

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Petition of Sage Telecom Communications,
LLC d/b/a TruConnect to Amend its
Designation as an Eligible
Telecommunications Carrier in the State of
Utah to Participate in the Utah Universal
Service Fund

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Docket No. 20-2601-01

APPLICANT’S SUBMISSION OF DIRECT TESTIMONY

Sage Telecom Communications, LLC d/b/a TruConnect, by counsel, hereby files with the Public Service Commission of Utah (“Commission”) the Direct Testimony of Nathan Johnson.

Respectfully submitted this 30th day of April, 2020.

/s/ Lance J.M. Steinhart

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DIRECT TESTIMONY OF NATHAN JOHNSON

1 **Q: WHAT IS YOUR NAME AND OCCUPATION?**

2 **A:** My name is Nathan Johnson. I am Co-Chief Executive Officer of Sage Telecom
3 Communications, LLC d/b/a TruConnect (hereinafter referred to as “Sage d/b/a
4 TruConnect,” “TruConnect” or the “Company”), the Applicant in this proceeding.

5 **Q: PLEASE DESCRIBE YOUR EMPLOYMENT BACKGROUND.**

6 **A:** I received an MBA from the Wharton School at the University of Pennsylvania with
7 a concentration in Finance and Multinational Management, as well as an MA from
8 the University of Pennsylvania with concentrations in Latin America and Spanish. I
9 am Executive Chairman of the Board and an investor in TruConnect, where I
10 oversee the strategic vision and effective governance of the organization. I am also
11 a Managing Partner of Gemini Partners, a middle-market investment bank, where I
12 have financed, sold, and advised several small-and-middle-market
13 telecommunications companies. I previously served as Vice President in investment
14 banking at Deutsche Bank, where I advised several Latin American companies in
15 their efforts to take the companies private.

1 **Q: PLEASE PROVIDE A BRIEF DESCRIPTION OF TRUCONNECT.**

2 **A:** TruConnect is a Texas Limited Liability Company with its principal office
3 located at 1149 S. Hill Street, Suite H-400, Los Angeles, California 90015. Sage
4 Telecom Communications, LLC is a subsidiary of TSC Acquisition Corporation
5 (“TSC”) and was formerly known as Sage Telecom, Inc. before a corporate
6 restructuring in 2012. TSC also owns TruConnect Communications, Inc.
7 (“TruConnect, Inc.”), formerly Telscape Communications, Inc., and the owners of
8 TSC separately own TruConnect Mobile, LLC, which sells mobile hotspot
9 devices and low-cost monthly data plans; as well as TruConnect Technologies,
10 LLC, a mobile data analytics company that develops data intelligence products
11 and services for wireless carriers, cable operators, content providers, and
12 application developers; and TruConnect Marketing, LLC. Sage d/b/a TruConnect
13 and TruConnect, Inc. are resellers of commercial mobile radio service (“CMRS”).
14 TruConnect provides prepaid wireless telecommunications services to consumers
15 by using the underlying wireless networks of facilities-based providers, primarily
16 T Mobile USA, Inc. (“T-Mobile”), and also Sprint Spectrum, L.P. (“Sprint”) and
17 Verizon Wireless (“Verizon”), (collectively, “Underlying Carriers”) on a
18 wholesale basis to offer nationwide service. TruConnect obtains from its
19 Underlying Carriers the network infrastructure and wireless transmission facilities
20 to allow the Company to operate as a Mobile Virtual Network Operator
21 (“MVNO”).

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1 **Q: ARE YOU FAMILIAR WITH TRUCONNECT’S PETITION IN THIS**
2 **PROCEEDING?**

3 **A:** Yes, I have reviewed TruConnect’s Petition to Amend its Designation as an
4 Eligible Telecommunications Carrier to Participate in the Utah Universal Service
5 Fund (“UUSF”) (the “UUSF Petition”) and verify that the statements therein are
6 true and correct.

7 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 **A:** The purpose of my testimony is to support the UUSF Petition, and to demonstrate
9 that TruConnect satisfies the Commission’s requirements for receipt of UUSF
10 support and that expansion of the Company’s ETC designation to include
11 participation in the UUSF throughout its existing ETC designated service area is
12 in the public interest.

