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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>Petition of American Broadband and Telecommunications Company for Designation as an Eligible Telecommunications Carrier in the State of Utah</p>	<p>Docket No. 15-2579-01 Direct Testimony April 21, 2015</p>
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DIRECT TESTIMONY OF JEFFREY S. ANSTED

1 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS**

2 A. My name is Jeffrey S. Ansted and my business address is One Seagate, Toledo, Ohio
3 43604.

4

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

6 A. I am testifying on behalf of American Broadband and Telecommunications Company
7 (“American Broadband” or the “Company”), the Applicant in this proceeding.

8

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

10 A. I am employed by American Broadband and Telecommunications Company and serve as
11 President and Chief Executive Officer of the Company.

12

13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND EMPLOYMENT**
14 **BACKGROUND.**

15 A. I have more than 12 years of experience in the broadband, telecommunications and Internet
16 industries. I am the sole owner and currently serve as President and Chief Executive
17 Officer of American Broadband and Telecommunications. Since I founded the Company,
18 American Broadband has grown from a start-up to a regional integrated
19 telecommunications company with over 35,000 customer lines with revenues currently
20 annualizing at more than \$20 million, through wireline and wireless product offering.
21 Previously, I was the Director of Strategy and Wholesale Marketing at Covad

22 Communications, the largest national competitive local exchange carrier (“LEC”), where
23 my contributions were integral to the strategy and revenue growth of the company which
24 was less than \$100 million in 1998 and grew to more than \$400 million in 2002. Prior to
25 joining Covad, I was the Director of National Sales for LaserLink Network Services, the
26 nation’s largest Virtual Internet Service Provider (“VISP”), where I created and maintained
27 the sales relationships and marketing initiatives for the Private-label Internet services of
28 American Express, Sony, Qwest and other Fortune 500 companies. I earned my Bachelor
29 of Arts from the University of Toledo.

30

31 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
32 **COMMISSIONS?**

33 A. Yes. I have submitted written testimony and testified in person on behalf of American
34 Broadband before the Illinois Commerce Committee for a Permanent Waiver of an ETC
35 Condition and Request for Expedited Relief. In addition, I am in the process of submitting
36 written testimony on behalf of American Broadband in other pending ETC applications,
37 such as before the South Carolina Public Service.

38

39 **Q. HAVE YOU REVIEWED AMERICAN BROADBAND’S ETC PETITION IN**
40 **UTAH AND OTHER DOCUMENTS FILED ON BEHALF OF AMERICAN**
41 **BROADBAND IN THIS PROCEEDING?**

42 A. Yes. I would like to incorporate American Broadband’s Petition for Designation as an
43 Eligible Telecommunication s Carrier in the State of Illinois into this testimony by
44 reference.

45

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

47 A. The purpose of my testimony is to demonstrate that American Broadband satisfies the
48 requirements of the Public Service Commission of Utah (“Commission”) and the Federal
49 Communications Commission (“FCC”), under the rules of the FCC and UTAH ADMIN.
50 CODE R746-341, *et seq.* for designation as a wireless resale Eligible Telecommunications
51 Carrier (“ETC”) in the State of Utah within the service area proposed in the Company’s
52 Application and, further, that grant of this designation is in the public interest.

53

54 **Q. PLEASE BRIEFLY DESCRIBE AMERICAN BROADBAND AND ITS**
55 **OPERATIONS.**

56 A. American Broadband is a Delaware corporation with principal offices in Toledo, Ohio.
57 American Broadband was formed by experienced telecom industry professionals,
58 including myself, to provide high-caliber wireline and wireless services to consumers.
59 American Broadband initially concentrated on providing these services in the Midwest,
60 such as in Ohio and Michigan. However, with its success in the non-Lifeline and Lifeline
61 markets, American Broadband has expanded its scope to states on the east coast and, more
62 recently to western states. The Company’s business plan is to competitive offerings for
63 wireline services and domestic wireless voice and data services on a prepaid, resale basis,
64 primarily to low-income consumers. For its wireless offerings, the Company provides
65 affordable prepaid voice service, enhanced with optional data services and supported by
66 high quality customer service.

