birth and their social security number, is sufficiently unique to satisfy the Commission's new rules for accepting electronic signatures.

If the prospective customer fails to qualify for Lifeline service, Budget PrePay will explain to the customer why the request was rejected. On the other hand, if the prospective customer sends in sufficient evidence to qualify for Lifeline eligibility, and adequately certifies eligibility, Budget PrePay will notify the customer, and enroll the customer in their requested service plan, and send the customer the handset. The customer's account is not activated until completion of an outbound call. For purposes of "enrollment" in the Lifeline program, Budget PrePay will use the date of this first completed outbound call from its call records as the customer's effective start date.

Inbound Telemarketing. To obtain Budget PrePay Lifeline service, a customer can call Budget PrePay to initiate service. The process is very similar to online enrollment, except that instead of being taken through successive screens, the customer is asked a series of qualifying questions by a customer service representative. The questions will all be designed to elicit true and accurate information that is necessary for Budget PrePay to obtain a complete standard certification form. If, at any time during the conversation, it becomes apparent to the customer service representative that the prospective customer is unlikely to qualify for Budget PrePay

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Lifeline service, the customer service representative explains the issue to the customer and offers to allow the customer to sign up for one of Budget PrePay's non-Lifeline service plans.

On the other hand, if the customer provides information indicating that the customer would be eligible to obtain Lifeline service, the customer service representative will take the customer as far as possible in trying to qualify the customer. For example, if there are no other Lifeline subscribers in the customer's household, and the customer participates in a Lifeline-eligible program (or is income-qualified), the customer service representative tries to verify the customer's information through a state database (if available). If the customer seems to qualify (through a database query), then the customer service representative will open a file for the customer, take the customer's information that is required to be collected from each customer, send the customer the requisite certification forms for verification of eligibility (or allow the customer to certify eligibility through an IVR recorded and associated with the customer's account), and request copies of the evidence that would prove eligibility in cases where a state database is not available.

If the prospective customer fails to qualify for Lifeline service, Budget PrePay will explain to the customer why the request was rejected. On the other hand, if the prospective customer sends in sufficient evidence to qualify for Lifeline eligibility, and adequately certifies eligibility, Budget PrePay will notify the customer, and enroll the customer in their requested service plan, and send the customer the handset. The customer's account is not activated until completion of an outbound call. For purposes of "enrollment" in the Lifeline program, Budget PrePay will use the date of this first completed outbound call from its call records as the customer's effective start date.

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E. Additional Measures to Prevent Waste, Fraud, and Abuse

1. Non-usage Policy

As required by the *Lifeline Reform Order*, Budget PrePay will implement a non-usage policy whereby it will de-enroll Lifeline customers that have not used the Company's Lifeline service for 60 consecutive days.²⁶ Budget PrePay will notify its subscribers at service initiation about the usage requirements and the de-enrollment and deactivation that will result following non-usage in any consecutive 60-day period of time.²⁷ If no usage appears on a Budget PrePay Lifeline customer's account during any consecutive 60-day period, Budget PrePay will deactivate Lifeline services for that customer. An account will be considered active if during any 60-day period the authorized subscriber does at least one of the following: makes a monthly payment; purchases minutes from the Company to add to his or her existing pre-paid Lifeline account; completes an outbound call; answers an incoming call from anyone other than the Company, its representative, or agent; or affirmatively responds to a direct contact from the Company confirming that he or she wants to continue Lifeline service.²⁸

2. Customer Education with Respect to Duplicates

To supplement its verification and certification procedures, and to better ensure that customers understand the Lifeline service restrictions with respect to duplicates, Budget PrePay will implement measures and procedures to prevent duplicate Lifeline benefits being awarded to the same household. These measures entail additional emphasis in written disclosures as well as live due diligence, and will help ensure that only eligible consumers enroll in the program and that those consumers are fully informed of the rules and requirements of the program.

²⁶ *Id.* at ¶¶ 257-263.

²⁷ *Id.* at ¶ 257.

²⁸ *Id.* at ¶ 261.

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In its marketing materials, including application forms, on its web site, and in its direct contact with applicants, the Company will emphasize in plain, easily comprehensible language that: (1) Lifeline is a federal benefit; (2) Lifeline service is available for only one line per household; (3) a household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses; and (4) a household is not permitted to receive Lifeline benefits from multiple providers.²⁹ Budget PrePay will also include in its marketing materials substantially the following information in clear, easily understood language: the offering is a Lifeline-supported service; that only eligible consumers may enroll in the program; what documentation is necessary for enrollment; and that the program is limited to one benefit per household, consisting of either wireline or wireless service.³⁰ In order to reinforce the limitation of one Lifeline phone per household, the following statement will appear in the Company's marketing materials and websites (www.budgetphone.com and www.budgetprepay.com) in a conspicuous place, in bold font and in an offsetting color to ensure it is not overlooked:

Note: By law, the Lifeline program is only available for one phone per household

Budget PrePay will disclose the company names under which it does business and the details of its Lifeline service offerings.³¹ A sample marketing brochure is enclosed as Exhibit 2.

