

THORVALD A. NELSON
SARA KERKHOFF RUNDELL
HOLLAND & HART LLP
6380 South Fiddlers Green Circle
Suite 500
Greenwood Village, CO 80111
Telephone: (303) 290-1601
Facsimile: (303) 975-5290

JAMES A. HOLTKAMP (BAR NO. 1533)
HOLLAND & HART LLP
222 South Main Street, Suite 2200
Salt Lake City, UT 84101
Telephone: (801) 799-5847
Facsimile: (801) 799-5700

**Attorneys for Budget PrePay, Inc.
d/b/a Budget Mobile**

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Budget Prepay, Inc. d/b/a
Budget Phone, Inc.'s Petition for Limited
Designation as a Non-Rural Wireless Eligible
Telecommunications Carrier

**Budget PrePay, Inc. d/b/a Budget Mobile's
Petition For Limited Designation As A Non-
Rural Wireless Eligible Telecommunications
Carrier**

Docket No. 12-2554-01

Direct Testimony of

David Donahue

August 10, 2012

DIRECT TESTIMONY OF DAVID DONAHUE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is David Donahue, and my business address is 1325 Barksdale Blvd., Bossier City, Louisiana, 71111.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Budget PrePay, Inc., d/b/a Budget Mobile (“Budget” or “the Company”). I would note that Budget provides wireline services under the name Budget Phone and wireless services under the name Budget Mobile.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT POSITION DO YOU HOLD?

A. I am employed by Budget and I am its Chief Financial Officer.

Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND?

A. I have received a BS in Accounting from Louisiana Tech University and obtained my CPA in 1990. I joined Budget in June 2010.

Prior to my employment with Budget, I worked at VCFO, where I was responsible for all company financial reporting and strategic planning, as well as SEC reporting and analysis. I have over 23 years of experience in the manufacturing, software, telecommunications, and retail industries. Before I joined VCFO, my positions included serving as the CFO for Axtive Corporation, a publicly traded integrated technology solution provider for middle-market companies. I have also worked as CFO for Philips

24 Speech Processing North and South America, a provider of speech technology for
25 telecom application; as Controller of The Pegasus Companies, a publicly traded firm with
26 interests in retail and medical technology; and as Controller/VP of Financial of Optical
27 Corporation of American, a national chain of 145 optical retail stores. I have performed a
28 wide variety of tasks, including accounting, finance, operations, audit human resource
29 management and software implementations for companies such as Holly corporate,
30 Capps Car Rental, HealthVision, Puente-Brancato Companies, Viscern, Skywire
31 Software, and others.

32

33 **Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY COMMISSIONS?**

34 A. Yes. I have filed testimony in Indiana, Oklahoma, and South Carolina in connection
35 with Budget's petitions for ETC designation in those states.

36

37 **Q. HAVE YOU REVIEWED THE PETITION AND OTHER DOCUMENTS FILED**
38 **BY BUDGET IN THIS PROCEEDING?**

39 A. Yes.

40

41 **Q. WOULD YOU PLEASE BRIEFLY DESCRIBE BUDGET AND ITS**
42 **OPERATIONS?**

43 A. Yes. Budget is a Louisiana corporation headquartered in Bossier City. Budget was
44 formed in 1996 by Robert "Smokey" Hyde, and his son R. Danny Hyde, who is Budget's
45 current president. Budget initially provided low-cost prepaid home phone services. As a
46 result of its strong dedication to customer care, building strong relationships, and research

47 and development to meet current and prospective customer needs, Budget has steadily
48 expanded across the United States over the last 18 years and has developed a \$100
49 million business. It is a national provider of wireline and wireless local and long distance
50 services that serves approximately 400,000 customers in over 42 states. As such, Budget
51 one of the largest prepaid telecommunications companies in the United States. The
52 Petition pending before the Commission is an outgrowth of Budget's dedication to
53 expanding its high-quality service offerings wherever there is a demonstrated customer
54 need.

55

56 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

57 A. The purpose of my testimony is to demonstrate that Budget satisfies the requirements for
58 designation as an ETC in the State of Utah within the areas proposed in its Petition and
59 that the granting of this designation is in the public interest.

60

61 **Q. WOULD YOU PLEASE DESCRIBE THE SERVICES BUDGET INTENDS TO**
62 **PROVIDE IN UTAH?**

63 A. Yes. Budget is a telecommunications common carrier that provides digital wireless
64 services. Budget is authorized to conduct business in Utah as a foreign corporation. If
65 this Petition is approved, our intent is to offer high-value, high-quality Lifeline services
66 without requiring a fixed-term contract, a credit check, activation fees, or early
67 termination fees. Its Lifeline customers will be able to choose between a free plan and a
68 plan that provides 4,000 combined texts and minutes. Budget will provide its services by
69 resale of Verizon Wireless' underlying services.

70

71 **Q. HOW ARE BUDGET'S OFFERINGS DIFFERENT FROM THOSE OFFERED**
72 **BY TRADITIONAL WIRELESS CARRIERS?**

73 **A.** Budget does not require background or credit checks for its prepaid wireless services. It
74 does not charge an activation fee and does not require customers to sign a long term
75 contract. It provides a free handset, and its service offerings include a variety of popular
76 telephone features at no additional charge, including caller ID, call waiting, and
77 voicemail, which wireline ILECs typically offer at an extra charge. Budget's pricing and
78 terms are highly competitive and provide high value even compared to the offerings of
79 other wireless carriers, in addition to wireline carriers. Budget customers are never
80 obligated to pay for a period of service that exceeds 30 days.

81

82 **Q. WHAT IS THE PROPOSED SERVICE AREA IN WHICH BUDGET REQUESTS**
83 **DESIGNATION AS AN ETC?**

84 **A.** Budget seeks ETC designation in the non-rural wire centers of the ILECs within the State
85 of Utah. These wire centers were, with one exception, identified in Exhibit 2 attached to
86 Budget's application for ETC designation, filed with this Commission on June 21, 2012,
87 and are also set forth in Exhibit _____ (DD-1) included with my testimony. The
88 exception I refer to above is the Page wirecenter. The Page wirecenter is a Qwest
89 wirecenter that straddles the Utah/Arizona border with the CLLI Code "PAGEAZMA".
90 This wirecenter was inadvertently left off of the list in the Petition because the name is
91 linked to Arizona rather than Utah. However, there are Qwest customers in Utah that are
92 served from this wirecenter.

93

94 **Q. IS BUDGET SEEKING HIGH COST SUPPORT FOR THE WIRELESS**
95 **SERVICES IT PROVIDES IN UTAH?**

96 A. No, it is not. Budget is seeking ETC designation in Utah only for the limited purpose of
97 receiving low-income support from the federal Universal Service Fund for offering
98 Lifeline service so that it may better serve low-income customers in Utah. It is not
99 seeking federal or Utah high-cost support funds.

100

101 **Q. DOES BUDGET PROVIDE HIGH-QUALITY WIRELESS SERVICES?**

102 A. Yes. As demonstrated by its successful expansion from its initial Louisiana roots, Budget
103 has continuously adapted its service offerings to anticipate and address customer needs.
104 As an example, Budget invested millions of dollars in software development, including
105 customized, user friendly point-of-sale software its agents use to meet customer needs.
106 Budget's investments in customer care and dedication to providing high-quality service
107 have been amply rewarded: Budget now serves approximately 374,000 wireless
108 customers across most of the continental United States. Its customer care centers are
109 among the most sophisticated of any American provider, and where it provides services
110 through resale, it enters contracts with carriers who are similarly dedicated to a high level
111 of customer service.

112

113 As stated in Budget's Petition, Budget commits to satisfy all consumer protection and
114 service quality standards as provided in the Federal Communication Commission's
115 ("FCC") rules (specifically Section 54.202(a)(3) of C.F.R. Title 47), as well as all

116 applicable state-specific consumer protection and service quality standards and will
117 commit that all universal service fund support received by Budget will be directly
118 reflected in the price that eligible customers pay. Budget will comply with the Cellular
119 Telecommunications and Internet Association's ("CTIA") Consumer Code for Wireless
120 Service and will protect Customer Proprietary Network Information.

121

122 **Q. WHAT ARE THE REQUIREMENTS FOR DESIGNATION AS AN ETC?**

123 A. My layperson's understanding is that to become designated as an ETC, a carrier must be
124 a common carrier, must offer specified supported services either through its own facilities
125 or a combination of its own facilities and resold facilities or obtain a forbearance from
126 that requirement, must advertise these services using media of general distribution, and
127 must describe the geographic service area for which it seeks designation. Additional
128 criteria include the carrier's certification that the carrier will comply with service
129 requirements applicable to the support it receives; a demonstration that the carrier will
130 remain functional in emergency situations; a demonstration that the carrier will satisfy
131 applicable consumer protection and service quality standards; a demonstration of
132 financial and technical ability to provide the supported services; and provision of
133 information regarding the voice telephony Lifeline services the carrier will provide. If
134 designation is consistent with the public interest, convenience and necessity, the
135 Commission must designate additional ETCs in areas served by non-rural ILECs.

136

137 **Q. DOES BUDGET SATISFY THE REQUIREMENTS FOR ETC DESIGNATION IN**
138 **UTAH?**

139 A. Yes. As described more fully below, Budget satisfies all of the requirements for ETC
140 designation in Utah. Budget is a common carrier, as defined by the FCC, and provides
141 all of the services and functionalities supported by the universal service program as set
142 forth in the FCC's rules. Budget also commits to advertise the availability of these
143 services using media of general distribution.

144

145 **Q. IS BUDGET A COMMON CARRIER, AS THAT TERM IS DEFINED IN**
146 **FEDERAL LAW?**

147 A. Yes, Budget is engaged as a common carrier who offers wireless services for hire. As
148 such, it is eligible for designation as an ETC. The FCC and the Commission have both
149 recognized that telecommunications providers offering wireless services are eligible for
150 ETC designation.