67 American Broadband is currently authorized to provide competitive telecommunications
 68 services to consumers in the States of Georgia, Illinois, Indiana, Kentucky, Maryland,
 69 Michigan, Missouri, New York, Ohio, Pennsylvania, West Virginia and Wisconsin on a
 70 resale and/or facilities-basis. In addition, American Broadband is designated as an ETC
 71 provider in the following states:

State	Name(s)	Proceeding Number	Order Date
Illinois	American Broadband and Telecommunications Company, Inc.	12-0680	Approved 02/05/2014
Indiana	American Broadband and Telecommunications Company, Inc.	41052-ETC-62	Approved 12/27/2012
Kentucky	American Broadband and Telecommunications Company, Inc.	2013-00175	Approved 09/18/2013
Maryland	American Broadband and Telecommunications Company, Inc.	ML# 148855; TE-11152	Approved 09/18/2013
Michigan	American Broadband and Telecommunications Company, Inc.	U-16519	Approved 06/26/2012
Minnesota	American Broadband and Telecommunications Company, Inc.	P-6916/P-13-675	Approved 05/28/2014
Missouri	d/b/a American Assistance	RA-2014-0225	Approved 06/25/2014
Ohio	American Broadband and Telecommunications Company, Inc.	12-1714-TP-UNC	Approved 08/22/2012
West Virginia	American Broadband and Telecommunications Company, Inc.	12-1002-C-PC	Approved 12/28/2012
Wisconsin	American Broadband and Telecommunications Company, Inc.	133-TI-100	Approved 09/26/2012

72
 73 And, American Broadband has a pending application for ETC designation in the following
 74 states and federal-default jurisdictions:

State	Name(s)	Proceeding Number	Status
Alabama	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
Arizona	American Broadband and Telecommunications Company, Inc.	T-20924A-15-0068 Year-Matter: 15-0068	Filed 3/2/2015
Arkansas	American Broadband and Telecommunications Company, Inc.	15-016-U	Filed 3/9/2015
Colorado	American Broadband and Telecommunications Company, Inc.	15A-0130T	Filed 3/2/2015
Connecticut	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
Delaware	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
District of Columbia	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
Florida	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
Georgia	American Broadband and Telecommunications Company, Inc.	39332	Filed 3/5/2015
Hawaii	American Broadband and Telecommunications Company, Inc.	2015-0061	Filed 3/5/2015
Massachusetts	American Broadband and Telecommunications Company, Inc.	No docket number	Filed 3/4/2015

New Hampshire	d/b/a AB + T American Assistance	ETC Federal Default State - No docket number	Pending
New York	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
North Carolina	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
Pennsylvania	American Broadband and Telecommunications Company, Inc.	P-2013-2362571	Filed 5/10/2013
Rhode Island	American Broadband and Telecommunications Company, Inc.	4559	Filed 4/8/2015
South Carolina	American Broadband and Telecommunications Company, Inc.	2015-94- C	Pending
Tennessee	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending
Texas	d/b/a AMBT	ETC Federal Default State - No docket number	Pending
Virginia	American Broadband and Telecommunications Company, Inc.	ETC Federal Default State - No docket number	Pending

76

77 **Q. PLEASE BRIEFLY DESCRIBE THE SERVICES THAT AMERICAN**
78 **BROADBAND INTENDS TO PROVIDE IN UTAH.**

79 A. American Broadband expects to offer a menu of prepaid wireless plans to Utah Lifeline
80 consumers. These plans will consist of a set number of prepaid minutes and text per month,

81 without rollover, to make voice calls or texts as the customer prefers. American Broadband
82 will also offer certain data services (such as internet access and text messaging).

83

84 **Q. HOW WILL AMERICAN BROADBAND’S SERVICE OFFERINGS IN UTAH BE**
85 **DISTINCT FROM THOSE OFFERED BY OTHER WIRELESS CARRIERS?**

86 A. American Broadband expects that its Lifeline wireless offerings will be among the lowest
87 cost offerings for the number of voice minutes and texts provided in the Utah market
88 compared to its competitors.

89

90 **Q. WHAT RELIEF DOES THE COMPANY SEEK IN ITS APPLICATION?**

91 A. American Broadband seeks designation as an ETC in the State of Utah for purposes of
92 receiving federal universal service Lifeline support. The Company does not seek to receive
93 state or federal high cost fund support or support from any other universal service funds.

94

95 **Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED SERVICE AREA FOR ETC**
96 **DESIGNATION.**

97 A. As discussed below, American Broadband offers its wireless offerings on a reseller basis,
98 and consequently seeks designation as an ETC in the geographic area in Utah where its
99 underlying carriers, T-Mobile USA (“T-Mobile”) and SprintCom Wireless Co., L.P. and
100 Nextel West Corp. (jointly, “Sprint PCS”), provide coverage. Towards this end, the
101 Company submitted a list of exchange areas in Utah where American Broadband proposes
102 to offer Lifeline services as Exhibit C to its ETC Petition.

