

i-wireless, LLC
ETC Designation
TC13-106
Data Request No. 2
Response Deadline: **October 15, 2013**

- 2-1) *FCC 54.201(h) A state commission shall not designate a common carrier as an eligible telecommunications carrier for purposes of receiving support only under subpart E of this part unless the carrier seeking such designation has demonstrated that it is financially and technically capable of providing the supported Lifeline service in compliance with subpart E of this part.*

FCC 12-11 Report and Order and Further Notice of Proposed Rulemaking, Adopted: January 31, 2012, Released: February 6, 2012, Paragraph 388. Given recent growth in the number of companies obtaining ETC designation, we now conclude that it is appropriate to update our rules for federally-designated ETCs and extend the requirement to all ETCs to ensure that Lifeline-only ETCs have the financial and technical ability to offer Lifeline-supported services. Therefore, in order to ensure Lifeline-only ETCs, whether designated by the Commission or the states, are financially and technically capable of providing Lifeline services, we now include an explicit requirement in both 54.202 and 54.203 that a common carrier seeking to be designated as a Lifeline-only ETC demonstrate its technical and financial capacity to provide the supported service. Among the relevant considerations for such a showing would be whether the applicant previously offered services to non-Lifeline consumers, how long it has been in business, whether the applicant intends to rely exclusively on USF disbursements to operate, whether the applicant receives or will receive revenue from other sources, and whether it has been subject to enforcement action or ETC revocation proceedings in any state.

Based on the two paragraphs above and on the financial statements submitted in Exhibit A for Data Request No. 1-1, please explain how i-wireless is financially capable of providing Lifeline service. Items from the Income Statement that you may want to explain are as follows: 1) What is contained in SG&A Expense? 2) What is the reason for the consistent and increasing amounts of Net (Loss) on a monthly basis? Items from the Balance Sheet that you may want to explain are as follows: 1) What caused the increase in Accrued Liabilities from June 2013 to July 2013? 2) Please explain the Retained Deficit. A cash flow statement, historical or projected, may help demonstrate that i-wireless is financially capable of providing Lifeline service.

Response: In its determination to require a demonstration of financial and technical capability, the FCC focused not on financial statements, but rather on the following:

Among the relevant considerations for such a showing would be:

- (1) whether the applicant previously offered services to non-Lifeline consumers.*

i-wireless has offered non-Lifeline services throughout the United States since 2006.

- (2) how long it has been in business.*

i-wireless has been in business since 2006.

- (3) whether the applicant intends to rely exclusively on USF disbursements to operate.*

i-wireless does not and does not intend to rely exclusively on USF disbursements to operate.

(4) whether the applicant receives or will receive revenue from other sources.

i-wireless receives revenue from its non-Lifeline wireless services, as well as revenue from unsubsidized services purchased by its Lifeline customers (i.e. additional minute purchases).

(5) whether it has been subject to enforcement action or ETC revocation proceedings in any state.

i-wireless has not been subject to enforcement actions or ETC revocation proceedings in any state.

In addition, i-wireless provides a projected budget for 2014 and information regarding its Balance Sheet and Income Statement (see attached, Confidential Exhibit A).