151

152 **Q. WILL BUDGET OFFER THE SUPPORTED SERVICES REQUIRED BY THE**
153 **FCC?**

154 A. Yes, Budget will offer all of the Supported Services identified in Section 54.101 of
155 C.F.R. Title 47, which the FCC has recently amended.¹

¹ See *In the Matter of Connect America Fund*, WC Docket No. 10-90 et al., Order on Reconsideration, FCC 11-189 (rel. Dec. 23, 2011); Lifeline Reform Order, ¶ 367. The FCC Order of December 23, 2011 removed from eligibility numerous types of services that had previously been Supported Services, including dual-tone multi-frequency signaling, single-party service, access to operator services, access to interexchange service, and access to directory assistance. The Lifeline Reform Order removed toll limitation services from the list of Supported Services, but only for those services that do not distinguish between toll and non-toll calls in the pricing of the service.

- 156 • **Voice grade access to the public switched telephone network or its functional**
157 **equivalent** – Budget will provide its customers with the ability to make and receive
158 calls on the public switched network.
- 159 • **Minutes of use for local service provided at no additional charge to the end user**
160 Though Budget may eventually expand the number of Lifeline service plan options
161 available to eligible Lifeline customers, Budget intends to initially offer qualifying
162 customers an “active user talk & text” wireless plan that will provide 4,000 minutes
163 of combined local/toll usage and texting, as well as another plan with 250 free
164 minutes of local/toll usage.
- 165 • **Access to the emergency services provided by local government or other public**
166 **safety organizations, such as 911 or enhanced 911, to the extent the local**
167 **government in Budget’s service area has implemented 911 or enhanced 911**
168 **systems** – All of the phones that Budget distributes are capable of delivering
169 automatic numbering information and automatic location information and otherwise
170 satisfy applicable state and federal E911 requirements.
- 171 • **Toll limitation for qualifying low-income consumers, which means toll blocking**
172 **service and toll control service** -- Toll limitations service does not need to be offered
173 for any Lifeline service that does not distinguish between toll and non-toll calls in the
174 pricing of its service. Because the plans offered by Budget include an established
175 number of minutes with no distinction between the pricing for local and toll calls,
176 Budget’s customers will not be subjected to unexpected bills for telecommunication
177 toll services. Thus, Budget’s services satisfy these requirements.
- 178

179 **Q. WILL BUDGET ADVERTISE THE AVAILABILITY OF THE SUPPORTED**
180 **SERVICES USING MEDIA OF GENERAL DISTRIBUTION, AS REQUIRED BY**
181 **47 U.S.C. § 214(e)(1)(B)?**

182 A. Yes, Budget will advertise the availability of the supported services throughout its
183 designated service areas using media of generally distribution in a manner that is
184 designed to reach those likely to qualify for such services. Budget intends to use a
185 variety of media resources, including point of sale material of various kinds, onsite
186 merchandising, banners, customer direct mail, customer brochures, television, and print
187 media. An example of Budget's Lifeline advertising is attached as Exhibit ____ (DD-2).
188 In promoting its services in Utah, Budget will use a state-specific fact sheet, and Budget
189 agrees to comply with all form and content requirements, if any, promulgated by the FCC
190 or the Commission in the future and required of all designated ETCs.

191
192 **Q. HAS BUDGET OBTAINED FORBEARANCE FROM THE REQUIREMENT**
193 **THAT ETC CARRIERS PROVIDE SERVICES SUPPORTED BY FEDERAL**
194 **UNIVERSAL SERVICE SUPPORT MECHANISMS BY USE OF THEIR OWN**
195 **FACILITIES, OR A COMBINATION OF THEIR OWN FACILITIES AND**
196 **RESALE?**

197 A. Yes, Budget has obtained forbearance of this requirement by meeting the requisite
198 criteria laid out by the FCC. Through 2011, Budget had used a combination of its own
199 facilities and resale of other carriers' facilities to provide the supported services in many
200 states. However, the FCC recently changed the list of services that qualify as supported
201 services. Recognizing that the change might eliminate otherwise highly qualified carriers

202 who provide a vital service to low-income customers, the FCC offered a blanket
203 forbearance of the “own facilities” requirement for carriers who meet certain
204 requirements. First, carriers must provide Lifeline subscribers with 911 and E911 access,
205 regardless of activation status and availability of minutes, and with E911 compliant
206 handsets. Second, a carrier must obtain the FCC’s approval of a compliance plan
207 describing (a) the safeguards it will implement against waste, fraud, and abuse to comply
208 with FCC requirements and (b) the carrier’s Lifeline service plan offerings. Budget has
209 met both of these requisites for forbearance and, thus, satisfies the “own facilities”
210 requirement.

211

212 **Q. HOW DOES BUDGET MEET THE FIRST REQUIREMENT REGARDING**
213 **PROVISION OF 911 AND E911 ACCESS TO LIFELINE SUBSCRIBERS?**

214 A. Budget will meet this requirement by (a) providing its Lifeline customers with 911 and
215 E911 access regardless of activation status (if it provides the customer with prepaid
216 service or availability of prepaid minutes); (b) providing 911/E911-compliant handsets to
217 all of its Lifeline customers; and (c) replacing, at no charge to customers, any non-
218 compliant handset of an existing Lifeline customer with a 911/E911-compliant handset.

219

220 **Q. REGARDING THE SECOND REQUIREMENT, HAS BUDGET OBTAINED FCC**
221 **APPROVAL OF A COMPLIANCE PLAN?**

222 A. Yes. On May 1, 2012, Budget submitted a Revised Compliance Plan for FCC approval
223 in WC Docket No. 09-197 and WC Docket No. 11-42.² The Compliance Plan details the
224 verification, certification, and other anti-fraud measures Budget will take to comply with
225 state and federal requirements and to ensure that Lifeline support is provided only to
226 consumers who are truly eligible, and is included as Exhibit ____ (DD-3). On May 25,
227 2012, the FCC issued a public notice that it had approved Budget's Compliance Plan,
228 included here as Exhibit ____ (DD-4). Since it meets all of the FCC's aforementioned
229 criteria, Budget is entitled to the FCC's blanket forbearance from the "own facilities"
230 requirement.

231

232 **Q. WILL BUDGET MEET THE FCC'S ADDITIONAL ELIGIBILITY CRITERIA**
233 **FOR ETC DESIGNATION?**

234 A. Yes, Budget meets the additional criteria recently adopted by the FCC, which include the
235 carrier's certification that the carrier will comply with service requirements applicable to
236 the support it receives; a demonstration that the carrier will remain functional in
237 emergency situations; a demonstration that the carrier will satisfy applicable consumer
238 protection and service quality standards; a demonstration of financial and technical
239 ability to provide the supported services; and provision of information regarding the
240 voice telephony Lifeline services the carrier will provide.

241

² Budget submitted an initial Compliance Plan to the FCC on March 1, 2012, and subsequently submitted several revised versions. The May 1, 2012 Revised Compliance Plan was the final version, which the FCC approved on May 25, 2012.

242 **Q. REGARDING THE FIRST OF THESE CRITERIA, DOES BUDGET CERTIFY**
243 **THAT IT WILL COMPLY WITH ALL SERVICE REQUIREMENTS**
244 **APPLICABLE TO LIFELINE SUPPORT FUNDING?**

245 A. Yes. If Budget is designated as a wireless ETC in Utah, it certifies that it will comply
246 with all service requirements applicable to Lifeline support funding. These requirements
247 are detailed throughout my testimony and in Budget's Compliance Plan at Exhibit ____
248 (DD-3).

249
250 **Q. DOES BUDGET INTEND TO SUBMIT A FIVE-YEAR SERVICE**
251 **IMPROVEMENT PLAN RELATING TO PLANNED INFRASTRUCTURE**
252 **IMPROVEMENTS OR UPGRADES?**

253 A. No. This particular requirement under the FCC's rules is not applicable to carriers
254 seeking ETC status solely to provide Lifeline to low-income customers.

255
256 **Q. DESCRIBE HOW BUDGET WILL MEET THE SECOND REQUIREMENT,**
257 **NAMELY, THAT A CARRIER DEMONSTRATES AN ABILITY TO REMAIN**
258 **FUNCTIONAL IN EMERGENCY SITUATIONS.**

259 A. Certainly. Budget will have the ability to reroute traffic around damaged facilities and
260 manage traffic spikes resulting from emergency situations through both its underlying
261 wireless service provider, Verizon Wireless, and the use of its own facilities in Louisiana
262 and Texas. Budget's services will be as reliable as, and provide all back-ups and
263 contingency plans of, its underlying wireless service providers. Such back-ups and

264 contingencies include backup battery power at cell sites, thus ensuring functionality
265 during emergencies.

266

267 **Q. CAN YOU FURTHER DESCRIBE HOW BUDGET'S OWN FACILITIES AND**
268 **NETWORK DESIGN ENSURE BUDGET'S ABILITY TO REMAIN**
269 **FUNCTIONAL IN EMERGENCY SITUATIONS?**

270 A. Yes. As I indicated, Budget's switching infrastructure is located in two separate
271 geographic locations – Louisiana and Texas. This network design is designed to prevent
272 a single isolated power incident from affecting traffic on Budget's network. All facilities
273 are equipped with both AC and DC battery backup as well as generators. All critical
274 equipment is also supplied with two separate power sources, namely, primary and
275 redundant power feeds.

276

277 Budget also maintains multiple paths to reach its network. This is accomplished by using
278 multiple Internet Protocol ("IP") transit providers for all IP connectivity and an N+1
279 configuration for all Time Division Multiplexing connectivity. Once the origination
280 traffic reaches the Budget network, all elements are set up with the same N+1
281 configuration. The configuration allows each element a primary and redundant path to
282 terminate the traffic without service interruption. In the event the main element fails or
283 that element reaches maximum capacity, Budget has designed the network to advance the
284 traffic to one of three other elements in the same N+1 configuration that is listed above.
285 The voice network has been built and designed to be self-sustaining in the event of a

286 failure. The switching infrastructure will advance to the next termination carrier in route
287 in the event of a failure on any termination carrier's route. Budget maintains a Least Cost
288 Routing engine that has over 20 carriers available for every call.

289
290 Budget has redundant, geographically separated call centers with the capability to route
291 incoming calls as needed, and additional data processing capacity at each of its three data
292 centers that can accommodate extra workload as needed in the event of a systems outage.
293 With daily Grandfather-Father-Son backups, monthly offsite tape backup, and a tertiary
294 optical backup of critical Structured Query Language databases, data can be quickly
295 restored in the event of a key systems failure. Budget maintains 24x7x365 support
296 agreements on all key systems, with four-hour maximum response time specified where
297 possible, so that technical support is always available.