103

104 **Q. PLEASE DESCRIBE HOW THE COMPANY WILL PROVIDE ITS SERVICES IN**
105 **UTAH?**

106 A. American Broadband intends to operate as a wireless reseller, purchasing wireless network
107 infrastructure and transmission facilities on a wholesale basis from Sprint and T-Mobile.
108 For T-Mobile, this arrangement will be effectuated through an intermediary. This plan
109 will enable American Broadband to access competitive wholesale pricing not directly
110 available to a start-up wireless provider. In addition, American Broadband continues to
111 evaluate available industry resources to obtain the best pricing and service arrangements.
112 Broadband will apply its own expertise to manage service plan design and pricing,
113 marketing, and ongoing customer service operations to the services it provides.

114

115 **Q. WHAT ARE THE REQUIREMENTS FOR DESIGNATION AS AN ETC**
116 **PURSUANT TO FEDERAL AND UTAH LAW?**

117 A. The primary requirements are located in Section 214 of the Communications Act of 1934
118 (“Act”). Section 214(e)(2) of the Act provides that, upon request and consistent with the
119 public interest, convenience and necessity, the Commission may designate more than one
120 common carrier as an ETC in areas served by a rural telephone company and shall do so
121 with respect to all other areas, provided that the requesting carrier (i) offers services that
122 are supported by federal universal service support mechanisms and (ii) advertises the
123 availability of such services.

124 Federal law also requires that ETCs provide the supported services using their own
125 facilities or a combination of their own facilities and resale of other carriers’ facilities
126 unless they are granted forbearance from this requirement. Notably, however, in early

127 2012, the FCC issued a decision (discussed below) which establishes a protocol for grant
128 of blanket forbearance to resellers based upon satisfaction of specified conditions.¹
129 Additional conditions for ETC designation include (i) the applicant’s certification that it
130 will comply with service requirements applicable to the support it receives; (ii)
131 demonstration that the applicant will be able to remain functional in emergency situations;
132 (iii) demonstration that the applicant will satisfy specified consumer protection and service
133 quality standards; and (iv) demonstration of financial and technical ability to provide the
134 supported services.

135 **Q. DOES AMERICAN BROADBAND SATISFY THESE REQUIREMENTS?**

136 A. Yes.

137

138 **Q. WILL AMERICAN BROADBAND BE A COMMON CARRIER, AS DEFINED IN**
139 **FEDERAL LAW?**

140 A. Yes. Section 332(c)(1)(A) of the Act specifically provides that providers of commercial
141 mobile radio services (wireless providers) are to be regulated as common carriers, and the
142 FCC has clearly reiterated this point.

143

144 **Q. DOES AMERICAN BROADBAND COMMIT TO PROVIDE THE SUPPORTED**
145 **SERVICES THROUGHOUT ITS ETC SERVICE AREA ?**

¹ See *Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report And Order and Further Notice Of Proposed Rulemaking, FCC 12-11, ¶ 368 (Feb. 6, 2012) (“Lifeline Reform Order”).

146 A. Yes. The FCC's *Connect America Fund Order* modified Section 54.101 of the FCC's
147 rules, which defined the list of supported services.² The new rule indicates that the
148 universal service programs will support "voice telephony service," which is defined by
149 four "supported services": (i) voice grade access to the public switched network; (ii) local
150 usage; (iii) access to emergency services; and (iv) toll limitation. American Broadband
151 complies with each of these requirements.

152 First, The FCC has stated that voice-grade access consists of the ability for a user to make
153 and receive telephone calls within a specified bandwidth.³ American Broadband will
154 provide this service via resale of Sprint PCS and T-Mobile mobile services to low-income
155 customers throughout its designated service area.

156 Second, the FCC's rules require an applicant for ETC designation to demonstrate that its
157 proposed local usage plan is comparable to one offered by the incumbent local exchange
158 carrier ("ILEC") in the same designated service area. The determination of comparability
159 requires a case-by-case review, taking into account value-added capabilities and services
160 included within a service plan. American Broadband's proposed Lifeline offerings are
161 comparable to the plans offered by the incumbent LECs in the same designated service
162 area. The Company will offer nationwide domestic voice minutes through "American
163 Assistance," the Company's Lifeline Assistance program, throughout its designated
164 service area in Utah, and affords consumers with the ability make calls to 911 emergency
165 services on a free-basis, regardless of service activation or availability of minutes. In

² See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, FCC 11-161 ¶ 78 (rel. Nov. 18, 2011), *pets. for review pending sub nom. In re: FCC 11-161, No. 11-9900* (10th Cir. filed Dec. 18, 2011).

³ See *Federal-State Joint Board on Universal Service*, 12 FCC Rcd 8776, 8810-11 (1997).

