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May 22, 2013

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VIA E-FILING

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Ave.
Pierre, SD 57501

**Re: Docket No. TC13-036
Application of Sage Telecom Communications, LLC
Response to Staff Information Request No. 1**

Dear Ms. Van Gerpen:

On behalf of Sage Telecom Communications, LLC (“Sage LLC”), and pursuant to Staff’s May 10, 2013 Information Request No.1, the company provides the following information to supplement its application filed in the above-referenced docket:

Q1-1: Please provide more detail on the NMTC program and how that will enable Sage Telecom LLC to further expand telecommunications service in low-income communities.

Response: *One of the primary requirements for NMTC program awardees is to expand services to disadvantaged population groups. Companies that serve low-income communities can encounter difficulties in obtaining loans and attracting investors*

due to the perceived low returns on investment and /or revenues associated with serving this demographic. As a result of the tax credits awarded by the NMTC program, Sage LLC is able to attract capital from entities seeking favorable tax treatment for their investments afforded by these tax credits. This, in turn, provides Sage LLC with access to financial resources that it might not otherwise have in order to expand service to low-income communities.

Q1-2: Sage Telecom LLC's registered agent listed in a Secretary of State database has a different address than the one provided in the application. Please identify which address is correct for the registered agent.

Response: *The correct address is the one listed in the Secretary of State's database. Specifically, the address for Sage LLC's registered agent is as follows:*

*National Registered Agents, Inc.
319 S. Coteau Street
Pierre, SD 57501*

Q1-3: Provide confirmation that Sage Telecom LLC will comply with the surety bond and rural safeguard requirements as ordered by the Commission for Sage Telecom Inc.'s COA.

Response: *Sage LLC will comply with the surety bond and rural safeguards requirements as ordered by the Commission for Sage Telecom Inc.'s COA.*

Q1-4: Exhibit C only included the balance sheet for TSC. If available, please submit an income statement and cash flow statement as well. Audited financial statements are preferred.

Response: *An unaudited income statement is available for TSC, which is being submitted herewith as Annex 1. The information contained in that exhibit is proprietary and confidential. Accordingly, it is being submitted separately under seal.*

Q1-5: Are any financial statements available for Sage Telecom Inc.? If so, please submit them.

Response: *Attached as Annex 2 is the most recent financial statements for Sage Telecom Inc. ("Sage Inc."). The information contained in that exhibit is proprietary and confidential. Accordingly, it is being submitted separately under seal.*

Q1-6: In the application, it is stated that Sage Telecom LLC will market its services to business and residential customers through direct mail. However, the application also states that no brochures or other materials are used in marketing services in South Dakota. How can Sage Telecom LLC execute direct mail marketing without brochures, flyers, or other materials?

Response: *Sage Inc. does not have brochures or other materials used in marketing service in South Dakota because it does not currently offer services in the state. However, when Sage LLC begins to offer service in South Dakota, Sage LLC will use the same brochures, flyers, or other materials used in other states.*

Q1-7: Has Sage Telecom Inc. received any service quality complaints, slamming complaints, or complaints of any other nature while operating in South Dakota? If so, please describe the complaint type and provide a brief description of how the company resolved the issue.

Response: *Sage Inc. has not received any service quality complaints, slamming complaints, or complaints of any other nature while operating in South Dakota.*

Q1-8: List all cases in which the applicant, applicant's affiliates, or applicant's principals were a party to for civil, criminal, or administrative action in connection with the provisioning of telecommunication services in any jurisdiction.

Response: *As described in Exhibit E to the Application, Applicant and its affiliates, have received complaints from customers that are typical for carriers that provide a wide array of services to a broad and diverse customer base, and they have all been satisfactorily resolved. Below is a list of cases before a state or federal agency regarding actions in connection with the provision of telecommunications services.*

For Telscape:

Federal

- 1. On November 16, 2010 Telscape received informal complaint number 10-C00251275-1 from the FCC, Consumer Complaints Division, regarding disputed toll calls on the customer bill invoice, for a California customer. Although Telscape maintained that the toll calls at issue were correct, Telscape made a full adjustment to satisfy the customer and resolve the complaint.*
- 2. On May 5, 2010 Telscape received informal complaint number 10-C00212374-1 from the FCC, Consumer Complaints Division, regarding a California customer but the consumer submitted the complaint on an incorrect format to the Commission, therefore Telscape was not able to respond. There was no further contact.*
- 3. On April 7, 2010 Telscape received informal complaint number 10-C00206709-1 from the FCC, Consumer Complaints Division, regarding disputed charges and toll calls on the customer bill invoice for a California customer. The customer was also upset that service was terminated for non-*

payment. Telscape maintained that the toll calls at issue were correct and that termination of service for non-payment was in accordance with its tariffed terms and conditions of service. The complaint was closed and no further contact received.