298
299 In the event of a service impacting event, an initial investigation and impact analysis
300 should determine whether the affected services can be restored within the timeframe of
301 the Maximum Tolerable Outage ("MTO"). If it is uncertain that services can be restored
302 within the MTO, a disaster is declared and a detailed incident investigation ensues.
303 Based upon the results Budget will either correct the affected service(s) or invoke
304 disaster recovery activities, such as routing all calls to the alternate call center and
305 rerouting data and/or voice traffic to servers and equipment in the unaffected data centers
306 while the affected service is restored.

307

308 **Q. MOVING ON TO THE THIRD ADDITIONAL ELIGIBILITY REQUIREMENT,**
309 **HOW WILL BUDGET SATISFY ALL CONSUMER PROTECTION AND**
310 **SERVICE QUALITY STANDARDS?**

311 A. If designated as a wireless ETC, Budget commits to satisfying all consumer protection
312 and service quality standards set forth by the FCC, as well as all applicable state-specific
313 consumer protection and service quality standards, and will further commit that all
314 universal service fund support received by Budget will be directly reflected in the price
315 that eligible customers pay. Additionally, Budget will comply with the Cellular
316 Telecommunications and Internet Association's Consumer Code for Wireless Service and
317 will protect Customer Proprietary Network Information. Through the use of resold
318 services and its own facilities, Budget will be able to provide the same quality and
319 reliability as that currently provided by any other wireless provider. Budget's contractual
320 arrangements and its own facilities are designed to minimize any failures, provide
321 alternate call routing, and expedite recovery in the event a failure occurs. Budget affirms
322 its commitment to continue to satisfy or exceed applicable consumer protection and
323 service quality standards.

324
325 **Q. IS BUDGET FINANCIALLY AND TECHNICALLY CAPABLE OF PROVIDING**
326 **LIFELINE SERVICES IN UTAH CONSISTENT WITH THE FOURTH**
327 **ADDITIONAL REQUIREMENT FOR ETC DESIGNATION?**

328 A. Absolutely. Budget has operated in the United States for over 18 years and, thus, has
329 significant experience in proving high-quality telecommunications services. It has

330 developed a \$100 million dollar business spanning most of the continental United States
331 in large part by providing outstanding customer service and attractive service offerings at
332 a low cost. Furthermore, it obtains the majority of its revenue from selling low-cost
333 prepaid telephone services on a nationwide basis to approximately 400,000 customers in
334 42 states. Budget will not need to rely exclusively on federal USF support and will not
335 need, and does not seek, Utah high cost funds to provide the proposed wireless services.
336 A copy of Budget's confidential audited financial statements for 2009 and 2010 and
337 unaudited statements for 2011 are included as Confidential Exhibit ____ (DD-5) and
338 Confidential Exhibit ____ (DD-6) respectively. It is current on its obligations with the
339 Utah Division of Corporations and Commercial Code.

340
341 Budget owns and operates its own switching facilities in Dallas, Texas and Shreveport,
342 Louisiana. Budget has also invested millions of dollars in software development,
343 including its own customized, user friendly point-of-sale software, which enables its
344 agents to efficiently process customer applications so that Budget's customers can rapidly
345 commence Budget's telecommunications services. Budget has not been subject to any
346 enforcement action at the FCC or in any state. No ETC designations held by Budget
347 have been rescinded, revoked, or terminated by the FCC or by any state. Furthermore,
348 due to their extensive previous experience, Budget's officers who will operate its Utah
349 operations have the necessary managerial and technical capabilities to provide the
350 proposed services. Biographies of Budget's President and Chief Financial Officer are
351 provided at Exhibit ____ (DD-7).

352

353 **Q. HAS BUDGET BEEN DESIGNATED AS AN ETC IN ANY OTHER STATES?**

354 A. Yes. Budget has already been designated as an ETC for wireless services in the states of
355 Arkansas, Iowa, Kentucky, Louisiana, Maryland, Michigan, Nevada, Pennsylvania,
356 Rhode Island, Washington, and Wisconsin. Budget has also been designated as an ETC
357 for wireline services in Alabama, Arkansas, Florida, Kentucky, Louisiana, Maryland,
358 Michigan, Mississippi, Missouri, Nebraska, North Carolina, Oklahoma, South Carolina,
359 and Tennessee.

360

361 **Q. WITH RESPECT TO THE FIFTH ADDITIONAL REQUIREMENT FOR ETC**
362 **DESIGNATION, WHAT ARE BUDGET'S LIFELINE SERVICE OFFERINGS?**

363 A. Budget's initial Lifeline service offering will include an "active user talk & text" wireless
364 plan that will provide 4,000 combined texts and local and domestic minutes, as well as a
365 free plan providing 250 minutes of local and domestic toll usage. These initial service
366 plans are also described in Budget's Compliance Plan included as Exhibit ____ (DD-3).

367

368 **Q. PLEASE DESCRIBE BUDGET'S "ACTIVE USER TALK & TEXT PLAN."**

369 A. Budget's "Active User Talk & Text Plan" is a prepaid service providing 4,000 combined
370 voice minutes and text messages, with each text counting as one voice minute. The plan
371 includes local and domestic long distance calling, texting, caller ID, call waiting and
372 voicemail. Customers can add international long distance at \$5.00 intervals and data/pic

373 packages for \$15.00. Customers will receive a free handset or can purchase an upgraded
374 handset from Budget. Service payments will be made at participating Budget agent retail
375 outlets frequented by low income customers throughout the designated service area. The
376 Non-Lifeline value of the Active User Talk & Text Plan is \$34.25. However, after
377 application of the federal Lifeline credit of \$9.25, the Lifeline price to the subscriber is
378 reduced to \$25.00.

379

380 **Q. BUDGET IS ALSO OFFERING A FREE PLAN. PLEASE ELABORATE ON**
381 **THIS PLAN.**

382 A. Budget will also offer its “Free 250 Minute Talk Plan.” This prepaid service provides
383 250 minutes of local and domestic long distance calling, caller ID, call waiting and basic
384 voicemail. Customers will receive a free handset, or they can purchase an upgraded
385 handset from Budget. The Non-Lifeline value of this service is \$9.25. Following
386 application of the federal Lifeline credit of \$9.25, the Lifeline price to the subscriber is
387 reduced to \$0.00 and is therefore free to the Lifeline customer. Customers may also
388 choose to add additional airtime. Customers can purchase 50 additional voice minutes
389 for \$5.00, 100 additional voice minutes for \$10.00, and 150 minutes of additional voice
390 minutes for \$15.00. Under this plan, Lifeline customers may also choose to purchase
391 international long distance at \$5.00 intervals, data/pic packages for \$15.00, and a text-
392 message add-on for \$10.00.

393

394 **Q. ARE THERE ADDITIONAL TERMS AND CONDITIONS ASSOCIATED WITH**
395 **BUDGET'S LIFELINE SERVICE PLANS?**

396 A. Yes, the Terms and Conditions of Budget's Lifeline plans are detailed in Exhibit ____
397 (DD-8) and are also available at www.budgetmobile.com.

398

399 **Q. WILL BUDGET PROVIDE LIFELINE SERVICE OFFERINGS IN TRIBAL**
400 **AREAS IN UTAH?**

401 A. To the extent that the requested service area encompasses any tribal areas, Budget will
402 offer the Active User Talk & Text Plan for free to eligible tribal customers. The Active
403 User Talk & Text Plan offered in tribal areas will share the same features as that offered
404 in non-tribal areas, including 4,000 minutes of combined local and domestic long
405 distance calling and texting, caller ID, call waiting and voicemail. Tribal customers can
406 add international long distance at \$5.00 intervals and data/pic packages for \$15.00.
407 Tribal customers will receive a free handset or can purchase an upgraded handset from
408 Budget and may make service payments at participating Budget agent retail outlets
409 throughout the designated Service Area. A list of the tribal areas potentially served by
410 Budget is included as Exhibit ____ (DD-9).

411

412 **Q. DOES BUDGET'S DESIGNATION AS AN ETC IN UTAH SERVE THE PUBLIC**
413 **INTEREST?**

414 A. Yes. As fully explained in Budget's Petition, the public interest benefits associated with
415 Budget's wireless service include larger local calling areas compared to those of

416 traditional wireline carriers, the convenience and personal security afforded by mobile
417 telephone service, and the opportunity for customers to receive a high value wireless plan
418 that provides 4000 minutes of local and domestic calling and texting or a free plan
419 including 250 calling minutes, and emergency services (911 and, where available, E911
420 services) in accordance with FCC rules. Designating Budget as an ETC will serve the
421 public interest generally and the needs of low-income customers in Utah, in particular.
422 For its Lifeline customers, Budget provides a free 911/E911 compliant handset, and
423 provides Lifeline offerings that include popular features such as voicemail, call waiting,
424 and caller ID, all at no additional charge. Budget's prepay arrangement allows it to offer
425 these services without many of the encumbrances that might prevent low-income
426 consumers from selecting traditional wireless plans. Budget does not impose activation
427 fees, perform credit checks, require a two-year or any long-term commitment, or impose
428 early termination fees. Further, wireless service greatly benefits consumers who
429 routinely drive long distance to attend work or school or to accomplish everyday tasks
430 such as shopping or attending community and social events.

431
432 With its simple, affordable, customer-centered terms, Budget has successfully built a
433 network of satisfied customers and expanded from its initial service in Louisiana to
434 providing service to hundreds of thousands of customers across 42 states. Granting
435 Budget's Petition will serve the public interest by enabling Budget to expand its network
436 of satisfied customers to Utah and allow low-income Utah customers to select from
437 affordable wireless services on a consistent and uninterrupted basis. Prepaid wireless
438 services have become essential for lower-income customers, providing them with value

439 for their money, access to emergency services on wireless devices, and a reliable means
440 of contact for prospective employers, social service agencies or dependents. All
441 universal service fund support received by Budget will be directly reflected in the price
442 that eligible customers pay, thereby, promoting Lifeline services and their availability to
443 low income users. This is consistent with the goals of the federal USF fund and Utah's
444 legislative goals of ensuring that all Utahans have access to affordable basic telephone
445 services.

