

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

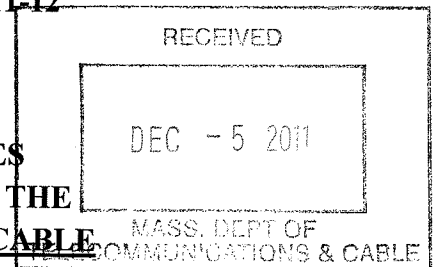
ORIGINAL

In the Matter of Budget PrePay, Inc.

**Petition for Limited Designation as an
Eligible Telecommunications Carrier**

Docket No. 11-12

**BUDGET PREPAY, INC.'s WRITTEN RESPONSES
TO INFORMATION REQUESTS PROPOUNDED BY THE
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE**



NOW COMES Budget PrePay, Inc. ("Budget PrePay" or "Budget"), through undersigned counsel, which respectfully responds to the First Set of Information Requests propounded by the Department of Telecommunications and Cable ("Department" or "DTC") on November 9, 2011.

The confidential information contained in these responses has been redacted and Budget has provided one paper copy of the confidential version of its written responses to Hearing Officer Sean Carroll. Also included is Budget's Motion for Confidential Treatment ("Motion") of the confidential materials being requested on the premise that these documents will be held in confidence in the Department's offices and will not be distributed unless the Department denies Budget's Motion in which case Budget would request that the information identified as confidential be returned to the undersigned.

Respectfully submitted,

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December 2, 2011

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-1 Provide a complete and detailed list of each of Budget PrePay's affiliates and provide the names under which each does business.

Response: Budget PrePay, Inc. has three subsidiaries that are 100% owned - Silver Creek Long Distance, L.L.C., Bluebird Wireless Broadband Services, L.L.C., and MyMinutes.com, L.L.C.

Budget Prepay, Inc. does business as: (1) Budget Mobile and (2) Budget Phone.

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D.T.C. 1-2 Identify all states where Budget PrePay or any of its affiliates has been designated as an ETC. For each, indicate whether that designation is limited, and if so how, including any specific requirements imposed on or volunteered by Budget PrePay or any of its affiliates. Provide complete and detailed documentation of any such designation, limitation(s), and/or requirement(s).

Response: Budget PrePay is a designated wireless competitive ETC in Arkansas, Louisiana, Maryland and Nevada. Budget PrePay is a designated wireline competitive ETC in the following states: Alabama, Arkansas, Florida, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, South Carolina and Tennessee. In nearly all of these states, Budget is an ETC for the limited purpose of receiving support from the Federal Universal Service Fund ("USF") to provide Lifeline and Link-Up services. Budget PrePay does not plan to seek high cost universal service support in any state in which it is pursuing ETC designation and does not plan to request high-cost universal service support in the future.

Copies of Budget PrePay's wireless ETC designation orders for Arkansas, Louisiana, Maryland and Nevada are attached in Exhibit 1-2. Each ETC designation order sets forth any specific requirements and limitations.

In Maryland and Nevada, the most recently-obtained wireless ETC designations, Budget PrePay voluntarily made the following commitments:

- To implement a 60-day inactivity policy. If no usage appears on a Lifeline customer's account during any continuous 60-day period, Budget will promptly notify the customer that the customer is no longer eligible for Lifeline service subject to a 30-day grace period. During the 30-day grace period, the customer's account will remain active, but Budget will engage in outreach efforts to determine whether the customer desires to remain on Budget's Lifeline service. If the prepaid customer's account does not show any customer-specific activity during the grace period (such as making or receiving a voice call, receiving or sending a text message, downloading data or adding money to the account), Budget will deactivate Lifeline services for that customer. In addition, the Company will not seek to recover a federal Universal Service Fund subsidy for the free minutes provided to the customer during the grace period or thereafter report that customer on its USAC Form 497.
- To follow any established FCC or state procedures to comply with the "one-per-household rule" for Lifeline support. In addition, Budget will make available state-specific customer data, including name and address, to the Universal Service Administrative Company ("USAC") and to the state for the purpose of permitting USAC or the state to determine whether an existing Budget PrePay Lifeline customer receives Lifeline service from another

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carrier. Budget PrePay will promptly investigate any notification that it receives from USAC or the state that one of its customers already receives Lifeline service from another carrier. Should Budget's investigation conclude that the customer receives Lifeline services from another carrier in violation of the Commission's regulations, or if otherwise directed by USAC or the state rules, Budget will immediately notify the customer and no longer report that customer to USAC on its FCC Form 497.