3. *Cooperation with state and federal regulators*

Budget PrePay has and will continue to cooperate with federal and state regulators to prevent waste, fraud and abuse, including:

²⁹ *Id.* at ¶ 121.

³⁰ *Id.* at ¶ 275.

³¹ *Id.*

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- Providing a certification to USAC that the Company has procedures in place to review customer's documentation of income- and program-based eligibility. That certification will also confirm that Budget PrePay is in compliance with all federal Lifeline certification procedures and Lifeline program rules, and that Budget PrePay has obtained a valid certification form for each Lifeline customer.³²
- Providing the FCC and USAC each year with general information regarding the terms and conditions of the Lifeline plans that the Company offered during the previous year, including the number of minutes provided, and whether there are additional charges to consumer for service, including minutes of use and/or toll calls.³³
- Providing state commissions (PUC), the FCC or USAC upon request with data that will enable that state, the FCC or USAC to determine whether some consumers are enrolled in more than one Lifeline program. Specifically, the Company agrees to make available state-specific customer data, including name and address, upon request to each state PUC where it operates, the FCC or USAC for the purpose of permitting the PUC, FCC or USAC to determine whether an existing Lifeline customer receives Lifeline service from another carrier, and will participate in such a duplicate resolution process, provided that costs for participation are reasonable or defrayed through the universal service contribution mechanisms;
- Promptly investigating any notification that it receives from a state PUC, the FCC or USAC that one of its customers already receives Lifeline service from another carrier;
- Immediately deactivating a customer's Lifeline service and no longer report that customer on USAC Form 497 if the Company's investigation, a state, the FCC or USAC concludes that the customer receives Lifeline services from another carrier in violation of the Commission's regulations and that the Company's Lifeline service should be discontinued such as a de-enrollment notification pursuant to the FCC's June 17, 2011 Report and Order (Section III, B.).
- Complying with all audit requirements set forth in the *Lifeline Reform Order*.

F. Lifeline Offering

Budget PrePay will offer its Lifeline service in the states where it is designated as an ETC throughout the coverage area of its underlying carriers, Sprint and Verizon Wireless. As

³² *Lifeline Reform Order* at ¶¶ 125 – 128.

³³ *Id.* at ¶ 390.

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summarized in Exhibit 3 attached hereto, the Company's Lifeline offering will provide customers with the option to choose between two (2) Lifeline plans³⁴ that best meets their needs.

Additional minutes will be loaded electronically. Customers can purchase extra minutes at retail outlets frequented by low-income customers throughout the Company's service area and online. All of Budget PrePay's Lifeline plans will include a free handset and the following custom calling features: Caller ID, Call Waiting, and Voicemail. Budget PrePay does not impose credit checks or long-term service contracts on its prepaid customers. Customers are not bound by a local calling area requirement; all Budget PrePay plans come with domestic long distance at no extra per minute charge. Calls to 911 emergency services are always free, regardless of service activation or availability of minutes.

IV. CONCLUSION

Budget PrePay submits that its Compliance Plan fully satisfies the conditions of forbearance set forth in the Commission's *Lifeline Reform Order*. Implementation of the procedures described herein will promote public safety and ensure that Lifeline customers have access to 911 and E911 services while safeguarding against misuse of the Company's Lifeline services. Accordingly, Budget PrePay respectfully requests that the Commission expeditiously

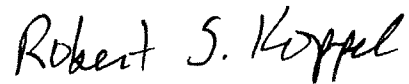
³⁴ Budget PrePay's Lifeline Plans vary from state to state in accordance with state requirements; the two Lifeline plans outlined in this Compliance Plan would be offerings available in all states in which the FCC has jurisdiction over competitive ETC applications. Please see the Company's websites (www.budgetphone.com and www.budgetprepay.com) for more detailed information regarding plans available in each state.

ATTACHMENT 1

approve its Compliance Plan so that the Company may begin providing the benefits of much-needed Lifeline service to qualifying low-income consumers as quickly as possible.

Respectfully submitted,

BUDGET PREPAY, INC.



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Counsel for Budget PrePay, Inc.

