

Docket Number: TC14-019  
Subject Matter: Third Data Request  
Request to: Blue Jay Wireless  
Request from: South Dakota Public Utilities Commission Staff  
Date of Request: February 4, 2015  
Responses Due: March 6, 2015

Blue Jay hereby submits the following responses to Public Utilities Commission Staff's Third Data Request issued February 4, 2015.

- 1) Provide any updates to Exhibit A – List of Docket Numbers for Blue Jay Wireless, LLC, Pending and Approved Applications.

There are no updates to Exhibit A at this time.

- 2) Does the company have any updates to Exhibit B – Blue Jay Wireless, LLC FCC Compliance plan or any of its exhibits? If so, provide the updates.

The FCC Compliance Plan and its exhibits were approved by the Federal Communications Commission and Blue Jay has not filed any revisions or modifications to the compliance plan since approval.

- 3) Does the company have any updates to Exhibit C – FCC Notice, Exhibit D – Terms and Conditions, Exhibit F – Key officer Biographies, Exhibit H – South Dakota Application/Certification Form, or Exhibit I – Income Eligibility Worksheet? If so, provide any updates.

Blue Jay is providing the following updated exhibits. There are no updates to the others.

Exhibit D – Terms and Conditions

Exhibit F – Key Officer Biographies – Blue Jay is adding resumes for Melissa Slawson, General Counsel, and Lauren Moxley, Regulatory and Public Relations Manager. Blue Jay also removes the resume for Jeff Johnson, who is no longer employed at Blue Jay.

Exhibit I – Income Eligibility Worksheet

- 4) Provide an updated Exhibit G – Financial Statements for calendar year 2014.

The updated Exhibit G includes Financial Statements for calendar year 2014. Per ARSD 20:10:01:41 Blue Jay requests that this information be filed and treated as confidential. This request for confidential treatment does not expire as the financial information is considered a proprietary trade secret.

- 5) Provide additions and updates, if necessary, to the response to DR1-8.

Consistent with the response to Question 1, there are no additions or updates to Blue Jay's response to DR1-8.

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- 6) On page 10 of the application it states, "customers can select either a free wireless handset or purchase an upgraded phone such as a smartphone." What is the cost to purchase an upgraded phone? Is there an upgrade fee or just the cost of the upgraded phone?

Blue Jay does not charge a separate upgrade fee for upgrading a phone. The customer is responsible for purchasing the upgraded phone, and that specific cost depends on the type of phone the customer selects. The cost range for an upgraded phone is from \$15 to \$150.

- 7) On page 16 of the application it states, "Almost all handsets sold or provided by Blue Jay are now new and all will be new within the next few months (before Blue Jay would be providing Lifeline service in South Dakota)." Provide an update on this statement.

All handsets that Blue Jay provides at no cost to new Lifeline subscribers are new.

- 8) As a result of the bifurcation, complete 20:10:32:43.05 for the CenturyLink territory.

ARSD 20:10:32:43.05 requires a petitioner for ETC designation to demonstrate that its proposed local usage plan is comparable to one offered by the incumbent local exchange carrier ("ILEC") in the same designated service area. The determination of comparability requires a case-by-case review, taking into account value-added capabilities and services included within a service plan.

As stated in its petition, Blue Jay will offer two basic Lifeline service packages throughout its designated service area in South Dakota, except for Tribal areas within the Company's service area, where the Company will offer two plans that are only available to Tribal residents. These plans will be available in all designated territory for Blue Jay, including the CenturyLink territory. The Company's basic Lifeline programs are listed below.

**125 anytime prepaid minutes per month**, with rollover, and with text messaging assessed at a rate of one (1) minute per text message for sending and one (1) minute per text message for receiving text messages. This plan will be available throughout the Company's South Dakota service area except in Tribal areas.

**250 anytime prepaid minutes plus 250 texts per month**, without rollover. This plan will be available throughout the Company's South Dakota service area except in Tribal areas.

**Tribal Resident Lifeline 1000 Plan.** Each month the customer will receive 1,000 anytime voice minutes or 1,000 text messages at no cost. 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 will only be available to Tribal residents.

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**Tribal Resident Lifeline Unlimited Plan.** Each month the customer will receive unlimited anytime voice minutes for \$5.00 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 as minutes are unlimited. This plan will only be available to Tribal residents.

With these plans, customer service (611) and emergency (911) calls will be free, regardless of service activation or availability of minutes, and will not count against the customer's airtime. All plans will include nationwide domestic long-distance at no extra per-minute charge, as well as caller ID, voice mail, call waiting and three-way calling. **Therefore, Blue Jay's usage plan is different from, but comparable to, one offered by the ILEC in the same designated service area.**

