COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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APPLICATION OF TEMPO TELECOM, LLC FOR)	
DESIGNATION AS AN ELIGIBLE)	
TELECOMMUNICATIONS CARRIER IN THE)	CASE NO.
COMMONWEALTH OF KENTUCKY FOR THE)	2013-00235
LIMITED PURPOSE OF OFFERING LIFELINE	•)	
SERVICE TO QUALIFIED HOUSEHOLDS)	

ORDER

On June 19, 2013, Tempo Telecom, LLC ("Tempo"), a reseller of Commercial Mobile Radio Service, also known as a Mobile Virtual Network Operator, filed an application under 47 U.S.C. § 214(e)(2) seeking designation as an Eligible Telecommunications Carrier ("ETC"). Tempo seeks to receive both federal low-income and state Universal Service Fund ("USF") support for wireless services. Tempo seeks ETC designation only for the purpose of participation in the Lifeline program. Tempo does not seek high-cost support.

The application states that: (1) Tempo meets all the requirements for designation as an ETC to serve the designated areas in the state of Kentucky;² (2) Tempo requests designation in the underlying carrier's licensed service areas in Kentucky;³ (3) in accordance with 47 U.S.C. § 214(e)(2), Tempo seeks to be designated

¹ Tempo requests ETC designation in the service area of its underlying carrier, Sprint Wireless, including both rural and non-rural exchanges of the incumbent carriers. App. at p. 2 and 6.

² *Id.* at pp. 6-22.

³ *Id.* at p. 6.

as an ETC solely to provide Lifeline service to Qualifying Kentucky Customers;⁴ and, (4) designation of Tempo as an ETC for the designated areas served in Kentucky will serve the public interest.⁵

Tempo will market its Lifeline service offering through targeted direct mail, advertisements in print media, billboards, and radio. Tempo will also utilize direct-calling campaigns and will coordinate with state agencies, community-outreach organizations and non-profit organizations to reach consumers.⁶ Consumers will be enrolled in person, through a toll-free telephone number or on the company's website.

Tempo has stated in its application that it will comply with all the rules and regulations that the Commission may impose on the provision of wireless service. ⁷ Tempo has acknowledged that the Commission requires Kentucky Universal Service support and the Kentucky Telecommunications Relay Service and Telecommunications Access Program support to be collected for each wireless customer and agrees to remit the amounts as required.⁸ Tempo also states that it will register and remit as required the statewide wireless 911 fee to the Commercial Mobile Radio Services Board.⁹ Tempo states it will not provide toll-limitation services as its calling plans do not charge any fees for toll calls.¹⁰

⁴ *Id.* at p. 1.

⁵ *Id.* at pp. 22-24.

⁶ *Id*. at p. 11.

⁷ App. at p. 14.

⁸ *Id*.

⁹ *Id.* at p. 8.

¹⁰ *Id*.

Discussion

Pursuant to 47 U.S.C. § 254(e), "only an eligible telecommunications carrier designated under 47 U.S.C. § 214(e) shall be eligible to receive specific federal universal service support." Pursuant to 47 U.S.C. § 214(e)(1)(A) and (B), a common carrier designated as an ETC must offer the services supported by the federal universal-service support mechanisms, using either its own facilities or a combination of its own facilities and resale of another carrier's services throughout its designated service area, and it must advertise the availability and charges for those services. Pursuant to 47 U.S.C. § 214(e)(2), state commissions bear the primary responsibility for performing ETC designations. Under the same section, the Commission may, with respect to an area served by a rural telephone company, and shall, in all other cases, designate more than one common carrier as an ETC for a designated service area, consistent with the public interest, convenience, and necessity, as long as the requisiting carrier meets the requirements of 47 U.S.C. § 214(e)(1). Also, before designating an additional ETC for an area served by a rural telephone company, the Commission must determine that the designation is in the public interest.