166 addition, 911 emergency services will not count against the customer's airtime. In
167 addition, the plans (which are described in greater detail below) include free customer
168 service (611) (with no usage or fees charged) and no fee directory assistance calls (411)
169 (however, 411 calls will count as airtime minutes of usage).

170 Third, the Company will provide access to emergency services provided by local
171 government or public safety officials, including 911 and E911 where available. In addition,
172 American Broadband will comply with any FCC or Commission requirements regarding
173 customer access to 911 and E911 services as well as the provision of E911-compatible
174 handsets, specifically including those obligations imposed as part of the FCC's forbearance
175 grant conditions.

176 Lastly, the toll limitation service ("TLS") does not apply to American Broadband's
177 wireless offering. Like most wireless carriers, American Broadband does not differentiate
178 domestic long distance usage from local usage and all usage is paid for in advance.
179 Pursuant to the *Lifeline Reform Order*, subscribers to such "all-distance" services are not
180 considered to have voluntarily elected to receive TLS.⁴ If, in future, American Broadband
181 should offer a Lifeline service which differentiates between local usage and long distance
182 usage, the Company commits to provide TLS to customers of that service.

183

184 **Q. WILL AMERICAN BROADBAND ADVERTISE THE AVAILABILITY OF**
185 **THESE SUPPORTED SERVICES USING MEDIA OF GENERAL**
186 **DISTRIBUTION, AS REQUIRED BY 47 U.S.C. § 214(e)(1)(B)?**

⁴ See *Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, 27 FCC Rcd 6656, ¶ 230 (2012) ("*Lifeline Reform Order*").

187 A. Yes. The Company will advertise the availability of its Lifeline services using methods
188 reasonably calculated to effectively reach Lifeline-eligible customers in its service area as
189 required by Sections 54.201(d)(2) and 54.405(b) of the FCC’s Rules. Towards this end,
190 American Broadband expects to advertise its Lifeline services in a variety of ways, such as
191 using media of general distribution and outreach programs to target low-income
192 consumers. The Company will expand these outreach efforts as necessary to ensure that it
193 reaches Lifeline-eligible customers. Further, American Broadband will comply with all
194 FCC requirements pertaining to the content of this advertising, including the disclosures
195 required by Section 54.405(c) of the FCC’s rules. An example of American Broadband’s
196 advertising was submitted as Exhibit B to the Company’s proposed FCC Compliance Plan.

197

198 **Q. HOW DOES AMERICAN BROADBAND PROPOSE TO COMPLY WITH THE**
199 **REQUIREMENT THAT ETC CARRIERS PROVIDE SERVICES SUPPORTED**
200 **BY FEDERAL UNIVERSAL SERVICE SUPPORT MECHANISMS EITHER BY**
201 **USE OF THEIR OWN FACILITIES OR BY USE OF A COMBINATION OF**
202 **THEIR OWN FACILITIES AND RESALE?**

203 A. As noted, providers have always had the option to request forbearance from the “own
204 facilities” requirement from the FCC. In February of 2012, in the *Lifeline Reform Order*,
205 the FCC granted resellers a blanket forbearance from the facilities requirement for low-
206 income-only ETC operations provided they meet specified conditions. These conditions
207 include: (i) provision of 911 and E911 service regardless of activation status or available
208 minutes; (ii) provision of E911-compliant handsets and replacement of non-compliant
209 handsets to Lifeline customers; (iii) filing of a compliance plan containing specific

210 information concerning both the carrier's service offerings and its compliance with ETC
211 obligations as set forth in the *Lifeline Reform Order*, including those aimed at preventing
212 waste, fraud and abuse within the Lifeline program. American Broadband proposes to
213 operate in Utah and elsewhere pursuant to the FCC's forbearance of the ETC facilities
214 requirement.

215

216 **Q. HOW WILL AMERICAN BROADBAND MEET THE REQUIREMENT TO**
217 **PROVIDE 911 AND E911 ACCESS TO ITS LIFELINE CUSTOMERS?**

218 A. American Broadband understands its obligation as an ETC to provide access to emergency
219 services provided by local government or public safety officials. As explained, the
220 Company will operate by reselling the facilities-based services of Sprint and T-Mobile,
221 both established national wireless carriers. American Broadband's customers will be
222 provided the same access to emergency services that Sprint and T-Mobile provide to their
223 own customers. Calls to 911 emergency services will always be free and emergency
224 service access will be available regardless of service activation status or the availability of
225 minutes. Finally, American Broadband will comply with all FCC and Commission
226 requirements regarding provision of E911-compatible handsets to ensure customer access
227 to these critical services.

