

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

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In the Matter of )  
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Petition of Sage Telecom Communications, LLC )  
For Designation as an Eligible )  
Telecommunications Carrier in the )  
Commonwealth of Kentucky for the Limited )  
Purpose of Offering Wireless Lifeline Service. )  
\_\_\_\_\_ )

Case No. \_\_\_\_\_

**PETITION OF SAGE TELECOM COMMUNICATIONS, LLC  
FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER IN  
THE COMMONWEALTH OF KENTUCKY FOR THE LIMITED PURPOSE OF  
OFFERING WIRELESS LIFELINE SERVICE**

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Dated December 26 2013

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**I. INTRODUCTION**

Sage Telecom Communications, LLC, (“Sage” or “Company”), by its undersigned attorneys, and pursuant to Section 214(e)(2) of the Communications Act of 1934, as amended (the “Act”),<sup>1</sup> and Sections 54.101 through 54.417 of the rules of the Federal Communications Commission (“FCC”), respectfully petitions the Kentucky Public Service Commission (“Commission”) for designation as an eligible telecommunications carrier (“ETC”) in the Commonwealth of Kentucky. Sage seeks limited ETC designation as a wireless carrier for the purpose of receiving federal and state low-income universal support (*i.e.*, Lifeline support) throughout its service area in Kentucky. The Company is not seeking high cost funding.

As further demonstrated below, Sage meets all of the statutory and regulatory requirements for ETC designation in Kentucky for the provision of Lifeline service. Customers qualifying for the Lifeline discounts offered by Sage will receive the benefits of mobility, as well

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<sup>1</sup> 47 U.S.C. § 214(e)(2).

as the high quality and innovative services provided by the company. Designating Sage as an ETC will serve the public interest and the needs of low-income customers in the state.

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In support of this petition, the following is respectfully shown:

## **II. BACKGROUND AND COMPANY OVERVIEW**

Sage is a Texas limited liability company authorized to do business in Kentucky and having its principal place of business at 10400 N. Central Expressway, Suite 700, Dallas, Texas 75231. Sage currently provides wireless mobile phone services through resale of the wireless services of Sprint, and it will also be reselling the services of Verizon Wireless, and other nationwide carriers. On May 28, 2013, Sage submitted to the Commission a letter indicating the Company's intent to provide wireless service in Kentucky and was assigned Cellular Utility ID # 4108550. Sage will register with the Kentucky Commercial Mobile Radio Services Board (the "Board") for the purpose of E911 surcharge remittance and reporting as may be required under 202 KAR 6:080.

All of Sage's wireless plans will include the following custom calling features: caller ID, 3-way calling, call waiting, and voicemail. Subscribers are not bound by a local calling area requirement, and all Sage plans come with domestic long distance at no extra per minute charge. The majority of Sage's products and plans are specially geared toward lower income communities, and its service models and pricing plans reflect this business model. For prepaid services, Sage does not require contracts from its customers, and it ensures competitive low pricing for its services and products. By providing affordable service, Sage can reach out to those who are often ignored by traditional carriers.

Sage manages and markets all aspects of the customer experience, including setting service pricing, handset selection, marketing materials, and live customer service. Sage's prepaid, budget-friendly pricing has given many low-income consumers the option of having basic mobile phone service without the burden of hidden costs, varying monthly charges, or contractual commitments. Customers are able to customize their mobile phone service to suit their needs with Sage's pay-as-you-go rechargeable mobile phone plans.

Sage's customers depend on and benefit greatly from Sage's inexpensive and flexible pricing model. Sage does not impose credit checks nor does it require a contract. In addition, most of Sage's customers turn to Sage because they cannot afford the services provided by traditional carriers. Sage affirmatively reaches out to the very low-income sector of the consumer base to offer attractive and affordable communications options. As such, Sage contributes to the expansion of wireless services for low-income consumers and intends to seek ETC designation in states and territories where it already has a presence so that it may continue to expand the service options for low-income consumers.

Sage has been designated as an ETC for wireless services in Kansas, Missouri, Texas, and Wisconsin, and has pending applications for ETC status in other states for the limited purpose of providing Lifeline service. Additional information regarding the company's qualifications is set forth below.

### **III. THE COMMISSION HAS AUTHORITY TO GRANT ETC DESIGNATION**

Section 214(e)(2) of the Act authorizes state regulatory commissions to designate ETC status for purposes of receiving federal universal service support, and provides that a state commission shall designate a common carrier as an ETC if the carrier meets the requirements of Section 214(e)(1). As demonstrated below, Sage fulfills the requirements to be designated as an ETC in Kentucky.

It is important to note that the FCC has determined that it should grant blanket forbearance from the "own facilities" requirement of Section 214(e)(1)(A) of the Act to Lifeline-only applicants that comply with the conditions set forth in the FCC's *Lifeline Reform Order*.<sup>2</sup> Specifically, carriers seeking forbearance to provide Lifeline-only service must (1) comply with certain 911 requirements, and (2) file, and the FCC must approve, a compliance plan providing specific information regarding the carrier's service offerings and outlining the measures the carrier will take to implement the obligations contained in the *Lifeline Reform Order*.<sup>3</sup> Sage's wireless service complies with the 911 requirements as mandated by the FCC. Moreover, Sage has filed its Compliance Plan with the FCC, which the agency approved on December 26, 2012. A copy of Sage's Compliance Plan, and the FCC's Public Notice and Order approving the plan, is attached hereto as Exhibit 1 and Exhibit 2, respectively.

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<sup>2</sup> *In re Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6813 ¶ 368 (2012) ("*Lifeline Reform Order*").

<sup>3</sup> *Id.*

IV. **SAGE SATISFIES THE STATUTORY AND REGULATORY REQUIREMENTS TO BE DESIGNATED AS A LIFELINE-ONLY ETC.**

A. **Sage Offers the Services and Functionalities Supported by the Federal Low-Income Universal Service Program**

In its *Lifeline Reform Order*, the FCC revised Section 54.101 of its rules with respect to the services that will be supported. That section now reads as follows:

Section 54.101. Supported Services for rural, insular and high cost areas.

- (a) Services designated for support. Voice telephony services shall be supported by federal universal service support mechanisms. Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to end users; access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911 . . . ; and toll limitation services to qualifying low-income consumers as described in subpart E of this part.

Sage provides each of the services supported by federal universal service support mechanisms, as set forth in Section 54.10, et seq., of the FCC's new rules, and will offer these supported services in Kentucky upon designation as an ETC, as follows:

**Voice Grade Access.** Eligible voice telephony services must provide voice grade access to the public switched network or its functional equivalent. "Voice grade access" permits a telecommunications user to transmit voice communications, including signaling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal that there is an incoming call. Sage will provide its customers with "voice grade access" by enabling such customers access to make and receive calls on the Public Switched Telephone Network ("PSTN").

**Minutes of Use for Local Service at No Additional Charge.** Sage will provide its Lifeline customers with a certain service credit amount each month, depending on the service plan, and voice services, text messages, and other services used by the customers will be charged



against the credit until it is exhausted. In the case of Sage's basic Lifeline plan (MobileFlex Economy plan), customers will be provided with up to 68 minutes of voice service.

**Access to Emergency Services.** Sage will provide access to emergency services in conformance with the FCC's requirements. All of the phones that Sage will distribute to subscribers will be capable of delivering automatic numbering information ("ANI") and automatic location information ("ALI"), and otherwise satisfy applicable enhanced-911 requirements.

**Toll Limitation.** In its *Lifeline Reform Order*, the FCC stated that toll limitation service ("TLS") would no longer be deemed a supported service. ETCs are not required to offer TLS to low-income consumers if the Lifeline offering provides a set amount of minutes that do not distinguish between toll and non-toll calls. Sage's prepaid wireless Lifeline service offerings will be nationwide calling plans, and will not distinguish between toll and non-toll calls. Accordingly, as permitted by the *Lifeline Reform Order*, Sage will not provide toll limitation as a service.

#### **B. Scope of Sage's ETC Designation Request**

Sage seeks to be designated as an ETC to provide federal and state Lifeline service to qualifying low-income consumers via wireless services in the areas covered by Sage's underlying carriers, Sprint and Verizon Wireless.<sup>4</sup> These areas are referred to as the "Designated Service Area". Sage commits to offer and provide service throughout the Designated Service

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<sup>4</sup> In its *Tracfone* decision the Commission found that a wireless reseller seeking ETC status can satisfy the requirement to identify its service area by identifying its underlying carrier and providing other information that explains the extent of its service territory. Order, Case No. 2009-00100 (Nov. 24, 2010). Upon satisfying the Commission's identification requirements Tracfone was designated an ETC "in Kentucky" for the limited purpose of offering Lifeline service. Moreover, consistent with FCC holdings, there is no need for a "creamskimming" analysis in connection with Sage's Petition because the Company is seeking ETC designation only for purposes of receiving low-income support. See, e.g., *Virgin Mobile USA, L.P.*, Order, 24 FCC Rcd 3381, ¶ 39 n. 101 (2009).

Area. Upon designation as an ETC, Sage will make available Lifeline service to qualifying consumers requesting service throughout the Designated Service Area pursuant to the requirements of the universal service program and in accordance with 47 C.F.R. § 54.202(a)(1).

**C. Sage Will Resell Wireless Service to Provide Wireless Service in the Designated Service Area [47 C.F.R. § 54.201(d)]**

Sage will resell the wireless services of Sprint and Verizon Wireless, which hold commercial mobile wireless service licenses to provide service in the Designated Service Area. Sage will provide the supported services listed in the FCC's new Lifeline rules, including voice grade access to the PSTN access to emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local government in its proposed ETC service area has implemented 911 or enhanced 911 systems.

**D. Financial and Technical Qualifications**

As part of the *Lifeline Reform Order*, the FCC amended its rules to require a carrier seeking designation as a Lifeline-only ETC to demonstrate that it is financially and technically capable of providing the supported Lifeline service in compliance with all of the low-income program rules.<sup>5</sup> Sage satisfies these criteria.

Sage affiliates have been in business since 1998, employing approximately 100 people, 95% of whom are located in Texas. Sage is authorized to provide competitive local and/or interexchange services in Arkansas, California, Colorado, Connecticut, Florida, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Missouri, Montana, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Washington, Wisconsin, and Wyoming. Sage has been designated as an ETC for wireline service in Kansas, Oklahoma, Texas and Wisconsin. Sage currently has wireline Lifeline

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<sup>5</sup> See *Lifeline Reform Order* at ¶ 387.

customers in five states for which it is reimbursed through state and/or federal programs, depending upon the state. In California, Sage receives support only from the California Public Utilities Commission's (CPUC) Low Income Program. Sage also receives support from state programs in Kansas, Texas and Wisconsin. Fewer than 20% of Sage's customers receive a subsidy from a low income program.

Sage has an excellent record of providing Lifeline service to qualified subscribers, and it has not been subject to any enforcement action at the FCC, or at any state utility regulatory commission for violations of universal service regulations. No ETC designations held by Sage have been rescinded, revoked or terminated by the FCC, nor has any state taken such action with respect to Sage's ETC designation or its designation as eligible for support from a state universal service fund.

**E. Sage's Lifeline Service Offerings**

Sage Telecom seeks to offer a variety of pre and post-paid wireless Lifeline services to eligible customers in Kentucky. Sage Telecom's wireless basic Lifeline plan offers low income customers an initial low-cost entry plan that provides a credit equal to the amount of the federal Lifeline credit. Voice services, text messages, and other services used by the customers will be charged against the Lifeline credit until it is exhausted. Customers can add additional pre-paid amounts to their accounts at any time. The basic wireless prepaid Lifeline plan provides customers with up to 68 voice minutes per month.<sup>6</sup> Qualified customers will also have the option of choosing enhanced Lifeline plans. Customers electing service under the enhanced Lifeline plans can purchase a more full-featured phone, which will require an upgraded service plan. No activation fee will apply to the prepaid Lifeline plans. There is a \$30.00 activation fee

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<sup>6</sup> Customers will also be provided with a free basic phone.

for post-paid Lifeline plans. The federal Lifeline credit will be applied towards the monthly service plan, and the customer will be responsible for the remainder of the monthly recurring charge.