May 1, 2012

Attachments (Certification, Exhibits 1 – 3)

ATTACHMENT 1

CERTIFICATION

I, David Donahue, do hereby declare under penalty of perjury as follows:

1. I am the Chief Financial Officer of Budget PrePay, Inc., a Louisiana Corporation, with its principal place of business at 1325 Barksdale Blvd., Bossier City, Louisiana 71111.
2. I have read Budget PrePay's revised Compliance Plan and confirm the information contained therein to be true and correct to the best of my knowledge.
3. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.



David Donahue
Chief Financial Officer
Budget PrePay, Inc.

April 27, 2012.

ATTACHMENT 1

Exhibit 1:

Sample Lifeline Application and Certification (Louisiana)

LIFELINE CERTIFICATION FORM

Initial Lifeline Enrollment Re-Verification of Lifeline Enrollment

PERSONAL INFORMATION

PLEASE FILL OUT THE FOLLOWING INFORMATION:

First Name: Middle Name:

Last Name: Date of Birth: / /

Social Security # (last four digits): Tribal Identification #: Alt. Contact #: () -

Email Address:

I certify that I reside on a Federally recognized Tribal land. (For Tribal Residents Only)

PLEASE READ AND ACKNOWLEDGE YOU AGREE BY INITIALING EACH STATEMENT BELOW, UNDER PENALTY OF PERJURY

The information contained within this application is true and correct. I acknowledge that providing false or fraudulent documentation in order to demonstrate eligibility for the Lifeline program is punishable by fine or imprisonment.

I understand that Lifeline is a federal government benefit program and that only qualified persons may participate in the Lifeline program.

I understand that Lifeline is only available for one phone line per household, whether landline or wireless. Other Lifeline providers include: Budget Home Phone, AT&T, Safelink, and Assurance Wireless. To the best of my knowledge no one in my household is receiving Lifeline service. A household is defined, for purpose of the Lifeline program, as any individuals who live together at the same address and share income and expenses.

I certify that I am at least 18 years of age and not currently receiving a Lifeline telephone service from any other landline or wireless telephone company. I will only receive Lifeline from Budget PrePay and no other landline or wireless telephone company. Any violation of the one phone line per household limitation will result in de-enrollment from the Lifeline program and may be punished by fine or imprisonment.

I will not transfer my service to any other individual, including another eligible low-income consumer.

I authorize Budget PrePay to access any records required to verify my eligibility for Lifeline service. I also authorize Budget PrePay to release any of my records required for the administration of the Lifeline program.

I understand that I will be required to verify my continued eligibility for Budget PrePay's Lifeline service at least annually, and that I may be required to verify my continued eligibility at anytime, and that failure to do so will result in termination of Lifeline benefits. I will notify Budget PrePay immediately if I no longer qualify for Lifeline, or if I have a question as to whether I would still qualify.

I will notify Budget PrePay within thirty (30) days if my home address changes. If the address I have provided is a temporary address, I understand that I must verify my address every ninety (90) days. Failure to provide such notification or verification may result in de-enrollment from the program.

I authorize Budget PrePay to contact me by interactive voice response (IVR), or other means, to notify me of annual Lifeline re-verification and the company's 60-day non-usage reminder.

I understand that completion of this application does not constitute immediate approval for Lifeline service.

ELIGIBILITY

QUALIFYING BENEFICIARY (Complete if a dependent residing in your household is receiving benefits from the programs listed below.)

First Name: _____ MI: _____ Last Name: _____

PLEASE CHECK ALL THAT APPLY AND PRESENT BUDGET EMPLOYEE WITH PROOF OF PROGRAM QUALIFICATION:

- Food Stamps (SNAP)
- Supplemental Security Income (SSI)
- Medicaid
- Federal Housing Assistance (Section 8)
- National School Lunch (Free Program Only)
- Temporary Assistance for Needy Families
- Low Income Home Energy Assistance Program
- Food Distribution Program on Indian Reservations (FDPIR)
- Bureau of Indian Affairs General Assistance (BIA)
- Tribally-Administered Temporary Assistance for Needy Families (TTANF)

(Note: Proof of program qualification not required during annual re-verification of Lifeline eligibility.)