228

229 **Q. HAS AMERICAN BROADBAND SUBMITTED A PROPOSED COMPLIANCE**
230 **PLAN TO THE FCC?**

231 A. Yes. On May 25, 2012, the FCC approved American Broadband's Compliance Plan,
232 confirming that the Company's proposed operations comply with the FCC's rules for
233 Lifeline providers.

234

235 **Q. DOES AMERICAN BROADBAND'S FCC COMPLIANCE PLAN INCLUDE THE**
236 **PROVISION OF SERVICE IN TRIBAL SERVICE AREAS?**

237 A. No. At the time its Compliance Plan was approved, American Broadband did not intend
238 to offer its Lifeline plans in Tribal Service Areas. As mentioned above, American
239 Broadband initially concentrated its marketing efforts on Midwestern states, an area where
240 there are few Tribal Service areas. However, with the success of its Lifeline offerings,
241 American Broadband would like to expand its service offerings throughout the U.S. And,
242 in certain states, like Utah, large areas of the state are Tribal Service Areas. To effectively
243 target low-income services in these states, American Broadband has decided to expand its
244 Lifeline service offering to Tribal Service Areas on a limited basis. This recent decision
245 by American Broadband occurred well-after the FCC approved the Company's
246 Compliance Plan. In fact, American Broadband has not offered Tribal Services in any state
247 to-date and, if approved, Utah would be among the first states where American Broadband
248 would offer Lifeline in Tribal Service Areas.

249

250 **Q. IS AMERICAN BROADBAND'S COMPLIANCE PLAN REQUIRED TO**
251 **DESCRIBE AN INTENTION TO OFFER LIFELINE TO TRIBAL SERVICE**
252 **AREAS?**

253 A. No. The Company's Compliance Plan offers a description of the type of services American
254 Broadband intends to offer, and procedures to comply with the FCC's requirements against
255 waste, fraud and abuse and FCC rules. American Broadband's expansion of its Lifeline to
256 Tribal Service Areas does not affect the Company's offerings and procedures. Rather, the
257 principal change relating to American Broadband's expansion to Tribal Service Areas
258 involves the number of minutes and post-Lifeline discount price to consumers. I am not
259 aware of any FCC directive requiring Lifeline providers to modify their compliance plans
260 where the Lifeline provider was increasing the number of voice minutes available for low-
261 income consumers, decreasing the post-Lifeline discount cost to consumers, or expanding
262 Lifeline services to Tribal Service Areas.

263

264 **Q. HAS AMERICAN BROADBAND OFFERED TRIBAL SERVICE BEFORE?**

265 A. No. As I mentioned, Utah will be among the first states where American Broadband will
266 offer Lifeline in Tribal Service Areas. With American Broadband's expansion to western
267 states, American Broadband's feels that it can most effectively target low-income
268 consumers in certain states by including Tribal Service Areas in its proposed ETC Service
269 Area designation.

270

271 **Q. DOES AMERICAN BROADBAND SATISFY THE FCC'S ADDITIONAL**
272 **ELIGIBILITY CRITERIA FOR ETC DESIGNATION?**

273 A. Yes.

274

275 **Q. SPECIFICALLY, DOES AMERICAN BROADBAND CERTIFY THAT IT WILL**
276 **COMPLY WITH ALL SERVICE REQUIREMENTS APPLICABLE TO LIFELINE**
277 **SUPPORT FUNDING?**

278 A. Yes. American Broadband certifies that it will comply with the service requirements
279 applicable to the low-income support it receives as a result of designation as an ETC for
280 the purposes of providing Lifeline services.

282 **Q. HOW DOES AMERICAN BROADBAND DEMONSTRATE ITS ABILITY TO**
283 **REMAIN FUNCTIONAL IN EMERGENCY SITUATIONS?**

284 A. As discussed in this testimony and in the Company's Application, American Broadband
285 will utilize the extensive and well-established Sprint PCS and T-Mobile networks and
286 facilities to provide American Broadband's mobile services. The Sprint PCS and T-Mobile
287 networks are capable of managing traffic spikes that may occur during emergency
288 situations and can reroute traffic in the event of damaged facilities. American Broadband
289 also understands that each company has sufficient back-up power to ensure functionality
290 if its external power supply is unavailable. Indeed, both companies have repeatedly
291 certified to the FCC that their networks function in emergency situations.⁵ Sprint PCS
292 and T-Mobile will provide the same functionality to American Broadband and American
293 Broadband's customers as these carriers provide to themselves and their own customers.