Requirements for ETC Designation by the Federal Communications Commission ("FCC")

In 1997, the FCC issued a Public Notice setting forth the procedures a carrier must use when requesting designation as an ETC from the FCC.¹¹ The Commission likewise collects similar information pursuant to that Notice. A carrier seeking ETC designation must file a petition providing the following: (1) a certification that the

¹¹ Procedures for FCC Designation of Eligible Telecommunications Carriers Pursuant to Section 214(e)(6) of the Communications Act, Public Notice, 12 FCC Rcd 22947, 22948 (1997) (Section 214(e)(6) Public Notice).

petitioner offers all services designated for support by the Commission pursuant to 47 U.S.C. § 254(c); (2) certification that the petitioner offers the supported services using either its own facilities or a combination of its own facilities and resale of another carrier's services; (3) a description of how the petitioner advertises the availability of the supported services and the charges using media of general distribution; and, (4) if the petitioner is not a rural telephone company, a detailed description of the geographic service area for which it requests designation as an ETC from the Commission. (13)

In addition, the FCC's rules require that in order to be designated as an ETC, a petitioner must: (1) certify that it will comply with the service requirements applicable to the support that it receives; (2) demonstrate its ability to remain functional in emergency situations; (3) demonstrate that it will satisfy applicable consumer-protection and service-quality standards; (4) demonstrate that it is financially and technically capable of providing the Lifeline service; and (5) submit information describing the terms and conditions of any voice telephony plans offered to Lifeline subscribers, including details on the number of minutes provided as part of the plan, additional charges, if any, for toll calls, and rates for each such plan.¹⁴

¹² Lifeline Reform Order, FCC 12-11 at ¶ 368 (adopting a blanket forbearance of the facilities requirement of section 214(e)(1)(A) for non-facilities based carriers that seek limited ETC designation to participate in the Lifeline program) ("Lifeline Reform Order"). See also, In the Matter of: Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42; Lifeline and Link Up, WC Docket No. 03-109; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Advancing Broadband Availability Through Digital Literacy Training, WC Docket No. 12-23; Report and Order and Further Notice of Proposed Rulemaking, Adopted: January 31, 2012; Released: February 6, 2012.

¹³ Section 214(e)(6).

¹⁴ 47 C.F.R. § 54.202(a).

Prior to designating an ETC pursuant to 47 U.S.C. § 214(e)(6), the Commission must determine whether such designation is in the public interest. In determining the public interest, the Commission historically has considered the benefits of increased consumer choice and the unique advantages and disadvantages of the petitioner's service offering.

The federal universal-service Lifeline program is designed to reduce the monthly cost of telecommunications service for qualifying consumers. The Lifeline program reimburses ETCs for providing qualifying low-income consumers with discounts of \$9.25 off the monthly cost of their telephone service. The Kentucky Lifeline program provides additional reimbursement to ETCs for providing eligible consumers with discounts of up to an additional \$3.50 off the monthly cost of their telephone service. The control of the provides additional satisfactors and the control of the consumers with discounts of up to an additional \$3.50 off the monthly cost of their telephone service.

As described below, Tempo has provided the Commission with the information required for designation as an ETC in the service area at issue. We find that the public interest supports such designation, subject to Tempo's compliance with the representations and commitments made by Tempo in its application and the FCC's rules. Tempo must also comply with the conditions set forth in its compliance plan.¹⁸

¹⁵ 47 U.S.C. § 214(e)(6); and 47 C.F.R. § 54.202(b).

¹⁶ 47 C.F.R. § 54.403(a)(1).

¹⁷ Administrative Case No. 360, An Inquiry into Universal Service and Funding Issues (Ky. PSC May 22, 1998), at 37, determining Kentucky USF support of \$3.50 per line per month.

¹⁸ App. at Ex. 3.