446

447 **Q. ARE THERE ANY COMPETITIVE BENEFITS ASSOCIATED WITH**
448 **DESIGNATING BUDGET AS AN ETC IN UTAH?**

449 A. Designation of Budget as an ETC will promote competition. Budget will bring the same
450 entrepreneurial spirit that has reinvigorated the wireless industry to the Lifeline market in
451 Utah, helping to redefine the wireless experience for many low-income consumers in the
452 state. Other carriers, therefore, will have the incentive to improve their existing service
453 offerings and tailor service plans to contain service terms and features appealing to
454 lower-income customers. Budget has emphasized customer service as a pillar of its
455 marketplace success since service launch. To that end, as noted earlier, Budget commits
456 to comply with the CTIA Code if designated as an ETC in Utah.

457

458 **Q. IF BUDGET'S PETITION FOR ETC DESIGNATION IS GRANTED, WILL**
459 **THERE BE ANY IMPACT ON THE UNIVERSAL SERVICE FUND?**

460 A. Designation of Budget as an ETC in Utah would not unduly burden the federal USF or
461 otherwise reduce the amount of funding available to other ETCs. Budget seeks ETC

462 designation solely to utilize USF funding to provide Lifeline service to qualified low-
463 income consumers. It does not seek and will not accept high cost or Link-Up support.
464 According to the Universal Service Monitoring Report in 2010, Lifeline funding totaled
465 approximately \$973 million in 2009 while high-cost program expenditures amounted to
466 approximately \$4.7 billion – nearly five times the amount of Lifeline funding. With
467 Lifeline, ETCs only receive support for customers they obtain. The amount of support
468 available to an eligible subscriber is exactly the same whether the support is given
469 through a company such as Budget or the Incumbent LEC operating in the same service
470 area. Designation of Budget as an ETC will very likely increase the Lifeline program
471 participation rate of qualified low-income individuals and further the goal of Congress to
472 provide all individuals with affordable access to telecommunications service.

473

474 **Q. WILL BUDGET SATISFY THE REQUIREMENTS FOR LIFELINE**
475 **ELIGIBILITY CERTIFICATION AND VERIFICATION?**

476 A. Budget will certify and verify consumer eligibility to participate in the Lifeline programs
477 in accordance with the rules of this Commission and the FCC. Budget will comply with
478 the relevant laws, rules, and Commission orders governing eligibility verification, as they
479 presently exist and as may be amended by Commission decision in Docket No. 10-2528-
480 01. Budget also discusses in detail the steps it will take to comply with the FCC's
481 relevant rules in its Compliance Plan, at Exhibit ____ (DD-3).

482

483 **Q. IS BUDGET COMMITTED TO TAKING ADDITIONAL STEPS TO COMBAT**
484 **THE POTENTIAL FOR WASTE, FRAUD AND ABUSE OF LIFELINE**
485 **SERVICES?**

486 A. Absolutely. As detailed in Budget's Petition and also in its Compliance Plan, included as
487 Exhibit ____ (DD-3), in addition to its commitment to comply with all related state and
488 FCC requirements, Budget will also make voluntary commitments to combat potential
489 waste, fraud, and abuse of its Lifeline services. These commitments include
490 implementation of: a 60-day inactivity policy for Lifeline subscribers; additional
491 procedures to ensure the "one-per-household rule" for Lifeline support; and additional
492 Lifeline-specific eligibility procedures, safeguards, and employee training within the
493 Company.

494
495 **Q. PLEASE ELABORATE ON BUDGET'S 60-DAY INACTIVITY POLICY.**

496 A. Certainly. Budget will implement a 60-day inactivity policy for subscribers of pre-paid
497 services and will notify customers of the inactivity policy at the time of service initiation.
498 Under this policy, if no usage appears on a Budget prepaid Lifeline customer's account
499 during any continuous 60-day period, Budget will deactivate Lifeline services for that
500 customer. For the purposes of Budget's deactivation policy, usage will occur when a
501 customer makes a voice call, receives a voice call from anyone other than a Budget
502 representative, makes a monthly payment, purchases additional minutes, or affirmatively
503 responds to a direct contact from Budget confirming that the customer wishes to continue
504 Lifeline services.

505

506 **Q. WHAT ADDITIONAL STEPS WILL BUDGET TAKE TO ENSURE**
507 **COMPLIANCE WITH THE “ONE-PER-HOUSEHOLD RULE” FOR LIFELINE**
508 **SUPPORT?**

509 A. Budget will follow any established FCC or Commission procedures to comply with the
510 “one-per-household rule” for Lifeline support. In addition, Budget will make available
511 state-specific customer data, including name and address, to the Universal Service
512 Administrative Company (“USAC”) and to the Commission for the purpose of permitting
513 USAC or the Commission to determine whether an existing Budget Lifeline customer
514 receives Lifeline service from another carrier. Budget will promptly investigate any
515 notification that it receives from USAC or the Commission that one of its customers
516 already receives Lifeline service from another carrier. Should the Company’s
517 investigation conclude that the customer receives Lifeline services from another carrier in
518 violation of applicable regulations, or if otherwise directed by USAC or the Commission,
519 Budget will immediately notify the customer and no longer report that customer on
520 USAC Form 497. Budget will de-enroll within ten business days any subscriber whom
521 Budget discovers is receiving Lifeline services from another ETC or is otherwise not
522 eligible. If USAC informs Budget that a subscriber is receiving duplicative support,
523 Budget will de-enroll that subscriber within five business days.

524
525 **Q. CAN YOU FURTHER DESCRIBE BUDGET’S ADDITIONAL LIFELINE-**
526 **SPECIFIC ELIGIBILITY PROCEDURES, SAFEGUARDS AND EMPLOYEE**
527 **TRAINING THAT WILL ASSIST IN COMBATING THE POTENTIAL FOR**
528 **WASTE, FRAUD AND ABUSE OF LIFELINE SERVICES?**

529 A. Certainly. Budget will (1) require each employee to access an electronic database (if
530 applicable) or require each customer to provide proof of documentation to determine
531 eligibility at initial enrollment and annually thereafter require each customer to self-
532 certify his or her continued Lifeline eligibility and that he or she is the head of household
533 and receives Lifeline-supported service only from Budget; (2) establish safeguards to
534 prevent its customers from receiving multiple Lifeline subsidies at the same address;
535 (3) deal directly with the customer to certify and verify the customer's Lifeline eligibility
536 and/or check electronic eligibility databases, where available; and (4) certify that it is in
537 full compliance with any applicable 911/E911 obligations, including obligations relating
538 to the provision and support of 911 and E911 service, for each state in which Budget is
539 designated as an ETC.

540
541 Additionally, Budget will ensure that the penalty for perjury language is clearly stated on
542 its Lifeline certification form, and it will track its Lifeline customer's primary residential
543 address in a database and prohibit more than one supported Budget service at each
544 residential address. Budget's Lifeline certification form will include a disclosure section
545 on which a Lifeline applicant must initial disclosure statements. Additionally, Budget
546 will maintain the customer's self-certification and provide the documentation to the
547 Commission upon request. It will collect all required information, including the
548 customer's date of birth and the last 4 digits of the customer's social security number or
549 Tribal ID number, and will provide financial and enrollment data to the National Lifeline
550 Accountability Database, once it is established.

551

552 Budget will also distribute its Lifeline service directly to its Lifeline customers.
553 Customers may purchase handsets at retail stores, but Budget will deal directly with the
554 customer to certify and verify the customer's initial and continued Lifeline eligibility,
555 including through the web, mail, internet, telephone, and its agents. Budget will provide
556 Lifeline-specific training to all personnel who interact with actual or prospective
557 customers with respect to obtaining, changing, or terminating Lifeline services.
558 Budget's marketing materials will provide clear information about the Lifeline program,
559 including that the law limits the Lifeline program to one phone per household.

560

561 **Q. WILL BUDGET PAY ALL APPLICABLE FEDERAL, STATE AND LOCAL**
562 **REGULATORY FEES?**

563 A. Yes. Budget will pay all applicable federal, state, and local regulatory fees in a timely
564 manner, including, but not limited to, state universal service funding, hearing and speech
565 impairment, 911 and E911 fees, and poison control surcharges.

566

567 **Q. WILL BUDGET COMPLY WITH ALL APPLICABLE COMMISSION RULES**
568 **AND REGULATIONS REGARDING ETCs?**

569 A. Yes. Budget affirms its commitment to comply with all rules and regulations that the
570 Commission may lawfully impose upon Budget's provision of service contemplated by
571 its Petition for ETC designation, such as Lifeline eligibility certification and verification
572 and reporting requirements.

573

574 **Q. HOW QUICKLY CAN BUDGET COMMENCE LIFELINE SERVICE?**

575 A. Budget intends to launch Lifeline services as soon as possible after the Commission
576 approves its pending Petition.

577

578 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

579 A. Yes, it does.

580

581

582 5692447_3

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Budget Prepay, Inc. d/b/a
Budget Phone, Inc.'s Petition for Limited
Designation as a Non-Rural Wireless Eligible
Telecommunications Carrier

Budget Prepay, Inc. d/b/a Budget Phone,
Inc.'s Petition For Limited Designation As A
Non-Rural Wireless Eligible
Telecommunications Carrier

Docket No. 12-2554-01

AFFIDAVIT

STATE OF Louisiana)
COUNTY OF Bossier)

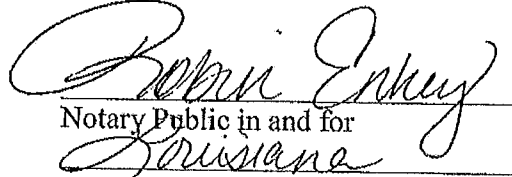
David Donahue, upon first duly sworn, on oath states: That he is the Chief Financial Officer of Budget PrePay, Inc., the person identified in the foregoing prepared testimony and/or exhibits; that such testimony and/or exhibits were prepared by or under the direction of said person; that the answers and/or information appearing therein are true to the best of his knowledge and belief; and that if asked the questions appearing therein, his answers thereto would, under oath, be the same.

SIGNED this 9th day of August, 2012.



David Donahue
Chief Financial Officer
Budget PrePay, Inc.

