

Docket Number: TC14-019
TO: South Dakota Public Utilities Commission Staff
FROM: Blue Jay Wireless
RE: Responses to June 23, 2014 First Data Request
DATE: July 24, 2014

Blue Jay hereby submits the following responses to Public Utilities Commission Staff's First Data Request issued June 24, 2014.

1-1. In the Company's description of its basis Lifeline programs on page 9 of the Petition, the Tribal Resident Lifeline 1000 Plan and the Tribal Resident Lifeline Unlimited Plan are available for \$1.00 and \$5.00 per month, respectively, plus fees and taxes. What fees would be added to the monthly cost and in what amount?

	<u>Rate</u>	<u>Applies</u>	<u>Tribal</u>
Service Amount			\$ 35.25
State Sales Tax	4%	All wireless	\$ 2.11
Gross Receipts Tax	4%	All wireless	\$ 1.41
Local Option Sales Tax	2%		\$ 0.70
E911 Surcharge	2%		\$ 0.70
TRS	\$.15/mo		\$ 0.15
PUC Gross Receipts	0.14%	intrastate	\$ 0.05
Less Lifeline Discout			<u>\$ (34.25)</u>
Total			\$ 6.12

1-2. Will the plans offered to Lifeline customers also be available to non-Lifeline customers? If so, will the cost to non-Lifeline customers be \$9.25 per month?

Response: Yes, the plans offered to Lifeline customers will also be available to non-Lifeline customers. The cost of the plan for non-Lifeline customers not residing on tribal lands will be \$9.25. The enhanced Lifeline plans that are available to eligible residents of federally-recognized tribal lands are also available at retail to non-Lifeline customers. The cost would be \$35.25 for the Lifeline 1000 Plan and \$39.25 for the Lifeline Unlimited Plan. These plans, including the non-Lifeline plans are available on Blue Jay's website at www.bluejaywireless.com.

1-3. What is the reason for the free plans not being available in tribal areas? Because the free plans are not available in tribal areas, will the Company utilize a different advertisement than provided as Exhibit C in those areas? If so, please provide the advertisement to be used in tribal areas.

Response: The \$1.00 charge for the 1,000 minute plan results from the price of Blue Jay's regular price 1,000 minute plan, which is \$35.25 for non-Lifeline eligible customers in other states. After applying the standard \$9.25 Lifeline discount and the \$25.00 Tier Four tribal discount, the remaining charge to the customer is \$1.00. The same is true of the \$5.00 charge. Blue Jay's Unlimited Anytime Plan is \$39.25. After applying the standard \$9.25 Lifeline discount and the \$25.00 Tier Four tribal discount, the remaining charge to the customer is \$5.00. These prices are consistent with the industry standard for the same or similar plans. Although the industry standard may have originated from an FCC rule that required a minimum charge of \$1.00 for Tier Four reimbursement to serve residents of Tribal Lands (47 C.F.R. 54.403(a)(4)(i) (2011)), that minimum charge was removed from the FCC's rules the \$1.00 minimum charge is at the discretion of Lifeline providers.

Blue Jay is willing to provide its 1,000 minute plan and Unlimited Anytime Plan at no cost to eligible residents on tribal lands in South Dakota. A sample of the marketing and advertising materials for the free plan for tribal lands is attached as **Exhibit A**.

1-4. Will the phones be capable of making international calls? If so, what will be the charges to the customer?

Response: No, the phones will not be capable of making international calls.

1-5. Are customers alerted when their balance of remaining monthly minutes is low or depleted?

Response: Blue Jay sends alerts to customers when their balance of remaining monthly minutes is low, including an alert when their minutes balance is at 60 minutes and at 10 minutes of talk time remaining. Customers have access to their monthly minute balance information by contacting the customer service 800 number at any time, calling 611 and using the Company's automated IVR or checking the balance on the Company's website. Calls to 611 for customer service will not count against the customer's airtime.