- To: (1) provide its Lifeline customers with 911 and E911 access regardless of activation status (if it provides the customer with prepaid service) or the availability of prepaid minutes; (2) provide E911-compliant handsets to all of its Lifeline customers; and (3) replace, at no charge to a customer, any non-compliant handset of an existing customer that obtains Lifeline-supported services with an E911-compliant handset.
- To: (1) require each customer to self-certify at time of service activation, and annually thereafter, that he or she is the head of household and receives Lifeline-supported service only from Budget; (2) establish safeguards to prevent its customers from receiving multiple Lifeline subsidies at the same address; (3) deal directly with the customer to certify and verify the customer's Lifeline eligibility; and (4) certify that it is in full compliance with any applicable 911/E911 obligations, including obligations relating to the provision, and support, of 911 and E911 service for each state in which Budget is designated as an ETC.
- To ensure that the "penalty for perjury" language is clearly stated on its Lifeline certification form, and that Budget PrePay will track its Lifeline customer's primary residential address and prohibit more than one supported Budget service at each residential address. Additionally, Budget will maintain the customer's self-certification and provide the documentation to the appropriate regulatory agency upon request.
- Budget will distribute its Lifeline service directly to its Lifeline customers. Customers may purchase handsets at retail stores, but Budget will deal directly with the customer to certify and verify the customer's Lifeline eligibility. When establishing initial and continued eligibility, Budget will have direct contact with the Lifeline customer.

Additionally, in Nevada, Budget stipulated to:

- Obtain proof of customer eligibility in order to participate in the Lifeline/Link-Up program.
- Report complaints to the Nevada PUC's Complaint Resolution Division.
- Allow Staff to "audit" books to confirm federal support is used properly.
- Advise Staff annually if there are any changes to its tariff.

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- Fulfill annual reporting obligations pursuant to Nevada Utility Law (NRS) 704.68871(2).
- Notify the Nevada PUC of any rate changes, etc. and update the informational tariff.
- Retain all customer records for at least three years and provide records, including Letters of Authorization, to the Nevada PUC's Regulatory Operations Staff one (1) year from the date of the Approval Order.

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D.T.C. 1-3 Identify all states that have denied a petition for ETC designation from Budget PrePay or any of its affiliates. Provide complete and detailed documentation for each denial.

Response: Approximately 6 years ago, by Order dated March 31, 2006, the Indiana Utility Regulatory Commission ("IURC") denied, without prejudice, Budget's 2005 wireline ETC Petition. Budget had sought ETC designation for its wireline services for the purpose of receiving federal low income and high cost universal service support. The Commission found that Budget met the nine required services criteria for ETC designation as contained in 47 U.S.C. § 214(e)(1) and related FCC rules and orders, as well as the advertising requirements. However, the Commission ultimately concluded that Budget had not satisfied a public interest analysis. Specifically, with respect to Lifeline and Link Up service, the Commission ruled that Budget was not entitled to such support because its service was provisioned through resale lines rather than "UNE-like" lines and Budget, therefore, did not satisfy the "own facilities" requirement. A copy of the IURC Order is attached as Exhibit 1-3. Budget PrePay has recently filed a wireless ETC application with the IURC.

No other states have denied a petition for ETC designation from Budget PrePay or any of its affiliates.

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D.T.C. 1-4 Identify all states that have rescinded, revoked, or otherwise terminated Budget PrePay's ETC designation or the ETC designation of any of its affiliates.
Provide complete and detailed documentation for each such state.

Response: Budget PrePay's ETC designations has not been rescinded, revoked or terminated in any state. No Budget PrePay affiliate has been designated an ETC or had an ETC designation rescinded, revoked or terminated in any state.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-5 Identify all states where Budget PrePay or any of its affiliates has withdrawn a petition for ETC designation. Provide complete and detailed documentation for each such withdrawal.

Response: Budget has not withdrawn any wireless ETC petition. Budget has, however, withdrawn wireline ETC petitions from the states listed below. Most of the withdrawals date back to more than five years ago and all involved Budget's competitive, wireline operations. Copies of the Orders (except for the New Jersey order, which cannot be located) are attached as Exhibit 1-5.

State	Withdrawal of <u>Wireline</u> Application	Reason for Action taken
Arizona	Withdrawn 10/26/05	Change in business and management strategy
Illinois	Withdrawn 04/19/06	Change in business and management strategy
Kansas	Withdrawn 12/09/05	Change in business and management strategy
Nevada	Withdrawn 09/14/05	Change in business and management strategy
New Jersey	Withdrawn Date Unknown	Change in business and management strategy
New Mexico	Withdrawn 01/10/07	Change in business and management strategy
Ohio	Withdrawn 12/07/05 11/10/10	Change in business and management strategy
Washington	Withdrawn 08/09/05	Change in business and management strategy
West Virginia	Withdrawn 01/05/06	Change in business and management strategy
Wisconsin	Withdrawn 10/10/05	Change in business and management strategy
Wyoming	Withdrawn 10/13/05	Change in business and management strategy

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D.T.C. 1-6 Identify all states where Budget PrePay or any of its affiliates has a petition currently pending for ETC designation, and describe the status of each such petition. Provide complete and detailed documentation.

Response: Budget PrePay has applications or petitions for designation as a competitive, wireless ETC pending in Arizona, Georgia, Iowa, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Washington, West Virginia, and Wisconsin before the state commissions, and at the Federal Communications Commission for Alabama, Connecticut, Delaware, the District of Columbia, Florida, New Hampshire, New York, North Carolina, Tennessee, and Virginia. All ETC applications/petitions are currently under consideration.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-7 Identify each state where Budget PrePay or any of its affiliates has a pending action against it by a commission or government agency. Provide complete and detailed documentation.