294

⁵ See, e.g., *Sprint Nextel Corporation Verified Filing in Compliance with 47 C.F.R. § 54.209*, CC Docket No. 96-45, at 6 (filed Sept. 30, 2011); *In the Matter of Telecommunications Carriers Eligible for Universal Service Support, Petition of T-Mobile USA, Inc. for Designation as a Low-Income Eligible Telecommunications Carrier, et al.*, WC Docket No. 09-197, at 20 (released Aug. 16, 2012).

295 **Q. HOW DOES AMERICAN BROADBAND INTEND TO SATISFY ALL THE**
296 **CONSUMER PROTECTION AND SERVICE QUALITY STANDARDS**
297 **APPLICABLE TO ITS PROPOSED ETC OPERATIONS?**

298 A. The FCC has confirmed that a wireless ETC applicant may satisfy this requirement through
299 a commitment to comply with the CTIA Consumer Code.⁶ American Broadband willingly
300 commits to comply with the CTIA Consumer Code to ensure that it offers its subscribers
301 the highest degree of protection and service quality.

302 **Q. DOES AMERICAN BROADBAND HAVE THE REQUISITE FINANCIAL AND**
303 **TECHNICAL QUALIFICATIONS TO PROVIDE THE PROPOSED SERVICES?**

304 A. Yes, it does. The *Lifeline Reform Order* explains that elements of the financial and technical
305 qualifications include: (i) prior experience providing Lifeline service; (ii) length of the
306 carrier's business history; (iii) the degree to which the carrier's operations rely upon
307 Lifeline revenues; (iv) additional sources of revenue available to the carrier; and (v) the
308 carrier's regulatory history, specifically with respect to any enforcement or ETC revocation
309 actions. As discussed in its Application, American Broadband's principals and affiliates
310 have developed considerable expertise in marketing, particularly to low-income customers,
311 arising from operations dating back to numerous years. The Company has been delivering
312 non-Lifeline wireline and wireless services since 2004. And, American Broadband's non-
313 Lifeline wireless and wireline revenue accounts for the majority of the Company's revenue
314 nationally. The success of the Company's non-Lifeline offerings is reflected in long-term
315 reliable profitability, generating substantial revenues. Further, the Company will actively
316 market to non-Lifeline customers and consequently will not rely exclusively on Lifeline

⁶ See 47 C.F.R. § 54.202(a)(3).

317 reimbursements for its operating capital. Finally, American Broadband has not been
318 subject to ETC enforcement sanctions or revocation proceedings in any state.

319

320 **Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED LIFELINE SERVICE**
321 **OFFERINGS FOR UTAH.**

322 A. Of course. As explained in its Petition, the Company will offer a number of Lifeline service
323 packages throughout its designated service area in Utah, as well as in Tribal Service Areas.
324 The Company's proposed Lifeline programs are listed below.

- 325 • **250 minutes per month** plan includes 250 monthly talk minutes of voice at no
326 charge, and 250 text messages per month at no charge. This plan does not offer roll
327 over voice minutes or roll over text messages, month to month. This plan will be
328 available throughout the Company's Utah service area except in Tribal areas.
- 329 • **500 minutes per month** plan includes 500 monthly talk minutes of voice, and 500
330 text messages for \$10.70 per month (after application of the \$9.25 Lifeline credit
331 to the non-Lifeline rate of \$19.95). This plan does not offer roll over voice minutes
332 or roll over text messages, month to month. This plan will be available throughout
333 the Company's Utah service area except in Tribal areas.
- 334 • **Tribal Resident Plan** includes 4,000 minutes of combined anytime, local and
335 domestic long distance voice calling and text messaging at no cost to the subscriber
336 after application of the \$34.25 Lifeline credit. Residents of Tribal lands may add a
337 data/picture package to the plan at an additional cost of \$15.00 a month. This plan
338 is available only to qualified residents of Tribal lands. This plan does not offer roll
339 over voice minutes or roll over text messages, month to month.

340 Each of these American Broadband plans will include nationwide domestic long-distance
341 calling at no extra per minute charge, as well as a basic menu of features, including access
342 to 911, free voicemail, caller ID and call waiting, free access to operator service and
343 directory listings for publicly listed, domestic, landline telephone numbers and addresses,
344 and no annual contracts or monthly bills.

345 In addition, Lifeline customers will be able to purchase additional bundles of minutes for
346 depending on the minute package purchased. As an example, customers will be able to
347 purchase a 100 voice minute package for \$6.99 or 250 voice minutes and 250 text messages
348 for \$9.99. These additional airtime minutes will be available for purchase at the
349 Company's third-party retail locations and on its website.