Offering the Services Designated for Support

Petitioners for ETC designation must certify that they offer all services designated for support by the Commission pursuant to 47 U.S.C. § 254(c) of the Act. ¹⁹ Tempo has demonstrated through the required certifications and related filings that it now offers, or will offer upon designation as a limited ETC, the voice telephony services supported by the Lifeline program. Tempo certifies that it now provides, or will provide throughout its designated service area, the services and functionalities enumerated in 47 C.F.R. § 54.101(a) throughout the licensed service areas of its underlying carrier. ²⁰

Offering the Supported Services Using a Carrier's Own Facilities

Generally, petitioners for ETC designation must certify that they will offer the supported services using either their own facilities or a combination of their own facilities and the resale of another carrier's services. In its *Lifeline Reform Order*, the FCC decided to forbear, on its own motion, from applying the facilities requirement of 47 U.S.C. § 214(e)(1)(A) to any telecommunications carrier that seeks limited ETC designation to participate in the Lifeline program, conditioned on the ETC's compliance with certain 911 requirements and the ETC's filing with and approval by the FCC of a

¹⁹ See 47 U.S.C. § 214(e)(1)(A); Section 214(e)(6) Public Notice, 12 FCC Rcd at 22948, ¶ 2.

²⁰ Specifically, Tempo certifies that it provides voice telephony services supported by federal universal-service support mechanisms, as set forth in 47 C.F.R. § 54.101, which includes: (1) voice-grade access to the public switched telephone network; (2) local usage; (3) access to emergency services; and (4) Lifeline service plans that do not distinguish between toll and non-toll calls in the pricing of service. See application at pp. 10-11. In the *Lifeline Reform Order*, the FCC adopted rules that provide that toll-limitation service is no longer necessary for any Lifeline service that does not distinguish between toll and non-toll calls in the pricing of service. *See Lifeline Reform Order* at ¶ 49.

²¹ 47 U.S.C. § 214(e)(6) Public Notice, 12 FCC Rcd at 22949; See also 47 U.S.C. § 214(e)(1)(A); Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i), CC Docket No. 96-45, Order, 20 FCC Rcd 15095 (2005) ("TracFone Forbearance Order").

²² See generally Lifeline Reform Order.

compliance plan describing the ETC's adherence to certain protections prescribed by the FCC. Birch Telecom of the South, Inc. d/b/a Birch Communications (Birch) is a telecommunications carrier authorized to provide services with the Commonwealth of Kentucky and is under common ownership with Tempo. Birch originally applied for designation as an ETC with the Commission in Case No. 2012-00540, but subsequently withdrew its application.²³ The Commission subsequently approved Birch's ETC designation when Birch purchased SE Acquisitions, LLC d/b/a Lightyear Network Solutions of Kentucky.²⁴

The FCC approved Birch's Compliance Plan on August 8, 2012. In the Compliance Plan filed by Birch, a question was raised regarding the need for Birch to establish a separate legal entity for the provisions of prepaid wireless Lifeline service. On December 8, 2012, Birch notified the FCC of its plans to establish a separate legal entity and began the process of changing its corporate structure by creating Now Communications, LLC ("Now Comm"), which adopted the Compliance Plan developed for Birch as its own.

The FCC acknowledged these changes in corporate structure in a December 20, 2012 public notice and confirmed that the previously approved Compliance Plan would apply to Now Comm.²⁵ Following the December 2012 filing, Now Comm changed its

Case No. 2012-00540, Application of Birch Telecom of the South, Inc. d/b/a Birch Communications of the Southeast for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Kentucky for the Limited Purpose of Offering Lifeline Service to Qualified Households. (Ky. PSC Jan. 10, 2013).

²⁴ Case No. 2013-00296, Birch Communications of Kentucky LLC's Request for Transfer of ETC Designation of SE Acquisitions, LLC (Aug. 13, 2013).

Wireline Competition Bureau Seeks Comments on Petitions for Designation as a Low-Income Eligible Telecommunications Carrier filed by Now Comm. WC Docket 09-997 (December 20, 2012).

name to Tempo.²⁶ Tempo notified the FCC that it would implement and comply with the Compliance Plan approved by the FCC on August 8, 2012, and adopted the Compliance Plan as its own. Tempo commits to using the same procedures and policies set forth in the Compliance Plan for its provision of prepaid wireless Lifeline service and will market and advertise its prepaid wireless Lifeline service in the same manner as described in the Compliance Plan.

Tempo, in its provision of wireless services, will offer resold services which Tempo will obtain from its underlying wireless provider, Sprint Wireless. This service-area footprint of its underlying carrier allows Tempo to provide coverage throughout many markets where eligible consumers need service. Through its service arrangements, Tempo has shown it is able to offer all of the services and functionalities supported by the universal-service program, as detailed in 47 C.F.R. § 54.101(a), throughout its service area.