- 9) In regards to data plans offered by Blue Jay and data usage:
- a) Are all data service provided by Blue Jay provided to customers on a pre-paid basis?
  - b) What is the smallest data package offered by Blue Jay and what is the cost?
  - c) How many Blue Jay customers currently subscribe to a data plan? What is the percentage of data subscribers to total Customers?
  - d) How many Blue Jay Lifeline customers currently subscribe to a data plan? What is the percentage of Lifeline data subscribers to total Lifeline Customers?
- a) Yes, all data services are provided on a pre-paid basis.
- b) The smallest pre-paid data package offered by Blue Jay is 50 MB for \$5.00.
- c) Since its services are pre-paid, Blue Jay does not have any customers that subscribe to a data plan. However, in 2014, approximately 30 Blue Jay customers purchased at least one data top-up. This figure includes data top up purchases by Lifeline and non-Lifeline customers. Blue Jay estimates that approximately 1 percent of its subscriber base, Lifeline and non-Lifeline, have purchased at least one data top-up.
- d) See Blue Jay's response to c) above.
- 10) On a percentage basis, how many airtime minutes were used for sending or receiving a text versus making or receiving a voice call for all Blue Jay Customers in 2014? For Blue Jay Lifeline customers in 2014?

Across Blue Jay's entire customer base in 2014, Lifeline and non-Lifeline, 58.57 percent of minutes were used for making or receiving a voice call and 41.43 percent were used for sending or receiving a text message.

- 11) Of Blue Jay's revenues, provide the percentage of the revenues generated by Tribal Lifeline, other Lifeline, and all other services.

The revenue segments have been provided in Attachment 1.

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12) Are any Blue Jay employees at the corporate headquarters assigned to assist according to the last paragraph on page 22 of the application paid on a commission basis?

No, all employees at the corporate headquarters are paid on an hourly or salary basis.

13) Describe the training, in detail, that Blue Jay employees and sales agents obtain prior to selling phones and phone plans. Will there be videos, classes, 1 on 1 training, tests, etc.?

Prior to completing enrollments for Blue Jay, all potential sales representatives, (includes employees and agents (Master Agents and Sub Agents)) must successfully complete Blue Jay's training and onboarding process, beginning with a three hour training course conducted by a Blue Jay manager. The training course is mandatory and attendance is recorded at each session. Following the class, all new hires, including Master Agents, Regional Managers, and Sub-Agents, are required to complete an online test known as the Completion of Blue Jay Agent Training ("CBAT") Test. The test consists of 50 randomly generated multiple choice and true or false questions covering Lifeline Program history and facts, compliance policies, Blue Jay facts and code of conduct, and Lifeline eligibility requirements. Each trainee must score a 92 percent or higher to receive their Agent Code and CGM electronic Lifeline application log-in information. If a trainee scores between a 70 percent and 91 percent, they may retake the test. A trainee is permitted three attempts to pass the test, after which he or she must re-attend training. If a trainee scores a 69 percent or lower, he or she must re-attend training. Additionally, all sales representatives are required to complete and pass a recertification test ("CBAR") every 6 months while he or she is active as a sales representative for Blue Jay. A sales representative may be asked to re-attend training at any given time should a Blue Jay employee underwriter working in the real time review queue find too many occurrences of mistakes made on submitted enrollment applications or a pattern of such mistakes that indicate an area of misunderstanding.

Internal auditors must complete a similar training regimen prior to being granted the ability to review enrollment orders. Prior to reviewing and approving or denying enrollments for Blue Jay, all potential auditors must successfully complete Blue Jay's training and onboarding process course conducted in-person at Blue Jay's corporate location by the Blue Jay Compliance Training Manager. The training is broken up into three modules: Basics of Lifeline, Lifeline Compliance Standards, and Approving and Denying Orders Using the CGM Application. Once the training courses have been completed successfully by the candidate, the auditor trainee must then "shadow" a Blue Jay auditor for no fewer than 2 days. Finally, the trainee will then review orders themselves, while either an auditor or the Compliance Training Manager observes and answers questions. Once complete, the new auditor will be granted access to the CGM electronic Lifeline enrollment application and may begin reviewing enrollment orders. All enrollment orders approved by the new auditor will be closely monitored until that auditor has demonstrated that they understand all compliance standards and are consistent in their review of orders. In addition to the auditor's initial onboarding

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and training, the Compliance Training Manager conducts weekly trainings or “refresher” courses to ensure that compliance standards remain at the forefront of all enrollment order reviews.

Blue Jay is currently in the process of implementing a new training tool that will be used to interactively train new hires on a web-based platform. The training will continue to be administered in-person, at Blue Jay’s corporate location, by the Compliance Training Manager so that new hires have the ability to ask questions. Following completion of the training courses and shadowing of another auditor, the trainee must complete an online test consisting of randomly generated multiple choice and true or false questions covering Lifeline Program history and facts, compliance policies, Blue Jay facts and code of conduct, and Lifeline eligibility requirements. The trainee must score a 94 percent or higher before moving forward in the training course.

In addition to Blue Jay’s initial comprehensive training program, compliance standards are continuously communicated to the auditors through mandatory ongoing training sessions and “refresher” courses administered by the Compliance Training Manager. Further, auditing of enrollment orders is ongoing. Should the Blue Jay Compliance Analyst identify issues of concern, action is taken immediately. Depending on the severity of the issue, one of the following may occur: the auditor must re-attend training, the auditor must re-take the Compliance Test before continuing to review orders, or the auditor may be suspended or terminated.