Response: At this time, Budget is unaware of any such action against it or any affiliate by a commission or government agency.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-8 Identify any and all ongoing litigation involving Budget PrePay or any of its affiliates. If applicable, provide a copy of all judicial findings made in relation to such litigation.

Response: Budget is unaware of any such litigation.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-9 Certify whether the FCC, any state commission, or government agency has, to date, rendered or entered a finding, conviction (including plea agreements), or civil judgment against Budget PrePay, its executives or senior managers, or any of its affiliates during the last ten years. Provide a copy of any such finding, conviction, plea agreements, or civil judgment.

Response: Please see the attached certification of David Donahue certifying that neither the FCC or any state commission or government agency has, to date, rendered or entered a finding, conviction (including plea agreements), or civil judgment against Budget PrePay, its executives or senior managers, or any of its affiliates during the last ten years.

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D.T.C. 1-10 Indicate whether Budget PrePay or any of its affiliates is presently offering, or has previously offered, service in Massachusetts. If so, describe the scope of such business, including geographic areas of operation, services offered, and total Massachusetts customers.

Response: Budget PrePay is currently a wireless reseller for wireless handsets, wireless recharge, and long distance cards throughout Massachusetts. Budget PrePay also provides bill pay stations for consumers. These bill pay stations enable consumers an outlet to pay numerous billers nationwide. Budget PrePay is not able to provide a total number of Massachusetts customers.

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D.T.C. 1-11 Budget PrePay indicates that it seeks ETC designation “for the entire service area in Massachusetts.” Petition at 3.

- a. Define what Budget PrePay means by “service area.”
- b. Provide a list of all exchanges, and their corresponding municipalities, in which Budget PrePay will provide service.
- c. Provide a local coverage area map for where Budget PrePay intends to provide service.
- d. Describe with specificity all areas in Massachusetts, if any, where Budget PrePay will not provide service. Explain why Budget PrePay will not provide service in such areas.

- Response:**
- a. “Service area” refers to the geographic areas within the state of Massachusetts that Budget PrePay intends to serve. For purposes of its ETC application, the service area includes all of Massachusetts.
 - b. A list of all exchanges, and their corresponding municipalities, in which Budget PrePay will provide service is attached as Exhibit 1-11.A. The list is intended to include all exchanges, throughout Massachusetts.
 - c. Budget PrePay’s geographic area of operation in Massachusetts is illustrated by the coverage maps of Sprint and Verizon Wireless attached as Exhibit 1-11.B. Additional coverage information regarding Sprint and Verizon Wireless’ operations in Massachusetts is available at www.sprint.com and www.verizonwireless.com.
 - d. Budget intends to provide service and take on the obligations of a competitive ETC statewide.

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D.T.C. 1-12 For Budget PrePay's free service package:

- a. Do consumers have any options when they run out of minutes? If so, describe each option in detail, including but not limited to:
 - i. How the additional minute plans offered by Budget PrePay, if applicable, compare to the additional minute plans of other ETCs currently providing Lifeline service in Massachusetts, as well as those offered by other carriers presently seeking ETC designation in Massachusetts.
 - ii. For how long purchased additional minutes are usable.
 - iii. Any additional charges, fees, or taxes that may apply.
 - iv. Whether and how Budget PrePay will collect and remit the 911 surcharge for any additional minutes purchased.
- b. Is a text messaging option included? If so, describe with specificity, including rates charged and/or minutes deducted. In addition, indicate whether text messaging is currently considered a supported service under 47 C.F.R. § 54.101 and provide complete and detailed documentation of that response.

Response: a. Yes. Consumers have options when they run out of minutes under Budget PrePay's Free 250 Plan.

- i. The Free 250 Plan provides eligible customers with a free handset, 250 nationwide anytime prepaid minutes per month, caller ID, call waiting and voicemail at no charge and with no contract commitment. Budget customers, at their discretion, may purchase blocks of additional airtime as follows:

\$5 - 50 minutes.
\$10 - 100 minutes.
\$15 - 150 minutes.

Customers may purchase international long distance at \$5.00 intervals, data/PIC packages at \$15.00 per month and nearly unlimited texting at \$10.00 per month. There is no obligation that customers purchase these additional offerings or add money to their accounts.

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Information regarding the prepaid offerings, and the Lifeline offerings, of TracFone and Virgin Mobile, can be found at the following links:

TracFone prepaid options:

<https://www.tracfone.com/direct/Purchase?payGo=true&app=TRACFONE&lang=en>

TracFone's Lifeline plan in Massachusetts, SafeLink:

https://www.safelinkwireless.com/Safelink/program_info/faq/massachusetts

Virgin Mobile prepaid options:

<http://www.virginmobileusa.com/cell-phone-plans/beyond-talk-plans.jsp>

Virgin Mobile Lifeline plan in Massachusetts, Assurance Wireless:

<http://www.assurancewireless.com/Public/MorePrograms.aspx>

- ii. Additional airtime is "usable" until the customer's 30th day of their normal 30-day cycle. Any additional airtime purchased does not roll over to the next month's cycle.
 - iii. No additional charges, fees or taxes apply to the purchase of additional minutes.
 - iv. Budget PrePay will remit all state and county 9-1-1 charges that must be remitted to the emergency 9-1-1 fund. *See also* Budget PrePay's response to D.T.C. 1-37.
- b. Budget PrePay's Free 250 Plan does not allow text messaging. Budget Lifeline customers using the Free 250 plan are, however, able to send and receive text messages if they purchase a nearly unlimited texting plan for \$10.00 per month. A text is equivalent to one minute of use.