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Exhibit 2:

Sample Marketing Brochure (Las Vegas, Nevada)

Budget MOBILE
LIFELINE

ATTACHMENT 1

**FREE MOBILE
PHONE**



Plus

250 FREE MINUTES
Every Month

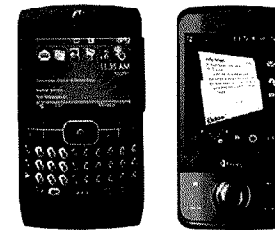
NO CONTRACTS · NO CREDIT CHECKS · NO PAYMENTS REQUIRED

The offering is a Lifeline-supported service. Only eligible consumers may enroll in the program and proof of eligibility documentation is necessary for enrollment. By law, the Lifeline program is limited to one phone per household, consisting of either wireline or wireless service. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program. Free phones may take up to 10 business days for delivery once order is received. Brand and style of phone will vary and are at the discretion of Budget Mobile Lifeline.

FREE MOBILE PHONE + 250 FREE MINUTES Each Month

There are 2 easy ways to sign up for service:

- 1 Visit a Budget Mobile Lifeline Store
- 2 Order online at www.BudgetMobile.com



FEATURES include

- Voicemail
- Call Waiting
- Caller ID
- Access to 911 Service
- Nationwide Coverage

ELIGIBILITY

To apply for Budget Mobile Lifeline service, you MUST participate in ONE of the following programs and provide proof of enrollment:

- Food Stamps
- Supplemental Security Income (SSI)
- Medicaid
- Federal Housing Assistance (Section 8)
- National School Lunch (free program only)
- Temporary Assistance for Needy Families
- Low Income Home Energy Assistance Program

Bonanza Square Shopping Center

2338 East Bonanza Road, Las Vegas • 702-675-7557

Mission Center

1350 East Flamingo Road, Las Vegas • 702-641-0177

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Exhibit 3:

Lifeline Offerings

ATTACHMENT 1

EXHIBIT 3

Lifeline Offerings

Plan Description	Retail Price
Active User Talk & Text*	
Non Lifeline	\$34.25
Lifeline	\$25.00
250 Minute Talk	
Non Lifeline	\$9.25
Lifeline	Free

All plans include, at no extra charge: Free Handset; Caller ID; Call Waiting; and Voicemail. Voicemail calls count against the voice minutes provided by the plan.

Prices for the Active User Talk & Text Plan, the 250 Minute Talk (non-Lifeline), and the purchase of additional minutes or the text message add-on do not include taxes or mandatory government fees (where applicable). Although Budget PrePay must pay taxes or government fees in certain states, these taxes or government fees are not assessed to Lifeline customers subscribing to the 250 Minute Talk plan.

*The Active User Talk & Text Plan provides for a combined 4000 voice minutes and text messages. Each text message counts as one minute of voice service.

Plan Additions	Retail Price*
Additional Minutes for 250 Minute Talk	
50 minutes	5.00
100 minutes	\$10.00
150 minutes	\$15.00
Text Message Add-on for 250 Minute Talk**	\$10.00

* Applicable taxes and government fees are assessed to the above Plan Additions.

**The Text Message Add-on provides 1000 text messages.

ATTACHMENT 1

Lifeline Credits

Federal Lifeline Credit

\$9.25

Service Period for all plans: All airtime (airtime associated with a particular plan, as well as additional purchased minutes, text messages or other services), expires at the end of each 30-day cycle whether subscriber uses the airtime or not. No airtime (whether associated with a particular plan or purchased separately) is carried over to the next 30-day period.

Attachment 2

FCC Approval of Budget PrePay, Inc.
Compliance Plan

ATTACHMENT 2



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

DA 12-828

Release Date: May 25, 2012

WIRELINE COMPETITION BUREAU APPROVES THE COMPLIANCE PLANS OF AMERICAN BROADBAND & TELECOMMUNICATIONS, BUDGET PREPAY, CONSUMER CELLULAR, GLOBAL CONNECTION, TERRACOM AND TOTAL CALL

WC Docket Nos. 09-197 and 11-42

The Wireline Competition Bureau (Bureau) approves compliance plans of six telecommunications carriers: American Broadband & Telecommunications; Budget Prepay, Inc.; Consumer Cellular, Inc.; Global Connection, Inc. of America; TerraCom, Inc.: and Total Call Mobile, Inc. filed pursuant to the *Lifeline Reform Order* as a condition of obtaining forbearance from the facilities requirement of the Communications Act of 1934, as amended (the Act), for the provision of Lifeline service.¹

The Act provides that in order to be designated as an eligible telecommunications carrier for the purpose of universal service support, a carrier must “offer the services that are supported by Federal universal service support mechanisms . . . either using its own facilities or a combination of its own facilities and resale of another carrier’s services”² The Commission recently amended its rules to define voice telephony as the supported service and removed directory assistance and operator services, among other things, from the list of supported services.³ As a result of these amendments, many Lifeline-only ETCs that previously met the facilities requirement by relying on operator services, directory assistance or other previously supported services no longer meet the facilities requirement of the Act.⁴ In the *Lifeline Reform Order*, the Commission found that a grant of blanket forbearance of the facilities

¹ See *Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, at paras. 379-380 (rel. Feb. 6, 2012) (*Lifeline Reform Order*). A list of the compliance plans approved through this Public Notice can be found in the Appendix to this Public Notice.