A summary of the main components of Sage’s planned pre and post-paid Lifeline plans are as follows:

Monthly Lifeline Price of Pre-Paid Plans<sup>7</sup>:

Plan Type	Plan Cost	Voice Min. (up to)	No. of Texts	Incl. Data
Mobile FlexBasic	\$2.25	310	0	0
MobileFlex Plus	\$12.25	650	0	0
MobileFlex Value	\$27.25	Unlimited	Unlimited	100 MB
MobileFlex Premier	\$32.25	240	Unlimited	1024 MB
MobileFlex Elite	\$52.25	Unlimited	Unlimited	1024 MB

Monthly Lifeline Price of Post-Paid Plans:

Plan Type	Plan Cost	Voice Min. (up to)	No. of Texts	Incl. Data
MobileTalk	\$5.75	200	0	0
MobileTalk Plus	\$15.75	500	500	0
MobileTalk Unlimited	\$30.75	Unlimited	Unlimited	0

**V. SAGE SATISFIES THE STATUTORY AND REGULATORY PREREQUISITES FOR DESIGNATION AS AN ETC**

Sage satisfies each of the statutory prerequisites set forth in the Act, and the regulatory prerequisites contained in the FCC’s Rules:

**A. Sage is a Common Carrier**

Sage is providing interstate and foreign communications by radio and qualifies as a Commercial Mobile Radio Service (“CMRS”) provider. Sage offers its mobile services on a common carrier basis. Further, section 332(c)(1)(A) of the Act states that CMRS providers will be regulated as common carriers. Therefore, Sage is a common carrier.

<sup>7</sup> For pre-paid plans, the Federal (\$9.25) and Kentucky (\$3.50) Lifeline credits will be credited to the customer, and the “Plan Cost” is the remainder to be paid by the customer. Voice services, text messages, and other services used by the customer will be charged against the credit until it is exhausted.

**B. Sage Will Provide the Supported Services Through Resale**

Sage operates as a reseller for the supported services, purchasing them on a wholesale basis from Sprint which is a national wireless service provider. Sage will also be a reseller of wholesale services provided by other nationwide carriers, including, but not limited to, Verizon Wireless and T-Mobile.

**C. Functionalities**

In addition to those requirements set forth in § 54.201 of the FCC's rules, Sage will satisfy the FCC's additional ETC requirements, as applicable. In particular:

**1. Satisfaction of Applicable Consumer Protection and Service Quality Standards [47 C.F.R. § 54.202(a)(3)].**

Sage will comply with all applicable consumer protection and service quality standards. Sage's wireless Lifeline customers will receive the same quality service and the benefit of the same consumer protections as Sage's regular wireless customers. Sage will comply with the CTIA's Consumer Code for Wireless Service, which, pursuant to the FCC's rules, satisfies the requirement to demonstrate that the company will satisfy applicable consumer protection and service quality standards.<sup>8</sup> A copy of the Code is attached as Exhibit 5.

**2. Ability to Remain Functional in Emergency Situations [Section 54.202(a)(2)].**

Sage has significant experience with emergency preparedness. Sage has detailed Emergency Action and Disaster Recovery Plans in place to respond to emergencies. Furthermore, Sage's agreement with Sprint provides for the continuation of services during emergencies and sets forth obligations for the service to remain functioning during disasters and similar emergency situations. Moreover, as a nationwide carrier and provider of wireless

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<sup>8</sup> Sage is also committed to complying with applicable Kentucky consumer protection and service quality standards.

service, Sprint also is subject to emergency preparedness and functionality requirements established by the FCC.<sup>9</sup> Comparable emergency operations are available from Verizon Wireless and other nationwide carriers.

**3. Lifeline Certification and Verification [47 C.F.R. § 54.410].**

Sections 54.410 and 54.416 of the FCC's Rules require ETCs to comply with the requirements of initial certification of eligibility and the verification of continued eligibility for participation in the Lifeline program. Sage implemented detailed and comprehensive procedures to ensure compliance with all such requirements.

**D. Sage Will Advertise the Availability of and Charges for Its Universal Service Qualifying Offerings [47 C.F.R. § 54.201(d)(2)]**

Sage will advertise the availability of the supported services, and the corresponding rates and charges, in a manner designed to inform the general public within Kentucky. Advertising will occur through a combination of media channels, such as print advertisements, direct marketing, and the Internet. The company's advertising will be targeted to low-income consumers; marketing materials will plainly and visibly make consumers aware of both the availability and price for Lifeline. An example of the marketing material used in other states is provided in Exhibit 3 to this Application. Similar materials will be used in Kentucky after ETC designation is granted.

**E. Sage Commits that it Will Provide Service Throughout its Proposed Designated Service Area to all Customers Making a Reasonable Request for Service**

In order to be designated as an ETC, a common carrier in its application must "[c]ommit to provide service in its designated service area to all customers making a reasonable request for

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<sup>9</sup> See e.g., Sprint Spectrum Corporation Verified Filing in Compliance with 47 C.F.R. § 54.209, CC Docket No. 96-45, at 6 (filed Oct. 1, 2010).

service and to do so on a timely basis.”<sup>10</sup> Sprint and Verizon Wireless currently provide service in all of areas that make up the Designated Service Area. As a result, Sage will be able to commence offering Lifeline to all qualified consumers as soon as it receives approval of its petition. Sage commits that it will provide service to any customer requesting Lifeline service throughout the Designated Service Area.

**VI. SAGE SATISFIES THE REQUIREMENTS OF CONDITIONAL FORBEARANCE FROM THE REQUIREMENT TO PROVIDE SERVICE USING ITS OWN FACILITIES.**

Both the Act and the FCC’s rules require a carrier seeking ETC designation to offer the supported services using its own facilities or a combination of its own facilities and resale of another carrier’s services. In the *Lifeline Reform Order*, however, the Commission decided to conditionally forbear from application of the Act’s facilities requirement to all telecommunications carriers that seek limited ETC designation to participate in the Lifeline program. Specifically, the Commission determined that conditional forbearance from the facilities requirement would apply if the carrier: (1) complied with certain 911 requirements and (2) filed and received approval of a compliance plan providing specific information regarding the carrier’s service offerings and outlining the measures the carrier will take to implement the obligations contained in the *Lifeline Reform Order* as well as further safeguards against waste, fraud and abuse as the FCC may deem necessary.

**A. Compliance with 911 Requirements**

Sage provides its wireless subscribers with 911/E911 access at the time their service is initiated, regardless of activation status and availability of minutes and provides its subscribers with E911-compliant handsets. It is the Company’s practice to provide access to 911/E911 to the

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<sup>10</sup> See 47 C.F.R. §§ 54.202(a)(1) and 54.202(a)(1)(A).

same extent these services are available from other carriers providing service within the Designated Service Area. Sage also enables 911 emergency calling from all properly activated handsets regardless of whether the account associated with the handset is active, suspended or terminated.

In addition, all phones provided by Sage are 911/E911 compliant. Sage uses phones that have been certified by its underlying carriers to ensure such compliance. In the event that a customer does not have an E911-complaint handset, Sage will replace it with a compliant handset at no charge. All new customers who qualify for Lifeline services with Sage will receive a 911/E911-compliant handset free of charge. Sage certifies that it meets the requirements for conditional forbearance as demonstrated in its approved Compliance Plan, which is attached as Exhibit 1.<sup>11</sup>

**B. Additional Steps to Prevent Waste, Fraud, and Abuse**

Sage fully understands and shares the FCC's commitment to minimize waste, fraud and abuse with respect to the Lifeline program. Sage derives less than a quarter of its revenue from low-income service, and does offer a wireline low-income service in a number of states. As discussed below, Sage has refined its business practices and implemented policies consistent with the goal of minimizing waste, fraud and abuse.

Prevention of Duplicates in Sage's Subscriber Base. At the time of initial sign up of a new subscriber, the subscriber's service address is validated for accuracy against the USPS ("United States Postal Service") database and saved in the USPS-approved format, which

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<sup>11</sup> Sage's Compliance Plan was originally filed under Sage Telecom, Inc. As explained in the letter attached in Exhibit 1, which was filed with the FCC, Sage Telecom, Inc., underwent an internal *pro forma* reorganization, and it now provides services under Sage Telecom Communications, LLC. Confirmation that the company's Compliance Plan is approved under Sage Telecom Communications, LLC, can be found on the FCC's website at <http://www.fcc.gov/encyclopedia/lifeline-compliance-plans-etc-petitions>.



permits the Sage subscriber database to more accurately prevent duplicates by disallowing variations of the same address from appearing multiple times in the database. Once the address is validated for accuracy and format, Sage can check it in available databases for all Lifeline customer addresses for the entire state.

Activation and Non-Usage Policy. Sage will not consider a wireless subscriber activated until the customer has chosen a service plan, and activates service by paying the activation fee, if applicable, and then applies for and is approved for a Lifeline service plan. Adhering to this “prequalification guideline” prevents waste, fraud and abuse by requiring customers to first sign up for service at regular rates, and then receive discounted service only once the customer’s eligibility has been confirmed. Accordingly, Sage will not seek reimbursement for any wireless subscriber until the subscriber activates service and is confirmed as being qualified for Lifeline service.

Customers who wish to be confirmed as an eligible Lifeline subscriber prior to commencing service can place a non-Lifeline order and have the order held pending verification of eligibility as described above. Customers do not receive their handsets and services until they have an order processed, Lifeline eligibility is confirmed, and the activation fee, if applicable, is paid. After the order is processed, Sage personnel activate, configure, and test the handsets before they are sent to the consumer. Thus, there is no possibility of Sage receiving reimbursement for a customer that does not have an active handset.

As required by the *Lifeline Reform Order*, Sage has implemented a non-usage policy under which it will de-enroll Lifeline customers that have not used Sage’s Lifeline service for 60 consecutive days. When consumers sign up for Sage’s service, Sage will inform them about the usage requirement. If a Sage Lifeline customer’s account does not reflect any usage during any

consecutive 60-day period, Sage will deactivate the customer's Lifeline service. Accounts will be deemed active if the Lifeline subscriber: (a) completes an outbound call; (b) purchases minutes or an additional month of service to add to the subscriber's prepaid Lifeline service plan; (c) answers an incoming call from a party other than Sage, its agent, or representative; or (d) responds to a direct contact from Sage and confirms that he or she wants to continue receiving the Lifeline service.

For Lifeline subscribers failing to use their Lifeline service for a 60-day consecutive period as described above, Sage will provide a clear, easily understood notice that the subscriber's failure to use the Lifeline service within the 30-day notice period will result in service termination for non-usage. Sage will not terminate service to Lifeline subscribers that use their Lifeline service within 30 days of Sage providing that notice.

Cooperation with Federal and State Regulators and Lifeline Administrators. Sage will cooperate with the state regulators and Lifeline administrators to prevent waste, fraud and abuse. Sage will, for example:

- As applicable, participate in industry working groups conducted by or in coordination with state commissions and Lifeline administrators;
- Respond to requests from the FCC, USAC or state commissions concerning consumers' eligibility to be enrolled in Lifeline service, among other matters;
- Upon having a reasonable basis and/or upon any notification from federal or state commissions and/or Lifeline administrators, timely investigate issues concerning a Sage Lifeline customer receiving service from another carrier or customers receiving more than one Lifeline subsidy per household;
- As applicable and when available, access the National Lifeline Accountability Database to determine if an applicant is currently receiving Lifeline service from another carrier or if another person residing at the applicant's residential address is receiving Lifeline service; and
- Comply with federal and state audit requirements.