Text messaging is not currently considered a supported service under 47 C.F.R. § 54.101.

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D.T.C. 1-13 For each of Budget PrePay's service packages:

- a. Are any data services included? If so, describe with specificity, including rates charged and/or minutes deducted. Indicate whether data services is currently considered a supported service under 47 C.F.R. § 54.101 and provide complete and detailed documentation of that response.
- b. Are minutes carried over from month-to-month? Explain.
- c. Will Lifeline customers incur roaming charges? Fully explain, including whether all of the handsets provided to Lifeline customers will notify them they are about to incur roaming charges, how roaming charges will apply to Lifeline customers, and where, if at all, Lifeline customers could incur roaming charges within Massachusetts.

Response: a. Budget will offer two (2) wireless prepaid federal USF Lifeline offerings: the Unlimited Talk and Text Plan and the Free 250 Plan. Data service is not included in either plan. Data packages may be purchased for \$15.00 per month and include 200 MB of data.

Data services are not currently considered a supported service under 47 C.F.R. § 54.101.

- b. The Unlimited Talk and Text Plan allows customers an unlimited amount of voice minutes and nearly unlimited text messaging. Under the Free 250 Plan, minutes do not carry over from month-to-month.
- c. Budget does not charge roaming fees to its customers.

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D.T.C. 1-14 Budget PrePay states that it will purchase some of the supported services through agreements from “one or more” national wireless carriers. Petition at 2, 5. Further explain this claim with specificity, including but not limited to the following:

- a. Provide the names of all of the wireless carriers from which Budget PrePay intends to purchase the supported services.
- b. Provide the agreements referred to in the Petition at page 2.

Response: a. Verizon Wireless and Sprint Spectrum, L.P.

- b. Under the confidentiality terms of the Verizon Wireless agreement, Budget is prohibited from producing its resale agreement with Verizon Wireless – even under seal. Sprint will permit Budget PrePay to provide the DTC with a redacted copy of their resale agreement to be submitted confidentially, and under seal, if the DTC enters into an agreement-specific Confidentiality Agreement with Budget PrePay. A proposed Confidentiality Agreement is provided in Exhibit 1-14. Budget will provide a redacted version of the resale agreement it has in place with Sprint as soon as a Confidentiality Agreement involving Budget PrePay and the DTC is executed.

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D.T.C. 1-15 Budget PrePay states that its “unlimited Lifeline wireless service plan is \$45.50 every 30 days.” Petition at 4. Confirm that this was a typo and that the price quoted is for Budget PrePay’s unlimited non-Lifeline wireless service retail plan (as stated in the Petition at page 10).

Response: Yes, the \$45.50 in paragraph 2 of page 4 is a typographical error. The pricing for the non-Lifeline Unlimited Talk and Text plan is \$45.50 every 30 days.

The pricing for the unlimited Lifeline wireless service plan is \$32.00, every 30 days, after the Lifeline discount is applied.

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D.T.C. 1-16 Budget PrePay states that it will provide Lifeline services partly through switches located in Dallas, Texas and Shreveport, Louisiana. Petition at 5. Be more specific, including but not limited to the following:

- a. Describe with more specificity the exact location of the facilities to be used in Texas and Louisiana.
- b. What entity owns the referenced facilities in Dallas, Texas and Shreveport, Louisiana?
- c. Indicate whether Budget PrePay owns or intends to own facilities within Massachusetts that it will use to provide service to Massachusetts customers.

Response:

- a. The Dallas facility is a Stratus Class 4 switch collocated with Level 3 and AT&T in Dallas (1950 Stemmons Frwy., Dallas, TX) and the Shreveport facility is a soft switch collocated with FiberNet Communications (400 Texas St., Shreveport, LA)
- b. Budget own its switches and related facilities.
- c. Budget has no plans currently to own network facilities in Massachusetts, but intends to open multiple storefront/retail locations in Massachusetts if designated as an ETC in the Commonwealth.

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D.T.C. 1-17 Budget PrePay indicates that it will rely on switches in Texas and Louisiana to provide “access to some interexchange services (for routing certain domestic and all non-domestic calls).” Petition at 5 (emphasis added).

- a. Describe with specificity how those facilities will be used to provide one or more of the supported services set out in 47 C.F.R. § 54.101 to Lifeline customers in Massachusetts.
- b. Clearly define the terms “some” and “certain” as they are used in the above quote.
- c. Where are the domestic calls that are routed using these facilities originated?
- d. Where are the domestic calls that are routed using these facilities terminated?

Response:

- a. Budget will use its own facilities and switching network elements located in Shreveport, Louisiana and Dallas, Texas to provide the following supported services: access to directory assistance, access to some interexchange services (for routing certain domestic and all non-domestic calls), the provision of toll limitation services and access to operator services, as that term is defined in 47 C.F.R. §54.101(a)(6). Specifically, directory assistance and operator service calls are routed via Budget PrePay's switching network elements to Budget's service center staffed by Budget's personnel. With respect to toll limitation, Budget's facilities are used to track the number of minutes used by the customer and to send the appropriate signal if and when the customer has reached his/her monthly minute limit.