² 47 U.S.C. § 214(e)(1)(A).

³ See *Connect America Fund*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17692-93, paras. 77-78, 80 (2011) (*USF/ICC Transformation Order*); *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011); *Connect America Fund*, WC Docket No. 10-90 *et al.*, Order on Reconsideration, 26 FCC Rcd 17633, 17634-35, para. 4 (2011) (*USF/ICC Transformation Order on Reconsideration*).

⁴ See *Lifeline Reform Order*, FCC 12-11, at para. 366, App. A; *USF/ICC Transformation Order on Reconsideration* at para. 4. Some ETCs have included language in their compliance plans indicating that they have facilities or plan to acquire facilities in the future. See, e.g., Budget PrePay, Inc. Petition for Designation as an Eligible Telecommunications Carrier, WC Docket Nos. 09-197 and 11-42, Compliance Plan of Budget PrePay, Inc. at 3 n. 6 (filed May 1, 2012). To the extent ETCs seek to avail themselves of the conditional forbearance relief established in the *Lifeline Reform Order*, we presume they lack facilities to provide the supported service under section 54.101 and 54.401 of the Commission’s rules. See 47 C.F.R. §§ 54.101 and 54.401. Such ETCs must comply with the compliance plan approved herein in each state or territory where they are designated as an ETC, regardless of their claim of facilities for other purposes, such as eligibility for state universal service funding.

ATTACHMENT 2

requirement, subject to certain public safety and compliance obligations, is appropriate for carriers seeking to provide Lifeline-only service.⁵ Therefore, in the *Lifeline Reform Order*, the Commission conditionally granted forbearance from the Act's facilities requirement to all telecommunications carriers seeking Lifeline-only ETC designation, subject to the following conditions: (1) compliance with certain 911 and enhanced 911 (E911) public safety requirements; and (2) Bureau approval of a compliance plan providing specific information regarding the carrier and its service offerings and outlining the measures the carrier will take to implement the obligations contained in the *Order*.⁶

The Bureau has reviewed the compliance plans listed in the Appendix for conformance with the *Lifeline Reform Order*, and now approves those six compliance plans.⁷

Filings, including the Compliance Plans identified in the Appendix, and comments are available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 448-5563, or via email www.bcpiweb.com.

People with Disabilities: To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at (202) 418-7400 or TTY (202) 418-0484.

For further information, please contact Divya Shenoy, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

- FCC -

⁵ See *Lifeline Reform Order*, FCC 12-11 at paras. 368-381.

⁶ See *id.* at paras. 373 and 389. Subsequently, the Bureau provided guidance for carriers submitting compliance plans pursuant to the *Lifeline Reform Order*. *Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order*, WC Docket Nos. 09-197 and 11-42, Public Notice, 27 FCC Rcd 2186 (Wireline Comp. Bur. 2012).

⁷ The Commission has not acted on any pending ETC petitions filed by these carriers, and this Public Notice only approves the compliance plans of the carriers listed above. While these compliance plans contain information on each carrier's Lifeline offering, we leave it to the designating authority to determine whether or not the carrier's Lifeline offerings are sufficient to serve consumers. See *Lifeline Reform Order*, FCC 12-11 at paras. 50 and 387.

ATTACHMENT 2

Appendix

Petitioner	Compliance Plans As Captioned by Petitioner	Date of Filing	Docket Numbers
American Broadband & Telecommunications	American Broadband & Telecommunications Revised Compliance Plan	April 27, 2012	09-197; 11-42
Budget PrePay, Inc.	Compliance Plan of Budget PrePay, Inc.	May 1, 2012	09-197; 11-42
Consumer Cellular, Inc.	Consumer Cellular Amended Revised Compliance Plan	April 18, 2012	09-197; 11-42
Global Connection, Inc. of America	Global Connection Inc. of America Compliance Plan	April 30, 2012	09-197; 11-42
TerraCom, Inc.	TerraCom, Inc. Second Revised Blanket Forbearance Compliance Plan	May 1, 2012	09-197; 11-42
Total Call Mobile, Inc.	Total Call, Inc. Revised Compliance Plan	May 17, 2012	09-197; 11-42