

EXHIBIT 2

FCC-Approved Compliance Plan and FCC-5TH Revised Compliance Plan

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

_____)	
In the Matter of)	
Telecommunications Carriers Eligible for)	
Universal Service Support)	WC Docket No. 09-197
Lifeline and Link Up Reform and Modernization)	
TerraCom, Inc. Blanket Forbearance)	WC Docket No. 11-42
Compliance Plan)	
Petition of TerraCom, Inc. for Limited Designation)	
as an Eligible Telecommunications Carrier for)	
Purposes of Receiving Low Income Support Only)	
_____)	

COMPLIANCE PLAN OF TERACOM, INC.

TERRACOM, INC.

Jonathan D. Lee
J.D. Lee Consulting, LLC
1776 I Street, N.W.
Suite 900
Washington, DC 20006
(202) 257-8435

Its Attorney

March 2, 2012

TABLE OF CONTENTS

SUMMARY i

I. INTRODUCTION.....1

II. TERRACOM BACKGROUND3

III. OBLIGATIONS IMPOSED ON ETCs BY THE *LIFELINE REFORM ORDER*5

A. Customers of TerraCom Lifeline-supported Services Will Have Access to 911/E911 Compatible Handsets8

B. Description of TerraCom’s Lifeline Service Offerings.....9

C. TerraCom’s Plans To Implement New Lifeline Service Offerings.....12

1. Enrollment.....12

2. De-Enrollment.....20

3. Recordkeeping Requirements23

 i. Individual Account Records24

 ii. Company-wide Records.....26

4. Reimbursement from USAC.....28

5. Marketing Materials.....28

6. Financial and Technical Capability to Provide Service.....29

SUMMARY

TerraCom, Inc. (“TerraCom”) submits the instant Compliance Plan in order to demonstrate how it plans to comply with the new obligations imposed on Lifeline-only ETCs as part of the Commission’s recently released *Lifeline Reform Order*. In submitting this Compliance Plan, TerraCom seeks to benefit from the Commission’s grant of “blanket forbearance” from Section 214(e)(1)(A) of the Communications Act of 1934, as amended (the “Act”), to all telecommunications carriers seeking limited ETC designation to offer Lifeline services, regardless of the facilities used to provide the services. Accordingly, TerraCom also seeks the Commission’s approval of its Petition for ETC Designation, as amended, for the states of Alabama, Connecticut, Delaware, Florida, New Hampshire, New York, North Carolina, Tennessee, the Commonwealth of Virginia, and the District of Columbia.

In this submission, TerraCom explains that in many instances, it is already operating largely in compliance with the Commission’s new rules. Nonetheless, TerraCom will describe (for all the major rule changes the Commission adopted in this *Order*) how it plans to comply with the Commission’s new rules.

TerraCom has considerable experience operating as both a wireline and wireless Lifeline-only ETC. It is currently in compliance with all federal and state rules in the states of Arkansas, Indiana, Iowa, Louisiana, Maryland, Nevada, Oklahoma, Texas, West Virginia, Wisconsin, and the Commonwealth of Puerto Rico, where it has been designated an ETC by the state or territory commissions. As a Lifeline-only ETC, operating successfully within the Commission’s existing rules, TerraCom has given considerable thought towards how it will comply with the Commission’s recently-adopted new rules for Lifeline-only ETCs.

In its *Lifeline Reform Order*, the FCC imposed a number of changes to its existing rules in order to ensure that Lifeline consumers receive all the same public safety benefits that are available to other telecommunications services consumers, and to ensure that carriers operate in a manner that facilitates prudent Fund administration by the USAC. Among other obligations imposed, the Commission explicitly requires all Lifeline-only ETCs to 1) provide 911/E911-compliant handsets to all their customers, 2) describe their service offerings and the areas in which these services are available, and 3) explain how the ETC plans to comply with the other major rule changes adopted in this *Order*.

TerraCom believes that it is already in compliance with the 911/E911 handset obligations imposed by the *Order*, and it will continue to comply with these obligations. Moreover, TerraCom also describes its company-wide, and state-specific, Lifeline service offerings in this document.

The most significant information provided in this Compliance Plan explains how TerraCom will implement the many major rule changes in this *Order*. Among these rule changes, one of the largest involves how TerraCom enrolls customers, specifically how it plans to obtain customer information, customer consent to use this information pre-enrollment for the purposes of determining that the customer's household does not already receive any other Lifeline-supported services, and to verify whether the customer is eligible for Lifeline enrollment under either a supported program, or by virtue of income qualification.

To this end, TerraCom has adopted a new customer certification form, a copy of which is attached as Exhibit 1. This new customer certification form will be the focus of all initial customer contact, regardless of how the customer chooses to initiate contact with TerraCom—whether through a TerraCom retail store, online, or over the phone. Additionally, TerraCom has

adopted a new eligibility certification practice in order to comply with the Commission's new rules designed to protect the integrity of the Fund. TerraCom will, as the Commission's new rules require, first check the National Lifeline Accountability Database to determine that the customer's household is not already receiving a Lifeline-supported service. TerraCom will then continue to use (where available) state eligibility databases or employee verification of the customer's program/income-based eligibility.

For successfully enrolled customers, and for all its existing customers, TerraCom has adopted new procedures to ensure that a customer re-certifies eligibility as required (either every 90 days for customers enrolling using a temporary address, after 60 consecutive days of non-usage, or annually), by contacting TerraCom through a number of convenient channels (in-person, over the phone, via return text, email, or online, using TerraCom's website.

Correspondingly, TerraCom has also developed procedures to promptly de-enroll Lifeline customers when notified by the Administrator that the customer's household is receiving duplicative supported services, or when a customer fails to timely recertify ongoing eligibility.

TerraCom is also modifying its internal data collection/customer account databases in order to be able to comply with the many new record keeping requirements imposed by the Commission's *Order*. The Commission has specified a number of new requirements that will better facilitate an ETC's ability to respond to an audit request, or to conduct its own internal audits periodically. TerraCom is also modifying its customer-specific, and company-wide, databases so as to facilitate quicker and easier retrieval of the information necessary to comply with the Commission's new reporting requirements.

The Commission's new rules also impose several other "new" requirements on ETCs, which TerraCom is already in compliance with, or with which TerraCom can easily comply.

These new requirements include providing additional information on Lifeline eligibility and terms of receiving the federal assistance on all new advertising materials. To demonstrate compliance with this new obligation, TerraCom has included a sample of the information it will include on all new marketing materials.

The Commission, in its *Order* and new rules, also changed and standardized the Lifeline reimbursement procedures for all ETCs. Under the new rules, all carriers must limit requests for reimbursement to those customers that they actually served in the past month—also known as “actual” reimbursement (vs. the previously-acceptable scheme of allowing carriers to receive advance reimbursement for “projected” customers). TerraCom will move to operating on an “actual” reimbursement schedule in accordance with the process set forth in the *Order*.

Finally, the Commission also imposes a requirement that service providers seeking to receive Lifeline subsidies be able to demonstrate that they are technically and financially capable of providing Lifeline-supported service. TerraCom has been providing service to, primarily, low income customers since first being designated an ETC in 2004. TerraCom is a profitable firm, is in good standing with all its vendors so as to ensure its ability to provide customers with safe and reliable service, and has been providing telecommunications services to its customers, in compliance with applicable federal and state regulations for 8 years.

Accordingly, upon the demonstrated intent and ability to comply with the Commission’s newly-adopted Lifeline obligations described in the foregoing Compliance Plan, TerraCom asks that the Commission promptly approve this Plan and allow TerraCom to operate as a beneficiary of the “blanket forbearance” grant extended to all qualifying providers under the *Lifeline Reform Order*. Upon approval of this Compliance Plan, TerraCom also asks that the Commission grant its pending Petition for Limited ETC Designation.

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

_____)	
In the Matter of)	
Telecommunications Carriers Eligible for)	
Universal Service Support)	WC Docket No. 09-197
Lifeline and Link Up Reform and Modernization)	
TerraCom, Inc. Blanket Forbearance)	WC Docket No. 11-42
Compliance Plan)	
Petition of TerraCom, Inc. for Limited Designation)	
as an Eligible Telecommunications Carrier for)	
Purposes of Receiving Low Income Support Only)	
_____)	

COMPLIANCE PLAN OF TERRACOM, INC.

I. INTRODUCTION

TerraCom, Inc. (“TerraCom”), by its undersigned counsel, hereby submits this plan to comply with the new legal obligations imposed on telecommunications carriers by the Federal Communications Commission (“FCC” or the “Commission”) in its Order reforming and modernizing the Lifeline and Link Up programs of the Universal Service Fund (“USF”).¹ In its *Lifeline Reform Order*, the Commission granted “blanket forbearance” from Section 214(e)(1)(A) of the Communications Act of 1934, as amended (the “Act”), to all

¹ *In the Matter of 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, Report and Order and Further Notice of Proposed Rulemaking*, Docket Nos. 96-45, 03-109, 11-42, and 12-23, January 31, 2012 [rel. February 6, 2012]. (“*Lifeline Reform Order*” or “*Order*”).

telecommunications carriers seeking limited ETC designation to offer Lifeline services.²

TerraCom has a Petition for Limited ETC Designation pending at the Commission, and requests that, concordant with Commission grant of this Compliance Plan, the Commission also approve its Pending ETC Petition.³ The extension of blanket forbearance not only covers carriers operating as mobile virtual network operators (“MVNOs”) using the facilities of other carriers, but to carriers that would not obviously need Commission forbearance, such as carriers providing service using their own facilities, or a combination of their own facilities and those of other carriers.⁴

All telecommunications carriers are eligible to receive blanket forbearance on the condition that the carriers seeking the blanket forbearance agree to submit a compliance plan,

² See, *Lifeline Reform Order*, ¶¶ 368-391.

³ See, *Petition of TerraCom, Inc. for Limited Designation as an Eligible Telecommunications Carrier in the States of Alabama, Connecticut, Delaware, New Hampshire, New York, North Carolina, Tennessee, the Commonwealth of Virginia, and the District of Columbia*, WC Docket No. 09-197, filed June 13, 2011. This *Petition* was subsequently amended on June 28, 2011 to include the State of Florida. While TerraCom’s *Petition for Limited ETC Designation* originally sought Link Up support, in addition to Lifeline support, this portion of its request has been rendered moot by the *Lifeline Reform Order*, and is hereby withdrawn. Thus, TerraCom still seeks Lifeline-only designation in the above-mentioned jurisdictions for which the Commission has the authority to perform such designation.

⁴ In this instance, the term “forbearance” (as discussed in the *Order*) is actually somewhat confusing. In the *Order*, the Commission has forbidden all carriers, regardless of how they provide service, from obtaining “Lifeline-only” eligible telecommunications carrier (“ETC”) status in any “new” states unless, or until, these carriers have submitted compliance plans explaining how they will comply with all of the Commission’s rule changes. Similarly, states are forbidden to grant new “Lifeline-only” ETC petitions until the Commission has approved the requesting carrier’s compliance plan. See, *Lifeline Reform Order*, ¶ 380 (“No designations shall be granted for *any* pending or new Lifeline-only ETC applications filed with the states or the Commission after December 29, 2011, and carriers shall not receive reimbursement from the program, until the Bureau approves their compliance plans.”) (emphasis added) On the other hand, the restrictions discussed in the *Order* do not appear in the new rules that are included in Appendix A of the *Order*. *But see*, new 47 C.F.R. § 54.401(d) (states can certify carriers as ETCs, including Lifeline-only, as long as they obtain prices, terms, and conditions of service.)

subject to the approval of the Wireline Competition Bureau (“the Bureau”), describing how they intend to comply with the Commission’s new requirements for participating in the Lifeline program.⁵ As explained below, TerraCom will fully comply with the conditions imposed in the *Lifeline Reform Order* to ensure that the Commission’s concerns regarding consumer safety and the fiscal integrity of the Universal Service Fund (“the Fund”) are completely satisfied.