Regarding access to interexchange services, Budget's switching network elements are used for routing certain domestic interexchange and all international calls. A Budget customer's toll call travels from the underlying wireless provider to the local ILEC or RBOC. The call is then switched to Budget's switching environment in Dallas, Texas or Shreveport, Louisiana.

The Budget switching network facilities in Dallas or Shreveport are redundant in nature and utilize two high capacity GigE rings. One GigE ring travels from Dallas to Oklahoma City, then to Little Rock, and terminates at Shreveport's switching network facilities. The other GigE ring high capacity circuit routes through Dallas and

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straight to Shreveport's switching network facilities. From Shreveport's switching network facilities, the interexchange call is then routed to a "least cost routing" engine to determine the low cost IXC that interconnects with Budget. Once the terminating path is calculated, the call is switched and routed to the appropriate carrier. Budget PrePay provides all call setup information to the IXC.

Budget's switching network facilities include a proprietary debiting platform that monitors the call duration and allows the connection and appropriate call length based on the termination destination. When connection time exceeds funds, Budget PrePay changes the status of the call and terminates the call. Switching of call, set up of call, monitoring length of call, status update of call, and termination of the call is all managed with Budget PrePay-owned facilities. Through these means, Budget will be able to offer all of the services and functionalities supported by the federal USF throughout Budget's designated service area.

Please refer to the attached call diagram attached as Confidential Exhibit 1-17.

- b. Approximately 100% of Budget's calls for directory assistance, approximately 100% of toll limitation services, approximately 100% operator services, approximately 100% of interexchange services for routing international calls, and less than 10% of interexchange services for routing domestic calls will be handled through Budget's own facilities.
- c. The domestic calls routed using these facilities originate throughout the United States.
- d. The domestic calls routed using these facilities terminate in the United States and internationally.

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D.T.C. 1-18 Budget PrePay indicates that it will advertise the availability of its Lifeline services “in a manner designed to inform the general public within Massachusetts, while targeting those likely to qualify for the service.” Petition at 9.

- a. Identify with specificity the media outlets that Budget PrePay intends to use for advertising the services and charges supported by Federal universal support mechanisms.
- b. Provide samples of the advertisements referred to in the Petition at page 9.

Response:

- a. Budget will advertise the availability of the supported services, and the corresponding rates and charges, in a manner designed to inform the general public. This advertising will occur through a combination of media channels, such as point of sale materials, brochures, banners, onsite merchandising, direct mail, television and radio, newspaper, magazine and other print advertisements, outdoor advertising, and the Internet.
- b. Attached as Exhibit 1-18 are samples of advertising mediums which Budget utilizes in other states.

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D.T.C. 1-19 Certify whether Budget PrePay is in a position to immediately offer each of the services supported by federal universal service support mechanisms pursuant to 47 U.S.C. § 254(c) and 47 C.F.R. § 54.101(a).

Response: Yes. As stated in its verified Petition, Budget PrePay satisfies all of the requirements for ETC designation set forth in Section 214(e)(6) of the Communications Act of 1934, as amended, and Federal Communications Commission Rules, 47 C.F.R. Part 54.101 *et seq.* Budget PrePay provides all of the services and functionalities supported by the universal service program. Budget will provide each of the services supported by the federal USF immediately upon implementation of its Lifeline services. These services include voice grade access to the public switched telephone network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent, access to emergency services, access to operator services, access to interexchange services, access to directory assistance and toll limitation services.

Attached is a certification from David Donahue affirming that Budget PrePay is in a position to immediately offer each of the services supported by federal universal service support mechanisms pursuant to 47 U.S.C. § 254(c) and 47 C.F.R. § 54.101(a).

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D.T.C. 1-20 Certify whether Budget PrePay will provide service on a timely basis for customers in its service area, or within a reasonable period of time if the customer is outside its existing network area as required by 47 C.F.R. § 54.202(a)(1)(i)(A),(B). Describe with specificity what Budget PrePay considers a “timely basis” and “within a reasonable period of time.”

Response: Please see attached certification of David Donahue.

For purposes of D.T.C. 1-20, Budget PrePay considers a “timely basis” to be no more than 10 business days and “within a reasonable period of time” to be within 30 days of a customer request for service.

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D.T.C. 1-21 Certify whether Budget PrePay will submit a Five-Year Network Improvement Plan describing proposed improvements to its network as required by 47 C.F.R. §54.202(a)(1)(ii).

Response: The FCC's required filing of a Five Year Service Improvement Plan, pursuant to 47 C.F.R. § 54.202(a)(1)(ii), is intended to demonstrate the use of USF high-cost funds and therefore should not apply to Budget's petition to participate solely in the Universal Service Low-Income Fund.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-22 Certify whether Budget PrePay has the ability to remain functional in emergency situations. Provide specifics sufficient to demonstrate that ability as required by 47 C.F.R. § 54.202(a)(2).