350

351 **Q. ARE THERE ADDITIONAL TERMS AND CONDITIONS ASSOCIATED WITH**
352 **AMERICAN BROADBAND'S LIFELINE SERVICE PLANS?**

353 A. Yes. The Company's Terms and Conditions are provided to customers upon request and
354 are available on American Broadband's website
355 at www.americanassistance.com/program/.

356

357 **Q. WOULD DESIGNATION OF AMERICAN BROADBAND AS AN ETC IN UTAH**
358 **SERVE THE PUBLIC INTEREST?**

359 A. Absolutely. Designation of American Broadband as an ETC for Lifeline purposes in Utah
360 will ensure that low-income Utah consumers have another choice among Lifeline
361 providers. More importantly, it will ensure the availability of high-quality mobile service
362 and emergency services to a population that may currently lack such services. As discussed

363 in American Broadband's Petition, low-income consumers often work in migratory jobs
364 and often have an above-average frequency of moving between residences. Wireless
365 service ensures availability of reliable voice and texting services, access to emergency
366 services and access to job resources, even as a customer is "between" homes and/or jobs.
367 Of equal importance, prepaid wireless such as that offered by American Broadband
368 protects low-income consumers from the potentially devastating impact of hidden costs,
369 unexpectedly high monthly charges and long term contract issues common among the
370 larger carriers. With American Broadband's wireless service packages, customers will
371 enjoy the considerable savings of all-distance domestic calling, and be spared the
372 burdensome expense of long distance calling charges. The inclusion of texting service in
373 the Company's basic service packages will provide customers with an increasingly
374 essential tool for family coordination and work management.

375 In addition, consumers that regularly incur high minute usages will be able to purchase
376 ongoing "additional minutes" plans. Those who experience an unexpected sudden need
377 for more airtime will be easily able to "top-up" minutes on a one-time basis. In a
378 persistently challenging economy, low-income consumers need all these tools at an
379 affordable rate. Because American Broadband does not impose credit checks or collect
380 deposits, the Company's services will be readily available to consumers with the greatest
381 need. American Broadband's flexible service offerings will allow these customers to tailor
382 their services to meet their own individual needs. American Broadband's prepaid pricing
383 plans will enable them to anticipate their monthly expenditures, avoiding the all-too-
384 common experience of cell service "invoice shock." Finally, American Broadband's
385 offering of these consumer-friendly service packages in the Utah telecommunications

386 market should motivate other carriers to improve their own competitive offerings, to the
387 benefit of all Utah wireless customers.

388

389 **Q. WILL DESIGNATION OF AMERICAN BROADBAND AS AN ETC IN UTAH**
390 **HAVE ANY EFFECTS UPON COMPETITION IN THE STATE?**

391 A. Very likely. As I was just noting, American Broadband's entry into the Utah market for
392 telecommunications services apply market forces on other Lifeline providers to increase
393 the competitive caliber of their service offerings.

394

395 **Q. WILL DESIGNATION OF AMERICAN BROADBAND AS AN ETC IN UTAH**
396 **HAVE ANY ADVERSE EFFECT UPON THE UNIVERSAL SERVICE FUND?**

397 A. No. American Broadband is seeking reimbursement for federal Lifeline services only,
398 whereas the vast bulk of federal Universal Service Fund ("Fund") expense arises from the
399 high cost fund subsidies. The FCC has confirmed that the advantages of adding a Lifeline-
400 only ETC outweigh any potential disadvantages, including the effect on the Fund.⁷ Further,
401 it warrants mention that Lifeline subsidies are customer-specific and remain the same
402 regardless which carrier provides the services. American Broadband's presence in the
403 market likely will increase participation in the Lifeline program, resulting in increased
404 Lifeline subsidies for Utah consumers.

405

⁷ See *TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier*, CC Docket No. 96-45, Order, FCC 08-100, ¶16, n. 47 (2008).

406 **Q. WILL AMERICAN BROADBAND COMPLY WITH THE REQUIREMENTS FOR**
407 **LIFELINE ELIGIBILITY CERTIFICATION AND VERIFICATION?**

408 A. Absolutely. American Broadband is committed to full compliance with the requirements
409 of the FCC and this Commission regarding certification and verification of a customer's
410 qualification for Lifeline service and has implemented procedures to ensure the
411 requirements are met. As described in American Broadband's Compliance Plan (which
412 was submitted as Exhibit B to the Company's Application), the Company has developed
413 detailed and comprehensive procedures to address customer certification and verification
414 requirements as well as the requirements concerning de-enrollment and duplication of
415 service. These procedures comply fully with the FCC's recently-revised customer
416 certification and verification requirements. American Broadband also commits to comply
417 with the FCC's annual certification requirement, as well as the FCC's measures to prevent
418 waste, fraud and abuse of Lifeline services. The Company understands that effective
419 elimination of wasteful and/or fraudulent drains on limited Lifeline funding can only be
420 achieved through ongoing coordination with key state agency personnel and active use of
421 the NLAD duplicates database. For this reason, American Broadband commits to work
422 collaboratively with appropriate state agencies to ensure the initial and continued eligibility
423 of its Utah Lifeline customers.