Accordingly, and because TerraCom has several state Lifeline-only ETC applications pending (and which are now dependent on the Commission’s approval of TerraCom’s Compliance Plan⁶), it is TerraCom’s sincere desire that the Commission act expeditiously to approve its Compliance Plan.

II. TERRACOM BACKGROUND

TerraCom began providing retail landline telecommunications service in 2004. With TerraCom’s years of experience focusing on providing high quality telecommunications services to low income consumers, TerraCom became one of the first competitive ETCs in 2004. Today, TerraCom provides both landline and wireless service to well over 200,000 customers as an ETC in Arkansas, Indiana, Maryland, Nevada, Oklahoma, Texas, West Virginia, Iowa, Louisiana, Puerto Rico and Wisconsin. While TerraCom specializes in providing superior service at affordable rates to low income consumers, and is a “Lifeline-only” ETC, its customers are not exclusively Lifeline-supported. In most states, TerraCom’s service territory is limited to the area served by the large incumbent LECs (which are required under the Act to lease pieces of their networks to competitive carriers at cost-based rates).

⁵ See, *Lifeline Reform Order*, ¶¶ 368-391.

⁶ *Id.* at ¶ 380.

TerraCom prefers direct contact with consumers and will use outreach events, direct sales, neighborhood agents, and TerraCom branded or authorized retail outlets. TerraCom's specialty is in identifying underserved customers through serving communities by local outreach, and by becoming part of the communities it serves. To this end, TerraCom does not offer its services through "chain" stores, but rather through its own store, and locally-owned stores familiar with the underserved consumers in the communities TerraCom serves. TerraCom sells the remainder of its service through Internet sales/inbound telemarketing (where a customer is seeking to initiate service with TerraCom).

Consistent with Commission and industry trend data, TerraCom has found that consumers—including low income consumers—are migrating away from wireline telecommunications service and towards mobile wireless services. In its existing service territories, TerraCom offers wireless service to consumers by using a combination of its own facilities (offering more than just operator services or directory assistance), leased wireline facilities, and the wholesale wireless services of Sprint Spectrum, LLC and Cellco Partnership d/b/a Verizon Wireless.

As an ETC, and provider of telecommunications services to its customers, TerraCom has an impeccable reputation. It has never been subject to sanctions by a state or the FCC, and—while no carrier is without its mistakes or errors—TerraCom has auditing systems in place, has been diligent in performing its obligations as an ETC, and has caught its few errors before they were ever submitted to USAC for reimbursement. This information, coupled with certain other

detailed demonstrations made, *infra*, helps to establish TerraCom’s financial and technical capability to provide the supported service.⁷

Moreover, as part of the overall carrier certifications required by the *Order* and its rules, TerraCom commits to comply with the Cellular Telecommunications and Internet Industry Association’s Code for Wireless Service.⁸ Thus, TerraCom has the intention and demonstrated ability to fastidiously comply with the Commission’s new requirements for Lifeline-only ETCs.

III. OBLIGATIONS IMPOSED ON ETCs BY THE *LIFELINE REFORM ORDER*

In order to continue to offer low income service and qualify for state and/or federal Lifeline-only ETC designations, TerraCom—like any facilities-based or non-facilities-based wireless telecommunications provider—must take advantage of the Commission’s blanket forbearance and obtain approval of its Compliance Plan.⁹ In its *Lifeline Reform Order*, the Commission explains that carriers seeking Lifeline-only ETC designation must, as part of their Compliance Plans, describe how they intend to implement certain conditions specified in the *Order*, as well as explain how the carrier plans to comply with the new rules, generally. The conditions (both broadly and specifically) established by the Commission tend to focus on ensuring that consumers are protected, and that carriers will do their best to ensure that they (and their customers) cooperate fully in assisting with prudent, efficient administration of the Low Income Fund by the Universal Service Administrative Company.

⁷ See, e.g., *Lifeline Reform Order*, ¶388 (whether a carrier has been the subject of an enforcement action is relevant to financial/technical capability to provide Lifeline service under new rule §54.202(a)(4).)

⁸ See, *Lifeline Reform Order*, Appendix A, §54.202(a)(3)

⁹ See n. 4, *supra*. The Commission’s *Order*, but not its rule changes, prohibits the states and the Commission from designating any new Lifeline-only ETCs unless or until the Commission approves a satisfactory Compliance Plan.

In paragraphs 368 through 391, the FCC sets forth the conditions that carriers must satisfy in order to receive approval of their Compliance Plans, and the corresponding blanket forbearance allowing them to be granted Lifeline-only ETC designation by the states or the Commission. The conditions established by the Commission range from the very specific, such as requiring carriers to provide all customers receiving Lifeline-supported service with access to 911 and E911 service (regardless of activation status or available minutes) as well as E911-compliant handsets¹⁰, to the ubiquitously general (requiring compliance plans to describe “the measures the carrier will take to implement the obligations contained in this *Order*”).¹¹

In this Compliance Plan, TerraCom will describe in detail how it plans to comply with the rule changes made in the *Lifeline Reform Order*. Specifically, TerraCom will address the Commission’s concerns regarding how it intends to comply with: 1) the Commission’s 911/E911 service requirements¹², 2) providing a detailed description of its Lifeline-supported service offerings¹³, and 3) outlining the measures it will take to implement the more significant changes in the *Order*.¹⁴ The large majority of changes imposed by the *Order*, and the Commission’s new rules implementing the *Order*, are addressed in this Compliance Plan, which will describe the way TerraCom plans to: a.) enroll customers, including a description of how TerraCom will: i) initially qualify customers’ eligibility to prevent duplicate subsidies being awarded to the same household, ii) initially qualify customers’ eligibility to make sure that only

¹⁰ See, e.g., *Lifeline Reform Order*, ¶ 373.

¹¹ *Id.* at ¶ 379.

¹² *Id.* at ¶ 373.

¹³ *Id.* at ¶368.

¹⁴ *Id.*

program, or income, eligible customers are able to receive service; iii) how TerraCom intends to annually certify its customers continued eligibility, including procedures for annual re-certification¹⁵, b) TerraCom's procedures to de-enroll customers who no longer meet the eligibility requirements to receive Lifeline service, customers who have failed to use a free service within a continuous 60 day period, and customers who have failed to re-certify their continued Lifeline eligibility as part of an annual (or 90 day, for customers initially enrolling with temporary addresses) re-certification process¹⁶, c) the records that TerraCom will keep to facilitate efficient audits of TerraCom's customer base¹⁷, as well as the customer data TerraCom will collect to satisfy its reporting requirements to USAC (and to allow it to further cooperate with USAC should additional information be needed); d) TerraCom's proposed procedures for submitting and collecting reimbursements from USAC; e) providing copies of its marketing materials that describe the customer eligibility requirements for Lifeline (both income and one per household), the continued obligation of customers to notify TerraCom of changes in their address, changes effecting eligibility, the customer's obligation to initially certify eligibility and to annually re-certify eligibility under penalty of perjury; and f) TerraCom's technical and financial capability to provide Lifeline-supported services to low income customers.¹⁸

¹⁵ *Lifeline Reform Order* at ¶¶379, 383, n.1004. TerraCom will, of course, also re-certify those customers that enrolled using temporary addresses every 90 days.

¹⁶ See, *Id.*, Appendix A, § 54.405(e)

¹⁷ *Lifeline Reform Order* at ¶379.

¹⁸ *Id.* at ¶¶379. 383, and 390.

A. Customers of TerraCom Lifeline-Supported Services Will Have Access to 911/E911 Service and Will Receive E911 Compatible Handsets

In its *Lifeline Reform Order*, the Commission (as it has in all of its previous forbearance grants) requires carriers seeking “blanket forbearance” to provide—as a condition to the forbearance grant—911 and (where available) E911 service to customers regardless of the activation status of their service plans.¹⁹ Thus, regardless of whether the customer has any remaining minutes on their monthly service plan, the customer must be able to use emergency services.

TerraCom supports the Commission’s reasoning in requiring this condition, and, is aware that this requirement—that customers always have access to the technologically-mandated emergency access on all active mobile phones—is a current obligation the Commission imposes on all wireless providers for their customers.²⁰ TerraCom understands that mobile wireless service is much less valuable to its customers if the customer cannot rely on their TerraCom mobile service for emergency situations, and TerraCom already complies with this obligation.

Another public safety-related condition, routinely required by the Commission, is for carriers receiving forbearance to ensure that all Lifeline-only customers have access to E911-capable handsets.²¹ This is another condition that is already a TerraCom policy, and comes with all TerraCom mobile wireless services (both Lifeline-supported, and non-Lifeline-supported). TerraCom currently complies with this condition and automatically provides each new customer with an E911-capable handset. In fact, TerraCom has no non-E911-compliant handsets in its

¹⁹ *Lifeline Reform Order*, at ¶373.

²⁰ See, generally, 47 C.F.R. § 20.18.

²¹ *Lifeline Reform Order* at ¶373.

inventory. Nonetheless, if TerraCom discovers any Lifeline-supported customers that do not have a handset that is E911-capable, TerraCom will promptly replace that handset with a compliant handset. Similarly, if TerraCom has any non-Lifeline-supported customers that are eligible for, and wish to convert their service to, mobile wireless Lifeline service, TerraCom will provide these customers with E911-capable handsets.

Finally, the Commission requires Lifeline-supported carriers to comply with both of these conditions as of the effective date of the *Order*. TerraCom is currently in compliance with both 911/E911-related conditions, and will still be in compliance when the *Order* becomes effective.

B. Description of TerraCom’s Lifeline Service Offerings

The Commission requires that every carrier seeking blanket forbearance, submit a Compliance Plan containing detailed information regarding its Lifeline-supported service offerings, including terms of service and the geographic areas where the services are available²² TerraCom offers all supported services, throughout the Sprint Wireless Service Area footprint and that of Verizon Wireless, in Arkansas, Indiana, Iowa, Louisiana, Maryland, Nevada, Oklahoma, Texas, Puerto Rico, West Virginia, and Wisconsin. All 611 and 911 calls are free, and do not count against the customer’s airtime. Directory assistance calls (411) are “free”; however, applicable airtime charges are assessed as minutes of usage.

TerraCom offers three basic Lifeline service packages throughout all of its service territories, except Oklahoma. In addition, TerraCom offers two plans that are only available to Oklahoma residents. TerraCom’s basic Lifeline programs are listed below. These plans are taken directly from the TerraCom Wireless website.²³

²² *Lifeline Reform Order*, at ¶368.

²³ www.terracomwireless.com/plans/lifeline-free-plans/

Lifeline Free Plan 68

Each month you will receive 68 free voice minutes. Text messaging will be assessed at a rate of 0.3 minutes per text message for sending and 0.3 minutes per text message for receiving text messages. Unused minutes will rollover from month to month, see [terms and conditions](#) for more information. This plan is not available to new subscribers and existing subscribers may change to any plan they choose.

Lifeline Free Plan 125

Each month you will receive 125 free voice minutes. Text messaging will be assessed at a rate of 1 minute per text message for sending and 1 minute per text message for receiving text messages. Unused minutes will rollover from month to month, see [terms and conditions](#) for more information. This plan is not available to new subscribers and existing subscribers may change to any plan they choose.

Lifeline Free Plan 250

Each month you will receive 250 free voice minutes. Text messaging will be assessed at a rate of 1 minute per text message for sending and 1 minute per text message for receiving text messages. There are no rollover minutes with this plan. Unused minutes will expire each month on the service expiration date. This plan is available in all states where TerraCom Wireless offers service except in tribal areas of Oklahoma.

Oklahoma Lifeline Unlimited Plan

Each month you will receive unlimited voice minutes for \$6.20 per month plus fees and taxes. Text messaging will not be available with the unlimited talk plan. There are no rollover minutes

with this plan. Unused minutes will expire each month on the service expiration date. This plan is only available to Oklahoma residents.