Response: Budget has geographically located its switching infrastructure in 2 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 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 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 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 maintains a Least Cost Routing engine (LCR) that has over 20 carriers available for every call.

Budget 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 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

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Witness: David Donahue, Chief Financial Officer

services can be restored within the MTO, a disaster is declared and a detailed incident investigation ensues. Based upon the results Budget 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.

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D.T.C. 1-23 For each carrier from which Budget PrePay intends to obtain facilities, indicate whether any agreement between Budget PrePay and that carrier contains specific provisions related to functionality in emergency situations in Massachusetts. If not, indicate how Budget PrePay ensures that the facilities of its underlying carriers have the ability to remain functional in emergency situations.

Response: 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 enables quick restoration of impacted services following a disaster and mitigates congestion risks through traffic management algorithms to handle the overload surges in traffic. Additionally, their disaster recovery response teams proactively monitor congestion and performance of the wireless network and determine the appropriate course of action. This may include performing parameter changes, adding additional capacity to the network via radio installations to cell sites and/or by adding additional backhaul. Cell Site On-Wheels ("COW") and Satellite On-Light-Trucks ("SatCOLT") may also be used to replace and/or expand Budget PrePay's underlying provider's footprint or add additional capacity to the network.

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). *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).

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D.T.C. 1-24 Describe with specificity Budget PrePay's ability to satisfy applicable consumer protection and service quality standards set forth in the Department's Rules and Practices Relating to Telephone Service to Residential Customers (D.P.U. 18448 (1977)) pursuant to 47 C.F.R. § 54.202(a)(3). Provide copies of Budget PrePay's employee training materials and company policies regarding handling customer complaints.

Response: Budget PrePay hereby commits to adhere to CTIA's Consumer Code for Wireless Service, a commitment that satisfies the requirements set forth in 47 C.F.R. § 54.202(a)(3) and D.P.U 18448 (1977).

Budget PrePay does not have any employee training materials or company policies regarding the handling of customer complaints. Any complaints are reviewed and responded to individually and given priority resolution treatment by Budget PrePay.

All customer complaints are handled by Ms. Robin Enkey at Budget PrePay. Customers can direct their complaints to the following toll-free number: 1-(855) 671-5736.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-25 Certify that Budget PrePay acknowledges that the Department may require it to provide equal access to long-distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area.

Response: Budget acknowledges that the Department may require it to provide equal access to long-distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area. Please see attached certification of David Donahue.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-26 Identify the rates (or charges) for each service offered by Budget PrePay under 47 U.S.C. § 254(c) and identified in 47 C.F.R. § 54.101(a).

Response: Budget will offer two (2) wireless prepaid federal USF offerings: the Unlimited Talk and Text Plan and the Free 250 Plan. A summary of each is provided below:

Budget PrePay's Unlimited Talk and Text Plan costs \$32.00 after the Lifeline discount is applied, every 30 days, and includes all supported services identified in 47 C.F.R. § 54.101(a), as well as unlimited nationwide calling, unlimited texting, caller ID, call waiting, voicemail and no contract commitment. The unlimited Lifeline wireless service plan is summarized in the table below:

Lifeline Offering/Plan	
Unlimited Talk and Text (non-Lifeline price)	\$45.50
Minimum Lifeline Credit	(\$13.50)
Total Maximum Cost of Lifeline Offering	\$32.00

Budget PrePay's Free 250 Plan includes all supported services identified in 47 C.F.R. § 54.101(a), as well as a free handset, 250 nationwide calling minutes per month, caller ID, call waiting and voicemail, with no contract commitment. As titled, this plan is at no cost to the customer once the Lifeline discount is applied.

Lifeline Offering	
Free 250 Minute Plan	\$13.50
Minimum Lifeline Credit	(\$13.50)
Total Maximum Cost of Lifeline Offering	\$0.00

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Customers may purchase additional airtime at the rates indicated below:

\$5.00	50 minutes
\$10.00	100 minutes
\$15.00	150 minutes

Customers may purchase international long distance at \$5.00 intervals, data/PIC packages at \$15.00 per month and nearly unlimited texting at \$10.00 per month.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-27 Provide a Certificate of Good Standing of recent date from the state in which Budget PrePay is incorporated.

Response: Attached as Exhibit 1-27 is a Certificate of Good Standing from Louisiana where Budget PrePay is incorporated.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-28 State whether Budget PrePay is a publicly traded company. If so, provide copies via CD or Internet link of all 10-Ks and 10-Qs (with any amendments) filed with the U.S. Securities and Exchange Commission during the last three years. If Budget PrePay is not publicly traded, provide financial statements for the last three years.

Response: Budget is not a publicly traded company. Budget's financial statements for the last three years are attached as Confidential Exhibit 1-28, filed under seal. Budget's financial statements contain confidential and proprietary, and commercially sensitive financial information not available to the public. Therefore, due to the highly competitive nature of the telecommunications marketplace and the highly confidential nature of the information provided the financial statements are marked as CONFIDENTIAL and are being submitted under seal to be maintained by the Commission and Staff on a confidential basis.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-29 Certify whether Budget PrePay has any outstanding tax liabilities or other late payments or 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.