- 4. On March 10, 2010 Telscape received informal complaint number 09-C00170244-1 from the FCC, Consumer Complaints Division, regarding disputed charges on a California customer's bill stemming from the prior telephone carrier. The consumer signed up for service with a new telephone number and failed to advise the previous carrier to cancel service. Telscape advised that all customer charges it assessed were for active service with Telscape and that it was not able to contact the prior carrier regarding outstanding balances. The complaint was closed and no further contact was received.*
- 5. On March 17, 2010 Telscape received informal complaint number 10-C00190447-1 from the FCC, Consumer Complaints Division, regarding disputed charges on the customer bill invoice for a California customer. The customer had signed up for Telscape high speed internet services but immediately cancelled service shortly thereafter but a modem had already been shipped to the customer. Telscape maintained that the shipping of the modem was an automated process but made a full adjustment to satisfy the customer and resolve the complaint.*
- 6. On January 27, 2010 Telscape received informal complaint number 09-C00182762-1 from the FCC, Consumer Complaints Division, regarding disputed charges on the customer bill invoice for a California customer. After investigating, it was discovered that the customer had started service with a new service provider and with a new telephone number but failed to contact Telscape to cancel service; as such, monthly access charges were still being assessed. Telscape made a full adjustment to satisfy the customer and resolve the complaint.*
- 7. On March 11, 2009 Telscape received informal complaint number 09-C00090916-1 from the FCC, Consumer Complaints Division, regarding a complaint from California customer about switching service from Telscape to another provider. After investigating Telscape maintained that it does not determine the port dates but rather receives the date from the new carrier and acts accordingly. The customer telephone was released by Telscape to the new carrier, the complaint was closed and no further contact was received.*
- 8. On November 12, 2008 Telscape received informal complaint number 08-C00064423-1 from the FCC, Consumer Complaints Division, regarding a complaint from a California customer who was upset that service was not ported from losing carrier to Telscape quicker and wanted losing carrier to honor the Telscape international rates. Telscape maintained that it had to*

State

1. *On May 12, 2008 Telscape received citation forfeiture no.: 134, formal complaint number 07-06-3986 from the California Public Utilities Commission (“CAPUC”), Consumer Affairs Branch, wherein Telscape received a formal citation and was assessed a fine for failure to provide a valid third party verification evidencing the customer authorization and acceptance of Telscape service. Telscape paid the fine.*
2. *On September 10, 2007 Telscape received citation forfeiture no.: 133, formal complaint number 07-06-7232 from the CAPUC, Consumer Affairs Branch, wherein Telscape received a formal citation and was assessed a fine for failure to provide a valid third party verification evidencing the customer authorization and acceptance of Telscape service. Telscape paid the fine.*
3. *On May 24, 2007 Telscape received citation forfeiture no.: 128, formal complaint number 07-04-1706 from the CAPUC, Consumer Affairs Branch, wherein Telscape received a formal citation and was assessed a fine for failure to provide a valid third party verification evidencing the customer authorization and acceptance of Telscape service. Telscape paid the fine.*
4. *On April 27, 2007 Telscape received citation forfeiture no.: 127, formal complaint number 07-03-4130 from the CAPUC, Consumer Affairs Branch, wherein Telscape received a formal citation and was assessed a fine for failure to provide a valid third party verification evidencing the customer authorization and acceptance of Telscape service. Telscape paid the fine.*

After receipt of these citations, Telscape conducted retraining of sales agents and implemented more stringent third party verification procedures.

For Sage Inc.:

1. *On September 26, 2006, Sage Inc. entered into an Assurance of Voluntary Compliance (“AVC”) with the Indiana Attorney General regarding allegations over violations of the do not call rules. Sage did not admit liability but did agree to pay a civil penalty of \$22,000 within 15 days of signing the AVC. Sage Inc. also agreed to certain monitoring and compliance requirements such as providing, upon request, an electronic and paper record of all Telephone Sales Calls made after the compliance date to the date of the request and cooperating with the Attorney General in the investigation and resolution of any and all future violations.*

Q1-9: Will existing interconnection agreements or other wholesale agreements Sage Telecom Inc. has with other companies transfer to Sage Telecom LLC? Does Sage Telecom LLC have confirmation that the agreements will transfer?

Response: *Yes, the existing interconnections that Sage Inc. has with its underlying carriers will transfer to Sage LLC. Sage Inc. has contacted its underlying carriers regarding the assignment of the agreements to Sage LLC, and they have confirmed that the agreements will transfer.*

Q1-10: Explain the internal controls (policies, procedures, or processes) Sage Telecom LLC has in place for preventing slamming.

Response: *Sage Inc. reviews its internal slamming policies and procedures with personnel during the compliance review that is conducted annually with all employees. The compliance review involves the explanation of the definition of slamming, state and federal laws surrounding slamming, and the consequences for non-compliance. The slamming policy is also reviewed during initial training with each employee, and is a part of the internal quality review process. Sage LLC will continue with Sage Inc.'s current slamming prevention training going forward.*

* * *

If you have any further questions, please do not hesitate to contact me.

Respectfully submitted,

/s/ Paul J. Feldman

Paul J. Feldman

Counsel for Sage Telecom Communications, LLC

cc: Tony Lee, Esq.
Mr. Nathan Johnson
Ms. Sherri Flatt