**C. Compliance with Subscriber Eligibility and Re-Certification Procedures as required by the *Lifeline Reform Order***

Under the *Lifeline Reform Order*, ETCs must comply with the eligibility rules for Lifeline services, including initial eligibility, certification, and annual re-certification procedures. In addition to the FCC's rules, Sage must also comply with all certification and verification requirements for Lifeline eligibility established by states where Sage is designated as an ETC. Sage will comply with the Commission's certification and verification requirements and will follow the procedures outlined below until such time as the FCC implements its planned National Lifeline Accountability Database.

Procedures for Initial Eligibility Determination and Certification of Lifeline Subscribers.

With respect to determining eligibility certification procedures, the FCC's rules provide that an ETC must determine a Lifeline applicant's eligibility and provide and receive certification forms with proper documentation from Lifeline subscribers, except where there is a state Lifeline administrator or a state agency responsible for eligibility verification. Sage will comply with any additional program rules established in Kentucky to verify customer Lifeline eligibility. Sage will require its Lifeline subscriber to annually re-certify their eligibility as set forth in Sections 54.410(f)(2), (f)(5) and 54.405(e)(4) of the FCC's rules. Sage may complete the re-certification process on a rolling basis throughout the year. If Sage cannot determine on-going eligibility by accessing a qualifying database, Sage will re-certify the continued eligibility of its subscribers by contacting them in person, in writing (by mail), by phone, by text message, by email or otherwise through the Internet. Alternatively, Sage may elect to have the USAC administer the annual self-certification process.

Based on Sage's history of providing Lifeline and non-Lifeline customers with wireline products, Sage's primary source of signing up Lifeline customers will be via telephone, although

some customers may be signed up in person at temporary locations staffed by Sage employees, or by agents working on behalf of Sage. Visitors to Sage's website will be given information about the program but are required to contact Sage directly via telephone to complete the sign-up process. These callers speak to Sage employees who are specially trained on the Lifeline programs. Sage's customer services representatives will review income- and program-based requirements with applicants via telephone contact. During the initial sign up for service, Sage will (a) require the applicant to confirm that he or she is not already receiving a Lifeline service and that no one else in the applicant's household is subscribed to a Lifeline service in order to avoid providing duplicate services; and (b) inform the applicant of both the income and program-based eligibility requirements to determine initial eligibility and any state-specific requirements.

Customers are offered the choice to either sign up for service as a non-Lifeline customer pending confirmation of eligibility, or to have their application for service held pending confirmation of eligibility. In the event the customer chooses to proceed, they are processed as a new non-Lifeline customer and the verification process continues as described below. The customer would only be given the Lifeline discount when they have satisfied Sage's verification process. If the customer is deemed ineligible, they will receive no Lifeline credit. Where the customer chooses to wait for confirmation of eligibility before starting service, the employee will take down the relevant information from the consumer, including payment information, but the order will be held pending verification of eligibility. The order will only be processed if the customer is determined to be eligible for Lifeline support.

Sage will require all applicants to demonstrate either: (1) the applicant's household income is at or below 135% of the Federal Poverty Guidelines based on the income-eligibility criteria set forth in Section 54.409(a)(1) or (a)(3) or (2) the applicant participates in Medicaid,

Food Stamps, Supplemental Security Income, Federal Public Housing Assistance, Low-Income Home Energy Assistance Program, National School Lunch Program or Temporary Assistance for Needy Families. As required to prevent suspected duplications, Sage will also require the customer to complete the Lifeline Household Worksheet issued by USAC to ensure that duplicate support is not provided to any household. Sage will inform the applicant that any information provided will be submitted to USAC as necessary under the Commission's rules to verify the household is not receiving duplicate Lifeline support.

After confirming initial eligibility either in person or over the phone, Sage will provide the individual with an application via mail requiring him or her to provide certain information and certify that they meet either the income-based eligibility requirements or the program-based requirements, make certain certifications and submit documentation. Specifically, Sage's Lifeline application form will collect the following information from the potential Lifeline customers: (i) the subscriber's billing address, if different; (v) the subscriber's date of birth; (vi) the last four digits of the subscriber's Social Security number (or Tribal identification number if the subscriber is a member of a Tribal nation and does not have a Social Security number); (vii) if the subscriber is seeking to qualify for Lifeline under the program-based criteria, the name of the qualifying assistance program from which the subscriber, or his or her dependents, or his or her household receive benefits; and (viii) if the subscriber is seeking to qualify for Lifeline under the income-based criterion, the number of individuals in his or her household.

In addition, as part of the Lifeline application, Sage will require all Lifeline applicants to certify, under penalty of perjury, that:

- The applicant meets the income-based or program-based eligibility criteria for receiving Lifeline either because the household receives benefits from a state or federal assistance program ( and list the name of the program) or has income at or below 135% of the Federal Poverty Guidelines;

- The applicant has provided documentation to Sage that correctly and accurately confirms the subscriber's household income or participation in the above-listed program(s);
- The applicant will notify its carrier within thirty (30) days if, for any reason, he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the applicant no longer meets the income-based or program-based criteria for receiving Lifeline support, the applicant is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit. The applicant will also certify that they understand this requirement and may be subject to penalties if they fail to notify Sage;
- If the applicant moves to a new address, he or she will provide that new address to the eligible telecommunications carrier within thirty (30) days;
- If the applicant provided a temporary residential address to the eligible telecommunications carrier, he or she will be required to verify his or her temporary residential address every ninety (90) days;
- The applicant acknowledges that the subscriber will be required to re-certify his or her continued eligibility for Lifeline at any time, and the applicant's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the applicant's Lifeline benefits;
- The applicant's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
- The information contained in the applicant's certification form is true and correct to the best of his or her knowledge, that providing false or fraudulent documentation or information in order to receive assistance is punishable by fines, imprisonment, de-enrollment or being barred from the program;
- That a violation of the one-per household rule constitutes a violation of FCC rules and will result in their de-enrollment from the Lifeline program;
- The applicant understands that Lifeline is a non-transferable benefit and the service may not be transferred to anyone else; and
- The applicant understands their information, including name, telephone number and address, will be given to the Universal Service Administrative Company (USAC) and/or its agents for the purpose of verifying the applicant and the applicant's household do not receive more than one Lifeline benefit and consents to inclusion of that information into a Lifeline database.

A sample Sage Lifeline Certification Application is attached as Exhibit 4.

This application is mailed by Sage to the customer for completion and is return to Sage for review and certification. All applications are reviewed by Sage employees. Should Sage engage sales agents to assist in signing up customers, those applications will also be reviewed by Sage employees to ensure the applicant's eligibility. This review includes a review to determine eligibility as well as a duplicate review process described below. Sage will make itself available as a direct point of contact with all Lifeline applicants. In addition, all Sage employees who have contact with potential Lifeline customers will be fully trained on the state and Commission Lifeline eligibility rules.

If Sage cannot determine a prospective subscriber's eligibility through a review of an appropriate federal or state database, Sage personnel will require the submission of appropriate documentation required to establish income-based and program-based eligibility and will review each subscriber's documentation for compliance with the eligibility criteria. If documentation is not sufficient or if the application is incomplete, then Sage will deny the application and inform the applicant of the reason for such rejection. For applicants submitting proof of income-eligibility or program-based eligibility, Sage will not retain copies of such documentation but will maintain accurate records detailing how the customer demonstrated his or her eligibility. In addition, if the subscriber provides Sage with a temporary address, it will verify with the subscriber every 90 days that this address remains valid. If the subscriber fails to respond to Sage within 30 days, the subscriber will be de-enrolled from the Lifeline program.

Procedures for Annual Re-Certification. Similar to the initial certification process, an ETC must annually certify all subscribers, unless there is a Lifeline administrator that is responsible for re-certification. As part of the re-certification process, Sage will inform its Lifeline subscribers that they must confirm eligibility to retain Lifeline benefits, when Lifeline

benefits will be terminated if confirmation of eligibility is not provided and how to contact Sage for more information or assistance. If a Lifeline subscriber does not respond to the notice within 30 days, Sage will send a notice of impending termination. Subscribers who do not respond to the impending termination notice will be de-enrolled from the Lifeline program within five business days.

**VII. THE PUBLIC INTEREST WILL BENEFIT FROM GRANTING ETC STATUS TO SAGE.**

The FCC's rules require that, before granting a request for ETC designation, the Commission must find that grant of the designation would be in the public interest. In determining if the public interest showing has been met the FCC has stated that it considers the "benefits of increased consumer choice and the unique advantages and disadvantages of the applicant's service offering."<sup>12</sup> In addition, the principal goal of the Lifeline program is to make affordable telecommunications services available to low-income consumers.<sup>13</sup>

Similar to the FCC's findings justifying grant of ETC designation to other petitioners, designation of Sage as an ETC for Lifeline purposes will further the FCC's goals for the Lifeline program. Specifically, the company will offer prepaid wireless services to low-income consumers thereby increasing consumer choice and expanding the number of affordable telecommunications services available to low-income consumers. Further, grant of the application will provide consumers with access to high quality service and the benefits of a mobile service. The mobility of the service will be particularly attractive to Lifeline-eligible consumers who may frequently change residences or work in migratory jobs. Wireless service

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<sup>12</sup> See, e.g., *Virgin Mobile ETC Designation Order in the States of Alabama, Connecticut, Delaware, New Hampshire and the District of Columbia*, Order, 25 FCC Rcd 17797, 17799, ¶ 6 (2010).

<sup>13</sup> *In re Telecomms. Carriers Eligible for Universal Serv. Support et al.*, 27 FCC Rcd 9495, 9496, ¶ 3 (2012).



therefore offers a stable contact method where traditional landline service would be unavailable or not a viable option.

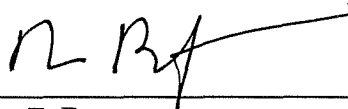
Sage's wireless service (which includes Lifeline) is an especially attractive option for low-income consumers because it alleviates customer concerns regarding hidden costs, varying monthly charges and long term contract issues. Many consumers are faced with making difficult choices about how to allocate and spend their limited resources. The ability to meet their communications needs while at the same time anticipating and controlling the associated costs is critical. Sage's wireless service offerings and rechargeable mobile phone plans enable customers to tailor their wireless services to their needs and budgets, and the prepaid nature of the select service plans also provides an alternative for "unbanked" consumers. In addition, if Lifeline customers consume all of their minutes, they can reload with any Sage prepaid refill. Further, Sage does not impose credit checks for Lifeline and prepaid services thereby providing an alternative for those low income consumers unable to obtain credit for post-paid services provided by Sage as well as traditional carriers.

Sage's mobile calling service packages provide low income consumers with a generous number of included, anytime minutes and services are an invaluable resource for cash-strapped consumers who may be seeking employment and need a means to contact potential employers. The packages are also useful for those consumers that need the ability to stay in touch with children or other family members while also providing the ability to contact 911 emergency services when needed. Sage's services will provide consumers with a valuable alternative for obtaining telephone service and this competition in turn could spur other service providers to improve their service options.

**VIII. CONCLUSION**

Wherefore, for the foregoing reasons, Sage submits that grant of the instant petition for designation as an Eligible Telecommunications Carrier as described herein is in the public interest. Accordingly, Sage respectfully requests approval of this application so that Sage can provide essential Lifeline wireless service to eligible low-income customers in the state.

Respectfully submitted,



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Dated: December 26, 2013

Counsel for Sage Telecom Communications, LLC

**EXHIBIT 1**

**Sage's FCC Compliance Plan**

Douglas D. Orvis II  
douglas.orvis@bingham.com

May 30, 2013

**Via Electronic Filing**

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W., Room TW-A325  
Washington, D.C. 20554

**Re: Compliance Plan of Sage Telecom, Inc., WC Docket Nos. 09-197 and 11-42**

ATTENTION: Chief, Telecommunications Access Policy Division, Wireline  
Competition Bureau

Dear Ms. Dortch:

Sage Telecom, Inc. (“Sage”), through its attorneys, hereby notifies the Wireline Competition Bureau of several internal corporate changes that will affect the provision of Lifeline Service under Sage’s Compliance Plan approved December 26, 2012. As part of this change, in the near future, Lifeline services will not be offered by Sage, but by a newly-created affiliated corporation called Sage Telecom Communications, LLC (“Sage, LLC”). Sage respectfully requests the Commission update its records regarding Sage’s Compliance Plan and Lifeline services to reflect that such services are now provided by Sage, LLC.