Oklahoma Lifeline 1000 Plan

Each month you will receive 1000 voice minutes or 1000 text messages for \$1.00 per month plus fees and taxes. Text messaging will be assessed at a rate of 1 minute per text message for sending and 1 minute per text message for receiving text messages. There are no rollover minutes with this plan. Unused minutes will expire each month on the service expiration date. This plan is only available to Oklahoma residents.

With all TerraCom Lifeline service plans, additional minutes are available for as low as \$.05/minute. This low per minute rate does not require the customer to purchase an unreasonably large amount of minute, but can be obtained with a purchase of only 200 additional minutes for \$10.00. The lowest incremental purchase of minutes is 60 minutes for \$5.00.

Moreover, each TerraCom subscriber can select a phone—either a free phone (choices include refurbished phones, as well as refurbished smartphones such as the Blackberry Curve® and in the future new phones), or purchase an upgraded phone from a wide inventory. For those customers choosing the smartphone, data can be added to any phone plan starting at \$1.25/megabyte—a price that can be reduced on a “per/megabyte” basis when the customer purchases multiple megabytes of data.

Thus, TerraCom has demonstrated that it offers a number of “no contract” plans for Lifeline users that provide for flexibility based on the particular consumer’s usage pattern. TerraCom also allows low income customers to add affordable data usage to these free voice/text

minutes—facilitating greater smartphone utilization, consistent with the Commission’s goal of promoting broadband access to all Americans.

C. TerraCom’s Plans To Implement New Lifeline Provider Obligations

As previously noted, one of the Commission’s requirements for all Compliance Plans it requires to be submitted in order to benefit from the grant of “blanket forbearance” in the *Order* is for the carrier to describe how it will comply with the remainder of the new obligations imposed on Lifeline participants in the *Order*. In this section, TerraCom will explain how it plans to implement the new obligations in the *Order*, and incorporate those obligations into TerraCom’s existing processes for enrollment, de-enrollment, record keeping/re-certification, seeking reimbursement from USAC, and marketing service to eligible consumers. TerraCom will also demonstrate that it is technically and financially capable of providing Lifeline service to consumers.

1. Enrollment

By way of background, the *Order* requires each prospective customer to apply for Lifeline service. The Commission has changed its procedures for how carriers must qualify customers for enrollment in the Lifeline program, and how customers must certify their eligibility. The Commission, for the first time, has established uniform eligibility and application criteria for enrolling low-income customers in the Lifeline program. In the *Lifeline Reform Order*, the FCC integrated and standardized the eligibility and certification criteria through the establishment of what may be called a uniform application process. Each new prospective customer will have to provide certain information and eligibility certifications as part of an overall application to receive benefits under the Lifeline program.

However, before submitting an application to receive Lifeline-supported service under the Commission's new rules, the ETC providing the Lifeline service must obtain consent from each of its new and existing subscribers to transmit the subscriber's information to the program Administrator. The carrier must explain in clear, and easy-to-understand, language the information that the carrier will have to transmit to the Administrator.²⁴ If the subscriber refuses to grant the carrier permission to transmit this information to the Administrator, the subscriber will not be eligible to receive Lifeline service.

The application will require each prospective customer to provide all of the information required in revised rule 47 C.F.R. § 54.410(d)(2): the subscriber's full name; the subscriber's residential address; whether the subscriber's residential address is permanent or temporary; the subscriber's billing address (if different from the residential address); the subscriber's date of birth; the last four digits of the subscriber's social security number, or the subscriber's tribal identification number in lieu of a social security number; whether the subscriber is seeking to demonstrate eligibility to receive Lifeline service under the program-based criteria, or based on income.

Moreover, as part of the application (and pursuant to revised rule 47 C.F.R. § 410(d)(3)) the prospective subscriber will have to certify under penalty of perjury that: the subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, explained in § 54.409; the subscriber will notify the carrier within 30 days if for any reason the subscriber no longer satisfies the eligibility criteria, or if the subscriber no longer satisfies the "one subsidy per household" qualification; if the subscriber is seeking to qualify for Lifeline as an eligible resident of Tribal lands, that they actually live on Tribal lands; if the subscriber moves to a new address,

²⁴ See *Lifeline Reform Order*, Appendix A, §54.404(b)(9).

they will notify the carrier of their address change within 30 days; if the subscriber provided a temporary address upon sign-up, the subscriber will verify their correct address every 90 days or face de-enrollment; the subscriber's household will receive only one Lifeline service and, to the best of the subscriber's knowledge, their household is not already receiving a Lifeline service; the subscriber's information on their application is true and accurate to the best of their knowledge; the subscriber understands that providing false information to obtain Lifeline benefits is punishable by law; and the subscriber acknowledges that they may be required to re-certify continued eligibility for Lifeline at any time, and that the subscriber's failure to re-certify will result in de-enrollment and termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).

TerraCom-Specific Enrollment

As an initial matter, in those few states that have a state administrator, TerraCom will fully cooperate with the state Lifeline administrators to ensure that it does everything necessary to ensure it is in compliance with both state and federal enrollment, verification, and re-certification procedures. For all states that do not have a Lifeline administrator, TerraCom will perform the same first step in the process of enrollment. Regardless of how the customer applies—whether in a retail store, online, or over the phone, each customer will end up supplying the same information via TerraCom's standard customer certification form. (Attached as **Exhibit 1.**) This form contains all relevant information required by the Commission's new rules, and requires the customer to certify, under penalty of perjury, that to the best of the customer's knowledge all of the information supplied is correct. The customer will also agree to contact TerraCom in the event any information regarding the customer's ongoing eligibility, or household information, should change.

TerraCom enrolls Lifeline customers through several different marketing channels: 1) in person, through company-owned and affiliated retail stores, 2) in person, through company employees that are retail sales representatives, and 3) through customer-initiated contact, either through inbound telemarketing or (more frequently) through online sales over the Internet. The large majority of TerraCom's sales are through its "in person" channels.

What is significant is that all of TerraCom's retail sales are the result of direct contact with the potential Lifeline consumer. The manner in which the sales will be made will be slightly different, but the obligations imposed by the new rules will be addressed directly by TerraCom. Before examining each new enrollment obligation, it will be helpful to explain how TerraCom will interact directly with its customers through each sales channel.

Retail Store. These sales are the most "direct" and easiest to explain how TerraCom will comply with the Commission's new Lifeline obligations. The prospective customer comes into the store, and is asked the basis for his or her claim to Lifeline eligibility; participation in a qualifying program, or earning household income below 135% of the Federal Poverty Guidelines. The store employee can verify the customer's program, or income, based eligibility in person. TerraCom provides excellent training/[reference](#) materials to its employees—an example of which is attached as **Exhibit 2**—which allows the employees to verify the most common forms of proof for each eligible program and/or income verification (based on the Commission's definition of "income" in §54.400(f)). The store employee will then ask the prospective customer for additional documentation proving identity, and/or address verification. The final program/income eligibility-specific step is for the customer to provide the required information and make the certifications required by new rule §54.410(d)(3).

If the customer appears to be eligible, the employee will explain the Commission's definition of "household", defined in new rule §54.400(h), as an "economic unit" where related or unrelated people share income and expenses. In the case of multiple applicants at the same mailing address, the customer will then make the "one per household" certification required by §54.410(d)(1). Finally, TerraCom will collect the necessary customer-specific information required by new rule §54.401(d)(2) so that TerraCom can report the information to USAC to be used to populate the National Lifeline Accountability Database ("duplicates database"), defined in §54.400(i) of the Commission's new rules.

The retail store employee then enters the customer's information into TerraCom's OSS systems, where the information is checked against available databases (the duplicates database, and TerraCom's own list of existing customers). The retail store rep quickly determines whether the customer is eligible to receive Lifeline service. In cases where a state program eligibility database exists, the retail store personnel will contact TerraCom's internal group dedicated to verifying eligibility who will query the state database and either approve or deny the applicant. Where proof of eligibility is needed, the retail personnel, who are trained on what is eligible documentation will witness the documentation and sign the application demonstrating they have witnessed the documentation.

Upon successful completion of the certification process, the customer is allowed to choose a service plan, and, as mentioned earlier, select a phone—either a free phone (choices include refurbished phones, as well as refurbished smartphones such as the Blackberry Curve® and in the future new phones), or purchase an upgraded phone from a wide inventory. The

customer then receives their phone right at the store, upon payment of a TerraCom's customary activation fee. The customer's account is activated upon completion of an outbound call.²⁵

Field Representatives. Frequently, TerraCom will dispatch employees as “field representatives” to underserved communities, where the “field rep” focuses on traditionally underserved low income customers. Opportunities for field reps to reach those customers not on the network range from educational sessions at low income housing, or nursing homes, to sponsoring booths at community events.

The protocol for signing up customers in the field is similar to that of signing up customers in a store, in the sense that the field rep can personally see whether the customer is eligible based on program participation or income qualification. The customer can also provide the requisite information, and sign the required eligibility verifications, from the field. Should a customer in the field be determined to be ineligible but feels that the determination is incorrect; the order can be submitted to TerraCom for review and investigation. In such a case the phone would be mailed to the customers upon approval and the customer can personally activate their service – as in the manner of all TerraCom phones – by completing an outbound call.

Inbound Channel Marketing. Prospective customers can also apply for, and obtain, Lifeline service from TerraCom either over the phone or through the Internet. Customers choosing to obtain service through inbound channels must either fill out an application online, or provide the relevant information to the customer sales rep over the telephone. In these cases, TerraCom will verify eligibility via a state database, state administrator, or by reviewing documentation of eligibility submitted by the applicant in advance of receiving service.

²⁵ See, *Lifeline Reform Order*, Appendix A, §54.407(c)(2)(i).

Online Sales. To apply for TerraCom Lifeline service online, a customer will fill out an application, provide the necessary information that all prospective Lifeline customers must provide, and be taken through successive screens, which clearly explain all relevant legal eligibility requirements. If the customer is seeking to qualify for Lifeline service based on their participation in a particular program (or income level), the prospective customer may be able to be qualified by an inbound sales rep who inputs the prospective customer's information into an eligibility database (if available for the relevant state). However, in most cases, the prospective customer will fill out the relevant eligibility forms on the computer, and then send in copies of the records needed by TerraCom to verify the customer's eligibility to participate in Lifeline. Once the prospective customer is successfully verified by TerraCom, the customer can be enrolled in the service plan they have chosen, and then mailed their handset.

Assuming the customer has successfully completed the online application process, TerraCom will have all the information it needs to verify the customer is only receiving one Lifeline subsidy for their household, to verify eligibility, to satisfy its record-keeping obligations, and to send to USAC in order to populate the duplicates database. The requisite certifications needed by TerraCom to establish service with the prospective customer can be obtained as electronic signatures.²⁶

TerraCom's proposed method of accepting electronic signatures—on all of its online certifications and re-certifications—is to allow the customer to create a unique electronic signature by typing their name, and providing their date of birth and their social security number. The customer's name, combined with their date of birth and their social security number, is sufficiently unique to satisfy the Commission's new rules for accepting electronic signatures.

²⁶ See, *Lifeline Reform Order*, Appendix A, §54.419.

Inbound Telemarketing. To obtain TerraCom Lifeline service, a customer can call TerraCom to initiate service. The process is very similar to online enrollment, except that instead of being taken through successive screens, the customer is asked a series of qualifying questions by a customer service representative. The questions will all be designed to elicit true and accurate information that is necessary for TerraCom to obtain a complete standard certification form. See Exhibit 1. If, at any time during the conversation, it becomes apparent to the customer service rep that the prospective customer is unlikely to qualify for TerraCom Lifeline service, the customer service rep will explain the issue to the customer and offer to allow the customer to sign up for one of TerraCom's non-Lifeline service plans.