Advertising Supported Services

Petitioners for ETC designation must advertise the availability of the supported services and the charges thereof using media of general distribution and provide a description of how they will do so.²⁷ Tempo has committed to advertise the availability of the supported services using media of general distribution.²⁸ In addition, Tempo has committed to advertising and promoting the availability of Lifeline services in a manner

Tempo and Birch utilize the same management and operational personnel and share the same corporate officers. App. at p. 4.

²⁷ 47 U.S.C. § 214(e)(1)(B); Section 214(e)(6) Public Notice, 12 FCC Rcd at 22949, ¶ 4.

²⁸ App. at pp. 10.

reasonably designed to reach those likely to qualify for Lifeline.²⁹ To increase accountability within the program and to target support where it is needed most, the FCC has adopted rules requiring ETCs to explain in their marketing materials that Lifeline service is a government benefit, that the individual must be eligible to receive the benefit, and that the consumer may receive no more than one benefit at a time from the program.³⁰ Tempo has demonstrated its commitment to comply with these FCC rules regarding marketing of Lifeline service.³¹

Designated Service Areas

Petitioners for ETC designation must provide a detailed description of the geographic service area for which they seek designation.³² In its application, Tempo seeks designation as a limited ETC, eligible only for Lifeline support, in the rural and non-rural exchanges of the incumbent local exchange carrier of its underlying carrier, Sprint Wireless.³³

Compliance with Applicable Service Requirements

Petitioners for ETC designation must certify that they will comply with all service requirements applicable to the support they receive.³⁴ Tempo has done so and has demonstrated its commitment to comply with the FCC's Lifeline rules, and specifically to

²⁹ Id.

³⁰ Lifeline Reform Order at ¶¶ 274-77; 47 C.F.R. § 54.405.

³¹ App. at p. 19 - 20.

³² Section 214(e)(6), Public Notice, 12 FCC Rcd at 22949, ¶ 5.

³³ App. at p. 5 - 6.

³⁴ 47 C.F.R. § 54.202(a)(1)(i).

comply with the rules regarding consumer enrollment and certification of eligibility.³⁵ We also find that Tempo's sample Lifeline certification forms used for consumer enrollment, attached as exhibits to its application, satisfy the FCC's rules.³⁶

Ability to Remain Functional in Emergency Situations

Petitioners for ETC designation must demonstrate their ability to remain functional in emergency situations.³⁷ Tempo is providing service to its customers through another carrier, and therefore is able to provide to its customers the same ability to remain functional in emergency situations as is currently provided by the underlying wireless carrier to its respective customers. Such service includes access to a reasonable amount of back-up power to ensure functionality without an external power source; re-routing of traffic around damaged facilities; and the capability of managing traffic spikes resulting from emergency situations. The Commission finds that Tempo has demonstrated its ability to remain functional in emergency situations.³⁸

Satisfaction of Applicable Consumer Protection and Service-Quality Standards

Petitioners for ETC designation must demonstrate that they will satisfy applicable consumer-protection and service-quality standards.³⁹ Tempo has committed to adhering to consumer-privacy standards as provided in 47 C.F.R. § 64 Subpart U, to protect Customer Proprietary Network Information ("CPNI") as required, and to make

³⁵ App. at p. 12 - 13.

³⁶ App. Ex. 7; 47 C.F.R. § 54.410 (setting forth the Commission rules on subscriber eligibility determination and certification); and *Lifeline Reform Order* at Appendix C (setting forth certification requirements for Lifeline subscribers).

³⁷ 47 C.F.R. § 54.202(a)(2).

³⁸ App. at pp. 12 -13.

³⁹ 47 C.F.R. § 54.202(a)(3).

annual certifications to the FCC.⁴⁰ Tempo has committed to providing applicable consumer-protection and service-quality standards, including compliance with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service.⁴¹ The Commission finds that Tempo's commitments provide sufficient consumer protection and service quality to consumers.