1-6. In accordance with paragraph 257 of the *Lifeline Reform Order*, Blue Jay states in its Petition that it will deactivate and de-enroll a subscriber who does not use the service for 60 days. Approximately how many subscribers has Blue Jay deactivated and de-enrolled under this rule? Has Blue Jay found this method successful in preventing waste?

Response: Blue Jay has already implemented the process of deactivating and de-enrolling a subscriber who does not use the service for 60 days. In its FCC Forms 555 filed on January 31,

2014 regarding service in 2013, Blue Jay identified the following de-enrollments under this process for 2013 in states where Blue Jay is currently providing Lifeline service:

Arizona:	175
Colorado:	232
Hawaii:	153
Minnesota:	No de-enrollments in 2013
Missouri:	291
Nevada:	No de-enrollments in 2013
Oklahoma:	No de-enrollments in 2013
Puerto Rico:	145
Rhode Island:	No de-enrollments in 2013
South Carolina:	740
Texas:	388
Utah:	No de-enrollments in 2013
Wisconsin:	84

In total, Blue Jay has de-enrolled 2,208 subscribers in 2013 based on the *Lifeline Reform Order's* 60-day de-enrollment process. This information was documented on Blue Jay's FCC Form 555 filings.

With regard to whether the 60-day non-usage rule is successful at preventing waste, that is possible but not necessarily true. It is possible that a subscriber that does not use the phone for 60 days no longer wants the Lifeline service or no longer qualifies for the service and de-enrolling that subscriber would prevent waste to the Low-Income Fund. Many subscribers are likely to stop using the service if their phone breaks, which can contribute to non-usage de-enrollments. However, Blue Jay provides its Lifeline customers with new phones, so this is not a material concern for Blue Jay.

Further, just because a subscriber does not "use" the service as the FCC has defined it (47 C.F.R. § 54.407(c)(2)) does not necessarily mean they do not value the service and want to keep it. For example, a subscriber may prefer to use texts to voice calls and may have used 250 texts each month for two months without placing a voice call. Text messaging does not count as "use" under the FCC's rules, but the subscriber is still using the phone and the service provided. If that subscriber does not respond to Blue Jay's notice regarding de-enrollment, he or she will be de-enrolled even though he or she was using the service provided.

1-7. On page 19 of its Petition, Blue Jay states that it has "thus far identified access to ten storefronts in South Dakota that can be co-branded to sell Blue Jay wireless Lifeline services. Please list those ten storefronts and their locations.

Response: Blue Jay is currently exploring lease options for corporate storefronts in Sioux Falls, Rapid City and Aberdeen.

In addition, Blue Jay has an existing relationship with retailers at the following locations and is engaged in discussions regarding the placement of a kiosk in said location. Blue Jay can supplement this reply when it finalizes its store front and kiosk placement plans.

- a) 1412 S. Minnesota Ave., Sioux Falls, SD 57105
- b) 1300 N Industrial Ave, Sioux Falls, SD 57104
- c) 124 S Euclid Ave, Pierre, SD 57501
- d) 731 Saint Joseph St Ste 241, Rapid City, SD 57701
- e) 820 Saint Joseph St, Rapid City, SD 57701
- f) 1608 9th Ave SW, Watertown, SD 57201
- g) 1640 Dakota Ave S, Huron, SD 57350
- h) 2324 8th Ave NE Ste 1, Aberdeen, SD 57401
- i) 405 8th Ave NW Ste 204, Aberdeen, SD 57401

1-8. Have any conditions been placed on Blue Jay's ETC designation in other states? If so, what are those conditions?

Response: As stated in the Petition, Blue Jay has received ETC designation in multiple states. In the orders granting the ETC designation, each state Commission has imposed some state specific conditions. Blue Jay is in the process of compiling a list by state of the conditions. This Response will be supplemented when completed.