On the other hand, if the customer provides information indicating that the customer would be eligible to obtain Lifeline service, the customer service rep will take the customer as far as possible in trying to qualify the customer. For example, if there are no other Lifeline subscribers in the customer's household, and the customer participates in a Lifeline-eligible program (or is income-qualified), the customer service rep will try to verify the customer's information through a state database (if available). If the customer seems to qualify (through a database query), then the customer service rep will open a file for the customer, take the customer's information that is required to be collected from each customer, send the customer the requisite certification forms for verification of eligibility (or allow the customer to certify eligibility through an IVR recorded and associated with the customer's account), and request copies of the evidence that would prove eligibility in cases where a state database is not available.

As always, if the prospective customer fails to qualify for Lifeline service, TerraCom will explain to the customer why the request was rejected. On the other hand, if the prospective

customer sends in sufficient evidence to qualify for Lifeline eligibility, and adequately certifies eligibility, TerraCom will notify the customer, and enroll the customer in their requested service plan, and send the customer the phone they have requested/purchased (if the customer has expressed a handset preference).

2. De-Enrollment

In order to most efficiently use funds set aside for Lifeline customers, the FCC has adopted rules to ensure that only customers eligible to participate in the Lifeline program receive the benefit of the Lifeline subsidy. These rules require that Lifeline ETCs “de-enroll” customers who are no longer eligible to receive Lifeline benefits from the carrier’s list of customers for whom Lifeline reimbursement is sought from USAC.²⁷

The Commission’s new rule requires carriers to “de-enroll” customers from Lifeline enrollment for several reasons: the carrier has reason to believe that the customer no longer participates in a Lifeline-eligible program, or no longer meets the income-based criteria for Lifeline eligibility, and the customer fails to prove eligibility within 30 days²⁸; the Fund Administrator notifies the ETC that either the customer is receiving Lifeline support from more than one carrier, or that more than one person in the customer’s household is receiving a Lifeline subsidy²⁹, the customer has failed to “use” a free service for more than 60 consecutive days³⁰; or, the customer has either failed to perform their required annual recertification of continued eligibility, the annual re-certification that the customer is not in violation of the one-per-

²⁷ See, *Lifeline Reform Order*, Appendix A, §54.405(e)(1)-(4).

²⁸ *Id.*, §54.405(e)(1).

²⁹ *Id.* at (e)(2).

³⁰ *Id.* at (e)(3).

household rule, or (for customers who provided a temporary address upon enrollment) the customer has failed to re-certify their temporary address within the 90 day window (or failed to provide the carrier with a permanent address within the same time period).³¹

With the exception of the situation where an ETC is notified by the Administrator that a customer/customer's household is receiving duplicate support, each basis for de-enrollment requires the carrier to notify the customer that their support is in jeopardy, and provide the customer with 30 days to either refute or cure their apparent ineligibility to receive Lifeline support.³² When an ETC is notified that they are receiving duplicative support for a customer that has been confirmed to be ineligible by the Administrator, the ETC has 5 days to remove the ineligible Lifeline recipient from its reimbursement list.

Customers receiving duplicative subsidies not only present a risk to the Fund, but they present a financial risk to TerraCom if customers not eligible for reimbursement are allowed to continue to use their phones, and thereby raise TerraCom's unrecoverable costs. Because it is in TerraCom's self-interest to immediately remove from its Lifeline roles those customers identified by the Administrator as disqualified from receiving Lifeline service, TerraCom will further explain how it will comply with this new obligation.³³

³¹ *Lifeline Reform Order*, Appendix A, §54.405(e)(4).

³² *Id.* at §54.405(e)(1).

³³ TerraCom recently encountered such a situation in Wisconsin when it agreed to assume the service for another company that was failing and was close to disconnecting customer service. In this situation, after TerraCom was designated an ETC by the Wisconsin Public Service Commission, and assumed service for those customers in jeopardy of losing service, TerraCom immediately de-enrolled more than half of the customers served by the previous carrier. TerraCom has also had to continue service to the remaining customers at its own cost, and has only been able to re-certify a fraction of the customers whose service was assumed. TerraCom nonetheless must pay its own vendors for services consumed by uncertified customers until it can get a valid certification and obtain USAC reimbursement.

Putting aside those subscribers recovering duplicative support, *every* qualifying Lifeline subscriber is subject to de-enrollment for reasons both completely outside the ETC's control (*e.g.*, customers failing to use service and customers no longer qualifying for the subsidy), and for reasons that can be avoided if the customer has sufficient notice to comply with the rules. For this reason, TerraCom has adopted procedures to help deserving customers to avoid undeserved de-enrollment, and procedures for quickly removing subscribers that the Administrator has determined to be wasting Lifeline funds.

When TerraCom establishes a customer account, it also places a Lifeline start date on the account, based on the potential vulnerabilities of the customer to undeserved de-enrollment. For example, every Lifeline account is subject to recertification on an annual basis that: the subscriber still meets the criteria to be considered a qualifying low-income customer under §54.409, and that the subscriber's household is not receiving more than one Lifeline subsidy. Thus, every Lifeline subscriber should receive (through multiple channels) an advance reminder that they must re-certify annually, along with an explanation of the many convenient ways that TerraCom offers customers to re-certify. TerraCom allows customers to re-certify via dialing a toll free number (IVR), return text, email, regular mail, and online through TerraCom's website.

Moreover, once the duplicate database is up and working, TerraCom will be able to perform certifications for its customers that have qualified through a database query. Regardless, though, it is clear that TerraCom, and many other Lifeline-only ETCs, will be sending out annual re-certification requests on a daily basis.

Annual re-certifications are required for all customers, but TerraCom also creates an advance reminder for customers that have established their accounts using a temporary address.

Customers establishing service with a temporary address are potentially difficult to remain in contact with, so TerraCom sends out text notifications to these customers on a monthly basis.

Similarly, since many—if not most—of TerraCom’s Lifeline customers do not pay a regular monthly bill, TerraCom has tracking software to notify the customer if the customer has not used their service for more than 60 consecutive days . These notifications are not only helpful to ensure that the customer does not risk losing their phone by failing to use their phone, but the notifications also help the customer become more aware of their own usage patterns, which might cause the customer to choose a different plan (for example, a plan with less monthly minutes, but minutes that “rollover” to the next month). After notification, if the customer fails to use the phone, it is automatically disconnected by the system.

3. Recordkeeping Requirements

In adopting the *Lifeline Reform Order* the Commission, to paraphrase Commissioner McDowell’s separate statement, takes the large step of imposing accountability on a government entitlement program. In its directives for what should be included in a carrier’s Compliance Plan, as described in Paragraphs 368-391, the Commission frequently states that it would like carriers to explain and describe how they will comply with the rule changes in the *Order*. If accountability equals recordkeeping, then this section is perhaps the most challenging and comprehensive of this entire Compliance Plan.

While only one section of the new rules, §54.417 is specifically entitled “record keeping”, most of the rule changes either create new records and/or create new recordkeeping requirements. For purposes of organizing TerraCom’s explanation of how it intends to comply with the new recordkeeping obligations imposed under the *Order*, TerraCom will divide records into “individual account records” and “company-wide records”. The theory behind this

organization of TerraCom's explanation of how it will meet the Order's recordkeeping requirements is that, for reporting purposes, TerraCom is required to report on both individual account compliance (on a company-wide basis), company wholesale compliance, and company-wide performance compliance.

i. Individual Account Records

For each individual Lifeline account, TerraCom will keep customer records for the entire length of time the customer remains in the Lifeline program, and for certain records within the individual accounts, TerraCom will keep customer records for 10 years following customer de-enrollment from the Lifeline program.³⁴ TerraCom will keep the following records for each subscriber's individual Lifeline account:

- date that TerraCom queried the duplicates database³⁵;
- date and information that TerraCom transmitted to Database³⁶;
- date of transmission of updated customer information to Database³⁷;
- date of transmission of customer de-enrollment to Database³⁸;
- date of customer service activation and method of activation³⁹;
- certification and re-certification forms for each subscriber⁴⁰;

³⁴ See generally, *Lifeline Reform Order*, Appendix A, §54.417, and Appendix B, proposed rule §54.417.

³⁵ *Id.*, Appendix A, §54.404(b)(1).

³⁶ *Id.*, §54.404(b)(6).

³⁷ *Id.*, §54.404(b)(8).

³⁸ *Id.*, §54.404(b)(10).

³⁹ See generally, *Id.*, §54.407(c).

⁴⁰ *Id.*, §54.407(d).

--per customer records of revenues forgone by providing Lifeline services in the form requested by the Administrator for periodic reporting to the Administrator upon request⁴¹;

--date and database upon which the ETC determined income-based eligibility⁴²;

--date and documentation/data source used to determine income-based eligibility when no database was available to determine subscriber eligibility⁴³ which include the following forms of acceptable documentation:

- prior year's state, federal, or Tribal tax return
- current income statement from an employer or paycheck stub
- a Social Security statement of benefits
- a Veterans Administration statement of benefits
- a retirement/pension statement of benefits
- an Unemployment/Workers' Compensation statement of benefit
- federal or Tribal notice letter of participation in General Assistance
- a divorce decree
- child support award
- other official document containing income information;

--state Lifeline administrator documentation of customer eligibility, and subscriber's certification of eligibility⁴⁴;

--date, database, and program on which ETC determined subscriber eligibility⁴⁵;

--keep and maintain accurate records detailing data source a carrier used to determine a subscriber's program-based eligibility or the documentation a subscriber provided to demonstrate Lifeline eligibility⁴⁶;

⁴¹ *Lifeline Reform Order*, Appendix A, §54.407(e).

⁴² *Id.*, §54.410(b)(1)(A).

⁴³ *Id.* at §54.410(b)(1)(B)(iii).

⁴⁴ *Id.* at §54.410(b)(2).

⁴⁵ *Id.* at §54.410(c)(1)(A).

⁴⁶ *Id.* at §54.410(c)(1)(iii).

--notice of program-certification and customer self-certification, when performed by a state agency or state Lifeline administrator⁴⁷;

--prospective subscriber certification, where subscriber acknowledges 1) Lifeline qualifications in terms of one benefit per household and the requirement that a violation of the rules could result in de-enrollment, 2) require each prospective subscriber to provide certain information with which to populate the duplicates database, 3) require each prospective subscriber to certify, under penalty of perjury, that the subscriber meets the income-based, program-based, or Tribal Lands criteria for receiving Lifeline, and the subscriber knows the Lifeline program rules, and will notify the carrier if the subscriber ceases to qualify⁴⁸;

--maintain records re-certifying all subscribers remain Lifeline eligible under a qualifying program or income eligibility, and re-certification by the subscriber that they can confirm their original certification under §54.410(d), except those subscribers that are required to be re-certified by state agencies or administrators⁴⁹;

--where a state administrator or agency is responsible for re-certification, the carrier has to: 1) maintain re-certification results from the state, 2) maintain the results of each state administrator's certification efforts for each subscriber in that state, and 3) where a state has been unable to re-certify a subscriber, the ETC must keep the record and comply with the relevant de-enrollment procedures⁵⁰;

--maintain a record of each subscriber's re-certification (or failure to re-certify) a temporary address every 90 days⁵¹;

ii. Company-wide Records

The Commission requires ETCs to maintain some “company” records, but it also requires the ETC to make annual reports, certified by an officer of the company, to the Commission. The company reporting obligations require company officers to certify company procedures for

⁴⁷ *Lifeline Reform Order*, Appendix A, §54.410(c)(2).

⁴⁸ *Id.* at §54.410(d).

⁴⁹ *Id.* at §54.410(f)(1)-(2).

⁵⁰ *Id.* at §54.410(f)(3)-(5).

⁵¹ *Id.* at §54.410(g).

maintaining compliance with the rules regarding ETCs participating in the Lifeline program.

The records, on an aggregate basis, that companies have to collect are primarily required to be collected for reporting purposes. TerraCom will collect the following data, and report it to the requisite authorities.

