Staff Information Request #3
Docket No.: TC13-022
Date: July 8th, 2013

3-1) Please provide a 2012 cash flow statement. See attached

3-2) In response to information request #1-1, Telrite identifies that the company seeks ETC designation in non-rural and non-tribal lands. However, Exhibit A (revised) as filed on July 5th, 2013 lists wire centers that serve tribal lands (e.g. McIntosh and Timberlake). Is Telrite planning to offer tribal lifeline for those wire centers? If not, what is the reason for not offering lifeline in tribal areas? Telrite wishes to offer lifeline service in both tribal and non-tribal areas in the exchanges it can serve identified in Exhibit A

3-3) According to publicly available data found on the USAC website, specifically the Quarterly Low Income Support Disbursement Amounts by Company reports, the USAC identified that Telrite received $76,956,951 in Lifeline support in 2012. The income statement identifies Telrite had Lifeline revenue of $73,633,244.06 in 2012. Please explain the difference. The figure $76,956,951 appears to have been calculated by taking the Feb 2012 through January 2013 lifeline support amounts from the USAC website. In October 2012 USAC began paying lifeline support payments within 30 days instead of 60 days, thus Telrite received 2 months of support payments in the month of October. The revenue calculation of $76,956,951 includes revenue from December 2011(paid Feb 2012) totaling $3,287,895 so the actual lifeline revenue posted on the USAC website is $73,669,056, a difference of $35,812 from the Telrite income statement.

3-5) According to the income statement, it appears that Lifeline Revenues contribute to Telrite's overall Net Income. If so, please provide a detailed explanation on the following questions:

1) In order for the Lifeline discount to be fully passed through to the customer, one would think that Lifeline revenues should be equal to or less than the fixed and variable costs incurred to provide the Lifeline service as provided on the Income Statement. How are Lifeline dollars being fully passed through to Telrite's customers when some of those dollars flow into Net Income and, ultimately, result in the increase Member's equity? Telrite has a non-lifeline retail plan of $12.75. Eligible customers can receive $9.25 in the form of a federal lifeline credit and $3.50 in the form of a company credit. Thus the full discount is passed to the eligible lifeline customer. The customer reaps the full benefit of the lifeline discount by receiving free of charge the lifeline-supported minutes of telephone service represented by the discount. Thus, in passing on the service to the customer Telrite is fulfilling the purpose of the universal service fund contemplated by the telecommunications act and related rules and regulations.

2) How is it in the public interest for a company to use Lifeline dollars to grow their balance sheet when the owners are the only ones who benefit from such growth, with none of that benefit going back to telecommunications consumers paying into the Universal Services Fund?

As noted above, the customer does benefit by receiving telephone service without cost to the customer.