

Docket Number: TC26-001
Subject Matter: Second Set of Data Requests
Request to: Grasshopper Group, LLC
Request from: South Dakota Public Utilities Commission Staff
Data of Request: May 27, 2026
Responses Due: June 5, 2026

Grasshopper Group, LLC (“Grasshopper” or “Applicant”), hereby responds to South Dakota Public Utilities Commission Staff’s Third Set of Data Requests. If Staff has remaining questions or concerns, Grasshopper can be available for discussion or provide additional information upon request. Grasshopper responds to Staff’s Third Set of Data Requests as follows:

General Questions

3.1 Provide a detailed explanation of the purpose of the international call advance payment.

Response: The \$500 advanced payment international calling service is only required of customers who elect to purchase international calling capabilities. As noted in more detail below, only a very small portion of Grasshopper customers enroll for this service. This is because the Grasshopper customer base frequently uses the service to engage in local calling (or calling within the continental US and Canada). As a result, Grasshopper implemented the international call advance payment to mitigate the risk of fraud. In Grasshopper’s experience, bad actors often utilize international services to engage in fraudulent calling schemes or to route high volumes of calls to or through higher cost calling areas. Requiring an advance payment can help to reduce incidents of fraudulent use, as bad actors often seek “free” service and are unwilling to invest in the advance payment to implement their schemes.

3.2 Provide a detailed explanation of how the advance payments are used.

Response: Grasshopper customers that intend to place or receive calls outside of the continental US and Canada can request international calling through their Grasshopper account portal. Upon receipt of such request, Grasshopper charges the customer credit card on file for the \$500 advance payment and activates international calling. This fee is applied to any charge the customer may incur until it is extinguished, including service payments, service add-ons, and each minute of international service the customer uses (either to place or receive international calls). These charges are applied against this advance payment until the full \$500 is used. Once the advanced payment is depleted, Grasshopper invoices additional international call charges in arrears in the month after the customer incurs the charges. If a customer cancels or otherwise terminates the Grasshopper service prior to using the full \$500 advance payment, it is Grasshopper's practice to apply the remaining balance to outstanding charges (if any) and / or refund the remaining balance to the customer, as applicable.

3.3 Provide the amount of money that is accepted in a comparable state for the advance payments.

Response: See below for the breakout of the fee by total revenue. As noted during our May 27, 2026 call, the vast majority of Grasshopper customers do not enable the international calling service. To understand the reason for this, it is important to understand the target market for Grasshopper and the business need the service fulfills. The target market for Grasshopper is primarily the very small to mid-sized business. These businesses, which often solely have a local business presence and/or operate solely within the continental US or Canada, are typically seeking an economical, entry-level business phone service that enables them to provide a professional customer experience. They rarely have a need for the international calling service. Grasshopper addresses this need by riding on top of a user's existing telephony service and infrastructure.

As an example, a common use case for the Grasshopper service is the tradesperson with an existing wireless service who desires to obtain a separate business phone number so that he or she can separate their business calls from their personal calls, while managing them both from a single mobile device. The tradesperson can obtain a Grasshopper phone number that can run as an app on top of their existing wireless service, which allows them to maintain a separate business phone number, a separate business voice mail, and more advanced features such as call routing and in-app business texting, all accessible from the user's personal phone.

This customer profile typically does not need to use the service for any international calling for a few reasons. In the vast majority of cases, most of these businesses have local or regional customers and suppliers. They often have no need to make calls to or receive calls from outside of the continental US and Canada. To the extent that a customer needs international calling service, they also have available to them their underlying dial tone-enabled telephone service which they may choose to use for that service.

Consistent with this explanation, in 2025, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

3.4 Provide the number of customers who are required to make the advance payments in a comparable state.

Response: *Please see above. In 2025, Grasshopper* [REDACTED]

[REDACTED]

[REDACTED]

3.5 What is the percentage of revenue received for advance payments compared to Grasshopper's overall revenue?

Response: *Of the \$ [REDACTED] in revenues billed for the Grasshopper service in 2025, only [REDACTED], or about [REDACTED] of total revenue, was attributable to the advanced payment initiation fee for the international calling service. The [REDACTED] considered revenue from all customers across the United States and Canada. [REDACTED] of these fees ([REDACTED]) were attributable to customers located in [REDACTED]. Although some states had no international calling service initiation fee revenue, states that did record revenue typically saw between [REDACTED] customers.*