--provide, on an annual basis, the results of the ETC's annual re-certification efforts to the Commission and the Administrator. For states where the TerraCom has been granted state ETC designation, it must report the results of its annual re-certification efforts to the proper state regulators, and, for Tribal Lands⁵², the ETC must collect and report the results of its Tribal re-certification process to the appropriate tribal government officials⁵³;

--if the ETC provides Lifeline discounted services to a reseller, it must obtain a certification from the reseller that it is complying with all relevant Lifeline rules⁵⁴;

--collect certain outage information for areas in which the carrier owns facilities, the failure of which, results in an outage lasting greater than 30 minutes in any calendar year and which affects critical services⁵⁵;

--collect data on the number of complaints per 1,000 connections in the prior calendar year⁵⁶;

--certification of compliance with applicable service quality standards and consumer protection rules⁵⁷;

--certification that the carrier is able to function in emergency situations⁵⁸;

⁵² TerraCom will report to the appropriate governing body with respect to Tribal Lands re-certification efforts/results. In some states, like Oklahoma, the type of tribal government officials (which would regulate service providers) do not exist. In these states TerraCom will file its results with the proper local regulator such as the state commission.

⁵³ *Lifeline Reform Order*. Appendix A, §54.416(b).

⁵⁴ *Id.* at §54.417(b).

⁵⁵ *Id.* at §54.422(b)(1).

⁵⁶ *Id.* at §54.422(b)(2).

⁵⁷ *Id.* at §54.422(b)(3).

⁵⁸ *Id.* at §54.422(b)(4).

--information regarding the terms and conditions of any service plans, and the terms and conditions of any non-Lifeline plans available to the public⁵⁹.

4. Reimbursement from USAC

In the Lifeline Reform Order, the FCC eliminated Lifeline reimbursement based on “projected” lines for which the carrier expects to be compensated based on past growth. Instead, in the Order, the Commission changed the method of Lifeline reimbursements to “actual” lines served.⁶⁰ To the degree it has not already done so, TerraCom will modify its reimbursement requests to comply with the Commission’s new reimbursement scheme, based on actual lines served.

5. Marketing Materials

In its *Lifeline Reform Order*, the FCC imposed certain obligations on ETCs to clearly disclose on all of their marketing and advertising materials that the service they are offering is a Lifeline service, that Lifeline is a government assistance program, that it is only available to qualifying eligible customers, it is not transferable, and the program is limited to one discount per household.⁶¹ Moreover, all materials describing the service must disclose the name of the ETC providing the service.

TerraCom will include all of this required information on all of its ads describing its service. TerraCom is in the process of changing its marketing materials to comply with the new rules. Since TerraCom will not change its existing advertisements until it is sure it is in

⁵⁹ *Lifeline Reform Order*, Appendix A, at §54.422(b)(5).

⁶⁰ *Id.* at §54.407.

⁶¹ *Id.* at §54.405(a)-(d).

compliance with the Commission's rules, it has supplied proposed advertising copy. See **Exhibit 3**, attached.

6. Financial and Technical Capability to Provide Service

In its *Order*, the FCC includes a new qualification for carriers seeking to become ETCs: that they demonstrate they are financially and technically capable of providing the supported Lifeline service in compliance with the Commission's rules.⁶² Because TerraCom is seeking to have its pending ETC Petition, as amended, granted in tandem with the Commission's grant of this Compliance Plan, TerraCom will demonstrate that it is financially, and technically, able to completely comply with all of the new Commission rules governing Lifeline ETCs.

TerraCom can demonstrate that it is financially and technically capable of providing both wireless and wireline Lifeline service, because it is already successfully providing both services as a designated Lifeline ETC in nine states and one Commonwealth, serving over 200,000 lines. TerraCom is not only capable of providing Lifeline-supported service, it is successfully providing Lifeline-supported services in the states where it is designated an ETC. In these states, TerraCom is growing its customer base, has no disproportionate consumer complaints, and offers high quality service at affordable rates to all its customers.

Nonetheless, TerraCom will demonstrate, through Exhibit 4 (Declaration of Dale Schmick) that it is financially capable of providing Lifeline-only service. TerraCom's business model is to serve low-income customers, who may, or may not, be eligible to receive Lifeline-supported service. So, TerraCom does not, and does not intend to, offer exclusively Lifeline-supported services—and is therefore not exclusively dependent on USAC for its revenue. TerraCom will also explain that it is on good terms with all of its wholesale vendors, and can

⁶² *Lifeline Reform Order*, Appendix A, at §54.201(h), and §54.202(a)(4).

afford to keep a customer’s service active without depending upon immediate reimbursement from USAC in order to continue to provide service to its customers.⁶³ Thus, it is clear that TerraCom—with its years as a Lifeline-only service provider in good standing since first being designated an ETC in 2004—has only become a more capable and qualified provider of Lifeline-supported services.

* * *

As required by the *Lifeline Reform Order*, in order to take advantage of the Commission’s conditional grant of blanket forbearance, TerraCom has hereby submitted a Compliance Plan that effectively outlines the measures it will take to address each specific concern elaborated by the Commission, and every significant rule change to the Lifeline program addressed in its *Order*. The Commission should find that this Compliance Plan addresses all of its concerns and grant TerraCom the conditional “blanket forbearance” from Section 214(e)(1)(A) of the Act by approving the instant Compliance Plan, as well as TerraCom’s pending Petition for Limited ETC Designation in the subject states.⁶⁴ Accordingly, the public interest is best served by the Commission’s expeditious approval of this Compliance Plan and TerraCom’s pending Petition for Limited ETC Designation. For these reasons, TerraCom respectfully requests that the FCC approve this Compliance Plan, and at the same time grant its pending Petition for Limited ETC Designation in the subject states of Alabama, Connecticut, Delaware, Florida, New Hampshire, New York, North Carolina, Tennessee, the Commonwealth of Virginia, and the District of Columbia.

⁶³ See, *Lifeline Reform Order*, at ¶388.

⁶⁴ See, n.3, *supra*.

Respectfully submitted,

TERRACOM, INC.



Jonathan D. Lee

JD Lee Consulting, LLC
1776 I Street, NW
Suite 900
Washington, DC 20006
(202) 257-8435

Its Attorney

March 2, 2012

Lance J.M. Steinhart, P.C.

Attorneys At Law
1725 Windward Concourse
Suite 150
Alpharetta, Georgia 30005

Also Admitted in New York
Email: info@telecomcounsel.com

Telephone: (770) 232-9200
Facsimile: (770) 232-9208

March 1, 2023

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
45 L Street NE
Washington, DC 20554

Re: TerraCom, Inc. Revised Compliance Plan, WC Docket Nos. 09-197 and 11-42

Dear Ms. Dortch:

TerraCom, Inc.'s ("TerraCom" or the "Company") Compliance Plan, outlining the measures the Company would take to implement the conditions imposed by the Federal Communications Commission ("FCC" or the "Commission") in its 2012 Lifeline Reform Order,¹ was originally approved by the Wireline Competition Bureau ("Bureau") on May 25, 2012.² TerraCom filed its Fourth Revised Compliance Plan on October 3, 2016, which the Bureau approved on November 8, 2016,³ identifying a transfer of control and making revisions to comply with rule changes since the 2012 Lifeline Reform Order.

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 (Feb. 6, 2012) ("2012 Lifeline Reform Order").

² *Wireline Competition Bureau Approves the Compliance Plans of American Broadband & Telecommunications, Budget Prepay, Consumer Cellular, Global Connection, TerraCom and Total Call*, Public Notice, 27 FCC Rcd 5776 (WCB rel. May 25, 2012); *In Re Telecommunications Carriers Eligible for Universal Service Support, et al.*, Third Revised Compliance Plan of TerraCom, Inc. (filed June 19, 2012) (providing minor updates requested by Bureau staff).

³ *Wireline Competition Bureau Approves the Amended Compliance Plan of TerraCom*, Public Notice, DA 16-1264 (rel. Nov. 8, 2016); *In Re Telecommunications Carriers Eligible for Universal Service Support, et al.*, Fourth Revised Compliance Plan of TerraCom, Inc. (filed Oct. 3, 2016).

TerraCom now seeks expedited approval of the enclosed 5th Revised Compliance Plan, which has been revised to: (1) reflect a proposed change in ownership of the Company; and (2) update the information provided in the Company's approved Compliance Plan due to the passage of time.

Change in Ownership

Pursuant to the terms of an Agreement by and among TerraCom, Inc., an Oklahoma corporation; Global Reconnect, LLC, a Delaware limited liability company ("Seller"); and Maxsip Telecom Corporation, a New York corporation ("Buyer" or "Maxsip"), Buyer will purchase one hundred percent (100%) of the issued and outstanding common stock of TerraCom including its wholly owned subsidiary, YourTel America, Inc. (the "Transaction"). In step one of the Transaction, MaxSip is acquiring forty nine percent (49%) of the issued and outstanding common stock of TerraCom; step two of the Transaction is the purchase of the remaining fifty-one percent (51%) of the stock of TerraCom upon obtaining any required regulatory approvals for the Transaction, including this 5th Revised Compliance Plan. Following the proposed change in ownership, the Company's corporate and trade names and identifiers will remain unchanged. The Transaction will not result in any loss or impairment of service for any customer, and customers will continue to receive their existing services at the same or better rates, terms, and conditions currently in effect.

Updates Due to Rule Changes and Passage of Time

TerraCom also files this 5th Revised Compliance Plan to update its policies and practices to account for changes in the Commission's Lifeline rules, orders, and guidance and due to the passage of time. This includes, without limitation, full implementation of the Lifeline National Eligibility Verifier and new requirements for Lifeline enrollment representatives.

Respectfully submitted,

s/ Lance Steinhart

Lance J.M. Steinhart, Esq.
Managing Attorney
Lance J.M. Steinhart, P.C.
Legal and Regulatory Counsel

Enclosures

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of	
Telecommunications Carriers Eligible to Receive Universal Service Support	WC Docket No. 09-197
Lifeline and Link Up Reform and Modernization	WC Docket No. 11-42
TERRACOM, INC.	

TERRACOM, INC. 5TH REVISED COMPLIANCE PLAN

TerraCom, Inc. (“TerraCom” or the “Company”),¹ through its undersigned counsel, hereby respectfully submits and requests expeditious approval of these revisions to its approved Compliance Plan (this “Revised Compliance Plan”) outlining the measures it will take to comply with the Federal Communications Commission’s (“Commission” or “FCC”) 2012 Lifeline Reform Order, 2015 Lifeline Second Report and Order,² and Third Report and Order.³

¹ Changes in the Company’s affiliates following a proposed change in ownership are discussed in Section III herein; upon consummation, the Company’s names and identifiers will remain the same.

² 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 (Feb. 6, 2012) (“2012 Lifeline Reform Order”). See *Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, WC Docket Nos. 11-42, 09-197, 10-90, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, FCC 15-71, ¶ 249 (rel. June 22, 2015) (Order on Reconsideration). The Company herein submits the information required by the Compliance Plan Public Notice. See *Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order*, WC Docket Nos. 09-197, 11-42, Public Notice, DA 12-314 (rel. Feb. 29, 2012) (Compliance Plan Public Notice).

TerraCom’s Compliance Plan was originally approved by the Wireline Competition Bureau (“Bureau”) on May 25, 2012.⁴ TerraCom filed its Fourth Revised Compliance Plan on October 3, 2016, which the Bureau approved on November 8, 2016,⁵ identifying a transfer of control and making revisions to comply with rule changes since the 2012 Lifeline Reform Order. TerraCom is designated as an eligible telecommunications carrier (“ETC”) to provide Lifeline services to low-income consumers on a wireless basis in Arizona, Arkansas, Colorado, Indiana, Iowa, Louisiana, Maryland, Minnesota, Nebraska, Nevada, Oklahoma, Texas, West Virginia and Wisconsin. As of 2015, TerraCom directly holds 100 percent (100%) of the ownership interest in YourTel America, Inc. (“YourTel”), a Missouri corporation. YourTel is designated an ETC to provide Lifeline services on a wireless basis in Illinois, Kansas, Maine, Missouri, Pennsylvania, Rhode Island, and Washington.