Sage is a competitive local exchange carrier in 26 states and has been designated as an eligible telecommunications carriers (“ETC”) in several states. In 2012, pursuant to the rules and procedures adopted in the *Lifeline Reform Order*,<sup>1</sup> Sage submitted a Compliance Plan to obtain a limited ETC designation to provide wireless Lifeline services. Sage’s Compliance Plan was approved on December 26, 2012,<sup>2</sup> and Sage has initiated its Lifeline services for qualified low income consumers in certain service areas.

During the first quarter of 2013, Sage filed the necessary applications with the applicable state public utility commissions to obtain approval for a change in corporate structure.<sup>3</sup>

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<sup>1</sup> *In the Matter of Lifeline and Link Up Reform and Modernization*, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (2012) (“*Lifeline Reform Order*”).

<sup>2</sup> *Wireline Competition Bureau Approves the Compliance Plans of Airvoice Wireless, et al.*, Public Notice, DA 12-2063 (rel. Dec. 26, 2013).

<sup>3</sup> Commission rules require post-closing notification, which will be filed by Sage in the near future within the required time after the transaction closes.

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Ms. Marlene H. Dortch  
May 30, 2013  
Page 2

As further detailed in the attached corporate structure chart, the transaction will result in the services provided by Sage, including Lifeline services being provided by Sage, LLC. Certificates to provide telecommunications services are being moved from Sage to Sage, LLC by state commissions. Even though the technical entity has changed, the ultimate parent company remains the same, and the same management and executives remain in charge of policies and procedures. All other information about the company's services and policies as set forth in the Compliance Plan remain accurate. Sage, LLC will offer Lifeline services in accordance with the commitments originally made by Sage in the Compliance Plan.

The transaction will be completely transparent to consumers who will continue to receive the same services, including Lifeline services, under the same terms and conditions as they do now under the "Sage" trade name.

As such, in order to avoid consumer confusion and interruption to Lifeline services provided to low income consumers, Sage respectfully requests that the Bureau revise its records to reflect the Compliance Plan of Sage under the new entity. Ideally, to avoid confusion, the record would list "Sage Telecom Communications, LLC formerly Sage Telecom, Inc." as the entity with an approved Compliance Plan.

Please contact the undersigned with any questions about this matter.

Respectfully Submitted,

/s/

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Douglas D. Orvis II  
Kimberly A. Lacey

cc: Kim Scardino (via email)

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

_____ )	
In the Matter of )	
)	
Federal-State Joint Board on )	WC Docket No. 09-197
Universal Service )	
)	
Lifeline and Link Up Reform Modernization) )	WC Docket No. 11-42
)	
_____ )	

**REVISED COMPLIANCE PLAN OF SAGE TELECOM, INC.**

Sage Telecom, Inc. (“Sage”), by its attorneys, respectfully submits this Compliance Plan (“Plan”) for the purposes of seeking federal Lifeline support for wireless service under the Universal Service Fund’s Low Income Program.

In the *Lifeline Reform Order*,<sup>1</sup> the Commission adopted rules and procedures through which it instituted “blanket forbearance” from the applications of the facilities requirement to all telecommunications carriers seeking a limited ETC designation to provide wireless Lifeline services. In order to qualify for this blanket forbearance, the Commission requires carriers to comply with certain 911 requirements and file and receive approval of a compliance plan providing specific information about its service offerings and procedures to safeguard against waste, fraud and abuse.

Therefore, Sage respectfully submits this Plan in accordance with the Lifeline Reform Order and instructions set forth in the Wireline Competition Bureau *Public Notice* issued on

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<sup>1</sup> *In the Matter of Lifeline and Link Up Reform and Modernization Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-12, ¶ 172 (rel. Feb. 6, 2012) (“*Lifeline Reform Order*”).

February 29, 2012.<sup>2</sup> Sage seeks approval of this compliance plan only for the provision of Lifeline support to provide wireless services nationwide, as the company offers wireline service as a facilities-based carrier under the approval of state commissions. This Plan sets forth Sage's service offerings and the procedures and measures it will use to safeguard against waste, fraud and abuse. In support of this request, Sage provides the following information:

**(1) Information about the carrier and the Lifeline plans it intends to offer:**

**(a) names and identifiers used by the carrier, its holding company, operating company and all affiliates;**

Sage is a Texas corporation with offices located at 10440 N Central Expressway, Suite 700, Dallas, TX 75231.<sup>3</sup> The company began operations as a competitive local exchange carrier ("CLEC") providing traditional wireline service in 1998. Sage is authorized as a CLEC in 25 additional states and as an interexchange carrier in Colorado,<sup>4</sup> and provides service in Arkansas, California, Connecticut, Illinois, Kansas, Michigan, Missouri, Ohio, Oklahoma, Texas and Wisconsin. Sage was authorized as an ETC in Texas in 2002, and Sage also a provider of high speed Internet services. Sage has also been designated as an ETC in a number of other states for the provisions of wireline service Lifeline service and currently has wireline Lifeline customers in five states for which it is reimbursed through state and/or federal programs, depending upon the state and the customer. Specifically, in California, Sage receives support only from the CPUC's Low Income Programs. Sage also receives support from state programs in Kansas, Texas and Wisconsin. Less than 20% of Sage's customers receive a subsidy from a low income

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<sup>2</sup> Public Notice, Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order, DA 12-314, (Rel. Feb. 29, 2012).

<sup>3</sup> Due to a planned move of corporate offices, this address is effective after October 26, 2012.

<sup>4</sup> Technically, the services provided by Sage in Texas are under the corporate entity Sage Telecom of Texas, LP, and services in all other states are provided by Sage Telecom, Inc. However, services are all offered to consumers under the trade name "Sage Telecom, Inc."

program. The company is planning to launch wireless service on a non-Lifeline basis, primarily in Texas, through an MVNO arrangement with Sprint. As the company would like to expand this offering to Lifeline customers, Sage seeks approval of a compliance plan to offer Lifeline service using this resold service.

Sage is wholly-owned by TSC Acquisition Corporation (“TSC”). TSC also owns Telscape Communications, Inc., A CLEC based in California that primarily serves customers in that state on both a wireline and wireless basis. Sage, through its common ownership with Telscape, has collective access to a broader market and combined subscriber growth. Sage is also affiliated with TruConnect Mobile, LLC (“TruConnect”), through partial common ownership. TruConnect is 40% owned by TSC, Sage’s parent company as described above. TruConnect provides mobile broadband data services and does not provide any services supported by the low income program.

**(b) detailed information demonstrating the carrier is financially and technically capable of providing the supported Lifeline services in compliance with the Commission’s rules;**

As a long-time provider of wireline services, particularly in Texas, Sage has a proven record of technical and financial qualifications. The company provides facilities-based wireline service in numerous states and has sophisticated back-office, operational and support systems, which allows it to operate at lower costs and pass those savings on to its subscribers. As a carrier who has provided service for nearly 14 years, Sage possesses the financial viability, as well as the expertise to continue to provide affordable and quality service to customers and has the proven experience to maintain its compliance with all applicable federal and state regulatory guidelines. Sage derives the majority of its revenue from the telecommunications services it provides to its customers. Sage does not and will not rely exclusively on the Universal Service



Fund (“USF”) disbursements to operate, but rather relies on revenues it receives from providing non-Lifeline wireline (and soon wireless) service, the payment for service by Lifeline customers,<sup>5</sup> as well as high-speed Internet services. In addition, Sage has not been subject to any type of enforcement action or ETC revocation proceeding by the FCC or any state utility regulatory commission.

Sage is working with Sprint Spectrum to resell Sprint’s wireless services to non-Lifeline customers in Texas and elsewhere. As a Lifeline service provider, Sage would continue to work with Sprint, who provides the necessary network infrastructure and wireless facilities necessary for the operation of Sage’s services as a Mobile Virtual Network Operator (“MVNO”). As the Commission is aware, Sprint is a large, nationwide carrier who provides similar service to other wireless Lifeline providers operating as MVNOs. Sage’s agreement and partnership with Sprint further demonstrates its financial and technical capability to provide these services.

**(c) detailed information, including geographic locations, of the carrier’s current service offerings if the carrier currently offers service;**

As detailed in response to Question 1(a) above, Sage currently provides local and interstate wireline and is planning to provide wireless services in numerous states, with a particular emphasis on Texas.

**(d) the terms and conditions of each Lifeline service plan offering, including rates, the number of minutes provided and additional charges, if any, for toll calls;**

At this time, Sage plans to offer the following wireless Lifeline plans and services, subject to state specific requirements or requests from state PUCs. These plans are offered to both Lifeline and non-Lifeline subscribers, with a discount applied to the Lifeline customer. Services will be offered on a prepaid basis, and potentially also on a postpaid basis. All services

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<sup>5</sup> All of Sage’s Lifeline wireline customers currently pay a monthly fee for the discounted service.

will normally have an activation fee and will likely require a monthly payment from the customer. The prices listed below show the basic, non-Lifeline price and the price to the consumer with the \$9.25 Lifeline credit applied. All plans will likely require a monthly payment by the customer. Sage commits to providing a minimum of 250 minutes per month for the \$9.25 subsidy.

Sage is still determining the exact plans it will offer (reiterating the condition that plans will provide a minimum of 250 minutes for the \$9.25 subsidy), but a sample plan would be as follows:

**ValuMobile Plus** Price: \$24.25 per month/Lifeline Price: \$15.00

Features	Cost
500 minutes Voice/Text	Included
Call Waiting	Included
3 Way Calling	Included
Caller ID	Included
VoiceMail	Included
911	Free
611 (Customer Service)	Free
Directory Assistance	\$1.50

Activation Fee: \$25.00

**Additional Minutes:** For all service plans the customer can purchase additional voice, data, MMS, text minutes for \$0.05 per minute with a minimum purchase of \$5.00. For example, 100 additional minutes will cost \$5.00. The customer will have the ability to purchase 100 minutes (\$5.00); 200 minutes (\$10.00); 300 minutes (\$15.00) and 500 minutes (\$25.00). For Unlimited service plans the customer will not need additional voice or text but will need to purchase additional minutes for data and MMS. MMS is priced at \$0.15 per minute and Data is \$0.05 per MB.

**Text Messages:** The service plans include text messaging; text messaging rates are assessed at 1 minute per text message sent and 1 minute per text message received.

**Other:** Plans do not permit rollover minutes. Top Ups are available for a 30 day period as long as the customer renews the service at the normal plan rate. Plans do not allow roaming. The \$25.00 Activation Fee includes selection of a basic handset which is activated and provided ready for use. Customers are allowed to call internationally but will be assessed the international rates. International text rates are \$0.20 per minute for messages sent or received. Special Promotional offer: 10 MB data FREE for 3 months with the selection of a data capable phone.

**(e) all other certifications required under newly amended section 54.202 of the Commission's rules.**

Section 54.202 requires ETCs to (1) certify that it will comply with the applicable service requirements; (2) file a five-year plan detailing proposed improvements or upgrades in the network unless the ETC is receiving only Lifeline support; (3) demonstrate that it will continue to function in emergency situations including reasonable back-up backup power and emergency traffic management; (4) demonstrate that the carrier will comply with applicable consumer protection and service quality standards; (5) demonstrate that it is financially and technical qualified to provide Lifeline services that comply with the applicable rules; and (6) provide information concerning the terms and conditions of the service plans offered to Lifeline customers.

In response to item (1), Sage certifies that it will comply with applicable service requirements and regulations for Lifeline support.

In response to item (2), Sage is not required to submit a five year plan since it is seeking to obtain only Lifeline support for its eligible customers.