Response: Budget has no outstanding tax liabilities or other late payments or liabilities due and owing to the Commonwealth of Massachusetts or any government and/or quasi-public entities in any other jurisdictions. See attached certification of David Donahue

Budget PrePay, Inc.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-30 Budget PrePay states that it will implement its voluntary commitments “within 30 days of the effective date of any order approving the Company’s ETC designation request.” Petition at 11.

a. Certify that if Budget PrePay is designated as an ETC in Massachusetts, it will comply with all federal and Massachusetts requirements regarding Lifeline certification and verification.

b. If the Department issues an order granting Budget PrePay’s Petition, is there any reason why the voluntary commitments listed in the Petition on pages 11-12 cannot be implemented on the effective date of said order?

Response: Budget PrePay will comply with all federal and Massachusetts requirements regarding Lifeline certification and verification and will implement the voluntary commitments immediately upon designation as indicated in the attached certification of David Donahue.

Budget PrePay is unaware of any reason why the voluntary commitments on pages 11-12 of its Petition cannot be implemented on the effective date of any order designating Budget PrePay an ETC in Massachusetts.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-31 Budget PrePay seeks ETC designation for Link Up as well as Lifeline support. Petition at 1.

- a. In each state where Budget PrePay or any of its affiliates has been designated as an ETC to receive support for wireless services, state whether that designation includes Link Up support.
- b. Describe with specificity why granting Budget PrePay ETC designation for Link Up support, specifically, is in the public interest.
- c. Provide a detailed description and explanation of Budget PrePay's activation charge, including but not limited to:
 - i. Amount before the Link Up discount.
 - ii. Amount of the Link Up discount being requested.
 - iii. Amount after the Link Up discount is applied.
 - iv. The costs associated with initial connection that Budget PrePay recoups with its activation fee.

Responses:

- a. Budget's wireless ETC designation in Arkansas, Louisiana, Maryland and Nevada all include authorization to participate in Link Up.
- b. Budget will use Link Up support to reduce the \$60.00 "customary charge for commencing service" to \$30.00 for eligible subscribers. Furthermore, eligible subscribers will have the option of deferring the \$30.00 reduced activation charge over a twelve-month period with no interest charges, allowing subscribers to obtain service without being required to pay any upfront fees to activate service with Budget. Budget's "customary charge for commencing service" excludes the cost of the wireless handset. Customers will also receive a credit in the amount of \$2.50 per month for each month that they remain a Budget customer. The credit will first be used to pay for the activation charge balance over a twelve-month period. After the activation charge has been recovered, qualifying subscribers can

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Witness: David Donahue, Chief Financial Officer

apply the \$2.50 monthly credit towards the purchase of additional services or minutes outside their current plans, provided that the credit must be used in the month following the month in which it was earned.

Customers will benefit from the resulting reduced costs and fees for activation of service, which provides an attractive and affordable alternative to qualified low-income consumers without regard to age, residency or creditworthiness. 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.

c. i. \$60.00

ii. \$30.00

iii. \$30.00 (which can be offset by retention credits earned by continuing service).

iv. The costs to Budget PrePay associated with marketing, sales, customer care, and initial customer billing set up far exceed the initial \$60.00 activation fee and are in excess of \$100.00 per customer.

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D.T.C. 1-32 Budget PrePay states that “qualifying subscribers will have the option of deferring the reduced activation charge over a twelve-month period with no interest charges, allowing subscribers to obtain service with no interest charges, allowing subscribers to obtain service without being required to pay any upfront fees to activate service with Budget PrePay.” Petition at 16.

- a. Confirm or deny that “qualifying” as used here refers to a subscriber’s eligibility for the Link Up program. If anything but a straight “confirm,” provide an explanation.
 - b. Fully explain the deferred payment schedule that may be afforded to customers.
 - c. Is it possible under a deferred payment schedule that some or all Budget PrePay customers will not have to pay any activation charge for obtaining Lifeline service? If so, explain how Budget PrePay’s activation charge constitutes a “customary charge” if over half of the fee is effectively waived for Link Up customers.
-
- a. Confirmed.
 - b. Customers are allowed 12 months to pay the \$30.00 Service Activation Fee balance, with no interest, in accordance with 47 C.F.R. § 54.411(a)(2). Also see response to Request 1-31(b) for further explanation of the application of retention credits that result in no out of pocket payment.
 - c. All Budget customers, Lifeline and non-Lifeline customers, are assessed the Service Activation Fee to cover the costs associated with account activation and related costs described in Budget PrePay’s response to D.T.C. 1-31.c.iv. Budget PrePay’s non-Lifeline customers do not qualify for the Link Up subsidy.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-33 Does Budget PrePay intend to provide its non-Lifeline service in Massachusetts? See Petition at 10. If so, does Budget PrePay intend to charge an activation fee to its non-Lifeline customers? If so, what is the amount of that activation fee?

Response: Yes. Budget PrePay will offer both non-Lifeline service and Lifeline service in Massachusetts. Yes. Budget PrePay will charge a \$60.00 activation fee to non-Lifeline customers.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-34 Provide a copy of Budget PrePay's terms and conditions.

