
TO: COMMISISONERS AND ADVISORS

FROM: ERIC PAULSON AND KRISTEN EDWARDS

RE: TC17-015 IN THE MATTER OF THE PETITION OF BUDGET PREPAY, INC. DBA BUDGET
MOBILE TO RELINQUISH ITS DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS
CARRIER

DATE: 5/3/17

Commission Staff (Staff) submits this Memorandum for the petition of Budget Prepay, Inc. dba Budget Mobile (Budget or the Company), to relinquish its designation as an Eligible Telecommunications Carrier (ETC) in its authorized areas.

BACKGROUND

On August 10, 2012, Budget filed a petition for designation as an eligible telecommunications carrier throughout the non-rural wire centers of South Dakota for the purpose of receiving federal low-income universal service support for prepaid wireless services, specifically Lifeline services.

On September 24, 2012, Budget was approved to begin service as an ETC in the non-rural wire centers in South Dakota as listed in Exhibit A attached to the order in docket TC12-125.

In December of 2016, Budget transferred a majority of their customers to Boomerang, per an agreement with Boomerang Wireless. Budget did retain some customers who were not part of the transfer.

On April 21, 2017, Budget filed this docket requesting the relinquishment of their ETC designation. Budget requested that the relinquishment become effective on June 5, 2017. Budget also noted that they will provide notice to customers, both written notice via US mail and by text message, informing them that Budget will cease service and they will need to see Lifeline service from different authorized provider.

OVERVIEW

State and Federal rules have been implemented laying out the framework which Staff followed to ensure Budget meets the specific requirements of relinquishing the ETC designation in South Dakota. Applicable Federal rules are 47 U.S.C. § 214(e)(4) and 47 C.F.R. § 54.205, and the South Dakota rule is ARSD 20:10:32:48.

Data Request Responses

In response to Staff's data request, Budget provided to the Commission that they currently serve 104 customers, all within the CenturyLink territory.

Also to note in the responses to Staff's data requests, the Company has agreed to move the requested relinquishment date of the ETC to be June 9, 2017.

ARSD 20:10:32:48

ARSD 20:10:32:48 provides the guidelines that Staff followed for the relinquishment of Budget's ETC in South Dakota. ARSD 20:10:32:48 reads as follows:

ARSD 20:10:32:48

Relinquishment of eligible telecommunications carrier status. A telecommunications company may relinquish its eligible telecommunications carrier designation and accompanying universal service obligations as provided for below:

(1) A telecommunications company seeking to relinquish its eligible telecommunications carrier designation shall file a petition with the commission specifying the service area for which it seeks to relinquish its designation and the identity of any other eligible telecommunications carrier serving the service area. At the time of filing, a copy of the petition shall also be provided to each local service provider serving the area for which the petitioner seeks to relinquish its eligible telecommunications carrier designation;

(2) The commission may permit a telecommunications company to relinquish its eligible telecommunications carrier designation if at least one other eligible telecommunications carrier serves the area for which the relinquishment is sought;

(3) The petitioning telecommunications company shall continue to meet its eligible telecommunications carrier obligations for the entire area for which it seeks to relinquish those obligations until the date specified in the commission's order approving the relinquishment; and

(4) Prior to permitting a telecommunications company designated as an eligible telecommunications carrier to cease providing universal service in an area served by more than one eligible telecommunications carrier, the commission shall ensure that each customer served by the relinquishing carrier continues to be served, and shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining eligible telecommunications carrier. The commission shall establish a time, not to exceed one year after the commission approves such relinquishment, within which such purchase or construction shall be completed.

ARSD 20:10:32:48(1)

This rule requires three pieces of information. 1) The company must specify the areas for service for which it seeks relinquishment, 2) identify any other ETC serving the service area, and 3) at the time of the filing, a copy of the petition shall be provided to each local service provider in the area for which the company seeks relinquishment in. For part 1, the company stated in the petition that it requests relinquishment of the specific areas as noted in Exhibit A to the application. For part 2, the Company noted that CenturyLink is still offering Lifeline services in the area. For part 3, the company provided a certificate of service listing all the companies notified of the relinquishment. It is Staff's opinion that the requirements of this rule have been met by Budget.

ARSD 20:10:32:48(2)

This rule allows the Commission to relinquish the ETC permit if at least one other ETC serves in the area where relinquishment is being requested. As noted by Budget, CenturyLink still offers Lifeline in the service territory. Staff also notes there are more companies, not just CenturyLink, offering Lifeline in the CenturyLink territory. It is Staff's opinion that the requirement of this rule has been met by Budget.

ARSD 20:10:32:48(3)

This rule requires the petitioner to continue to meet its ETC obligations for the entire area it is seeking relinquishment for until the date relinquishment is allowed. Budget confirmed in the response to data request 1-3 that they will comply with this rule and continue meet its ETC obligations until the relinquishment date. It is Staff's opinion that Budget has met the requirements of this rule.

ARSD 20:10:32:48(4)

This rule requires three parts as well. 1)The Commission shall ensure that each customer served by the relinquishing ETC continues to be served, 2)require sufficient notice to permit purchase or construction of adequate facilities by any remaining ETC, and 3)establish a time, not to exceed one year after a commission approved relinquishment, within which the purchase or construction shall be completed. For part 1 of this rule, each customer will continue to have the option to be served by an ETC in the area. CenturyLink, Midco, and Boomerang are a few potential options customers can choose to continue Lifeline offered service from. Staff does not and will not recommend any specific company for business but will provide customers with names of companies offering Lifeline in the area if a customer contacts the PUC about Lifeline service providers. For part 2 of the rule, as noted by Budget in the application, they don't believe any purchase or construction of additional facilities to continue providing the customers of Budget will be required. For part 3 of this rule, since no facilities will need to be constructed or purchased, this section would be inapplicable in this case. It is Staff's opinion that all requirements of this rule have been met as well.

Recommendation

Staff recommends that the Commission grant Budget's request for relinquishment of its designation as an eligible telecommunications carrier effective June 9, 2017.