1-9. On the bottom of page 10 of the petition it states "Blue Jay has the ability to block roaming outside of the Sprint/T-Mobile/Verizon Wireless networks so that no additional charges are incurred by the end user." Even with this roaming block, will Blue Jay allow 911/E911 calls to be placed free of charge as stated on page 11 of the petition?

Response: To ensure uninterrupted access to 911 emergency services, Lifeline customers will have access to 911 emergency services regardless of whether their account has available minutes and as long as the phone can get a signal, whether it is roaming or not. 611 customer service and 911 emergency calls will all be free, regardless of service activation or availability of minutes, and will not count against the customer's airtime.

1-10. Confirm that Blue Jay will operate as a common carrier as defined in 47 U.S.C. § 153(11) not as defined in 47 U.S.C. § 153(10) as stated in the petition on page 4.

Response: Blue Jay confirms it will operate as a common carrier as defined in 47 U.S.C. § 153(11).

1-11. Provide the company's financial information for 2013.

Response: Blue Jay's financial information for year-end 2013 is attached as **Exhibit B**. Per ARSD 20:10:01:41 Blue Jay requests this information be filed and treated as confidential. This request

for confidential treatment does not expire as the financial information is considered a proprietary trade secret.

- 1-12. Provide the company's financial information for May 2014.

Response: Blue Jay's balance sheets for May and June 2014 are attached as **Exhibit C**. Per ARSD 20:10:01:41 Blue Jay requests this information be filed and treated as confidential. This request for confidential treatment does not expire as the financial information is considered a proprietary trade secret.

- 1-13. On page 3 it states "Blue Jay's customer base likely will be low-income consumers...". What customers, other than low-income will Blue Jay have if the company is targeting low income customers?

Response: Blue Jay's wireless plans will be available to any customer within South Dakota. As such, a customer that does not qualify for the Lifeline program may choose to purchase one of the prepaid plans at full price, as identified in 1-2 above. Blue Jay's marketing will be focused on low-income consumers, but other consumers may determine that they would like to have Blue Jay service as well.

- 1-14. How many complaints, if any, has Blue Jay received from its customers since January 1, 2013? What was the nature of each complaint and how was each complaint resolved?

Response: Blue Jay has received three customer complaints since January 1, 2013. The nature and resolution of each complaint is summarized below.

Complaint 1 – received January 15, 2014, resolved February 4, 2014

Customer signed up for service with Blue Jay agent on 12/18/13 but later complained about the agent. Customer wished to cancel service but complained he could not reach the customer service department. Blue Jay received and approved the customer's electronic Lifeline application on 12/18/13, the phone was shipped 12/19/13. The customer successfully cancelled service on 12/19/13. The phone was delivered on 12/26/13. Blue Jay did not include the customer in the 497 filing and sent a follow up letter to the customer on February 4, 2014 confirming service was cancelled.

Complaint 2 – received March 5, 2014, resolved March 27, 2014

Customer signed up and received Lifeline service with a phone number outside of her area code. Customer received Lifeline service on 2/7/14 and the phone was shipped on 2/10/14 with a (719) Colorado Area Code. Customer called customer service on 2/12/14 to request a new area code and was informed she would need to pay Colorado's \$15 area code change fee. The fee is in the terms and conditions on Blue Jay's website. After initially deciding to keep the phone, customer called on 2/17/14 requesting to cancel service and send phone back to Blue Jay. Blue Jay cancelled the customer's service as of 2/17/14, received customer's phone on

2/28/14 and sent a follow up letter on 3/27/14 confirming the account was cancelled at customer's request.

Complaint 3 – received April 9, 2014, resolved April 28, 2014

Customer attempted to receive Lifeline service several times with another ETC. After not receiving phone, customer applied with Blue Jay on 3/28/14 for Lifeline service. Blue Jay attempted to register the customer but did not approve the customer's order because the National Lifeline Accountability Database (NLAD) detected that the customer's transfer was not eligible at that time. The customer was notified of the reason why the order was denied.