Response: Budget PrePay's Terms and Conditions are attached as Exhibit 1-34.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-35 Indicate whether Budget PrePay is willing to amend its terms and conditions, if necessary, to comply with Massachusetts-specific consumer protection, billing and termination, and Lifeline rules and procedures.

Response: Yes. Budget PrePay is willing to amend its terms and conditions, if necessary, to comply with Massachusetts-specific consumer protection, billing and termination, and Lifeline rules and procedures. However, as previously stated, Budget is a prepaid service and does not issue traditional “bills” to its Lifeline customers.

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Witness: David Donahue, Chief Financial Officer

D.T.C. 1-36 Is Budget PrePay aware that the Department has a pending investigation into the Lifeline and Link Up programs in Massachusetts in D.T.C. Docket 10-3, and that if Budget PrePay is designated as an ETC in Massachusetts, any procedures or requirements established in that proceeding would apply to Budget PrePay?

Response: Yes.

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D.T.C. 1-37 Is Budget PrePay familiar with, and prepared to comply, with the Massachusetts State 911 Department's surcharge collection regulations pertaining to prepaid wireless providers? Describe with specificity Budget PrePay's understanding of how these regulations will apply to Budget PrePay in regards to its Massachusetts subscribers, both Lifeline and non-Lifeline, if applicable.

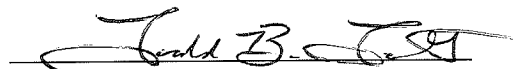
Response: Yes. Budget has familiarized itself with 560 CMR 3.00, regulations establishing an equitable and reasonable method for the remittance and collection of a surcharge on prepaid wireless telephone service, and understands that the regulations establish a surcharge of \$0.75 per month on each subscriber, end user, or customer of prepaid wireless telephone whose communications services are capable of accessing enhanced 911 service.

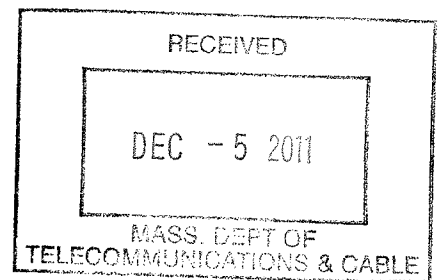
As required by the regulations, Budget is prepared to remit the required surcharge to the State 911 Department on a monthly basis, along with the required report as prescribed by the Department. Budget will also maintain its books and records in a manner that will permit the Department to confirm that Budget has complied with or is complying with the provisions of 560 CMR 3.00. Budget also intends to update its business entity information annually.

CERTIFICATE OF SERVICE

ORIGINAL

I, Todd B. Lantor, counsel for Budget PrePay, Inc., hereby certify that on the 2nd day of December 2011, I served a copy of Budget PrePay's Written Response to Information Requests to the attached service list.


Todd B. Lantor



Petition of Budget PrePay, Inc. for
Limited Designation as an Eligible Telecommunications Carrier

Service List

Catrice C. Williams
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Senior Attorney
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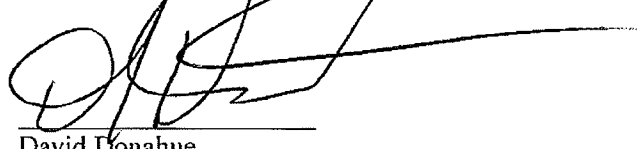
Certification

**BUDGET PREPAY, INC.
MASSACHUSETTS DTC DOCKET NO. 11-12
RESPONSES TO DTC SET 1**

AFFIDAVIT OF DAVID DONAHUE

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

1. I am the Chief Financial Officer of Budget PrePay, Inc. ("Budget"), a Louisiana corporation with its principal place of business at 1325 Barksdale Blvd., Bossier City, Louisiana 71111.
2. I have read Budget's "Written Response to Information Requests Propounded by the Department of Telecommunications and Cable ("DTC")" and verify that I have personal knowledge of the information and that the information therein is true and correct to the best of my knowledge.
3. In addition, I hereby certify under penalty of perjury as follows:
 - a. Neither the FCC, or any state commission or government agency has, to date, rendered or entered a finding, conviction (including plea agreements), or civil judgment against Budget, its executives or senior managers, or any of its affiliates during the last ten years. [DTC 1-9].
 - b. Budget will provide each of the services supported by the federal universal service fund support mechanisms pursuant to Section 214(e)(6) of the Communications Act of 1934, as amended, and Federal Communications Commission Rules, 47 C.F.R. Part 54.101, *et seq.* [DTC 1-19.]
 - c. Budget will provide service on a timely basis for customers in its service area, or within a reasonable period of time if the customer is outside its existing network area as required by 47 C.F.R. § 54.202(a)(1)(i)(A), (B). [DTC 1-20].
 - d. Budget acknowledges that the DTC may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area. [DTC 1-25].
 - e. Budget has no outstanding tax liabilities or other late payment or liabilities due and owing to the Commonwealth of Massachusetts or any government and/or quasi-public entities in any other jurisdictions. [DTC 1-29].
 - f. If Budget is designated as an ETC in Massachusetts, it will comply with all federal and Massachusetts requirements regarding Lifeline certification and verification. [DTC 1-30].



David Donahue
Chief Financial Officer
Budget PrePay, Inc.

Dated: December __, 2011