

**Telrite Corporation d/b/a Life Wireless  
Docket TC13-022**

**Responses to PUC Staff Information Request (#1)**

**April 17, 2013**

1-1) Is the intent of this petition only to receive ETC designation in non-rural areas? The map and rate center listing provided with the petition indicate that it is Telrite's intent to cover both rural and non-rural areas of SD, including tribal lands. However, the petition states Telrite seeks designation in non-rural areas, excluding tribal lands.

Response: Telrite seeks ETC approval in non-rural and non-tribal lands

1-2) What is the process Telrite uses for recertifying Lifeline users once each year? Should an active service user not respond to the annual recertification, how does Telrite reach the customer to inform them that their bill will increase should they continue to use Telrite's services?

Response: Telrite d/b/a Life Wireless utilizes three methods in its recertification process: (1) a call to Customer Service/IVR (inbound and outbound calls), (2) text message notification, and (3) U.S. mail.

Inbound Process:

All incoming calls to Customer Service are fair game for recertification, including calls to purchase more minutes. At any point during the customer service call, the customer can be recertified by a live agent or directed to an IVR for recertification. Once the end user's identity is verified, the recertification questions are asked and their responses recorded.

Outreach Process:

1. End users are sent a text message with instructions to call the IVR/Customer Service. The process of texting end users with usage in the previous month continues until December. This limits costs to only those end users with usage and not those disconnected each month for 60 day non-usage. The text message details the certification requirements and encourages the end user to recertify at their choosing; it does not require the end user to begin the recertification process.
2. On November 1<sup>st</sup>, a mailer (see attached example – Exhibit 1-2) is sent to each active end user who has not yet recertified. This mailer details the

technology and services to respond to emergency situations and restore services and/or prevent service from being interrupted. We have requested and will submit documentation from AT&T to this effect.

1-6) In paragraph 41, Telrite states it will offer a “unique” wireless service. Please elaborate on how Telrite’s wireless services are “unique” compared to similar services offered by Telrite’s competitors.

Response: Telrite's service is unique as it operates on the nation's largest GSM network. This distinct difference in technology allows Telrite to offer a broader choice of handsets and monthly calling plans, otherwise not available from traditional CDMA providers.

1-7) In paragraph 42 Telrite identifies that it will “publicize the availability of the Lifeline service in a manner reasonably designed to reach those likely to qualify for those services.” What percent of Telrite’s revenues are spent on advertising and, more specifically, how much of Telrite’s advertising budget is spent on targeting low-income Lifeline users?

Response: Telrite's advertising is different as it utilizes a “feet on the street” approach going directly into the communities most in need. Telrite also runs public service announcements throughout its service area outlining the Lifeline program and its policies. Telrite's public service announcements will be aired thousands of times throughout its service area. The public service announcements can be viewed here:

<http://youtu.be/7xOCEZvTv9o>  
<http://youtu.be/CwO5p-RgVhE>  
<http://youtu.be/jXVxbh6Y1dE>

1-8) The terms and conditions limit the amount of damages a customer can recover should Telrite be found at fault for a wrong-doing. As written, how are the terms and conditions in the interest of the public?

Response: The terms and conditions contain standard limitation of liability and arbitration provisions that are in the public interest because they promote prompt and speedy resolution through binding arbitration by a neutral arbitrator, addressing the unique facts and issues with respect to each individual consumer complaint, versus a class action or other such mass litigation. With respect to the limitation of liability, the terms and conditions provide that Life Wireless will not be liable

for lack of coverage, etc. due to factors beyond its control. With respect to the arbitration provisions, for claims of less than \$75,000 Life Wireless will pay the full cost of the arbitration, which, in such cases, qualify for “fast track” resolution by the arbitrator. The terms and conditions do not expressly limit the amount of damages (they actually note that an arbitrator has the ability to award the same damages and relief as a court can), but they do provide for damages sought in excess of \$75,000 to be pursued through the AAA’s rules, which for those types of claims typically involve “regular track” resolution as opposed to “fast track” resolution. For these reasons, the terms and conditions are consistent with the public interest and with interests of judicial economy in general.

1-9) In paragraph 56, Telrite identifies it will make contributions to the USF based on the portion of its revenues that are determined to be interstate. What percent of Telrite’s revenues result from interstate traffic? How does Telrite determine that revenues resulted from interstate traffic?

Response: Interstate is determined by the originating customer’s phone number and the terminating customer’s phone number. If both are in the same state then that call is considered IntraState. If both States do not match then is the call is considered Interstate. FCC subscriber line charges and fees are 100% interstate as they originate from the FCC.

1-10) In paragraph 59, Telrite claims that their Lifeline program “will enable thousands of residents to obtain wireless service which would otherwise be unavailable to them.” This statement indicates that Telrite performed a strategic marketing analysis on the South Dakota low-income telecom consumer market. Please provide a copy of the analysis that demonstrates thousands of South Dakota residents will obtain Lifeline services, and thus benefit from those services, as a result of Telrite being granted an ETC.

Response: Telrite used publicly available data from the Universal Service Administration Company to analyze the South Dakota Lifeline market. USAC estimates that as of 2010 (the most recent data) South Dakota has an estimated take rate of 10% - 20%. See <http://www.usac.org/li/about/getting-started/participation-rate.aspx>

1-11) A Missouri news story uncovered subscribers obtaining multiple Lifeline cell phones from Life Wireless with little or no verification. How has this problem been remedied to prevent fraud and duplication?

Response: Since December of 2011 Life Wireless has restructured compliance and filed operations. Many policies, procedures and enforcement methods are utilized to prevent, detect, and eliminate waste, fraud, and abuse.

All prospective representatives must sign conduct agreements and be fingerprinted and photographed. Every representative must pass a rigorous onboarding process which includes an independent background check and mandatory in-person training.

Company compliance, information technology, customer service, and field staff monitor real-time activity of all credentialed field representatives. Each representative is assigned a unique log-in and must check-in with location address prior to taking order. Company staff conducts hundreds of audits a month of representatives including:

- On-site field audits
- Secret-shopping
- Quality service customer calls to verify eligibility and order accuracy
- Daily site photo audits
- Systematic data analysis of near-time enrollment data

The Life Wireless order process for prospective Lifeline customers includes a multi-step process to verify identity and eligibility. Life Wireless representatives are not allowed to enter customers into the Lifeline program by any other method. Following are examples of Life Wireless' commitment to compliance within the order process:

- Participation in the voluntary ETC duplicate database
- Lexis/Nexis dip for social security and date of birth verification
- Melissa Data address validation
- System prevention of data entry patterns via complex algorithms and compliance alerts.

1-12) Does Telrite require photo identification to determine qualification?

Response: Telrite requires a photo ID issued by a United States Federal, State, or Tribal government entity to enroll in its Lifeline service.

1-13) How are distributors of these phones compensated? For example, do distributors receive a commission for each Lifeline customer they obtain?

Response: Distributors receive a one-time commission for each eligible customer that they enroll in the Lifeline program.

1-14) Is there an activation fee for Telrite's services that are eligible for Lifeline funding?

Response: Telrite does not charge an activation fee for Lifeline-eligible customers.

1-15) What is Telrite's cost of providing wireless service to a single Lifeline subscriber and how will the \$9.25 received from the USF be fully passed through to the consumer?

Response: Telrite offers a 9.25 Lifeline credit plus a 3.50 company credit off its monthly 12.50 plan, thus ensuring all USF is passed on to the consumer.