13 **Q: WHAT IS THE NATURE OF TRUCONNECT’S REQUEST?**

14 **A:** On September 14, 2018, the Commission issued an Order in Docket No. 18-2601-
15 01 designating TruConnect as an ETC (the “ETC Order”) throughout the service
16 area identified therein. The Commission provided in the ETC Order that
17 TruConnect’s ETC designation was subject to several explicit conditions,
18 including that TruConnect file a separate application if the Company were to seek
19 UUSF funding in the future. TruConnect now seeks the Commission’s
20 authorization to obtain UUSF support throughout the Company’s designated
21 service area in Utah so that it may continue to provide highly-competitive,
22 feature-rich Lifeline service to qualifying low income Utah households.

23

1 **Q: DOES TRUCONNECT SATISFY THE REQUIREMENTS TO RECEIVE**
2 **UUSF SUPPORT?**

3 **A:** Yes. As described in the UUSF Petition, TruConnect meets Utah’s statutory and
4 regulatory requirements for receipt of UUSF support as outlined in Utah Code §
5 54-8b-15 and Utah Administrative Code R746-8-403.

6 **Q: IS TRUCONNECT A NON-FACILITIES-BASED ETC?**

7 **A:** Yes. TruConnect is a designated ETC in the State of Utah that provides non-
8 facilities-based wireless Lifeline service to low income Utah residents who meet
9 the requirements of the federal Lifeline program. As I mentioned previously,
10 TruConnect provides service using the wireless networks of facilities-based
11 underlying carriers such as T-Mobile. I understand that Utah Code § 54-8b-15
12 was amended effective July 1, 2017 to allow non-facilities-based wireless
13 telecommunications providers to be eligible for distribution of UUSF support,
14 provided that the Lifeline service is consistent with Federal Communications
15 Commission (“FCC”) rules governing the Lifeline program.

16 **Q: DOES TRUCONNECT PROVIDE LIFELINE SERVICE CONSISTENT**
17 **WITH FCC REQUIREMENTS?**

18 **A:** Yes, TruConnect provides service that is consistent with the FCC’s requirements
19 for Lifeline service. First, TruConnect operates as a common carrier in the State
20 of Utah, as defined in 47 U.S.C. § 153(11). Second, TruConnect offers all USF-
21 supported services required by the FCC’s rules, namely eligible voice telephony
22 service and broadband Internet access service (“BIAS”). Eligible voice telephony
23 services must include the following: voice grade access to the public switched

1 network; local usage; access to emergency services; and toll limitation for
2 qualifying low-income consumers. Eligible BIAS services must provide the
3 capability to transmit data and to receive data from all or substantially all Internet
4 endpoints. TruConnect also advertises the availability and rates for the supported
5 services using media of general distribution as required by 47 C.F.R. § 54.201,
6 and the Company's marketing materials comply with federal requirements.

7 Since this Commission designated TruConnect as an ETC, TruConnect
8 has provided each of the required supported services throughout its designated
9 service area in the State of Utah. TruConnect provides both BIAS and voice
10 grade access to the public switched telephone network to low income customers
11 in its designated service area through use of the T-Mobile wireless network.
12 TruConnect offers rate plans that include minutes of use for, among other things,
13 local service, and all rate plans meet the FCC's voice or broadband minimum
14 service standards set forth in 47 C.F.R. § 54.408. TruConnect also provides
15 access to emergency services provided by local government or public safety
16 officials, including 911 and E911, where available, for free and without regard to
17 whether a customer's service is active or has available airtime. Like most
18 wireless providers, TruConnect does not differentiate domestic long-distance
19 usage from local usage, and all usage is paid for in advance; thus, toll limitation is
20 unnecessary (per FCC rules, ETCs are not required to offer toll limitation service
21 to low-income consumers if the Lifeline offering provides a set amount of
22 minutes that do not distinguish between toll and non-toll calls).

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1 **Q: DOES TRUCONNECT’S LIFELINE OFFERING QUALIFY FOR UUSF**
2 **SUPPORT?**