In response to item (3), as a CLEC provider in multiple states for over 14 years, Sage has significant experience with emergency preparedness. Sage has detailed Emergency Action and Disaster Recovery Plans in place to respond to emergencies. In addition, Sage's agreement with Sprint provides for the continuation of services during emergencies and sets forth obligations for the service to remain functioning during disasters and similar emergency situations. In addition, as a nationwide carrier and provider of wireless service, Sprint also remains subject to the Commission's authority and must, and does, comply with federal outage reporting requirements.

In response to item (4), Sage certifies that it will comply with the applicable consumer protection and service quality standards. As an operating CLEC in many states, Sage is already subject to states consumer protection and service quality requirements. Sage's wireless Lifeline customers will also receive the same quality service and protections.

Sage's response to items (5) and (6) are provided above and in the provided exhibits

**(2) A detailed explanation of how the carrier will comply with the Commission's new rules relating to determinations of subscriber eligibility for Lifeline services, including all consumer eligibility, consumer enrollment and re-certification procedures as required by Section VI and Appendix C of the Lifeline Reform Order, and a copy of the carrier's certification form;**

Under the *Lifeline Reform Order*, ETCs must comply with eligibility rules for Lifeline services, including initial eligibility, certification, and annual re-certification procedures. In addition to the Commission's rules, Sage must also comply with all certification and verification requirements for Lifeline eligibility established by states where Sage is designated as an ETC. For states that do not have a Lifeline administrator or state agency responsible for determining eligibility and initial certifications and annual certifications, Sage certifies it will comply with the Commission's certification and verification requirements and will follow the procedures outlined below until such time as the Commission implements its planned National Lifeline Accountability Database.

Procedures for Initial Eligibility Determination and Certification of Lifeline Subscribers.

With respect to determining eligibility certification procedures, the rules provide that an ETC must determine a Lifeline applicant's eligibility and provide and receive certification forms with proper documentation from Lifeline subscribers, except where there is a state Lifeline administrator or a state agency responsible for eligibility verification.

In states where there is a third party entity acting as the Lifeline administrator (also referred to as the "Low Income Discount Administrator" or "LIDA" in Texas) who is responsible for determining the eligibility of consumers seeking to subscribe to Lifeline service, sending out certification forms, reviewing documentation and providing ETCs with the appropriate approval of a potential subscriber's eligibility for Lifeline, Sage will comply with the program rules established in those states and will cooperate fully with any state Lifeline administrator.

Based on Sage's history of providing Lifeline and non-Lifeline customers in wireline products, Sage's primary source of signing up Lifeline customers will be via telephone, although some customers may be signed up in person at temporary locations staffed by Sage employees. Visitors to Sage's website will be given information about the program but are required to contact Sage directly via telephone to complete the sign-up process. These callers speak to Sage employees who are specially trained on the Lifeline programs. Sage's customer services representatives will review income- and program-based requirements with applicants via telephone contact. During the initial sign up for service, Sage will (a) require the applicant to confirm that he or she is not already receiving a Lifeline service and that no one else in the applicant's household is subscribed to a Lifeline service in order to avoid providing duplicate services; and (b) inform the applicant of both the income- and program-based eligibility requirements to determine initial eligibility and any state-specific requirements.

Customers are offered the choice to either sign up for service as a non-Lifeline customer pending confirmation of eligibility, or to have their application for service held pending confirmation of eligibility. In the event the customer chooses to proceed, they are processed as a new non-Lifeline customer and the verification process continues as described below. The customer would only be given the Lifeline discount when they have satisfied the verification process, either through the state administrator or Sage's internal process. If the customer is eventually deemed ineligible, they receive no credit. Where the customer chooses to wait for confirmation of eligibility before starting service, the employee will take down the relevant information from the consumer, including payment information, but the order is then held pending verification of eligibility. Only if the customer is determined to be eligible is the order processed.

The Verification process varies by state, in states with a Lifeline administrator, if a new applicant indicates that he or she is eligible for Lifeline service, Sage will provide the applicant's relevant information to the administrator in conformance with any state or Lifeline administrator specific rules. The Lifeline administrator will provide the requisite forms and will be responsible for processing those forms when returned and ensuring the documentation is satisfactory as set forth in state regulations. Sage will not provide Lifeline service or seek reimbursement for providing services to such applicant until it receives a certification of eligibility from the Lifeline administrator.

In states where there is no Lifeline administrator or state agency responsible for determining initial eligibility and certifying Lifeline applicants, Sage will require all applicants to demonstrate either: (1) the applicant's household income is at or below 135% of the Federal Poverty Guidelines based on the income-eligibility criteria set forth in Sections 54.409(a)(1) or

(a)(3) or (2) the applicant participates in Medicaid, Food Stamps, Supplemental Security Income, Federal Public Housing Assistance, Low-Income Home Energy Assistance Program, National School Lunch Program or Temporary Assistance for Needy Families. As required to prevent suspected duplications, Sage will also require the customer to complete the Lifeline Household Worksheet issued by USAC to ensure that duplicate support is not provided to any household. Sage will inform the applicant that any information provided will be submitted to USAC as necessary under the Commission's rules to verify the household is not receiving duplicate Lifeline support.

After confirming initial eligibility either in person or over the phone, Sage will provide the individual with an application via mail requiring him or her to provide certain information and certify that they meet either the income-based eligibility requirements or the program-based requirements, make certain certifications and submit documentation. Specifically, Sage's Lifeline application form will collect the following information from the potential Lifeline customers: (i) the subscriber's full name; (ii) the subscriber's full residential street address (P.O. Boxes will not be acceptable); (iii) whether the residential address is permanent or temporary; (iv) the subscriber's billing address, if different; (v) the subscriber's date of birth; (vi) the last four digits of the subscriber's Social Security number (or Tribal identification number if the subscriber is a member of a Tribal nation and does not have a Social Security number); (vii) if the subscriber is seeking to qualify for Lifeline under the program-based criteria, the name of the qualifying assistance program from which the subscriber, or his or her dependents, or his or her household receives benefits; and (viii) if the subscriber is seeking to qualify for Lifeline under the income-based criterion, the number of individuals in his or her household.

In addition, as part of the Lifeline application, Sage will require all Lifeline applicants to certify, under penalty of perjury, that:

- the applicant meets the income-based or program-based eligibility criteria for receiving Lifeline either because the household receives benefits from a state or federal assistance program (and list the name of the program) or has income at or below 135% of the Federal Poverty Guidelines;
- the applicant has provided documentation to Sage that correctly and accurately confirms the subscriber's household income or participation in the above-listed program(s);
- the applicant will notify its carrier within thirty (30) days if, for any reason, he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the applicant no longer meets the income-based or program-based criteria for receiving Lifeline support, the applicant is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit. The applicant will also certify that they understand this requirement and may be subject to penalties if they fail to notify Sage;
- if the applicant moves to a new address, he or she will provide that new address to the eligible telecommunications carrier within thirty (30) days;
- if the applicant provided a temporary residential address to the eligible telecommunications carrier, he or she will be required to verify his or her temporary residential address every ninety (90) days;
- the applicant acknowledges that the subscriber will be required to re-certify his or her continued eligibility for Lifeline at any time, and the applicant's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the applicant's Lifeline benefits;
- the applicant's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
- the information contained in the applicant's certification form is true and correct to the best of his or her knowledge, that providing false or fraudulent documentation or information in order to receive assistance is punishable by fines, imprisonment, de-enrollment or being barred from the program;
- That a violation of the one-per-household rule constitutes a violation of FCC rules and will result in their de-enrollment from the Lifeline program
- the applicant understands that Lifeline is a non-transferable benefit and the service may not be transfers to anyone else; and
- the applicant understands their information, including name, telephone number and address, will be given to the Universal Service Administrative Company (USAC) and/or its agents for the purpose of verifying the applicant and the applicant's household do not



receive more than one Lifeline benefit and consenting to the inclusion of that information into a Lifeline database.

A sample Sage application is attached hereto as Exhibit A.

This application is mailed by Sage to the customer for completion and is returned to Sage for review and certification. All applications are reviewed by Sage employees. Should Sage engage sales agents to assist in signing up customers, those applications will also be reviewed by Sage employees to ensure the applicant's eligibility.<sup>6</sup> This review includes a review to determine eligibility as well as a duplicate review process described below. Sage will make itself available as a direct point of contact with all Lifeline applicants. In addition, all Sage employees who have contact with potential Lifeline customers will be fully trained on the state and Commission Lifeline eligibility rules.

If Sage cannot determine a prospective subscriber's eligibility through a review of an appropriate federal or state database, Sage personnel will require the submission of appropriate documentation required to establish income-based and program-based eligibility and will review each subscriber's documentation for compliance with the eligibility criteria. If documentation is not sufficient or if the application is incomplete, then Sage will deny the application and inform the applicant of the reason for such rejection. For applicants submitting proof of income-eligibility or program-based eligibility, Sage will not retain copies of such documentation but will maintain accurate records detailing how the customer demonstrated his or her eligibility.<sup>7</sup> In addition, if the subscriber provides Sage with a temporary address, it will verify with the subscriber every 90 days that this address remains valid. If the subscriber fails to respond to the Sage within 30 days, the subscriber will be de-enrolled from the Lifeline program.

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<sup>6</sup> In states with a Lifeline Administrator, this process would be handled pursuant to the procedures of the Administrator.

<sup>7</sup> 47 C.F.R. §§ 54.410(b)(1)(ii)-(iii) and 54.410(c)(1)(ii)-(iii).

Procedures for Annual Re-Certification. Similar to the initial certification process, an ETC must annually certify all subscribers, unless there is a Lifeline administrator that is responsible for re-certification. In states where a Lifeline administrator is responsible for completing annual re-certifications, Sage will rely on such administrator completing the annual certification. If the Lifeline administrator provides notice to Sage that a current subscriber did not re-certify, then Sage will comply with the de-enrollment requirements required by the FCC's rules. Sage will cooperate fully with any Lifeline administrator and take any necessary steps to ensure it is in compliance with both state and federal re-certification procedures.

In states where there is not a Lifeline administrator, Sage will require its Lifeline subscriber to annually re-certify their eligibility as set forth in Rules 54.410(f)(2) and (f)(5) and 54.405(e)(4). Sage may complete the re-certification process on a rolling basis throughout the year. If Sage cannot determine on-going eligibility by accessing a qualifying database, Sage will re-certify the continued eligibility of its subscribers by contacting them in person, in writing (by mail), by phone, by text message, by email or otherwise through the Internet.<sup>8</sup> Alternatively, beginning in 2013, Sage may elect to have the USAC administer the annual self-certification process.<sup>9</sup>

As part of the re-certification process, Sage will inform its Lifeline subscribers that they must confirm eligibility to retain Lifeline benefits, when Lifeline benefits will be terminated if confirmation of eligibility is not provided and how to contact Sage for more information or assistance. If a Lifeline subscriber does not respond to the notice within 30 days, Sage will send

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<sup>8</sup> *Lifeline Reform Order*, ¶ 130.

<sup>9</sup> *Id.*, ¶ 133.

a notice of impending termination. Subscribers who do not respond to the impending termination notice will be de-enrolled from the Lifeline program within five business days.<sup>10</sup>

**(3) A detailed explanation of how the carrier will comply with the forbearance conditions relating to public safety and 911/E-911 access;**

The Commission conditioned its grant of forbearance on an ETC (a) providing its Lifeline subscribers with 911 and E911 access, regardless of activation status and availability of minutes; (b) providing its Lifeline subscribers with E911-compliant handsets and replacing, at no additional charge to the subscriber, noncompliant handsets of Lifeline-eligible subscribers who obtain Lifeline-supported services.<sup>11</sup> Sage's wireless service currently complies with these requirements and will continue to comply with these conditions.