424

425 **Q. HOW DOES THE COMPANY'S DE-ENROLLMENT PROTOCOL WORK ?**

426 A. As discussed in its Compliance Plan, American Broadband commits to full compliance
427 with the FCC's rules requiring de-enrollment of Lifeline customers after 60 days of non-
428 use. The Company will contact all customers found not to have used their service for 60

429 days. These contacts will be made using a combination of first-class mail, text messages
430 and/or phone calls and will clearly alert the customers that continued failure to use their
431 Lifeline service within a subsequent 30-day period will result in de-enrollment and loss of
432 service. Subscribers will be instructed as to the means by which they can “use” the service
433 and avoid de-enrollment. *See* Compliance Plan at 14-15. In addition, American Broadband
434 will comply with the FCC’s rules regarding de-enrollment of customers that fail to recertify
435 their eligibility for Lifeline service on an annual basis. American Broadband will de-enroll
436 subscribers that do not respond to the annual verification or fail to provide the required
437 certification.⁸ American Broadband will send a single written notice explaining that failure
438 to respond to the re-certification request within 30 days will result in the subscriber’s de-
439 enrollment from the Lifeline program. If the subscriber does not respond within the 30
440 days, the Company will de-enroll the subscriber within five business days. *See* Compliance
441 Plan at 14.

442
443 **Q. HOW WILL AMERICAN BROADBAND ENSURE THAT PROSPECTIVE**
444 **CUSTOMERS COMPLY WITH THE “ONE-PER-HOUSEHOLD” RULE FOR**
445 **LIFELINE SUPPORT?**

446 A. As described in full detail in American Broadband’s Compliance Plan, the Company’s
447 efforts to ensure that customers receive only one Lifeline benefit per household more than
448 comply with the FCC’s rules and extend throughout its marketing, enrollment and
449 recertification processes. First, all American Broadband’s marketing materials will include
450 a disclosure stating that only one Lifeline discount may be received per household, which

⁸ *See* Lifeline Reform Order, ¶ 142; 47 C.F.R. § 54.405(e)(4).

451 is consistent with the requirements of the FCC's new rules. Second, at the outset of the
452 Lifeline enrollment process applicants are asked if their household currently receives a
453 Lifeline benefit from any provider, and American Broadband confirms the information the
454 applicant provides through Lifeline duplicates databases, like NLAD. As part of the
455 enrollment process, customers are informed about the one per household requirement,
456 including the definition of household. And, to enroll, applicants must certify that, to the
457 best of their knowledge, their household is not already receiving a Lifeline service benefit.
458 As part of the enrollment process, applicant names and addresses are checked against state
459 and federal databases to avoid duplicate benefits. Finally, customers are required to again
460 certify that they are not receiving more than one Lifeline benefit per household as part of
461 the eligibility recertification process.

462

463 **Q. WILL AMERICAN BROADBAND COMPLY WITH ALL OTHER FCC AND**
464 **COMMISSION RULES APPLICABLE TO ETC OPERATIONS IN UTAH?**

465 A. Yes. The Company stands by the commitments asserted in its Petition to comply with the
466 rules and regulations of the FCC and of this Commission with respect to provision of
467 Lifeline services in Utah, except as waived by the Commission.

468

469 **Q. WILL AMERICAN BROADBAND TIMELY PAY ALL APPLICABLE FEDERAL,**
470 **STATE AND LOCAL REGULATORY FEES AND ASSESSMENTS APPLICABLE**
471 **TO ITS ETC OPERATIONS IN UTAH?**

472 A. Yes, it will. American Broadband acknowledges and accepts its obligations with respect
473 to payment of federal, state and local regulatory fees, taxes and assessments (including
474 customer assessment where required).

475

476 **Q. WHEN WILL AMERICAN BROADBAND BE READY TO OFFER LIFELINE**
477 **SERVICES IN UTAH?**

478 A. American Broadband is currently finalizing its arrangements in order to be ready to initiate
479 operations promptly after the Commission grants the Company's Application.

480

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

482 A. Yes.