SUBSCRIBED AND SWORN to before me on this 9th day of August, 2012.



Notary Public in and for
Louisiana

My Commission Expires:

for life

ROBIN M ENKEY
Notary Public #78084
Bossier Parish
State of Louisiana
Commission Is For Life

EXHIBIT _____ (DD-1)

Wirecenters in Utah

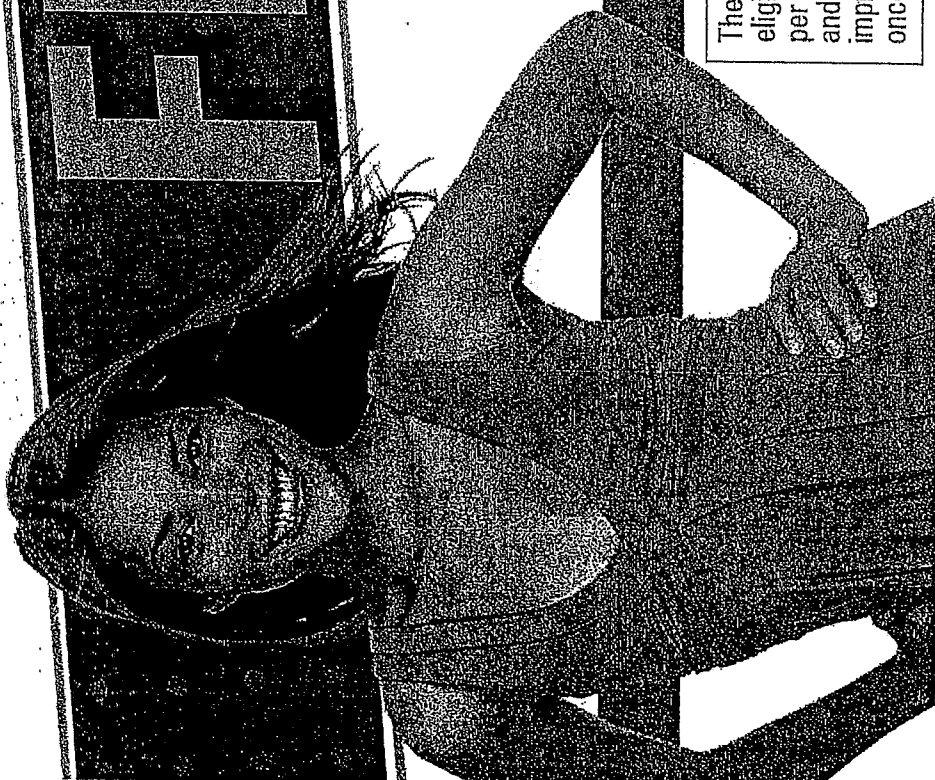
Exhibit ____ (DD-1)
 Budget PrePay, Inc.
 Docket No. 12-2554-01

Company	Wirecenter	Locality	Exchange	Type
QWEST CORPORATION	ALTAUTMA	ALTA	ALTA-SNOWBIRD	
QWEST CORPORATION	AMFKUTMA	AMERGNFORK	AMERICAN FORK	
QWEST CORPORATION	BEVRUTMA	BEAVER	BEAVER	
QWEST CORPORATION	BGGYUTMA	BRIGHAM CY	BRIGHAM CITY	
QWEST CORPORATION	BNHDUTMA	BRIAN HEAD	BRIAN HEAD	
QWEST CORPORATION	BNTFUTMA	BOUNTIFUL	BOUNTIFUL	
QWEST CORPORATION	CDGYUTMA	CEDAR CITY	CEDAR CITY	
QWEST CORPORATION	CLFDUTMA	CLEARFIELD	CLEARFIELD	
QWEST CORPORATION	CRNNUTMA	CORINNE	BRIGHAM CITY	
QWEST CORPORATION	CTWDUTMA	COTTONWOOD	COTTONWOOD	
QWEST CORPORATION	DRPRUTMA	DRAPER	MIDVALE	
QWEST CORPORATION	FRTNUTMA	FARMINGTON	FARMINGTON	
QWEST CORPORATION	GTVLUTMA	GRANTSVL	GRANTSVILLE	
QWEST CORPORATION	HBCYUTMA	HEBER CITY	HEBER	
QWEST CORPORATION	HLDYUTMA	HOLLADAY	HOLLADAY	
QWEST CORPORATION	HNVIUTMA	HUNTSVILLE	OGDEN MAIN	
QWEST CORPORATION	HRCNUTMA	HURRICANE	ST GEORGE	
QWEST CORPORATION	HYRMUTMA	HYRUM	HYRUM	
QWEST CORPORATION	KRNSUTMA	KEARNS	KEARNS	
QWEST CORPORATION	KYVLUTMA	KAYSVILLE	KAYSVILLE	
QWEST CORPORATION	LEDSUTMA	LEEDS	ST GEORGE	
QWEST CORPORATION	LEHIUTMA	LEHI	LEHI	
QWEST CORPORATION	LOGNUTMA	LOGAN	LOGAN	
QWEST CORPORATION	LYTNUTMA	CLEARFIELD	CLEARFIELD	
QWEST CORPORATION	MAGNUTNM	MAGNA	MAGNA	
QWEST CORPORATION	MDVAUTMA	MIDVALE	MIDVALE	
QWEST CORPORATION	MONRUTMA	MONROE	MONROE	
QWEST CORPORATION	MROGUTMA	MORGAN	MOUNTAIN GREEN	
QWEST CORPORATION	MRRYUTMA	MURRAY	MURRAY	
QWEST CORPORATION	MTGNUTMA	MT GREEN	MORGAN	
QWEST CORPORATION	NEPHUTMA	NEPHI	NEPHI	
QWEST CORPORATION	NSLKUTMA	BOUNTIFUL	BOUNTIFUL	
QWEST CORPORATION	OGDNUTMA	OGDEN	OGDEN NORTH	
QWEST CORPORATION	OGDNUTNO	OGDEN	OGDEN MAIN	
QWEST CORPORATION	OGDNUTSO	OGDEN	OGDEN MAIN	
QWEST CORPORATION	OGDNUTWE	OGDEN	OGDEN SOUTH	
QWEST CORPORATION	OREMUTMA	OREM	OREM	
QWEST CORPORATION	PAGEAZMA	PAGE	PAGE	
QWEST CORPORATION	PLGVUTMA	PLEASATGRV	PLEASANT GROVE	
QWEST CORPORATION	PROYUTMA	PARK CITY	PARK CITY	
QWEST CORPORATION	PROVUTMA	PROVO	PROVO	
QWEST CORPORATION	PRWNUTMA	PAROWAN	PAROWAN	
QWEST CORPORATION	PYSNUTMA	PAYSON	PAYSON	
QWEST CORPORATION	RCFDUTMA	RICHFIELD	RICHFIELD	
QWEST CORPORATION	RCMDUTMA	RICHMOND	RICHMOND	
QWEST CORPORATION	ROY UTMA	ROY	CLEARFIELD	
QWEST CORPORATION	RVTNUTMA	RIVERTON	RIVERTON	
QWEST CORPORATION	SALMUTMA	SPANIHFORK	SPANISH FORK	
QWEST CORPORATION	SALNUTMA	SALINA	SALINA	
QWEST CORPORATION	SLKUTEA	SALT LAKE	SALT LAKE EAST	
QWEST CORPORATION	SLKUTMA	SALT LAKE	SALT LAKE MAIN	
QWEST CORPORATION	SLKUTSO	SALT LAKE	SALT LAKE SOUTH	
QWEST CORPORATION	SLKUTWE	SALT LAKE	SALT LAKE MAIN	
QWEST CORPORATION	SMFDUTMA	SMITHFIELD	SMITHFIELD	
QWEST CORPORATION	SNTQUTMA	SANTAQUIN	SANTAQUIN	
QWEST CORPORATION	SPDLUTMA	SPRINGDALE	ST GEORGE	
QWEST CORPORATION	SPFKUTMA	SPANIHFORK	SPANISH FORK	
QWEST CORPORATION	SPVLUTMA	SPRINGVL	SPRINGVILLE	
QWEST CORPORATION	STGRUTMA	ST GEORGE	ST GEORGE	
QWEST CORPORATION	TOOLUTMA	TOOELE	TOOELE	
QWEST CORPORATION	VEYOUTMA	VEYO	ST GEORGE	
QWEST CORPORATION	WJRDUTMA	WESTJORDAN	MIDVALE	

EXHIBIT _____ (DD-2)

Budget MOBILE
LIFELINE

FREE PHONE



Plus
250 FREE MINUTES
Every Month

NO CONTRACTS - NO CREDIT CHECKS - NO PAYMENTS REQUIRED

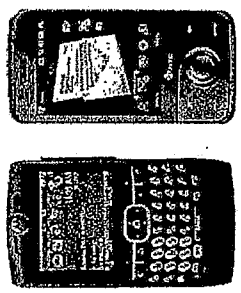
The offering is a Lifeline-supported service. Only eligible consumers may enroll in the program and proof of eligibility documentation is necessary for enrollment. By law, the Lifeline program is limited to one phone per household, consisting of either wireline or wireless service. Lifeline is a government 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

EXHIBIT _____ (DD-3)

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

In the Matter of)	
)	
Telecommunications Carriers Eligible to)	WC Docket No. 09-197
Receive Universal Service Support)	
)	
Lifeline and Link Up Reform and)	WC Docket No. 11-42
Modernization)	
)	
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*").

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.

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.

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.*

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

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

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.*

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.

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.

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.

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.

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

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(l) 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

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

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

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

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.

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.

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.*

- 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.

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.

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.

Robert S. Koppel

Todd B. Lantor
Robert S. Koppel
Lukas, Nace, Gutierrez & Sachs, LLP
8300 Greensboro Drive
Suite 1200
McLean, Virginia 22102
Phone: (703) 584-8678

Counsel for Budget PrePay, Inc.

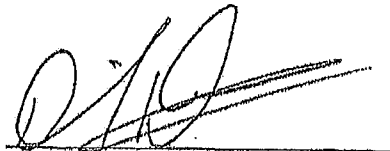
May 1, 2012

Attachments (Certification, Exhibits 1 – 3)

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.