Financial and Technical Capability

Petitioners for ETC designation must demonstrate that they are financially and technically capable of providing Lifeline-supported services. Tempo states that it does not intend to rely exclusively on universal service fund disbursements to operate, and stated that it would offer service in 18 states starting in June 2013. In addition to providing Lifeline services, Tempo plans to target a customer base that will not receive Lifeline service. Tempo, a privately held company that offers wireless service to both Lifeline and non-Lifeline consumers, utilizes the same key management and personnel of Birch. Tempo, although not part of the same corporate family as Birch, is owned by the same ultimate owners of Birch and relies on Birch for support and operation. Tempo is designated as an ETC in Kansas and has pending applications for ETC

⁴⁰ App. at p. 14.

⁴¹ *Id*.

^{42 47} C.F.R. § 54.202(a)(4); See also Lifeline Reform Order at ¶ 387.

⁴³ App. at p. 15.

⁴⁴ Id.

⁴⁵ App. at p. 16.

designation in several other jurisdictions.⁴⁶ The Commission finds that Tempo is financially and technically capable of providing Lifeline-supported services.

Information Regarding the Terms and Conditions of Lifeline Plans

Petitioners for ETC designation must submit information regarding the terms and conditions of any voice telephony plans they offer to Lifeline subscribers. Tempo plans to offer two options for wireless Lifeline consumers: option one will provide eligible customers, at no cost, with 250 nationwide minutes or 750 text messages that expire at the end of each month; option two will provide eligible customers, at no cost, with 150 nationwide minutes or 450 text messages, with the ability of unused minutes to roll over to the next month. The Lifeline customers will have the option to purchase additional minutes or data plans. Lifeline customers will receive a free handset. In addition to voice services, Lifeline customers also will have access to a variety of other standard features at no additional charge, including caller I.D., call waiting, call forwarding, and voicemail.

Customers may purchase minutes at an authorized Tempo payment center, via the company's website, or by calling the company's toll-free number.⁵⁰ Calls to 911 emergency services and customer service are free, regardless of service activation or availability of minutes.⁵¹

⁴⁶ *Id.* at p. 5.

⁴⁷ 47 C.F.R. § 54.202(a)(5).

⁴⁸ App. at p. 17.

⁴⁹ App. at p. 17.

⁵⁰ *ld*.

⁵¹ *ld*.

Based on the foregoing, the Commission finds that Tempo offers a plan that will serve Lifeline customers.

Public Interest Analysis

Prior to designating an ETC, the Commission must determine whether such designation is in the public interest,⁵² and we find that Tempo offers a Lifeline plan that will provide a variety of benefits to Lifeline-eligible consumers, including increased consumer choice, high-quality service offerings, and mobility. New entrants in the Lifeline service market should incent existing ETCs to offer better service and terms to their subscribers.

Tempo will provide competitive wireless services throughout its service area in Kentucky. Tempo is a reseller of commercial mobile radio service, and will offer all of the services and functionalities detailed in 47 C.F.R. § 54.101(a), ensuring that Tempo can provide services to customers throughout the service area.⁵³

The Commission recognizes that the designation of Tempo as an ETC also creates competitive pressure for other wireline and wireless providers within the proposed service areas. In order to remain competitive in low-income markets, all providers will have greater incentive to improve coverage and customer service, increase service offerings, and lower prices. Consistent with federal law, the designation benefits consumers by allowing Tempo to offer the services designated for support at rates that are "just, reasonable, and affordable." Tempo plans to offer a comprehensive wireless telecommunications service which it will make available at no

⁵² See 47 U.S.C. § 214(e)(6); and 47 C.F.R. § 54.202(b).

⁵³ App. at pp. 7 - 8.

⁵⁴ 47 U.S.C. § 254(b)(1).

charge to qualified consumers who may not be able to obtain telecommunications services due to insufficient credit, immigration status, or living situation.⁵⁵

In order to promote public safety and safeguard against waste, fraud, and abuse in the Lifeline program, we find it necessary to require Tempo to comply with certain conditions. The designation of Tempo as a limited ETC is conditioned on Tempo's compliance with: (1) the representations and commitments made by Tempo in its ETC application and its Compliance Plan; and (2) the FCC rules, including those adopted by the FCC in the Lifeline Reform Order.⁵⁶

Subject to the above-stated conditions, we find that designating Tempo as an ETC eligible only to receive Lifeline support is in the public interest.