- 1-15. Does Blue Jay have any other affiliates or subsidiaries currently doing business other than Splash Media, LP, Agency Matrix and Drivers Insurance?

Response: An updated corporate organizational chart is attached as **Exhibit D**.

- 1-16. On page 28 Blue Jay states "For its prepaid for-cost plans, Blue Jay commits to providing thirty (30) days' notice prior to termination. As such, no refund will be required if Blue Jay ceases services in South Dakota." In the event Blue Jay ceases services in South Dakota and the commitment of 30 days' notice is not followed, will Blue Jay offer refunds?

Response: Blue Jay commits to abiding by the company's 30 day notice period prior to termination of service. In the event that Blue Jay ceases services in South Dakota and the commitment of 30 day notice is not followed, Blue Jay will offer a refund of prepaid service.

- 1-17. Approximately how many customers does Blue Jay currently have?

Response: Blue Jay currently has approximately 90,000 subscribers.

- 1-18. In regard to the compliance plan, explain why Sprint and Verizon are the only two companies listed on pages 3 and 4 under the "Access to 911 and E911 Services" section? Why is T-Mobile not included? Does the company have a compliance plan including T-Mobile?

Response: Blue Jay's agreement with Prepaid Wireless Group to use T-Mobile as an underlying carrier was established after the Company's Compliance Plan was approved by the FCC on December 26, 2012. Following approval of Blue Jay's Compliance Plan, the FCC has not taken action to approve new compliance plans. The Compliance Plan does not need to be modified for Blue Jay to provide Lifeline services.

- 1-19. The Verification document attached to the Petition is not signed. Please submit a signed copy.

Response: The signed verification document was submitted to the PUC on June 27, 2014. A copy of that filing is attached as **Exhibit E**.

1-20. On page 23 of the compliance plan it states that extra minutes can be purchased for as low as \$0.05/minute, in the Petition on page 10 it states minutes can be purchased for as low as \$0.04/minute. Which price per minute is the correct price?

Response: The correct price for extra minutes is as low as \$0.04/minute. The price has been reduced since the Compliance Plan to reflect the price reduction in the market. Blue Jay now offers a “top-up” plan of 500 minutes for \$20.00, which is \$0.04/minute.

1-21. In the terms and conditions exhibit, on page 4 under the “Lost or Stolen Equipment” paragraph it says, “If a you lose...”. Please remove the “a” from that portion of the sentence.

Response: Blue Jay has updated the language of the terms and conditions, page 4. A reference copy of the updated document is attached as **Exhibit F**. The terms and conditions are available on Blue Jay’s website: <http://www.bluejaywireless.com/terms/>.

1-22. In the terms and conditions exhibit, on page 4 under the “Lost or Stolen Equipment” paragraph it says, “If you do activate a Mobile Device or notify Blue Jay Wireless that you have found your original Mobile Device within 30 days of the suspension of the account, the account will be terminated and Blue Jay Wireless will assign the wireless phone number associated with that Mobile Device to another user.” Should the beginning of that quote say “If you do not activate” instead of “If you do activate”?

Response: The beginning of the quoted language should say “If you do not activate...” The language of the terms and conditions, page 4 has been updated. A reference copy of the updated document is attached as **Exhibit F**. The terms and conditions are available on Blue Jay’s website: <http://www.bluejaywireless.com/terms/>.

1-23. In the “Usage Policy” section under Part 2 on page 10 it says, “This usage policy applies only to customers who do not have a regular billing relationship with the Company.” Explain why this usage policy does not apply to all Lifeline customers.

Response: Blue Jay’s Usage Policy applies only to Lifeline subscribers that have a free Lifeline plan. Since these subscribers do not make regular monthly payments, Blue Jay is required by the FCC’s rules to apply the 60-day non-usage policy to ensure the subscribers are still active and wish to receive Lifeline service from Blue Jay. See 47 C.F.R. § 54.405(e)(3). Pursuant to the FCC’s rule, the non-usage policy does not apply to subscribers that make a monthly payment.