Exhibit 1:

Sample Lifeline Application and Certification (Louisiana)

LIFELINE CERTIFICATION FORM

 INCOME QUALIFICATION: Persons whose household income is at or below 135% of national poverty level qualify for Lifeline credit. This option is only available at a Budget Mobile retail location. Customer must provide proof of income.

How many people are in your household? _____

Persons in HH — 135% Annual Income (at or below)

(1) \$15,080 (2) \$20,428 (3) \$25,772 (4) \$31,118 (5) \$36,464

Add \$5,848 for each additional person.

TO QUALIFY BASED ON YOUR INCOME, YOU MUST PROVIDE COPIES OF ONE OR MORE OF THE DOCUMENTS LISTED BELOW. IF YOU PROVIDE DOCUMENTATION THAT DOES NOT COVER A FULL YEAR (SUCH AS CURRENT PAY STUBS), YOU MUST SUBMIT THREE (3) CONSECUTIVE MONTHS OF THE SAME TYPE OF DOCUMENT WITHIN THE PREVIOUS 12 MONTHS.

- Current income statement from employer or paycheck stub
- Social Security benefits statement
- Unemployment/Workers Compensation benefits statement
- Divorce decree or child support document
- Retirement/Pension benefit statement
- Veterans Administration benefits statement
- Prior year's state, federal or tribal tax return

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

RESIDENTIAL ADDRESS (No PO boxes, must be your principal address)

This address is:

Permanent Temporary Multi-Household

I share an address with another person(s) over the age of 18. However, they do not contribute income to my household or share in the household expenses.

Yes No

(If Yes, USAC provided multi household form is to be completed and attached. Form can be obtained from Budget employee.)

Street Address:

Name of Apt. Complex/Multi Resident Facility:

Apt. No.: Multi Resident Facility Room/Bed No.:

City: State: Zip Code:

BILLING ADDRESS

Same as Residential Address

Street Address:

Name of Apt. Complex/Multi Resident Facility:

Apt. No.: Multi Resident Facility Room/Bed No.:

City: State: Zip Code:

Penalty of Perjury

Under Title 18 U.S.C. §1621, whoever will state as true any material matter which he does not believe to be true in a statement under penalty of perjury, is guilty of perjury and shall, except as otherwise expressly provided by law, be fined or imprisoned not more than five years, or both.

BY LAW THE LIFELINE PROGRAM IS ONLY AVAILABLE FOR ONE PHONE PER HOUSEHOLD, WHETHER LANDLINE OR WIRELESS, NO EXCEPTIONS

Signature _____ Date _____

FOR AUTHORIZED EMPLOYEE USE ONLY

Shelter/Multi Resident Authorization Code - -

Customer Mobile Phone # - -

Customer Account #

I certify that I reviewed the appropriate eligibility database to determine the above applicant's Lifeline eligibility status. Should an eligibility database not be available I certify that the above applicant demonstrated their eligibility by providing their eligibility documentation and that such documentation has been reviewed for accuracy and legitimacy.

Specific Documentation Presented by Customer and Examined by Company Representative _____

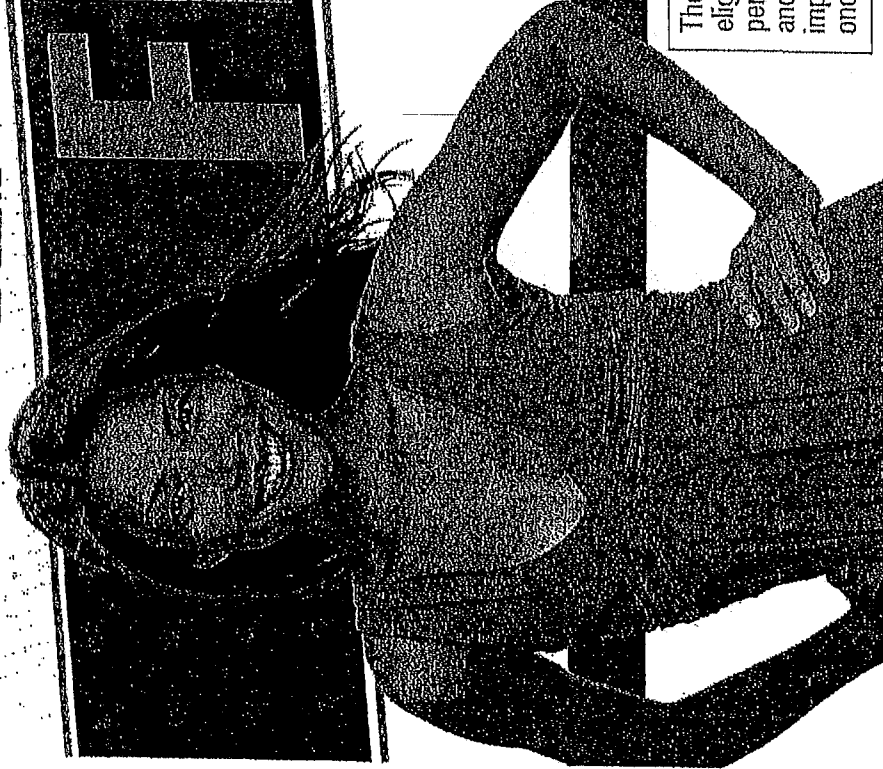
Store Representative Signature _____ Date _____

Exhibit 2:

Sample Marketing Brochure (Las Vegas, Nevada)

Budget MOBILE
LIFELINE

FREE PHONE



Plus
250 FREE MINUTES
Every Month

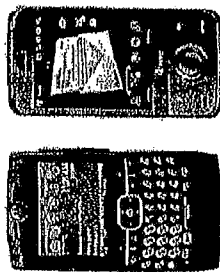
NO CONTRACTS - NO CREDIT CHECKS - NO PAYMENTS REQUIRED

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

Exhibit 3:

Lifeline Offerings

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.

Line 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.

EXHIBIT _____ (DD-4)



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 Red 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 Red 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.

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 Red 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.

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

CONFIDENTIAL EXHIBIT _____ (DD-5)

REDACTED

CONFIDENTIAL EXHIBIT _____ (DD-6)

REDACTED

EXHIBIT _____ (DD-7)

R. Daniel Hyde III

R. Daniel Hyde III is President of Budget PrePay, Inc., the largest prepaid home phone/telecommunications company in the United States. Hyde has provided 15 years of sales and management expertise to Budget PrePay, Inc. and has been instrumental in helping its growth into a \$100 million business,

Product research, training, team-building and top management skills have been key components to Hyde's success in developing an effective sales staff and a proven methodology to customer service.

Based in Bossier City, Louisiana, Budget PrePay, Inc. provides prepaid telecom products to hundreds of thousands of customers in 42 states with more than 9,000 agents nationwide. In addition to prepaid home phone, Hyde's team of sales representatives and regional managers has introduced multiple other prepaid products to agents and their customers, including prepaid cellular handsets and recharge minutes, international long distance cards, virtual bill paying stations, and prepaid wireless internet.

His energy, innovation, and strong interpersonal skills keep Hyde motivated and inspiring to every member of the Budget PrePay team.

Hyde is a native of El Paso, Texas and a 1991 graduate from the University of Texas at El Paso. Upon graduation and moving to Louisiana, Hyde helped his father "Smokey" develop and build two paging companies in the Shreveport/Bossier City area, accumulating more than 40,000 subscribers.

David Donahue

David Donahue joined Budget on June 2, 2010 as Chief Financial Officer. Donahue worked previously at VCFO with more than 23 years of experience in manufacturing, software, telecommunications and retail industries. Donahue was responsible for all company financial reporting and strategic planning as well as SEC reporting and analysis. Donahue developed and managed the operating budgets and financial models for multiple companies in his past. He has experience in year-end audits, tax reporting initiatives and coordinated all SOX compliance issues for multiple companies.

Donahue brings to Budget a wealth of knowledge and expertise in accounting, finance, operations, audit human resource management and software implementations for companies such as Holly Corporation, Capps Car Rentals, HealthVision, Puente-Brancato Companies, Viscern, Skywire Software and more. Prior to joining VCFO, Donahue served as the CFO for Axtive Corporation, a publicly-traded integrated technology solution provider for middle market companies. Prior to Axtive Corporation, as CFO of Philips Speech Processing North and South America, a division of Philips Electronics, a provider of speech technology for telecom applications; as Controller of The Pegasus Companies, a publicly traded firm with interests in retail and medical technology and as Controller/VP of Financial of Optical Corporation of America, a national chain of 145 optical retail stores.

Donahue received his CPA in 1990 and received his BS in Accounting from Louisiana Tech University.

EXHIBIT _____ (DD-8)

TERMS AND CONDITIONS OF SERVICE

These BUDGET MOBILE Terms and Conditions of Service are a legally binding agreement between you and BUDGET MOBILE. They contain important information about your legal rights and require that certain disputes be resolved through Arbitration instead of a court trial. BUDGET MOBILE reserves the right to change or modify any of these BUDGET MOBILE Terms and Conditions of Service at any time and at its sole discretion. Any changes or modifications to these BUDGET MOBILE Terms and Conditions of Service will be binding upon you once posted on the BUDGET MOBILE website at www.budgetmobile.com. You should check the BUDGET MOBILE website regularly for updates to these terms.

By enrolling in the BUDGET MOBILE Program (the "BUDGET MOBILE Program") and by using the BUDGET MOBILE service (the "BUDGET MOBILE Service"), you ("You"), the participant, acknowledge and agree to the following terms and conditions:

BUDGET MOBILE PROGRAM DESCRIPTION

The BUDGET MOBILE Program provides Lifeline Service, which is a government assistance program funded by the Universal Service Fund Lifeline program and administered by the Universal Service Administrative Company. In order to qualify for enrollment in the BUDGET MOBILE Program, a person must meet certain eligibility requirements set by each state where the BUDGET MOBILE Program is offered. These requirements are based on a person's participation in a state or federal support program(s) or by meeting certain income requirements based upon the Federal Poverty Guidelines as defined by the US Government. Federal law limits the availability of the BUDGET MOBILE Program. The BUDGET MOBILE Program allows one (1) enrollment per "household". A "household" is any individual or group of individuals who are living together at the same address as one economic unit. The BUDGET MOBILE Program permits only one Lifeline benefit per household, therefore, no person currently living in the household may receive Lifeline benefits from any other Lifeline program. The BUDGET MOBILE Program is a non-transferable benefit and Subscriber may not transfer the benefit to any other person.