TerraCom files this 5th Revised Compliance Plan to update the information provided due to the passage of time and to reflect a proposed change in ownership described in Section III below.

³ See *In the Matter of Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, WC Docket No. 11-42, WC Docket No. 00-197, WC Docket No. 10-90, Third Report and Order, Further Report and Order, and Order on Reconsideration, FCC 16-38 (rel. Apr. 27, 2016) (“*Third Report and Order*”).

⁴ *Wireline Competition Bureau Approves the Compliance Plans of American Broadband & Telecommunications, Budget Prepay, Consumer Cellular, Global Connection, TerraCom and Total Call*, Public Notice, 27 FCC Rcd 5776 (WCB rel. May 25, 2012); *In Re Telecommunications Carriers Eligible for Universal Service Support, et al.*, Third Revised Compliance Plan of TerraCom, Inc. (filed June 19, 2012) (providing minor updates requested by Bureau staff).

⁵ *Wireline Competition Bureau Approves the Amended Compliance Plan of TerraCom*, Public Notice, DA 16-1264 (rel. Nov. 8, 2016); *In Re Telecommunications Carriers Eligible for Universal Service Support, et al.*, Fourth Revised Compliance Plan of TerraCom, Inc. (filed Oct. 3, 2016).

TerraCom commends the Commission's commitment to a nationwide communications system that promotes the safety and welfare of all Americans, including Lifeline customers. TerraCom complies with 911 requirements as described below and qualifies for blanket forbearance from the facilities requirement of section 214(e)(1)(A) of the Communications Act to participate as an ETC in the Lifeline program.⁶

TerraCom complies fully with all conditions set forth in the 2012 Lifeline Reform Order and Third Report and Order, as well as with the Commission's Lifeline rules and policies more generally.⁷ This 5th Revised Compliance Plan describes the specific measures that the Company has implemented to achieve these objectives. Specifically, this 5th Revised Compliance Plan: (1) describes in detail the measures that TerraCom takes to implement the obligations contained in the 2012 Lifeline Reform Order and Third Report and Order, including (a) the procedures the Company follows in enrolling a subscriber in Lifeline and submitting for reimbursement for that subscriber from the Low Income Fund and (b) materials related to initial and ongoing certifications and marketing materials; and (2) provides a detailed description of how TerraCom offers Lifeline services, the geographic areas in which it offers services, and a detailed description of the Company's Lifeline service plan offerings.

⁶ See 2012 Lifeline Reform Order ¶ 368. Although TerraCom qualifies for and seeks to avail itself of the Commission's grant of forbearance from the facilities requirement of section 214(e)(1)(A) for purposes of the federal Lifeline program, the Company reserves the right to demonstrate to a state public utilities commission that it provides service using its own facilities in a state for purposes of state universal service funding under state program rules and requirements. TerraCom will follow the requirements of the Commission's Lifeline rules and this Compliance Plan in all states in which it provides Lifeline service and receives reimbursements from the federal Low-Income fund, including in any state where the public utilities commission determines that TerraCom provides service using its own facilities for purposes of a state universal service program.

⁷ TerraCom will update its associated Lifeline program forms and advertising, whenever necessary, to reflect Commission changes to the applicable Lifeline program rules.

ACCESS TO 911 AND E911 SERVICES⁸

Pursuant to the 2012 Lifeline Reform Order, forbearance is conditioned upon the Company: (1) providing its Lifeline subscribers with 911 and E911 access, regardless of activation status and availability of minutes; and (2) providing its wireless Lifeline subscribers with E911-compliant handsets and replacing, at no additional charge to the subscriber, noncompliant handsets of wireless Lifeline-eligible subscribers who obtain Lifeline-supported services.⁹ The Company will provide its wireless Lifeline customers with access to 911 and E911 services immediately upon activation of service. The Commission and consumers are hereby assured that all TerraCom customers will have available access to emergency calling services at the time that Lifeline voice telephony service is initiated, and that such 911 and E911 access will be available from Company handsets, even if the account associated with the handset has no minutes remaining.

TerraCom's existing practices currently provide access to 911 and E911 services for all customers. TerraCom currently uses T-Mobile as its underlying wireless network provider/carrier ("Underlying Carrier"). The Underlying Carrier routes 911 calls from the Company's customers in the same manner as 911 calls from their own retail customers. To the extent that TerraCom's Underlying Carrier is certified in a given PSAP territory, this 911 capability will function the same for the Company. TerraCom also currently enables 911 emergency calling services for all properly activated handsets regardless of whether the account associated with the handset is active or suspended or has any remaining minutes.

⁸ See Compliance Plan Public Notice at 3.

⁹ See 2012 Lifeline Reform Order ¶ 373.

E911-Compliant Handsets. TerraCom’s handsets used in connection with the wireless Lifeline service offering have always been and will continue to be 911 and E911-compliant. As a result, any existing TerraCom wireless customer that qualifies for and elects Lifeline service will already have a 911/E911-compliant handset, which will be confirmed at the time of enrollment in the Lifeline program. To the extent TerraCom offers handsets for use with its Lifeline service, any new customer that qualifies for and enrolls in TerraCom’s Lifeline voice telephony service is assured of receiving a 911/E911-compliant handset.

To further obtain the benefits of a modernized Lifeline program, the Commission’s Third Report and Order also set forth the requirement that Lifeline providers providing both mobile broadband services and devices to their consumers provide handset devices that are Wi-Fi enabled.¹⁰ The Commission further requires such providers to offer the choice to Lifeline customers of devices that are equipped with hotspot functionality.¹¹ To the extent TerraCom offers devices for use with its Lifeline-supported broadband service, it commits to provide devices that meet the equipment requirements set forth in 47 C.F.R. § 54.408(f).

COMPLIANCE PLAN

I. PROCEDURES TO ENROLL A SUBSCRIBER IN LIFELINE¹²

A. Policy

TerraCom will comply with the uniform eligibility criteria established in section 54.409 of the Commission’s rules, as amended by and through the Third Report and Order. Therefore,

¹⁰ See Third Report and Order at ¶ 366.

¹¹ See *id.* The Third Report and Order clarifies that the requirement to provide Wi-Fi-enabled handsets does not apply to devices provided prior to the effective date of the rule (December 2, 2016).

¹² See Compliance Plan Public Notice at 3.

all subscribers will be required to demonstrate eligibility, as determined by the National Lifeline Eligibility Verifier (“National Verifier”),¹³ based on: (1) household income at or below one hundred-thirty five percent (135%) of the Federal Poverty Guidelines for a household of that size; or (2) the household’s participation in one of the federal assistance programs listed in sections 54.409 of the Commission’s rules. In addition, through the certification requirements described below and the use of the National Lifeline Accountability Database (“NLAD”), the Company confirms that the subscriber is not already receiving a Lifeline service and no one else in the subscriber’s household is subscribed to a Lifeline service.

B. Eligibility Determination

TerraCom relies on the National Verifier and NLAD (in conjunction with the state administrator in NLAD Opt-out states such as Texas; hereafter, use of “National Verifier” is inclusive of any state administrator in NLAD Opt-out states) to determine an applicant’s eligibility for Lifeline service. Eligible customers can enroll in TerraCom’s Lifeline service in-person with field representatives, TerraCom retail locations, apply electronically on the Company’s website, or through live agents at the company’s call center. Customers may also apply directly with the National Verifier online or by mail. Regardless of enrollment method, TerraCom relies upon the National Verifier for determination of consumer eligibility for Lifeline.

TerraCom uses a web-based electronic Lifeline enrollment application (“ECP”) for all Lifeline customer enrollments. Applications are processed using a third party platform which

¹³ The National Verifier is fully operational, except in NLAD Opt-out states where it is undergoing a modified launch (see *Wireline Competition Bureau Announces the Next National Lifeline Eligibility Verifier Launch in Three States*, WC Docket No. 11-42, Public Notice, DA 19-1290 (Released Dec. 18, 2019). In these states, TerraCom will rely upon the National Verifier in conjunction with the state administrator (together, the “National Verifier”) for eligibility determination.

works in conjunction with the National Verifier and NLAD. The ECP works on a tablet or computer in tandem with the National Verifier Service Provider portal to provide the required disclosures and collect applicant information, identity documentation, and proof of eligibility, all of which is uploaded to the National Verifier for eligibility determination and NLAD duplicate check. Each prospective customer is checked against the NLAD to ensure that the applicant does not already receive Lifeline service before the customer is enrolled.¹⁴ Upon approval in a state, TerraCom provides an approved Zip Code list to load into the ECP to ensure all prospective subscribers reside within TerraCom's approved service area as designated by the state commission or the FCC.

When in person, TerraCom requires all prospective customers to provide a copy of their valid government-issued identification.¹⁵ Customers that enroll electronically will use the National Verifier consumer portal to submit their Lifeline application, eligibility proof and copy of government-issued identification directly to the National Verifier, or customers may submit such documentation directly to the National Verifier by mail. TerraCom does not collect, review, or maintain eligibility documentation, other than in NLAD-opt out states (such as Texas).

As discussed in further detail in Section I.F. below, all employees or representatives ("Representatives") who interact with current or prospective customers are trained regarding all applicable eligibility and certification requirements, including the one-per-household requirement, and told to inform potential customers of those requirements.

¹⁴ See *infra* Section I.F. regarding use of the NLAD.

¹⁵ Any identification documentation collected, including documentation used in NLAD processes to verify identity are now retained pursuant to the Order on Reconsideration. See Order on Reconsideration ¶ 224.

Further, TerraCom will not enroll customers at retail locations where TerraCom does not have an agency agreement with the retailer. TerraCom will require a retailer to have any employees involved in the enrollment process go through the standard TerraCom training process, just as it would for any other Company Representative. By establishing contractual relationships with all of its Representatives, including future retail outlets, TerraCom meets the “deal directly” requirement adopted in the TracFone Forbearance Order.¹⁶

The Commission determined in the 2012 Lifeline Reform Order that ETCs may permit representatives to assist with the Lifeline application process because “the Commission has consistently found that ‘[l]icensees and other Commission regulatees are responsible for the acts and omissions of their employees and independent contractors.’”¹⁷ TerraCom acknowledges it is responsible for the actions of all of its Representatives, and further commits to comply with the Commission’s *Fifth Report and Order* which set forth reforms to strengthen the Lifeline program’s enrollment, recertification, and reimbursement processes including involvement of representatives.¹⁸

All Representatives are instructed that the company has zero tolerance for waste, fraud or abuse, and that they should notify the compliance team if they suspect that anyone might be providing false information or attempting to obtain a duplicate Lifeline benefit. In addition, if personnel have any questions or concerns regarding eligibility and enrollment, the Company

¹⁶ See Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i), CC Docket No. 96-45, Order, FCC 05-165, ¶ 19 (2005).

¹⁷ 2012 Lifeline Reform Order ¶ 110.

¹⁸ *In the Matter of Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 17-287, WC Docket No. 11-42, WC Docket No. 09-197, Fifth Report and Order, Memorandum Opinion and Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 19-111 (rel. Nov. 14, 2019) (“*Fifth Report and Order*”).

strongly encourages them to bring such questions and concerns to the TerraCom compliance team so that they can be researched and resolved in accordance with the Commission's Lifeline rules and regulations. TerraCom provides personnel with refresher training, including to inform them of changes to Lifeline program rules and regulations, including eligibility requirements. Personnel will be disciplined, up to and including termination, for failing to comply with Lifeline rules and regulations. TerraCom also provides comprehensive training to its internal compliance personnel.

De-Enrollment for Ineligibility. If TerraCom has a reasonable basis to believe that one of its Lifeline subscribers no longer meets the eligibility criteria, the Company will notify the subscriber of impending termination in writing, will comply with any state dispute resolution procedures applicable to Lifeline termination, and will give the subscriber thirty (30) days to demonstrate continued eligibility.¹⁹ A demonstration of eligibility must comply with the annual certification procedures in 47 C.F.R. §54.410(f). After the expiration of the subscriber's time to respond, TerraCom will de-enroll any subscriber who fails to demonstrate eligibility within five (5) business days. If TerraCom is notified by the Administrator that a subscriber is receiving duplicative support, TerraCom will de-enroll the subscriber within five (5) business days pursuant to 47 C.F.R. §54.405(e)(2).

