

Docket Number: TC14-019

TO: South Dakota Public Utilities Commission Staff

FROM: Blue Jay Wireless

RE: Second Data Request

DATE: September 5, 2014

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Blue Jay Wireless ("Blue Jay") hereby submits the following responses to Public Utilities Commission Staff's Second Data Request issued August 6, 2014.

2-1) *In regards to the response to DR1-5, does a customer have to use a minute of service or one of its allotted text messages in order to get their minute balance alert sent to them at 60 and 10 minute warning, and are they charged their allotted minutes if they use of the 800 number to get their remaining balance?*

**Response:** No, customers will not be charged and/or consume one of their allotted text messages or plan minute(s) in order to receive their minute balance alerts sent to them at the 60 and 10 minute warning. Customers are also able to dial 611 from their Lifeline handset or the company's 800 number customer service number and receive balance information free of charge without using any allotted plan minutes.

2-2) *In response to DR1-7 Blue Jay only supplied 9 of the 10 storefronts. Provide the other storefront location.*

**Response:** In response to DR1-7, Blue Jay identified potential storefront locations at the time. Blue Jay was able to identify 9 potential locations for Blue Jay storefronts in South Dakota. The 10<sup>th</sup> potential location initially identified appears to be situated outside Blue Jay's proposed service area. Blue Jay is continuing to move forward on the 9 locations identified and search for and vet additional viable storefront locations in the state.

2-3) *In regards to the response to DR1-7, Blue Jay said there could be a kiosk located in its storefronts listed in the response. Explain how the kiosk would work. Would there be an employee at the kiosk at all times? If not, how will the Lifeline information requirements be verified? How will Lifeline phones be issued?*

**Response:** As discussed in DR 1-7, the kiosk would be placed in locations where Blue Jay has an existing relationship with the channel partner retailer. The kiosk would be branded as Blue Jay and be staffed by a Blue Jay representative to facilitate new orders. The representative may be a Blue Jay employee or often is a channel partner employee that is a trained and tested Blue Jay field representative who is responsible for the kiosk

operations. The employee will have an Ipad, or similar device, that is connected to CGM's application to facilitate enrollments. All applications for Lifeline discounts would be sent to Blue Jay's home office in Addison, Texas. Blue Jay employees at the home office would review each Lifeline application and verify qualification information in real-time, just like Blue Jay currently does for other in-person enrollments. If a customer completes an application and qualifies for Lifeline services, handsets will be available at the kiosk location for immediate distribution. The kiosk would have set operating hours during which time it is available for enrollments.

- 2-4) *Pursuant to ARSD 20:10:32:43.01(1), will Blue Jay Provide service on a timely basis to requesting customers within the applicant's proposed designated service area where the applicant's network already passes the potential customer's premises?*

**Response:** Yes, Blue Jay commits to providing service to all customers that qualify for the service and reside within Blue Jay's authorized service area.

- 2-5) *Would Blue Jay like to request a waiver for ARSD 20:10:32:43.06?*

**Response:** Like most wireless carriers, Blue Jay does not differentiate domestic long distance usage from local usage and all usage is paid for in advance. Blue Jay is solely a reseller and does not have its own facilities. According, Blue Jay hereby requests a waiver of the ARSD 20:10:32:43.06 requirement for an applicant requesting ETC designation to certify that it will be able to provide equal access to long distance carriers if no other ETC is providing equal access within the service area.

- 2-6) *Explain the significant decrease in total income on page 1 of exhibit B with the response to DR1-11.*

**Response:** Blue Jay began operating as a wireless handset distributor and agent for other ETCs and then made the transition in 2012 and 2013 to becoming a wireless Lifeline ETC itself. That transition included ceasing its previous businesses and income and making the substantial investment to starting a wireless carrier and obtaining the necessary ETC designations and regulatory approvals. Blue Jay is now profitable and has significant income from its wireless Lifeline operations on a monthly basis.

- 2-7) *Explain the \$-4,120,266.61 for net income in 2013 listed on page 2 of exhibit B with the response to DR1-11.*

**Response:** As discussed in DR 2-6 above, Blue Jay has recently completed a model shift to become an independent wireless reseller and Lifeline provider. The change in business structure resulted in high start-up costs for securing the necessary licenses, marketing costs, and advance purchase of inventory, including wireless handsets. The company has

also incurred significant expenses to establish its extensive compliance procedures for the company's Lifeline services. The majority of the expenses are one-time costs related to starting a new heavily-regulated business. Blue Jay expects to receive the income from the assets accumulated, such as the wireless handset inventory and marketing initiatives, in the coming years as the company expands its retail capabilities.

2-8) *Provide the Company's balance sheet for 2013.*

**Response:** Blue Jay's Balance Sheet for 2013 through January 31, 2014 is attached as Exhibit A.