Applicants for the BUDGET MOBILE Program must complete an application form, provide supporting documentation that they meet the eligibility requirements and certify, under penalty of perjury, that they:

- Are eligible for and currently receive benefits from the public assistance program(s) identified in the application form.
- Are at least 18 years of age or older
- Do not currently receive Lifeline support for a telephone line serving their residential address and no other person in their household participates in the Lifeline program. Are not claimed as a dependent on another person's federal or state income tax return.
- Will notify BUDGET MOBILE by calling 1-888-777-4007 within 30 days if and when they no longer qualify for any of the public assistance programs or exceed the income levels identified in their application form.
- Will notify BUDGET MOBILE within 30 days of any change of address by calling 1-888-777-4007.
- If living at a temporary residential address, will verify the temporary address every 90 days.
- Reviewed the information contained in their application and it is true and correct to the best of their knowledge and belief.
- Acknowledges that providing false and fraudulent information to receive Lifeline benefits is punishable by law.
- Acknowledges a requirement to recertify eligibility at any time and that failure to do so will result in de-enrollment and termination.

Lifeline service, provided under the BUDGET MOBILE Program is a federal benefit plan and willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the Budget Mobile Program.

Applicants who qualify and are enrolled in the BUDGET MOBILE Program will receive a free cellular

phone provided by BUDGET MOBILE together with a free allotment of airtime minutes each month for up to one year. Alternatively, for a discounted rate, applicants who qualify and are enrolled in the BUDGET MOBILE Program will receive a free cellular phone and significant allotment of minutes for talk and texting. BUDGET MOBILE will determine at its sole discretion whether or not an applicant meets the eligibility requirements to participate in the BUDGET MOBILE Program. The monthly airtime minutes provided by the BUDGET MOBILE Program under any plan may vary from state to state and will be based upon the Plan Option selected. Please call BUDGET MOBILE at 1-888-777-4007 or visit our website at www.budgetmobile.com for further information.

Upon enrollment in the BUDGET MOBILE Program, you will be qualified to participate for up to one (1) year. To continue your enrollment in the BUDGET MOBILE Program after the initial year, you must verify at least annually that you are qualified for continued enrollment in the BUDGET MOBILE Program as required by your state Public Service Commission, Public Utility Commission or other agency administering the BUDGET MOBILE Program in your state. BUDGET MOBILE will also conduct verification for each state according to its rules. If BUDGET MOBILE determines during its verification, or at any other time, that a customer fails to continue to qualify for the BUDGET MOBILE Program, such customer will immediately be deemed ineligible to participate in the BUDGET MOBILE Program, will be de-enrolled from the BUDGET MOBILE Program and will no longer receive the free monthly minutes or other monthly minute allotment under the customer's plan. BUDGET MOBILE Customers who are no longer eligible (for any reason) for enrollment in the BUDGET MOBILE Program must notify BUDGET MOBILE within 30 days that they no longer meet the eligibility requirements for enrollment. A BUDGET MOBILE customer's enrollment may also be cancelled upon the request of a state and/or federal authority.

BUDGET MOBILE reserves the right to cancel the enrollment of any customer and/or permanently deactivate any customer's BUDGET MOBILE phone for fraud, misrepresentation or other misconduct as determined solely by BUDGET MOBILE. While participating in the BUDGET MOBILE Program, a customer shall not be permitted to sell, rent, give away or in any way allow another person to use the cellular phone or BUDGET MOBILE Service provided to him/her by BUDGET MOBILE. IT IS A VIOLATION OF FEDERAL AND STATE LAW TO SELL OR GIVE AWAY THE BUDGET MOBILE CELLULAR PHONE OR BUDGET MOBILE SERVICE PROVIDED TO YOU BY BUDGET MOBILE. Any violation of this prohibition will be reported to the appropriate legal authorities for prosecution. In addition, if BUDGET MOBILE determines, in its sole discretion, that a BUDGET MOBILE customer has violated these prohibitions, BUDGET MOBILE will permanently de-enroll the customer from the BUDGET MOBILE Program, their phone will be permanently deactivated and the customer's personal information will be permanently flagged so that the customer may not re-enroll in the BUDGET MOBILE Program in the future. If you have any questions, concerns, comments or complaints regarding the BUDGET MOBILE Program or Service, offerings or products, please call BUDGET MOBILE Customer Service at 1-888-777-4007. You may also contact your state's Public Service Commission/Public Utility Commission.

ACTIVATION AND USE OF YOUR BUDGET MOBILE PHONE

Upon enrollment in the BUDGET MOBILE Program, you will receive a pre-activated BUDGET MOBILE phone delivered to your home address noted in the application. Your account will not be activated until you complete an outbound call on your handset. You must accept the BUDGET MOBILE telephone number assigned to your BUDGET MOBILE phone at the time of activation and you will acquire no proprietary interest in any number assigned to you. The wireless telecommunications networks used to transmit calls for the BUDGET MOBILE Service are owned and operated by various licensed commercial mobile radio service providers ("Carriers"), not BUDGET MOBILE. The number assigned to your BUDGET MOBILE phone at the time of activation will not be changed for any reason unless required by a Carrier or if the number is lost following the deactivation of your phone. You may not select a number to be assigned to your BUDGET MOBILE phone. Your BUDGET MOBILE phone can only be used through BUDGET MOBILE, and cannot be activated with any other wireless or cellular service. BUDGET MOBILE Services are provided at BUDGET MOBILE's discretion. Some functions and features referenced in the Manufacturer's manual provided with your BUDGET MOBILE phone may not be available on your BUDGET MOBILE handset. BUDGET MOBILE may modify or cancel any BUDGET MOBILE Service or take corrective action at any time without prior notice and for any reason, including but not limited to your violation of these terms and conditions of service.

AIRTIME RATES, USAGE AND INCLUDED MONTHLY MINUTES

While you are enrolled in the BUDGET MOBILE Program, you will receive a free monthly allotment of airtime minutes or a larger monthly allotment of minutes for a discounted rate as provided for the BUDGET MOBILE Program approved in your state and the minute Plan that you select. BUDGET MOBILE airtime is issued in minute (or unit) increments. Units are deducted from the BUDGET MOBILE phone at a rate of one (1) unit per minute or partial minute of use. There is no additional charge for nationwide long distance.

New BUDGET MOBILE customers must choose a plan upon enrollment. Existing BUDGET MOBILE customers who wish to switch plans may do so at www.budgetmobile.com or by calling 1-888-777-4007.

Airtime minutes will be deducted for all time during which your BUDGET MOBILE phone is connected to, or using, the wireless system of any Carrier. Use of a wireless system typically begins when you press the "send," "call" or other key to initiate or answer a call and does not end until you press the "end" key or the call is otherwise terminated. Airtime minutes are deducted for all incoming and outgoing calls, including incoming call waiting calls, simultaneous calls, calls to toll free numbers, 411, and to access your voice mail. For simultaneous calls, such as incoming call waiting and 3-way calling (where available) airtime minutes will be deducted for each call. For outbound calls, you may be charged airtime for incomplete and/or busy-no answer calls. Airtime minutes will be deducted for use of other services such as text messaging and accessing the BUDGET MOBILE Web ("WAP"). Text messages initiated by BUDGET MOBILE do not reduce the airtime minutes in your plan. No credit or refund is given for dropped calls. There is no cost to Subscribers to contact the Company's Customer Service at 888-777-4007 or 611 via their handsets. Any minutes used by Subscriber for calls to Company's Customer Service are credited back to Subscriber's account.

SERVICE END DATE, DEACTIVATION AND REACTIVATION

As a BUDGET MOBILE customer, you will receive one year of service days upon your enrollment and activation in the BUDGET MOBILE Program and another 365 service days following each successful annual verification for your continued program eligibility in the BUDGET MOBILE Program. Failure to respond to an annual verification request within 30 days will trigger notice of impending de-enrollment and de-enrollment effective five (5) business days after the expiration of the time to respond to the annual verification request. Upon de-enrollment from the BUDGET MOBILE Program, you will cease receiving the free or paid monthly allotment of airtime. If you are de-enrolled, your phone will remain active and you may continue to use your phone so long as you have available airtime minutes and service days remaining on your phone. You may purchase airtime and service days to keep your phone service active. If you are de-enrolled from the BUDGET MOBILE Program and you allow your remaining service days to expire or go "past due," your phone service will be deactivated, you may lose your unused minutes and you will lose your wireless telephone number.

If your service is deactivated, you may reactivate your service by re-enrolling in the BUDGET MOBILE Program (if eligible) or purchasing and redeeming a BUDGET MOBILE airtime plan with service days. Upon reactivation of your phone, you may be assigned a new telephone number. If you have been de-enrolled from the BUDGET MOBILE Program but you wish to keep your service active, you must purchase and redeem additional airtime and service days before the "Service End Date" displayed on your phone. To prevent any interruption in your phone service, please keep your handset service active by timely completing your annual verification as required by the BUDGET MOBILE Program or by purchasing and adding BUDGET MOBILE airtime before your Service End Date.

"No Usage" De-Enrollment and Deactivation: Regardless of the Service End Date displayed on your handset, if you exceed 60 days without any Usage (as defined in this section), you will be de-enrolled from the BUDGET MOBILE Program. An account will be considered active if during any 60-day period you do at least one of the following: make a monthly payment; purchase minutes from BUDGET MOBILE to add to your existing account; complete an outbound call; answer an incoming call from anyone other than BUDGET MOBILE; or affirmatively respond to a direct contact from BUDGET MOBILE confirming that you want to continue your service. Upon de-enrollment for non-Usage, you will have up to a 30 day grace period to re-enroll in the BUDGET MOBILE Program. If you do not re-enroll or call BUDGET MOBILE Customer Service within 30 days of your de-enrollment, your phone

service will be deactivated. In order to reactivate your BUDGET MOBILE phone and re-enroll in the BUDGET MOBILE Program, you will need to call BUDGET MOBILE Customer Service. Upon successful re-enrollment, you will receive the monthly minutes that you were entitled to receive through the date your enrollment was cancelled. You will not, however, receive any airtime for the period of time you were not enrolled in the BUDGET MOBILE Program.