3 **A:** I understand that per Commission rules, in Utah Administrative Code R746-8-
4 403, Lifeline support of \$3.50 per Lifeline subscriber per month is available for
5 subscription to a service that, for wireless Lifeline, meets FCC broadband
6 Lifeline requirements as set forth in 47 C.F.R. 54.408 and allows, at no charge
7 beyond the basic monthly fee, unlimited texting and at least 750 voice minutes
8 per month. The FCC issued an order increasing the minimum service standard
9 for mobile broadband data effective December 1, 2019 from 2 gigabytes (“GB”)
10 to 3 GB. TruConnect’s Lifeline offering provides 1,000 minutes, unlimited text
11 messages, and 3 GB data, and thus plainly meets the requirements as outlined by
12 the Commission to be eligible for Utah USF support. TruConnect will continue
13 to offer Utah Lifeline customers the choice of a Lifeline service plan that meets
14 not only the federal broadband minimum service standards as set forth in 47
15 C.F.R. 54.408, but also the voice minimum service standards (1,000 minutes).
16 TruConnect will continue to increase the data allowance annually in accordance
17 with minimum service standards. To the extent TruConnect provides devices for
18 use with Lifeline-supported broadband service, such devices will meet the
19 equipment requirements set forth in 47 C.F.R. § 54.408(f), and TruConnect will
20 not impose an additional or separate tethering charge for mobile data usage below
21 the minimum standard.

22 Commission rules further provide that ETCs will be eligible for ongoing
23 UUSF distribution if the company is an ongoing participant in a Commission-

1 approved Lifeline program (which TruConnect is) if the Commission finds it is in
2 the public interest.

3 **Q: HOW WILL TRUCONNECT’S PARTICIPATION IN THE UUSF SERVE**
4 **THE PUBLIC INTEREST?**

5 **A:** The public interest benefits to low-income Utah consumers of TruConnect’s
6 service include larger local calling areas (as compared to traditional wireline
7 carriers); the convenience, portability and security afforded by mobile service; a
8 generous amount of voice and broadband access included without cost (after
9 application of available Lifeline support); the ability of users to use the supported
10 service to send and receive unlimited “SMS” or text messages; the ability for
11 customers to purchase additional usage at flexible and affordable amounts in the
12 event that included usage has been exhausted (and the courtesy of free low-
13 balance alerts); the option to purchase international calling at affordable rates; the
14 opportunity for customers to receive service without going through a credit check
15 or deposit requirement, or committing to a long-term service contract; and access
16 to 911 and E911 (where available) service in accordance with current FCC
17 requirements.

18 Further, TruConnect’s service is unique in that it includes proprietary
19 software (“WeFi” app) that allows smartphone mobile customers to search for an
20 open WiFi network and connect to it automatically in order to save on their carrier
21 data usage, enabling their data allotment to last longer. While there are other
22 carriers that provide the minimum broadband allotment for \$0.00 after application
23 of Lifeline and UUSF support, TruConnect would be one of the only ETCs

1 offering both minimum service standards (i.e. 1,000 voice minutes *and* 3 GB
2 data) for no net cost to Lifeline customers. Combined with TruConnect's WeFi
3 app, which extends the life of the customer's data, TruConnect's Lifeline service
4 is uniquely suited to meet the needs of consumers now faced with rising data
5 needs to account for telemedicine as well as enable working and schooling from
6 home due to the COVID-19 pandemic.

7 Providing TruConnect with the authority necessary to seek reimbursement
8 for its Lifeline services from the Utah USF will further the public interest by
9 ensuring TruConnect can continue to provide so rich an offering to Utah
10 consumers, even as market conditions change and minimum service standards
11 increase in the future. Moreover, participation in the Utah USF will allow the
12 Company to expand its efforts to reach and enroll more Lifeline-eligible
13 consumers in Utah who are currently without access to essential telephone and
14 broadband services, or those most in danger of losing wireless service altogether.

15 **Q: DOES TRUCONNECT AGREE TO COMPLY WITH COMMISSION**
16 **RULES REGARDING ETCS APPROVED TO RECEIVE UUSF**
17 **SUPPORT?**

18 **A:** TruConnect commits to comply with the applicable requirements set forth in Utah
19 Administrative Code R746-8-403 as well as any additional requirements the
20 Commission may deem necessary for UUSF support.

21 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**


22 **A:** Yes.

VERIFICATION

VERIFICATION

State of California)
)
County of Los Angeles)

I, Nathan Johnson, hereby depose and state that I am the Co-Chief Executive Officer (Co-CEO) of Sage Telecom Communications, LLC d/b/a TruConnect, and declare under penalty of perjury that the foregoing testimony is true and correct to the best of my knowledge and belief.



Nathan Johnson, Co-CEO

CERTIFICATE OF SERVICE

I CERTIFY that on April 30, 2020, a true and correct copy of the foregoing was served on the following as indicated below:

By Electronic-Mail:

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