Specifically, Sage provides its wireless subscribers with 911/E911 access at the time their service is initiated, regardless of activation status and availability of minutes and provides its subscribers with E911-compliant handsets. It is the company's practice to provide access to 911/E911 to the extent these services are available from the underlying carrier, Sprint. Sage also enables 911 emergency calling from all properly activated handsets regardless of whether the account associated with the handset is active, suspended to terminated. Sage will transmit all 911 calls initiated from any of its handsets even if the associated account has no remaining minutes.

In addition, all phones provided by Sage are 911/E911 compliant. Sage uses phones from Sprint that, based on representations made to Sage by Sprint, have been through the applicable certification process in the company's labs. In the event that a customer does not have an E911-complaint handset, Sage will replace it with a compliant handset at no charge. All new

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<sup>10</sup> 47 C.F.R. § 54.405(e)(4).

<sup>11</sup> *Lifeline Reform Order*, ¶ 373.

customers who qualify for Lifeline services with Sage will receive a 911/E911-compliant handset free of charge.

**(4) A detailed explanation of how the carrier will comply with the Commission's marketing and disclosure requirements for participation in the Lifeline program;**

Sage has experience in providing clear, concise and consistent marketing and disclosure information to its wireline Lifeline to its customers. With respect to its wireless services, Sage will emphasize in clear, easily understood language: (a) that the service is a Lifeline-supported service; (b) that only eligible consumers may enroll in the program; (c) what documentation is necessary for enrollment; and (d) that the benefit is limited to one per household consisting of either wireline or wireless service and is non-transferrable. Sage will also explain that Lifeline is a government benefit program and willfully making false statements to obtain Lifeline benefits may be punished by fine or imprisonment or result in being barred from the program. Sage has and will continue to clearly disclose its name (Sage or Sage Wireless) on all marketing materials. A sample advertisement to be used as a model for creation of state-specific advertisements is attached hereto as Exhibit B. Please note that the two pages of the exhibit represents the front and back of single page document.

**(5) A detailed explanation of the carrier's procedures and efforts to prevent waste, fraud and abuse in connection with Lifeline funds, including but not limited to, procedures the carrier has in place to prevent duplicate Lifeline subsidies within its own subscriber base, procedures the carrier undertakes to de-enroll subscribers receiving more than one Lifeline subsidy per household, information regarding the carrier's toll limitation service, if applicable, and the carrier's non-usage policy, if applicable.**

Sage fully understands and shares the Commission's commitment to minimize waste, fraud and abuse with respect to the Lifeline program. Sage derives less than a quarter of its revenue from Low Income service, and does offer a wireline low income service in a number of states both with and without and administrator. Nonetheless, Sage has focused its operations in a

few states, with a goal of focused growth, to be offered initially in Texas, and then into other states in which Sage is already a wireline ETC. This approach has allowed Sage to refine its business practices and to implement policies consistent with the Commission's goal of minimizing waste, fraud and abuse before launching its service nationwide at some time in the future.

Prevention of Duplicates In Sage's Subscriber Base. At time of initial sign up of a new subscriber, the subscriber's service address is validated for accuracy against the USPS ("United States Postal Service") database and saved in the USPS-approved format, which permits the Sage subscriber database to more accurately prevent duplicates by preventing variations of the same address from appearing multiple times in the database. Once the address is validated for accuracy and format, Sage can check it in available databases or provide it to the Lifeline administrator, where applicable, to be checked against addresses for all Lifeline customer addresses for the entire state.

In addition, while it is anticipated that Sage and its affiliate, Telscape will only operate in different states, to the extent that they have Lifeline customers in the same state, customers can be checked against each company's records to further avoid duplication.

Activation and Non-Usage Policy. Sage will not consider a wireless subscriber activated until the customer has chosen a *non-Lifeline* service plan, activates their service by paying the activation fee, and then applies for and is approved for a Lifeline service plan. Adhering to this "prequalification guideline" prevents waste, fraud and abuse by requiring customers to first sign up for service at regular rates and then only provide discounted service once the customer's eligibility has been confirmed through verification or a Lifeline administrator. As such, Sage will not seek reimbursement for any wireless subscriber until the subscriber activates service and

is approved by the Lifeline administrator or by Sage, in states without a third party Lifeline administrator. Customers who wish to be confirmed as an eligible Lifeline subscriber prior to commencing service can place a non-Lifeline order and have the order held pending verification of eligibility as described above. Because customers do not receive their handset and service until they have an order processed and the activation fee is paid, customers receive activated handsets. Thus, there is no possibility of Sage receiving reimbursement for a customer who does not have an active handset. After the order is processed, Sage personnel activate, configure and test the handsets before they are sent to the consumer. Thus all customers receive an activated handset.

As required by the *Lifeline Reform Order*, Sage has implemented a non-usage policy under which it will de-enroll Lifeline customers that have not used the Sage's Lifeline service for 60 consecutive days. When consumers sign-up for Sage's service, Sage will inform them about the usage requirement. If a Sage Lifeline customer's account does not reflect any usage during any consecutive 60-day period, Sage will deactivate the customer's Lifeline service. Accounts will be deemed active if the Lifeline subscriber: (a) completes an outbound call; (b) purchases minutes or an additional month of service to add to the subscriber's Lifeline service plan; (c) answers an incoming call from a party other than Sage, its agent or representative; or (d) responds to a direct contact from Sage and confirms that he or she wants to continue receiving the Lifeline service.<sup>12</sup>

For Lifeline subscribers failing to use their Lifeline service for a 60-day consecutive period as described above, Sage will provide a clear, easily understood notice that the subscriber's failure to use the Lifeline service within the 30-day notice period will result in

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<sup>12</sup> See *Lifeline Reform Order*, ¶ 261; 47 C.F.R. § 54.407(c)(2).

service termination for non-usage. Sage will not terminate service to Lifeline subscribers that use their Lifeline service within 30 days of Sage providing said notice.<sup>13</sup>

Cooperate with Federal and State Regulators and Lifeline Administrators. Sage will cooperate with the Commission and has and will continue to cooperate with state regulators and Lifeline administrators to prevent waste, fraud and abuse. Sage will, for example:

- As applicable, participate in industry working groups conducted by or in coordination with state commissions and Lifeline administrators;
- Respond to requests from the Commission, USAC or state commissions concerning consumers' eligibility to be enrolled in Lifeline service, among other matters;
- Upon having a reasonable basis and/or upon any notification from federal or state commissions and/or Lifeline administrators, timely investigate issues concerning a Sage Lifeline customer receiving service from another carrier or customers receiving more than one Lifeline subsidy per household;
- As applicable and when available, access the National Lifeline Accountability Database to determine if an applicant is currently receiving Lifeline service from another carrier or if another person residing at the applicant's residential address is receiving Lifeline service; and
- Comply with federal and state audit requirements.

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<sup>13</sup> 47 C.F.R. § 54.405(e)(3).

## CONCLUSION

Sage respectfully submits that the foregoing Compliance Plan fully satisfies the conditions set forth in the *Lifeline Reform Order*. Accordingly, Sage respectfully requests approval of this Compliance Plan so that Sage can provide essential Lifeline wireless service to eligible low-income customers nationwide.

Respectfully submitted,

*/s/ electronically signed*

Douglas D. Orvis II  
Kimberly A. Lacey  
Bingham McCutchen LLP  
2020 K Street, N.W.  
Washington, DC 20006

Date: December 19, 2012



**EXHIBIT 2**

**FCC Approval of Sage's Compliance Plan**



# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> St., S.W.  
Washington, D.C. 20554

News Media Information 202 / 418-0500  
Internet: <http://www.fcc.gov>  
TTY: 1-888-835-5322

DA 12-2063

Release Date: December 26, 2012

**WIRELINER COMPETITION BUREAU APPROVES THE COMPLIANCE PLANS OF  
AIRVOICE WIRELESS, AMERIMEX COMMUNICATIONS, BLUE JAY WIRELESS,  
MILLENNIUM 2000, NEXUS COMMUNICATIONS, PLATINUMTEL COMMUNICATIONS,  
SAGE TELECOM, TELRITE AND TELSCAPE COMMUNICATIONS**

**WC Docket Nos. 09-197 and 11-42**

The Wireline Competition Bureau (Bureau) approves the compliance plans of nine carriers: AirVoice Wireless, LLC (AirVoice); AmeriMex Communications Corp. (AmeriMex); Blue Jay Wireless, LLC (Blue Jay); Millennium 2000, Inc. (Millennium 2000); Nexus Communications, Inc. (Nexus); PlatinumTel Communications, LLC (PlatinumTel); Sage Telecom, Inc. (Sage); Telrite Corporation (Telrite); and Telscape Communications, Inc. d/b/a Telscape Wireless (Telscape). The compliance plans were filed pursuant to the *Lifeline Reform Order* as a condition of obtaining forbearance from the facilities requirement of the Communications Act of 1934, as amended (the Act), for the provision of Lifeline service.<sup>1</sup>

The Act provides that in order to be designated as an eligible telecommunications carrier (ETC) for the purpose of universal service support, a carrier must “offer the services that are supported by Federal universal service support mechanisms . . . either using its own facilities or a combination of its own facilities and resale of another carrier’s services . . .”<sup>2</sup> The Commission amended its rules to define voice telephony as the supported service and removed directory assistance and operator services, among other things, from the list of supported services.<sup>3</sup> As a result of these amendments, many Lifeline-only ETCs that previously met the facilities requirement by providing operator services, directory assistance or other previously supported services no longer meet the facilities requirement of the Act.<sup>4</sup> In the *Lifeline Reform Order*, the Commission found that a grant of blanket forbearance of the facilities requirement,

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<sup>1</sup> See *Lifeline and Link Up Reform and Modernization et al*, WC Docket No.11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6816-17, paras. 379-380 (2012) (*Lifeline Reform Order*). A list of the compliance plans approved through this Public Notice can be found in the Appendix to this Public Notice.

<sup>2</sup> 47 U.S.C. § 214(e)(1)(A).

<sup>3</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6678, para. 47; see also 47 C.F.R. § 54.101(a).

<sup>4</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6812, para. 366, App. A; *Connect America Fund et al*, WC Docket 10-90, Order on Reconsideration, 26 FCC Rcd 17633, 17634-35, para. 4 (2011) (*USF/ICC Transformation Order on Reconsideration*). Some ETCs have included language in their compliance plans indicating that they have facilities or plan to acquire facilities in the future. See, e.g., Blanket Forbearance Compliance Plan, WC Docket Nos. 09-197 and 11-42, Q Link Wireless, LLC’s Third Amended Compliance Plan at 4 n. 2 (filed July 30, 2012). To the extent ETCs seek to avail themselves of the conditional forbearance relief established in the *Lifeline Reform Order*, we presume they lack facilities to provide the supported service under sections 54.101 and 54.401 of the Commission’s rules. See 47 C.F.R. §§ 54.101 and 54.401. Such ETCs must comply with the compliance plan approved herein in each state or territory where they are designated as an ETC, regardless of their claim of facilities for other purposes, such as eligibility for state universal service funding.

subject to certain public safety and compliance obligations, is appropriate for carriers seeking to provide Lifeline-only service.<sup>5</sup> Therefore, in the *Lifeline Reform Order*, the Commission conditionally granted forbearance from the Act's facilities requirement to all telecommunications carriers seeking Lifeline-only ETC designation, subject to the following conditions: (1) compliance with certain 911 and enhanced 911 public safety requirements; and (2) Bureau approval of a compliance plan providing specific information regarding the carrier and its service offerings and outlining the measures the carrier will take to implement the obligations contained in the *Order*.<sup>6</sup>

The Bureau has reviewed the nine plans listed in the Appendix for compliance with the conditions of the *Lifeline Reform Order* and now approves those nine compliance plans.<sup>7</sup>

Filings, including the Compliance Plans identified in the Appendix, and comments are available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12<sup>th</sup> Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12<sup>th</sup> Street, S.W., Room CY-B402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 448-5563, or via email [www.bcpiweb.com](http://www.bcpiweb.com).

**People with Disabilities:** To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at (202) 418-7400 or TTY (202) 418-0484.