OUR RIGHT TO TERMINATE YOUR BUDGET MOBILE SERVICE

You agree not to give away, resell or offer to resell the BUDGET MOBILE Phone or Service provided by the BUDGET MOBILE Program. You also agree your BUDGET MOBILE Phone will not be used for any other purpose that is not allowed by this agreement or that is illegal. WE CAN, WITHOUT NOTICE, LIMIT, SUSPEND, OR END YOUR SERVICE AND DE-ENROLL YOU FROM THE BUDGET MOBILE PROGRAM FOR VIOLATING THIS PROVISION OR FOR ANY OTHER GOOD CAUSE, including, but not limited to, if You: (a) violate any of the terms and conditions of service; (b) lie to us or attempt to defraud us; (c) allow anyone to tamper with your BUDGET MOBILE Phone; (d) threaten or commit violence against any of our employees or customer service representatives; (e) use vulgar and/or inappropriate language when interacting with our representatives; (f) steal from us; (g) harass our representatives; (h) interfere with our operations; (i) engage in abusive messaging, emailing or calling; (j) modify your device from its manufacturer's specification; or (k) use the service in a way that adversely affects our network or the service available to our other customers. We reserve the right to, without notice, limit, suspend or end your service for any other operational or governmental reason. In addition to permanently terminating your Service, criminal offenses (i.e., selling or giving away your Service; threatening violence, etc.) will be reported to the appropriate legal authorities for prosecution.

UNAUTHORIZED USAGE; TAMPERING

The BUDGET MOBILE handset is provided exclusively for use by you, the end consumer with the BUDGET MOBILE Service available solely in the United States, Puerto Rico and the U.S. Virgin Islands. Any other use of your BUDGET MOBILE handset, including without limitation, any resale, unlocking and/or re-flashing of the handset is unauthorized and constitutes a violation of your agreement with BUDGET MOBILE. You agree not to unlock, re-flash, tamper with or alter your BUDGET MOBILE phone or its software, enter unauthorized PIN's, engage in any other unauthorized or illegal use of your BUDGET MOBILE phone or the Service, or assist others in such acts, or to sell and/or export BUDGET MOBILE handsets outside of the United States. These acts violate BUDGET MOBILE's rights and state and federal laws. Improper, illegal or unauthorized use of your BUDGET MOBILE phone is a violation of this agreement and may result in immediate discontinuance of Services and legal action against you. BUDGET MOBILE will prosecute violators to the full extent of the law. Your BUDGET MOBILE phone is restricted from operating when you are located anywhere outside of the United States, Puerto Rico or the U.S. Virgin Islands, including offshore or in international waters. Any such calls are considered unauthorized usage by BUDGET MOBILE for which your service will be immediately suspended. In the event of suspension for this or any other unauthorized usage, you will not be entitled to receive any refunds for unused airtime.

COVERAGE MAPS AND ROAMING

You will find coverage maps on our website. These maps are for general informational purposes only. Actual coverage and service areas may vary from the maps and may change without notice. BUDGET MOBILE does not guarantee coverage or service availability. Even within a coverage area, factors such as terrain, weather, structures, foliage, signal strength, traffic volumes, service outages, network changes, technical limitations, and your equipment may interfere with actual service, quality and availability. "Roaming" occurs when a subscriber of one wireless service provider uses the facilities of another wireless service provider. Roaming most often occurs when you make and receive calls outside of the network coverage area of your service provider. When your BUDGET MOBILE phone is roaming, an indicator light on your handset may display the word "Roam" or "RM" on the screen while the phone is not in use. There are no additional charges for roaming calls for the BUDGET MOBILE phone you were provided. Availability, quality of coverage and Services while roaming are not guaranteed.

LIMITATIONS OF SERVICE AND USE OF EQUIPMENT

Service is subject to transmission limitations caused by certain equipment and compatibility issues, atmospheric, topographical and other conditions. Further, service may be temporarily refused, limited, interrupted or curtailed due to system capacity limitations, technology migration or limitations imposed by the Carrier, or because of equipment modifications, upgrades, repairs or relocations or other similar activities necessary or proper for the operation or improvement of the Carrier's radio telephone system. At anytime, BUDGET MOBILE reserves the right to substitute and/or replace any BUDGET MOBILE WIRELESS equipment (including handsets) with other BUDGET MOBILE equipment including handsets of comparable quality. Some functions and features referenced in the Manufacturer's manual for a particular BUDGET MOBILE handset may not be available on your phone. BUDGET MOBILE does not warrant or guarantee availability of network or of any Services at any specific time or geographic location or that the Services will be provided without interruption. Neither BUDGET MOBILE, nor any Carrier, shall have any liability for service failures, outages or limitations of Service. Because of the risk of being struck by lightning, you should not use your BUDGET MOBILE phone outside during a lightning storm. You should also unplug the BUDGET MOBILE phone power cord and charger to avoid electrical shock and/or fire during a lightning storm.

DISCLAIMER OF WARRANTIES

EXCEPT FOR THE LIMITED WARRANTY SET FORTH IN THESE TERMS AND CONDITIONS, AND TO THE EXTENT PERMITTED BY LAW, THE SERVICES AND DEVICES ARE PROVIDED ON AN "AS IS" AND "WITH ALL FAULTS" BASIS AND WITHOUT WARRANTIES OF ANY KIND. WE MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE CONCERNING YOUR SERVICE OR YOUR DEVICE. WE CANNOT PROMISE UNINTERRUPTED OR ERROR-FREE SERVICE AND DO NOT AUTHORIZE ANYONE TO MAKE ANY WARRANTIES ON OUR BEHALF. WE DO NOT GUARANTEE THAT YOUR COMMUNICATIONS WILL BE PRIVATE OR SECURE; IT IS ILLEGAL FOR UNAUTHORIZED PEOPLE TO INTERCEPT YOUR COMMUNICATIONS, BUT SUCH INTERCEPTIONS CAN OCCUR.

EMERGENCY CALLS

BUDGET MOBILE customers have access to 911. Occasionally, however, callers may attempt to call 911 in areas where there is no wireless coverage. If there is no wireless coverage, your call to 911 may not go through and you should dial 911 from the nearest landline phone.

LIMITATION OF LIABILITY

BUDGET MOBILE and BUDGET MOBILE are not liable to you for any direct or indirect, special, incidental, consequential, exemplary or punitive damages of any kind, including lost profits (regardless of whether it has been notified such loss may occur) by reason of any act or omission in its provision of equipment and/or Services. BUDGET MOBILE and BUDGET MOBILE will not be liable for any act or omission of any other company furnishing a part of our Services or any equipment or for any damages that result from any service or equipment provided by or manufactured by third parties. When your BUDGET MOBILE phone is returned to BUDGET MOBILE for any reason, BUDGET MOBILE is not responsible and shall not be liable to you or anyone else for any personal information such as user names, passwords, contacts, pictures, SMS, MMS and/or additional downloads you may have stored on your phone or which may remain on your phone.

INDEMNIFICATION

You agree to indemnify and hold harmless BUDGET MOBILE and BUDGET MOBILE from any and all liabilities, penalties, claims, causes of action, and demands brought by third parties (including the costs, expenses, and attorneys' fees on account thereof) resulting from your use of a BUDGET MOBILE phone and/or use of the BUDGET MOBILE Services, whether based in contract or tort (including strict liability) and regardless of the form of action.

LIMITED WARRANTY AND EXCHANGE POLICY

This policy is for all Budget Mobile refurbished handsets

- Budget Mobile refurbished handsets have a warranty of thirty (30) days from the activation date.
- Customer abuse or neglect on handsets voids the warranty. We are not able to credit or accept back handsets that have obvious abuse.

- All returns MUST include handset, battery, battery cover (if applicable), charger and quick guide manual. Missing items voids the warranty or you may receive partial credit.
- Handsets MUST be returned in the original packaging.
- ESN on handsets MUST match the ESN from your account.
- Customer is responsible for any airtime used. NO refunds will be given for additional airtime added.
- Warranty only covers manufacturer's defects and does not cover buyer's remorse.

Budget Mobile is NOT responsible for lost or stolen handsets. Please make sure when returning handset you include your name & current address. Please make sure when returning handset that care is given to shipping and handling of device. Please fill out our Budget Mobile Handset Return Form and ship with your handset in a small padded box or padded envelope large enough for all components. Handsets that meet all qualifications will be replaced with "like" or equivalent handsets within (15) business days of the handset being processed.

Return handsets to:

Budget Mobile Returns
1325 Barksdale Blvd (1st Floor)
Bossier City, LA 71111

Certain mobile phone features may not be available throughout the entire network or their functionality may be limited. All plan rates, features, functionality and other product specifications are subject to change without notice or obligation. Color of phones and models may vary. All talk and standby times are quoted in Digital Mode and are approximate.

PRIVACY POLICY

[Click here to view the BUDGET MOBILE Privacy Policy](#)

EXHIBIT _____ (DD-9)

Indian Reservation Information Overlapped by Non-Rural (Qwest Corp) Wire Centers

WC Cell	Company Name	Locality	Exchange	Rate Center	WC Area (Sq. Miles)	Wire Center Pop	Tribe
HBCYUTMA	QWEST CORPORATION	HEBER CITY	HEBER	HEBER CITY	755.900701924	14,704	Uintah and Ouray Reservation
SPVLUTMA	QWEST CORPORATION	SPRINGVL	SPRINGVILLE	SPRINGVL	277.755445279	26,526	Uintah and Ouray Reservation
CDCYUTMA	QWEST CORPORATION	CEDAR CITY	CEDAR CITY	CEDAR CITY	1022.633849415	29,180	Paiute Tribe Land (Cedar City)
STGRUTMA	QWEST CORPORATION	ST GEORGE	ST GEORGE	ST GEORGE	725.699924151	68,506	Paiute Tribe Shivwits Band
VEYOUTMA	QWEST CORPORATION	VEYO	ST GEORGE	ST GEORGE	560.934430249	3,265	Paiute Tribe Shivwits Band
MONRUTMA	QWEST CORPORATION	MONROE	MONROE	MONROE	780.880245144	4,390	Paiute Tribe Koosharem Band