As required by the Commission's rules, if a customer contacts the Company and states that he or she is not eligible for Lifeline or wishes to de-enroll for any reason, the Company will de-enroll the customer within two (2) business days.²⁰ Live customer service and bilingual operators can currently be reached for Lifeline service support from 8 AM to 11 PM Eastern, 7 days a week, with 24/7 access to assistance via phone and email.

¹⁹ See 2012 Lifeline Reform Order ¶ 143; 47 C.F.R. § 54.405(e)(1).

²⁰ See 47 C.F.R. § 54.405(e)(5).

C. Subscriber Certifications for Enrollment

TerraCom has implemented certification policies and procedures that enable consumers to demonstrate their eligibility for Lifeline assistance in compliance with 47 C.F.R. § 54.410(a). The Company shares the Commission’s concern about abuse of the Lifeline program and is thus committed to the safeguards stated herein, with the belief that these procedures will prevent the Company’s customers from engaging in such abuse of the program, inadvertently or intentionally. Every applicant will be required to complete the universal or National Verifier Lifeline application forms required by FCC rules (“Universal Forms”), and thus TerraCom complies with the disclosure and information collection requirements in 47 C.F.R. § 54.410(d).²¹ The Universal Forms, whether online or paper format, indicate qualifying programs as well as a breakdown of income eligibility based upon the Federal Poverty Guidelines by household size. When enrolling with TerraCom’s assistance via the service provider portal, Company personnel will orally explain the certifications to consumers.²²

Disclosures. The Universal Forms include the following disclosures, which the Company also includes on its website or electronic application platform: (1) Lifeline is a federal benefit and willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program; (2) only one Lifeline service is available per household; (3) a household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses; (4) a household is not permitted to receive Lifeline benefits from multiple providers; (5) violation of

²¹ See *FCC Wireline Competition Bureau Provides Guidance on Universal Forms for the Lifeline Program*, WC Docket No. 11-42, Public Notice, DA 18-161 (rel. Feb. 20, 2018). The standard application/certification forms are available on USAC’s website (See USAC, Lifeline Forms, <https://www.usac.org/lifeline/additional-requirements/forms/>). See Compliance Plan Public Notice at 3.

²² See 2012 Lifeline Reform Order ¶ 123.

the one-per-household limitation constitutes a violation of the Commission's rules and will result in the applicant's de-enrollment from the program; and (6) Lifeline is a non-transferable benefit and the applicant may not transfer his or her benefit to any other person.²³ The Universal Forms further collect the information and certifications required by 47 C.F.R. §§ 54.410(d)(2)-(3), and require the applicant to consent to transmission of the subscriber's information to the Administrator to ensure the proper administration of the Lifeline program.²⁴

D. Annual Re-Certification Procedures

TerraCom relies upon the National Verifier to annually re-certify all subscribers in compliance with section 54.410(f)(3) of the Commission's rules (the Company follows prescribed modified processes in NLAD opt-out states such as Texas). The National Verifier is responsible to annually confirm a subscriber's current eligibility to receive Lifeline by querying the appropriate income or eligibility databases, or contacting subscribers as needed to obtain a signed certification from the subscriber on a form that meets the certification requirements in section 54.410(d). The National Verifier is responsible for sending notice to the subscriber explaining that failure to respond to the re-certification request within sixty (60) days will result in the subscriber's de-enrollment from the Lifeline program. If TerraCom is notified by the National Verifier that it is unable to re-certify a subscriber, TerraCom will comply with the de-enrollment requirements provided for in §54.405(e)(4).²⁵

²³ *See id.* ¶ 121; 47 C.F.R. § 54.410(d)(1).

²⁴ *See* 47 C.F.R. § 54.404(b)(9). The application/certification form will also describe the information that will be transmitted, that the information is being transmitted to USAC to ensure the proper administration of the Lifeline program and that failure to provide consent will result in the applicant being denied the Lifeline service. *See* 47 C.F.R. § 54.404(b)(9).

²⁵ TerraCom may send messages to its customers, as permitted by National Verifier recertification processes, to educate them regarding the annual recertification process and requirement, as contemplated by the 2012 Lifeline Reform Order. This type of educational recertification message is consistent with the 2012 Lifeline Reform Order, which states that

E. Activation and Non-Usage

To the extent TerraCom offers Lifeline service that does not require the Company to assess and collect a monthly fee from its subscribers, TerraCom will not consider a subscriber activated, and will not seek Lifeline reimbursement for that subscriber, until the subscriber activates the Company's service by qualified use of the service as defined in 47 C.F.R. § 54.407(c)(2).²⁶

After service activation, TerraCom will not seek reimbursement from the USF for and will de-enroll any subscriber that has not used TerraCom's Lifeline service as set forth in 47 C.F.R. § 54.407(c)(2). An account will be considered active if the authorized subscriber establishes usage, as "usage" is defined by 47 C.F.R. § 54.407(c)(2), during the specified timeframe, currently a period of thirty (30) days, or during the notice period set forth in 47 C.F.R. § 54.405(e)(3), currently a period of fifteen (15) days. In accordance with 47 C.F.R. § 54.405(e)(3), TerraCom will provide the subscriber advanced notice, using clear, easily understood language, that the subscriber's failure to use the Lifeline service within the notice period will result in service termination for non-usage. TerraCom will update the NLAD within one (1) business day of de-enrolling a subscriber for non-use and will submit a non-usage de-enrollment report annually to USAC.²⁷

"ETCs and states may also choose to notify subscribers about the re-certification requirements in their Lifeline outreach materials. By taking these actions, ETCs and states will ensure that consumers are aware of the importance of responding to re-certification efforts, and that they are not inadvertently disconnected due to a lack of understanding of program rules." 2012 Lifeline Reform Order ¶ 145.

²⁶ See 2012 Lifeline Reform Order ¶ 257; 47 C.F.R. § 54.407(c)(1).

²⁷ See 2012 Lifeline Reform Order at ¶ 257; see also 47 C.F.R. §§ 54.404(b)(10) and 54.405(e)(3), respectively.

F. Additional Measures to Prevent Waste, Fraud and Abuse

To supplement its verification and certification procedures, and to better ensure that customers understand the Lifeline service restrictions with respect to duplicates, TerraCom has implemented measures and procedures to prevent duplicate Lifeline benefits being awarded to the same household. These measures entail additional emphasis in written disclosures as well as live due diligence.

Database. The Company complies with the requirements of the NLAD and section 54.404 of the Commission's rules. Through use of the National Verifier, the Company queries the NLAD for every enrollment²⁸ to determine whether a prospective subscriber is currently receiving a Lifeline service from another ETC and whether anyone else living at the prospective subscriber's residential address is currently receiving Lifeline service.²⁹

In addition to checking the NLAD, Company personnel emphasize the "one Lifeline phone per household" restriction in their direct sales contacts with potential customers. Training materials include a discussion of the limitation to one Lifeline phone per household, and the need to ensure that the customer is informed of this restriction. All Company personnel interacting with existing and potential Lifeline customers undergo training regarding eligibility and certification requirements. Representatives must acknowledge completion of the training and agree to follow the procedures outlined therein. Further, Representatives assisting with National Verifier or NLAD transactions will be required to participate in the Representative

²⁸ With the limited exception of states that have opted out of the NLAD. In those states, TerraCom will follow the duplicates detection process required by the state.

²⁹ See 2012 Lifeline Reform Order ¶ 203. The Company transmits to the NLAD the information required for each new Lifeline subscriber. See *id.*, ¶¶ 189-195; 47 C.F.R. § 54.404(b)(6). Further, the Company updates each subscriber's information in the NLAD within ten (10) business days of any change, except for de-enrollment, which will be transmitted within one business day. See 47 C.F.R. § 54.404(b)(8),(10). These statements may not be applicable in states that have opted out of the NLAD.

Accountability Database (RAD) in accordance with FCC rules. All Representatives are given a toll-free hotline and an email address that can be used for any issues or questions regarding Lifeline services.

One-Per-Household Certification. TerraCom has implemented the requirements of the 2012 Lifeline Reform Order to ensure that it provides only one Lifeline benefit per household³⁰ through the use of Universal Forms discussed above, National Verifier and NLAD database checks, and its marketing materials discussed below. Upon receiving an application for the Company's Lifeline service, TerraCom will search its own internal records to ensure that it does not already provide Lifeline-supported service to someone at the same residential address.³¹ If an applicant shares an address with one or more existing Lifeline subscribers according to the NLAD or National Verifier, the prospective subscriber may complete a form certifying compliance with the one-per-household rule in accordance with 47 C.F.R. § 54.410(g).³²

If an applicant is determined to have an existing Lifeline service, TerraCom will explain that a subscriber cannot have multiple Lifeline Program benefits with the same or different service providers, and will obtain consent from the subscriber that the subscriber wishes to transfer their existing Lifeline service to TerraCom (and acknowledges doing so will result in loss of the Lifeline benefit with their former Lifeline service provider) prior to initiating a benefit transfer.

³⁰ A "household" is any individual or group of individuals who are living together at the same address as one economic unit. A household may include related and unrelated persons. An "economic unit" consists of all adult individuals contributing to and sharing in the income and expenses of a household. An adult is any person eighteen years or older. If an adult has no or minimal income, and lives with someone who provides financial support to him/her, both people shall be considered part of the same household. Children under the age of eighteen living with their parents or guardians are considered to be part of the same household as their parents or guardians. *See* 2012 Lifeline Reform Order ¶ 74; section 54.400(h).

³¹ *See* 2012 Lifeline Reform Order ¶ 78.

³² The Household Worksheet is available at <https://www.usac.org/lifeline/additional-requirements/forms/>.

Marketing Materials. The Company includes the following information regarding its Lifeline service on all marketing materials describing the service: (1) it is a Lifeline service, (2) Lifeline is a government assistance program, (3) the service is non-transferable, (4) only eligible consumers may enroll in the program, (5) the program is limited to one discount per household; and (6) the name of the ETC (TerraCom).³³ These statements are included in all print, audio, video and web materials (including social networking media) used to describe or enroll customers in the Company's Lifeline service offering.³⁴ This specifically includes the Company's website as well as outdoor signage.³⁵ In addition, the application forms state that consumers who willfully make a false statement in order to obtain the Lifeline benefit can be punished by fine or imprisonment or can be barred from the program.

G. Company Reimbursements from the Fund

To ensure that TerraCom does not seek reimbursement from the Fund without a subscriber's consent, the Company certifies, as part of each reimbursement request, that it is in compliance with all of the Commission's Lifeline rules and, to the extent required, has obtained valid certification and re-certification forms from each of the subscribers for whom it is seeking reimbursement.³⁶ Further, the Company will comply with the Commission's requirement to use a first day of the month uniform snapshot date to request reimbursement from USAC for the

³³ See 2012 Lifeline Reform Order ¶ 275; 47 C.F.R. § 54.405(c).

³⁴ See 2012 Lifeline Reform Order ¶ 275; 47 C.F.R. § 54.405(c).

³⁵ See 2012 Lifeline Reform Order ¶ 275; 47 C.F.R. § 54.405(c).

³⁶ See 2012 Lifeline Reform Order ¶ 128; 47 C.F.R. § 54.407(d).

provision of Lifeline support.³⁷ In addition, the Company will keep accurate records as directed by USAC³⁸ and as required by section 54.417 of the Commission's rules.