Regulatory Oversight

Under 47 U.S.C. § 254(e), petitioners are required to use the specific universal-service support they receive "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."⁵⁷ An ETC receiving Lifeline support uses that support as intended when it reduces the price of its telecommunications services by the amount of the support for the eligible consumer.⁵⁸

As previously noted, Tempo has an approved compliance plan that currently governs its provision of Lifeline service.⁵⁹ In providing Lifeline services pursuant to the

⁵⁵ App. at pp. 22 - 24.

⁵⁶ See generally Lifeline Reform Order.

⁵⁷ 47 U.S.C. § 254(e). We note that because petitioners are not eligible to receive federal universal service high-cost support, they are not required to file reports and certifications pursuant to section 54.313 of the FCC's rules.

⁵⁸ See TracFone Forbearance Order, 20 FCC Rcd at 15105-06, ¶ 26.

⁵⁹ Lifeline and Link Up Reform and Modernization et al., WC Docket No. 11-42 et al., Public Notice, DA 12-828 (May 25, 2012)

conditional ETC designation granted herein, Tempo must comply with the measures described in its existing compliance plan and in its application, as well as the FCC's rules.

Finally, we note that the Commission or the FCC may institute an inquiry on its own motion to examine the petitioner's records and documentation to ensure that the universal-service support Tempo receives is being used for the purpose intended. Tempo is required to provide such records and documentation to the Commission, the FCC, or Universal Service Administration Company ("USAC") upon request. We further emphasize that, if Tempo fails to fulfill the requirements of the Act, the FCC's rules, or the terms of this Order after it begins receiving universal-service support, the Commission may exercise its authority to revoke Tempo's ETC designation. The FCC also may assess forfeitures for violations of FCC rules and orders.

Annual Certification and Verification

Each year Tempo will require all Lifeline subscribers to recertify their head-of-household status, certify that only one Lifeline discount is received at their household, and document their continued program eligibility for Lifeline in accordance with the annual Lifeline Certification and Verification for USAC that is due annually.⁶³ The

⁶⁰ 47 U.S.C. §§ 220, 403.

⁶¹ See Federal-State Joint Board on Universal Service; Western Wireless Corp. Petition for Preemption of an Order of the South Dakota Public Utilities Commission, CC Docket No. 96-45, Declaratory Ruling, 15 FCC Rcd 15168, 15174, ¶ 15 (2000); See also 47 U.S.C. § 254(e).

⁶² See 47 U.S.C. § 503(b).

⁶³ Administrative Case No. 2012-00146, Lifeline Reform (Ky. PSC May 1, 2012).

Commission finds that Tempo's plan to meet the annual certification and verification requirements is in accordance with the FCC's requirements.

The Commission, having reviewed the evidence of record and having been otherwise sufficiently advised, HEREBY ORDERS that:

- 1. The designation of Tempo as a limited ETC is conditioned on Tempo's compliance with: (1) the representations and commitments made by Tempo in its ETC application and its Compliance Plan; and (2) the FCC rules, including those adopted by the FCC in the Lifeline Reform Order.
- 2. Tempo is designated as an ETC for the purpose of offering Lifeline service only in the underlying carrier's licensed service area in Kentucky.
- 3. During the current certification period, Tempo shall be eligible to receive federal and Kentucky USF support for Lifeline.
- 4. Tempo shall advertise the availability of and charges for these services using media of general distribution.
- 5. Tempo shall comply with the FCC's annual certification process for Lifeline customers.
- 6. Tempo is a utility under the definitions contained in KRS 278.010(3), and shall include revenue generated from the sale of intrastate wireless service in its reports filed pursuant to KRS 278.140.
 - 7. A copy of this Order shall be served upon the FCC and the USAC.

By the Commission

ENTERED

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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Executive Director

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