For further information, please contact Michelle Schaefer, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

- FCC -

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<sup>5</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6813-6817, paras. 368-381.

<sup>6</sup> See *id.*, 27 FCC Rcd at 6814, 6819, paras. 373, 389. Subsequently, the Bureau provided guidance for carriers submitting compliance plans pursuant to the *Lifeline Reform Order*. *Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order*, WC Docket Nos. 09-197 and 11-42, Public Notice, 27 FCC Rcd 2186 (Wireline Comp. Bur. 2012).

<sup>7</sup> The Commission has not acted on any pending ETC petitions filed by these carriers, and this Public Notice only approves the compliance plans of the carriers listed above. While these compliance plans contain information on each carrier's Lifeline offering, we leave it to the designating authority to determine whether or not the carrier's Lifeline offerings are sufficient to serve consumers. See *Lifeline Reform Order*, 27 FCC Rcd at 6679-80, 6818-19, paras. 50, 387.

**APPENDIX**

<b>Petitioner</b>	<b>Compliance Plans As Captioned by Petitioner</b>	<b>Date of Filing</b>	<b>Docket Numbers</b>
AirVoice Wireless, LLC	AirVoice Wireless, LLC's Amended Compliance Plan	December 7, 2012	09-197; 11-42
AmeriMex Communications Corp.	AmeriMex Communications Corp. Revised Compliance Plan	December 6, 2012	09-197; 11-42
Blue Jay Wireless, LLC	Blue Jay Wireless, LLC Compliance Plan	December 19, 2012	09-197; 11-42
Millennium 2000 Inc.	Amended Compliance Plan of Millennium 2000 Inc.	December 18, 2012	09-197; 11-42
Nexus Communications, Inc.	Third Amended Compliance Plan of Nexus Communications, Inc.	December 6, 2012	09-197; 11-42
PlatinumTel Communications, LLC	PlatinumTel Communications LLC's Revised Compliance Plan	December 19, 2012	09-197; 11-42
Sage Telecom, Inc.	Revised Compliance Plan of Sage Telecom, Inc.	December 19, 2012	09-197; 11-42
Telrite Corporation	Telrite Corporation Compliance Plan	December 19, 2012	09-197; 11-42
Telscape Communications Inc. d/b/a Telscape Wireless	Revised Compliance Plan of Telscape Communications, Inc.	December 19, 2012	09-197; 11-42

**EXHIBIT 3**

**Sample Marketing Material**

**Sage**  
TELECOM<sup>SM</sup>



**MAKE THE RIGHT CALL  
SWITCH TO SAGE TELECOM**

**No Contract**  
 **No Credit Check**

**• 500 ANYTIME MINUTES FOR ONLY \$15.00 PER MONTH\***  
**• GET AN AFFORDABLE MOBILE PHONE**

**PLUS THIS BONUS:**  
SIGN UP FOR WIRELESS LIFELINE SERVICE AND  
GET AN ADDITIONAL 100 MINUTES FREE!

**CALL TODAY**  
**866-674-6729**

**SEE DETAILS ON BACK ▶**

We make it affordable for you to get low-cost talk and text through a government assistance program called Lifeline. Now you can keep in touch with your family and friends. Qualified customers simply prepay \$15.00 per month and get 500 anytime talk and text.



**YOU GET A GREAT DEAL MORE INCLUDING:**

- **FREE Call Waiting**
- **FREE Caller ID**
- **FREE Voice Mail**
- **Nationwide Service**

**Don't wait. Call today 866-674-6729 to see if you qualify for Wireless Lifeline Service. Sage Telecom Sales Reps are available to take your call.**

## **HOW TO GET THE DEAL**

**To qualify for amazing Wireless Lifeline Service, all you have to do is participate in one of the following:**

- Medicaid
- Federal Public Housing Assistance (Section 8)
- Health Benefit Coverage under the Children's Health Insurance Plan (CHIP)
- Low Income Housing Energy Assistance (LIHEAP)
- Food Stamps or Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- National School Lunch Program (NSLP)
- Temporary Assistance for Needy Families (TANF)
- Tribal TANF
- Bureau of Indian Affairs General Assistance
- Head Start Income Eligible (Tribal Only)
- Food Distribution Program on Indian Reservations (FDPIR)

**You may also qualify if your total household income is at or below the Federal Poverty Guideline.**

\*Lifeline is a government assistance program, the service is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. Any person who knowingly makes false statements in order to obtain Lifeline service will be subject to fines or imprisonment or can be barred from the program. 500 minutes can be for either talk or text. Monthly standard rate of \$24.25 will apply until you are certified. Discounted monthly rate of \$15.00 will start upon approval of Federal Lifeline. Payment plans are available for the \$25.00 activation fee that includes selection of a basic mobile phone which is activated and provided ready for use. Mobile phone may be data enabled.

**EXHIBIT 4**

**Sage Lifeline Certification and  
Re-Certification Forms**





## **FEDERAL LIFELINE CERTIFICATION FORM**

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### **Lifeline Information**

- Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
- Only one Lifeline service is available per household.
- A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
- A household is not permitted to receive Lifeline benefits from multiple providers.
- You must use your phone every 60 days to maintain service. Usage includes making an outbound call, answering an incoming call. Usage can also include the purchase of additional minutes or payment of your monthly bill. If there is no usage on your account for 60 days you will be de-enrolled from the program.
- Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.

### **Lifeline Certification Instructions**

**Step 1. Fill out the Customer Information Section.** You must provide the last four digits of your Social Security Number and Date of Birth.

**Step 2. Indicate How You Qualify for Lifeline.** Choose whether you participate in a qualifying program or if you household income falls within the guidelines. You **MUST** send photocopies demonstrating that you participate in the qualifying program or if you qualify based on your household income, you must provide documentation of income that covers one full year. Documentation that does not cover a full year, such as paystubs, the customer must present the same type of documentation covering Three Consecutive Months within the previous twelve months.

**Step 3. Determine If You Qualify for Tribal Land.** Not all customers will be eligible for the Tribal Land benefit. To be eligible for Tribal Lands a customer must reside on Tribal Lands and participate in one of the following programs: Tribally Administered Free School Lunch Program, Tribally Administered Temporary Assistance for Needy Families, Food Distribution Program on Indian Reservations, Head Start (those meeting income standard), and Bureau of Indian Affairs General Assistance.

**Step 4. Certify Customer Eligibility.** Each customer must certify, under penalty of perjury, for receiving Lifeline support, by initialing ALL areas under this section.

**Step 5. Sign Certification Form.** You must print your name and sign the certification form indicating that you are complying with the Lifeline rules.

**Step 6. Supporting Documentation.** Don't forget that you must include supporting documentation which can include a copy of an award letter or card in the qualifying program based. Income documentation could include the prior year's state or federal tax return, paycheck stubs for the most recent 3 months, social security statement of benefits, child support document, retirement/pension statement of benefits, unemployment/workmen's compensation statement of benefits, Federal notice letter of participation in General Assistance, and other official document.

**Step 7. Send the Certification Form.** When completed, you may mail the form to:

Sage Telecom, Inc.  
10440 N Central Expressway  
Suite 700  
Dallas, TX 75231-2228



**FEDERAL LIFELINE CERTIFICATION FORM**

**Step 1. Customer Information Section**

Name of Applicant: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Account Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Applicant's Service Address (May NOT be a P.O. BOX): \_\_\_\_\_

Please check this box if the above is a Temporary Address. Last Four Digits of SSN: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Billing Address (if different from Service Address): \_\_\_\_\_

**Step 2. Determine How You Qualify For Lifeline (Choose either #1 or #2)**

If the person who receives the benefit is not the Sage account holder, then please provide the name of the person in your household who is receiving the benefits: \_\_\_\_\_

(#1). I qualify for Lifeline under **Program-Based Criteria** because I participate in the following program.

Check only **ONE** box below:

- Medicaid (not Medicare)
- Low-Income Home Energy Assistance Program (LIHEAP)
- National School Lunch Program (Free Lunch Program)
- Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- Federal Public Housing Assistance (Section 8)

(#2). I qualify for Lifeline under the **Income-Based Criteria** because my annual household income is at or below 135% of the federal poverty level guidelines. The number of individuals in my residential household is: \_\_\_\_\_ (Number in household)

Annual Income 135% of Federal Poverty Level Thresholds Based on Household Size					
1	2	3	4	5	For each additional person
\$15,080	\$20,426	\$25,772	\$31,118	\$36,464	+\$5,346 per person

**Step 3. Determine If You Qualify for Tribal Lands (If Applicable, Choose either #1 or #2)**

My Tribal ID Number: \_\_\_\_\_ Check **ONE** box below:

(#1)  I qualify for Tribal Lifeline service as an eligible resident on federally recognized tribal land.

(#2) I participate in the following tribally administered program.

- Tribally Administered Free School Lunch Program
- Tribally Administered Temporary Assistance for Need Families
- Food Distribution Program on Indian Reservations
- Head Start (those meeting income standard)
- Bureau of Indian Affairs General Assistance





## **FEDERAL LIFELINE RECERTIFICATION FORM**

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### **Lifeline Information**

- All Lifeline subscribers must annually recertify their continued eligibility in the Lifeline program.
- Lifeline is a Federal benefit and willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
- Only one Lifeline service is available per household. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
- A household is not permitted to receive Lifeline benefits from multiple providers (wireline or wireless).
- You must use your phone every 60 days to maintain service. Usage includes making an outbound call, answering an incoming call. Usage can also include the purchase of additional minutes or payment of your monthly bill. If there is no usage on your account for 60 days you will be de-enrolled from the program.
- Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.
- Failure to recertify will result in being de-enrolled from the program and loss of the Lifeline credits.

### **Instructions for Completing the Attached Lifeline Recertification Form**

**Step 1. Fill out the Customer Information Section.** You must provide the last four digits of your Social Security Number and date of birth.

**Step 2. Indicate How You Continue to Qualify for Lifeline.** Choose whether you continue to participate in a qualifying program or if your annual household income remains at or below the income guidelines. Please choose **Program-Based or Income-Based eligibility**, but not both.

**Step 3. Determine If You Continue to Qualify for Tribal Lifeline. (If Applicable)** Not all customers will be eligible for the Tribal Land benefit. To be eligible for Tribal Lifeline service, the applicant must reside on Federally recognized Tribal Land.

**Step 4. Certify Customer Eligibility.** Each applicant must certify, under penalty of perjury, to receive Lifeline service, by initialing or checking ALL items under this section.

**Step 5. Sign Certification Form.** You must print your name and sign the certification form indicating that you are complying with the Lifeline rules.

**Step 6. Send in the Certification Form.** Upon completion, please mail the completed form to:

Sage Telecom, Inc.  
10440 N Central Expressway  
Suite 700  
Dallas, TX 75231-2228

All steps are required except Step 3 above for processing of your recertification form.

Please send the completed Lifeline Recertification Form to Sage within **30** days upon receipt.



## FEDERAL LIFELINE RECERTIFICATION FORM

### Step 1. Customer Information Section

Name of Applicant: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Account Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Applicant's Service Address (May NOT be a P.O. BOX): \_\_\_\_\_

Please check this box if the above address is a temporary address. Last Four Digits of SSN: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Billing Address (if different from Service Address): \_\_\_\_\_

### Step 2. Indicate How You Qualify For Lifeline (Choose either #1 or #2)

If the person who receives the benefit is not the Sage account holder, then please provide the name of the person in your household receiving the benefits: \_\_\_\_\_.