H. Annual Company Certifications

The Company submits an annual FCC Form 481 filing to the Commission by July 1st of each year, providing the Company's business and affiliate information, terms and conditions of any voice telephony plans offered to Lifeline subscribers, and all other required information and certifications.³⁹ The Company also submits an annual Form 555 filing to the Commission certifying, under penalty of perjury, that the Company: (1) has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services; (2) that the Company is in compliance with all federal Lifeline certification procedures; and (3) that the Company is in compliance with the minimum service levels set forth in 47 C.F.R. §54.408.⁴⁰ The Company provides the results of re-certification efforts, performed pursuant to section 54.410(f) of the Commission's rules, as amended, annually by January 31st, for re-certification efforts of the previous year.⁴¹

³⁷ See 47 C.F.R. § 54.407(a).

³⁸ See 47 C.F.R. § 54.407(e).

³⁹ See 47 C.F.R. § 54.422.

⁴⁰ See 47 C.F.R. § 54.416(a).

⁴¹ See 47 C.F.R. § 54.416(b).

II. Description of Lifeline Service Offerings⁴²

TerraCom will offer its Lifeline service in the service areas in the states where it is designated as an ETC and throughout the coverage area of its respective underlying provider(s), currently T-Mobile. TerraCom's Lifeline-supported services will meet or exceed the minimum service standards set forth in 47 C.F.R. § 54.408.

TerraCom's current wireless Lifeline offering based upon minimum service standards effective December 1, 2022 consists of the following plan option(s):

Kansas

KS Voice Base Plan 1840 MOU: This plan includes 1,840 voice minutes and 1,000 SMS text along with 1 MB data each month, at no cost after application of Lifeline support. Unused minutes and data do not roll over.

KS Broadband Base Plan 920 MOU and 4.5GB: This plan includes 920 voice minutes, 1,000 SMS text, and 4.5GB of data each month, at no cost after application of Lifeline support. Unused minutes and data do not roll over. This plan is only available to subscribers with data capable handsets.

Nebraska

NE Voice Base Plan 1350 MOU: This plan includes 1,350 voice minutes and 1,000 SMS text along with 1 MB data each month, at no cost after application of Lifeline support. Unused minutes and data do not roll over.

NE Broadband Base Plan 690 MOU and 4.5GB: This plan includes 690 voice minutes, 1,000 SMS text, and 4.5GB of data each month, at no cost after application of Lifeline support. Unused minutes and data do not roll over. This plan is only available to subscribers with data capable handsets.

All Other States

Tribal Broadband Base Plan 2,000 MOU and 4.5GB: This plan includes 2,000 voice minutes of local calling and 1,000 SMS text messaging plus 4.5GB of data each month, at no cost after application of Lifeline support. Unused minutes and data do not roll over. This plan is only available to residents of federally recognized tribal lands.

⁴² See Compliance Plan Public Notice at 3.

Non-Tribal Voice Base Plan 1000 MOU: This plan includes 1000 voice minutes and 1,000 SMS text along with 1 MB data each month, at no cost after application of Lifeline support. Unused minutes and data do not roll over.

Non-Tribal Broadband Base Plan 500 MOU and 4.5GB: This plan includes 1,000 voice minutes, 1,000 SMS text, and 4.5GB of data each month, at no cost after application of Lifeline support. Unused minutes and data do not roll over. This plan is only available to subscribers with data capable handsets.

In addition to allotments of voice, text and broadband services, TerraCom's current wireless Lifeline offering includes a free SIM card and access to custom calling features at no charge, including Caller ID, Call Waiting, and Voicemail. All wireless Lifeline plans include domestic long-distance at no extra per minute charge. Calls to 911 emergency services are always free, regardless of service activation or availability of minutes. Lifeline customers can purchase additional minutes or data through customer service, the Company's website, Point of Sale locations, and through IVR. Additional information regarding the Company's wireless Lifeline plans, rates and services can be found on its website (<https://www.terracomwireless.com/>).

III. Demonstration of Financial and Technical Capabilities and Certifications Required for ETC Designation⁴³

Financial and Technical Capabilities. Section 54.202(a)(4)⁴⁴ requires carriers petitioning for ETC designation to demonstrate financial and technical capability to comply with the Commission's Lifeline service requirements,⁴⁵ and the Compliance Plan Public Notice requires that carriers' compliance plan include this demonstration. Among the factors the Commission

⁴³ See Compliance Plan Public Notice at 3.

⁴⁴ See 47 C.F.R. § 54.202(a)(4).

⁴⁵ See 2012 Lifeline Reform Order ¶¶ 387-388 (revising Commission rule 54.202(a)(4)).

will consider are the following: a carrier's prior offering of service to non-Lifeline subscribers, the length of time the carrier has been in business, whether the carrier relies exclusively on Lifeline reimbursement to operate; whether the carrier receives revenues from other sources and whether the carrier has been the subject of an enforcement action or ETC revocation proceeding in any state.

Pursuant to the terms of an Agreement by and among TerraCom, Inc., an Oklahoma corporation; Global Reconnect, LLC, a Delaware limited liability company (hereafter the "Seller"); and Maxsip Telecom Corporation, a New York corporation (hereinafter the "Buyer" or "Maxsip"), Buyer will purchase one hundred percent (100%) of the issued and outstanding common stock of TerraCom including its wholly owned subsidiary, YourTel America, Inc. (the "Transaction"). In step one of the Transaction, MaxSip is acquiring forty nine percent (49%) of the issued and outstanding common stock of TerraCom; step two of the Transaction is the purchase of the remaining fifty-one percent (51%) of the stock of TerraCom upon obtaining any required regulatory approvals for the Transaction, including this 5th Revised Compliance Plan.

Maxsip was incorporated in 2008 and then commenced offering competitive local exchange and resold long distance service. On August 28, 2008, the FCC International Bureau granted Maxsip Section 214 international authority to provide facilities-based service in accordance with section 63.18(e)(1) of the Commission's rules, and also to provide resale service in accordance with section 63.18(e)(2) of the Commission's rules. Maxsip's principal offices are located at 708 Central Avenue, Woodmere, New York 11598. Maxsip has established considerable financial resources that will be available, as needed, to support TerraCom in its operations and continuing growth. Maxsip is wholly owned by Israel Max, a United States citizen and resident of the State of New York. Maxsip provides competitive local exchange

services in New Jersey and New York, as well as landline Lifeline services in New York. Maxsip is authorized to provide commercial mobile radio services throughout the United States and Puerto, is authorized to provide VoIP services throughout the United States except Arizona in which it is pending approval, and has been authorized to provide services by the FCC and USAC under the Affordable Connectivity Program (“ACP”) (and previously the Emergency Broadband Benefit “EBB” program) in said jurisdictions. Maxsip does not have foreign ownership and, like TerraCom, is not a foreign carrier or affiliated with foreign carriers in any market.

Maxsip brings to TerraCom not only financial stability, but also managerial and technical resources available to Maxsip which has been providing telecommunications service since 2008 including wireline Lifeline service, and wireless service under the EBB and ACP. Maxsip receives revenue from a number of sources which are independent from the revenue it receives in the form of Lifeline reimbursements, such as non-Lifeline wireless income from the sale of prepaid wireless services to non-Lifeline consumers as well as the sale of replenishment airtime minutes and data to Lifeline consumers, the sale of various other ancillary services, and CLEC and VoIP services. Maxsip will similarly move forward with TerraCom operations such that TerraCom provides non-Lifeline services wholly separate from and/or complementary to its Lifeline services. TerraCom has provided non-Lifeline telecommunications services since 2004 and will continue to do so after the closing of the Transaction. Consequently, TerraCom never has and will not be relying exclusively on Lifeline reimbursement for its operating revenues. Maxsip has not been subject to enforcement sanctions related to the Low Income Fund or ETC revocation proceedings in any state.⁴⁶

⁴⁶ Neither has TerraCom been subject to any ETC revocation proceedings. TerraCom has resolved all Commission enforcement proceedings. *In Re TerraCom, Inc., and YourTel America,*

With respect to technical expertise, both TerraCom and Maxsip have considerable experience complying with the requirements of the federal Lifeline program as well as the ACP. In addition, key members of TerraCom's current operations team will remain with the Company post-Transaction, continuing to work on day-to-day operations. As a result, the Transaction will bring together TerraCom's current valued personnel, and the full strength of Maxsip's proven telecommunications capabilities and business expertise, particularly with respect to compliance and marketing in the low-income consumer sector. As a result, Maxsip's ownership will enable TerraCom to achieve measurable growth at the same time as it develops improved operating efficiencies, both necessary components for the Company to thrive. In addition, the Transaction will not result in any loss or impairment of service for any customer, and customers will continue to receive their existing services at the same or better rates, terms, and conditions currently in effect.

Service Requirements Applicable to the Company's Support. The Compliance Plan Public Notice requires carriers to include "certifications required under newly amended section 54.202 of the Commission's rules."⁴⁷ TerraCom certifies that it will comply with the service requirements applicable to the support the Company receives.⁴⁸ TerraCom's Lifeline supported voice services will meet the minimum service standards set forth in 47 C.F.R. § 54.408. TerraCom's Lifeline supported broadband services will meet the minimum service standards set forth in 47 C.F.R. § 54.408 for mobile broadband internet access services, including for service speed and data usage allowance, as such standards are updated on an annual basis. To the extent

Inc. File Nos.: EB-TCD-13- 00009175, EB-IHD-13-00010677, Order, 30 FCC Rcd 7,075 (EB rel. July 9, 2015).

⁴⁷ Compliance Plan Public Notice at 3.

⁴⁸ See 47 C.F.R. § 54.202(a)(1).

TerraCom provides devices for use with Lifeline-supported broadband service, such devices will meet the equipment requirements set forth in 47 C.F.R. § 54.408(f), and TerraCom will not impose an additional or separate tethering charge for mobile data usage below the minimum standard.

The Company provides all of the telecommunications services supported by the Lifeline program and will make the services available to all qualified consumers throughout the states in which it is designated as an ETC. The Company's services include broadband Internet access service ("BIAS") as well as voice telephony services that provide voice grade access to the public switched network or its functional equivalent. Further, the Company's wireless service offerings included in Section II *supra* provide its customers with a set number of minutes of use at no additional charge to the customer beyond the monthly plan rate, and can be used for local and domestic toll service.

The Company also will provide access to emergency services provided by local government or public safety officials, including 911 and E911 where available, and will comply with any Commission requirements regarding E911-compliant handsets. As discussed above, the Company will comply with the Commission's applicable forbearance grant conditions relating to the provision of 911 and E911 services and handsets (when applicable).

Finally, TerraCom will not provide toll limitation service ("TLS"), which allows low-income consumers to avoid unexpected toll charges. However, since TerraCom is a prepaid service provider, customers cannot be disconnected for failure to pay toll charges and they are unable to exceed their preset minutes without purchasing more in advance. The Company, like most wireless carriers, does not differentiate domestic long-distance toll usage from local usage

and all usage is paid for in advance. Pursuant to the 2012 Lifeline Reform Order, subscribers to such services are not considered to have voluntarily elected to receive TLS.⁴⁹

IV. Conclusion

TerraCom submits that its 5th Revised Compliance Plan fully satisfies the conditions set forth in the Commission's 2012 Lifeline Reform Order, the Compliance Plan Public Notice and the Lifeline rules. Timely approval of this 5th Revised Compliance Plan is essential to allow TerraCom to consummate the ownership change as described herein and demonstrably strengthen the Company's operating capabilities to the direct benefit of its Lifeline customers. Accordingly, the Company respectfully requests that the Commission expeditiously approve the revisions to its Compliance Plan.

Respectfully submitted,

/s/ Lance J.M. Steinhart

Lance J.M. Steinhart
Managing Attorney
Lance J.M. Steinhart, P.C.
1725 Windward Concourse, Suite 150
Alpharetta, Georgia 30005
(770) 232-9200 (Phone)
(770) 232-9208 (Fax)
E-Mail: lsteinhart@telecomcounsel.com

Legal and Regulatory Counsel

March 1, 2023

⁴⁹ See 2012 Lifeline Reform Order ¶ 230.