(#1). I qualify for Lifeline under the Program-Based Criteria because I participate in the following program(s):

Check only ONE box below:

- Medicaid (not Medicare)
- Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance (Section 8)
- Low Income Heat Energy Assistance Program (LIHEAP)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program (Free Lunch Program)

(#2). I qualify for Lifeline under the Income-Based Criteria because my annual household income is at or below 135% of the federal poverty level guidelines. The number of individuals in my residential household is:

\_\_\_\_\_. (Number in household)

Annual Income 135% of Federal Poverty Level Thresholds Based on Household Size					
1	2	3	4	5	For each additional person
\$15,080	\$20,426	\$25,772	\$31,118	\$36,464	+\$5,346 per person

### Step 3. Determine If You Qualify for Tribal Lifeline (If Applicable, Choose either #1 or #2)

My Tribal ID Number is: \_\_\_\_\_ Check ONE box below:

(#1)  I qualify for Tribal Lifeline service as an eligible resident on federally recognized tribal land.

(#2) I qualify for Tribal Lifeline service as I participate in the following tribally administered program.

- Tribally Admin Free School Lunch Program
- Tribally administered Temporary Assistance for Needy Families
- Head Start (those meeting income standards)
- Bureau of Indian Affairs General Assistance
- Food Distribution Program on Indian Reservations (FDPIR)

**Step 4. CERTIFY APPLICANT'S ELIGIBILITY**

Please **Check** or **Initial All** the statements below to certify your continued eligibility.

*I certify, under penalty of perjury, that:*

- \_\_\_\_: I continue to meet either the income-based or program-based eligibility criteria.
- \_\_\_\_: I **must** notify Sage within 30 days if, for any reason, I no longer satisfy the criteria for receiving Lifeline including, as applicable, if I no longer meet the income-based or program-based criteria, I am receiving more than one Lifeline service, or another member of my household is receiving a Lifeline service. I understand this requirement to notify Sage if my eligibility changes and that I may be subject to penalties if I fail to follow this notification requirement.
- \_\_\_\_: When I move to a **new address**, I **must** provide my new address to Sage within 30 days.
- \_\_\_\_: I knowlege that my household is eligible to receive only **one** Lifeline service and, to the best of my knowledge, no other member in my household is currently receiving wireline or wireless Lifeline service.
- \_\_\_\_: The information contained in this Lifeline certification form is true and correct to the best of my knowledge.
- \_\_\_\_: I acknowledge that providing false or fraudulent information on this certification form, to receive Lifeline service, is punishable by law.
- \_\_\_\_: I understand that I may be required to recertify my eligibility for Lifeline at any time, and failure to recertify my continued eligibility will result in the de-enrollment and termination of my Lifeline service, pursuant to the Code of Federal Regulation 47 Section 54.405(e)(4).
- \_\_\_\_: I understand that if violation of the one-per-household rule constitutes a violation of FCC rules and will result in my de-enrollment from the Lifeline program.
- \_\_\_\_: If I provided temporary address, I will be required to verify my temporary address every 90 days.
- \_\_\_\_: I authorize Sage to release information concerning my service necessary to administer the Lifeline program (such as name, address, telephone number) to the Universal Service Administrative Company. I give my consent for Sage to verify with the National Lifeline Accountability Database whether I participate in certain low-income assistance programs or verify my income to qualify me for Lifeline service. Sage shall maintain the information in this form and any information received about me from the National Lifeline Accountability Database as confidential customer account information. Failure to provide consent will result in being denied the Lifeline service.

**Step 5. Sign Certification Form.**

You must print your name and sign the certification form indicating you are complying with the Lifeline rules.

\_\_\_\_\_  
 Signature Printed Name Date

You may mail the completed Lifeline form to:  
 Sage Telecom, Inc.  
 10440 N Central Expressway  
 Suite 700  
 Dallas, TX 75231-2228

<b>For Sage Telecom, Inc.'s Use Only!</b>		
Lifeline Recertification Approval. / Denial _____	Service Order Provisioned By _____	Date _____
Lifeline Participating Program / Income Based Criteria _____		

**EXHIBIT 5**

**CTIA Wireless Code**

# CTIA

## Consumer Code *for* Wireless Service

To provide consumers with information to help them make informed choices when selecting wireless service, the CTIA and the wireless carriers that are signatories below have developed the following Consumer Code. The carriers that are signatories to this Code have voluntarily adopted the principles, disclosures, and practices here for wireless service provided to individual consumers, including voice, messaging, and data services sold either on a postpaid or prepaid basis.

### THE WIRELESS CARRIERS THAT ARE SIGNATORIES TO THIS CODE WILL:

#### ONE

#### DISCLOSE RATES AND TERMS OF SERVICE TO CONSUMERS

**F**or each service plan offered to new consumers, wireless carriers will disclose to consumers at point of sale and on their web sites, at least the following information, as applicable: (a) the coverage area for the service; (b) any activation or initiation fee; (c) the monthly access fee or base charge; (d) the amount and nature of any voice, messaging, or data allowances included in the plan (such as night and weekend minutes); (e) the charges for domestic usage in excess of any included allowances or outside of the coverage area; (f) for prepaid service plans, the period of time during which any balance is available for use; (g) whether there are prohibitions on data service usage and whether there are network management practices that will have a material impact on the customer's wireless data experience; (h) whether any additional taxes, fees or surcharges apply; (i) the amount or range of any such fees or surcharges that are collected and retained by the carrier; (j) the amount or nature of any late payment fee; (k) whether a fixed-term contract is required and its duration; (l) the amount and nature of any early termination fee that may apply; and (m) the trial



period during which a consumer may cancel service without any early termination fee, as long as the consumer complies with any applicable return policy.

## TWO

### **MAKE AVAILABLE MAPS SHOWING WHERE SERVICE IS GENERALLY AVAILABLE**

**W**ireless carriers will make available at point of sale and on their web sites maps depicting approximate domestic coverage applicable to each of their service plans currently offered to consumers. To enable consumers to make comparisons among carriers, these maps will be generated using generally accepted methodologies and standards to depict the carrier's outdoor coverage. All such maps will contain or link to an appropriate legend concerning limitations and/or variations in wireless coverage and map usage, including any geographic limitations on the availability of any services included in the plan. Wireless carriers will periodically update such maps as necessary to keep them reasonably current. If necessary to show the extent of service coverage available to customers from carriers' roaming partners, carriers will request and incorporate coverage maps from roaming partners that are generated using similar industry-accepted criteria, or if such information is not available, incorporate publicly available information regarding roaming partners' coverage areas.

## THREE

### **PROVIDE CONTRACT TERMS TO CUSTOMERS AND CONFIRM CHANGES IN SERVICE**

**W**hen a customer initiates new service or a change in existing service, the carrier will provide or confirm any new material terms and conditions of the ongoing service with the customer.

## FOUR

### **ALLOW A TRIAL PERIOD FOR NEW SERVICE**

**W**hen a customer initiates postpaid service with a wireless carrier, the customer will be informed of and given a period of not less than 14 days to try out the service. The carrier will not impose an early termination fee if the customer cancels service within this period, provided that the customer complies with applicable return and/or exchange policies. Other charges, including usage charges, may still apply.

## FIVE

### **PROVIDE SPECIFIC DISCLOSURES IN ADVERTISING**

**I**n advertising of prices for wireless service plans or devices, wireless carriers will disclose material charges and conditions related to the advertised prices and services, including if applicable and to the extent the advertising medium reasonably allows: (a) whether activation or initiation fees apply; (b) monthly access fees or base charges; (c) the amount and nature of any voice, messaging, or data service allowances included in the plan; (d) the charges for any domestic usage in excess of any included allowances or outside of the coverage area; (e) for prepaid service plans, the period of time during which any balance is available for use; (f) whether there are network management practices that will have a material impact on the customer's wireless data experience; (g) whether any additional taxes, fees or surcharges apply; (h) the amount or range of any such fees or surcharges that are collected and retained by the carrier; (i) whether a fixed-term contract is required and its duration; (j) early termination fees; (k) the terms and conditions related to receiving a product or service for "free;" (l) for any service plan advertised as "nationwide," (or using similar terms), the carrier will have available substantiation for this claim; and (i) whether prices or benefits apply only for a limited time or promotional period and, if so, whether any different fees or charges will apply for the remainder of the contract term.

## SIX

### **SEPARATELY IDENTIFY CARRIER CHARGES FROM TAXES ON BILLING STATEMENTS**

**O**n customers' bills, carriers will distinguish (a) monthly charges for service and features, and other charges collected and retained by the carrier, from (b) taxes, fees and other charges collected by the carrier and remitted to federal state or local governments. Carriers will not label cost recovery fees or charges as taxes.

## SEVEN

### **PROVIDE CUSTOMERS THE RIGHT TO TERMINATE SERVICE FOR CHANGES TO CONTRACT TERMS**

**C**arriers will not modify the material terms of their postpaid customers' contracts in a manner that is materially adverse to those customers without providing a reasonable

advance notice of a proposed modification and allowing those customers a time period of not less than 14 days to cancel their contracts with no early termination fee.

## **EIGHT**

### **PROVIDE READY ACCESS TO CUSTOMER SERVICE**

**C**ustomers will be provided a toll-free telephone number to access a carrier's customer service during normal business hours. Customer service contact information will be provided to customers online and on billing statements. Each wireless carrier will provide information about how customers can contact the carrier in writing, by toll-free telephone number, via the Internet or otherwise with any inquiries or complaints, and this information will be included, at a minimum, on all billing statements, in written responses to customer inquiries and on carriers' web sites. Each carrier will also make such contact information available, upon request, to any customer calling the carrier's customer service departments.

## **NINE**

### **PROMPTLY RESPOND TO CONSUMER INQUIRIES AND COMPLAINTS RECEIVED FROM GOVERNMENT AGENCIES**

**W**ireless carriers will respond in writing to state or federal administrative agencies within 30 days of receiving written consumer complaints from any such agency.

## **TEN**

### **ABIDE BY POLICIES FOR PROTECTION OF CUSTOMER PRIVACY**

**E**ach wireless carrier will abide by a policy regarding the privacy of customer information in accordance with applicable federal and state laws, and will make available to the public its privacy policy concerning information collected online. Each wireless carrier will abide by the CTIA Best Practices and Guidelines for Location-Based Services.

## ELEVEN

### **PROVIDE CONSUMERS WITH FREE NOTIFICATIONS FOR VOICE, DATA AND MESSAGING USAGE, AND INTERNATIONAL ROAMING**

**E**ach wireless provider will provide, at no charge: (a) a notification to consumers of currently-offered and future domestic wireless plans that include limited data allowances when consumers approach and exceed their allowance for data usage and will incur overage charges; (b) a notification to consumers of currently-offered and future domestic voice and messaging plans that include limited voice and messaging allowances when consumers approach and exceed their allowance for those services and will incur overage charges; and (c) a notification to consumers without an international roaming plan/package whose devices have registered abroad and who may incur charges for international usage. Wireless providers will generate the notifications described above to postpaid consumers based on information available at the time the notification is sent. Wireless consumers will not have to affirmatively sign up in order for these notifications to be sent. Each wireless provider shall provide its customers at least two of these alerts by October 17, 2012 and all of these alerts by April 17, 2013. Wireless providers will clearly and conspicuously disclose tools or services that enable consumers to track, monitor and/or set limits on voice, messaging and data usage.

**EXHIBIT 6**

**Officer Affidavit**

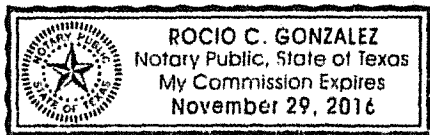
VERIFICATION

STATE OF TEXAS §  
COUNTY OF DALLAS §

I, Nathan Johnson, hereby verify that I am the Chairman of the Board of Sage Telecom Communications, LLC, and I am authorized to make this verification on its behalf. I verify that I have read the foregoing document and know the contents thereof, and that the same are true of my own knowledge, except to those matters therein stated upon information and belief, and as to those matters, I believe them to be true.

*Nathan Johnson*  
\_\_\_\_\_  
Nathan Johnson  
Chairman of the Board

SWORN TO AND SUBSCRIBED before me on the 18 day of Nov., 2013.



*Rocio C. Gonzalez*  
\_\_\_\_\_  
Notary Public In and For the  
State of Texas

My Commission Expires: 11-29-2016