

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

AN INQUIRY INTO THE STATE            ) CASE NO. 2016-00059  
UNIVERSAL SERVICE FUND            )

**BUDGET PREPAY, INC.'S RESPONSES**  
**TO COMMISSION STAFF'S FIRST REQUESTS FOR INFORMATION**

Budget PrePay, Inc. dba Budget Phone (“Budget”) hereby serves its Responses to the  
Kentucky Public Service Commission Request for Information dated April 6, 2016.

**DATA RESPONSES**

REQUESTS FOR INFORMATION TO PARTIES THAT RECEIVED PAYMENT FROM THE  
KENTUCKY UNIVERSAL SERVICE FUND ("KUSF")

**REQUEST NO. 1.** Provide the KUSF reimbursement forms submitted to the Commission and the Department of Finance and Administration from January 2014 to the present.

**RESPONSE:** As attached in Exhibit A, Budget provides the KUSF reimbursement forms submitted to the Commission and the Department of Finance and Administration from January 2014 to the present.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO. 2.** Provide the Federal Communication Commission ("FCC") Form 497 submitted to the FCC from January 2014 to the present.

**RESPONSE:** As attached in Exhibit B, Budget provides the FCC Form 497 submitted to USAC from January 2014 to December 2015. In December 2015 all residential wireline subscribers were transferred to Global Communications in compliance with the FCC's bulk transfer rules. No further reporting was required per USAC of Budget's FCC Form 497 for wireline operations.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO. 3.** Refer to the Lifeline plans you filed with the Commission with your Application for Designation as an Eligible Telecommunications Carrier ("ETC"). State whether there have been changes to these Lifeline plans since the Commission entered an Order designating you as an ETC for the purpose of offering Lifeline service in Kentucky. If there have been changes to the Lifeline plans, provide:

- a. Copies of all Lifeline plans currently offered to Kentucky subscribers.
- b. For each new or modified Lifeline plan, explain in detail:
  - (i) How the current Lifeline plan modifies the Lifeline plan in effect when you were designated as an ETC:
  - (ii) Whether the current Lifeline plan was offered in addition to Lifeline plans in effect when you were designated as an ETC.
- c. An explanation for why existing Lifeline plans were changed or additional Lifeline plans were added.

**RESPONSE:**

Budget has provided the original and revised Lifeline plans for the purpose of offering wireline Lifeline service in Kentucky. The original and revised plans can be found in Exhibit C.

- a. Copies of all Lifeline plans currently offered to Kentucky subscribers.  
Refer to Exhibit C.
- b. For each new or modified Lifeline plan, explain in detail:
  - (i) How the current Lifeline plan modifies the Lifeline plan in effect when you were designated as an ETC:  
  
Refer Exhibit C for details on revisions.
  - (ii) Whether the current Lifeline plan was offered in addition to Lifeline plans in effect when you were designated as an ETC.
- c. An explanation for why existing Lifeline plans were changed or additional Lifeline plans were added.

The adding and revising of Budget's Lifeline plans during the past several years was designed to remain competitive in the local market and to provide additional plan choices for consumers.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO. 4.** If the Commission's decision is to maintain state Lifeline support for only voice service, describe how that decision would affect whether and how you provide Lifeline service in Kentucky.

**RESPONSE:** Should the Commission decide to maintain the state Lifeline support for only voice service, Budget would not experience any change to how Lifeline service is provided in Kentucky.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO. 5.** Identify any cost-effective procedures that you believe should be implemented by the Commission to increase oversight of the Lifeline program.

**RESPONSE:** Budget does not have any proposals for additional procedures that should be implemented to increase oversight of the Lifeline program as it pertains to KY Lifeline services at this time.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO. 6.** If the Commission's decision is to change the amount of Lifeline support, state how soon upon the issuance of an Order by the Commission changing the Lifeline support amount that you are or anticipate being able to implement the changes on customer bills.

**RESPONSE:** Budget does not issue bills to its wireless Lifeline subscribers.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO. 7.** Provide, in detail, the methods employed to verify the eligibility of customers who participate in the Lifeline program.

**RESPONSE:**

Budget PrePay, Inc. d/b/a Budget Mobile offers to consumers the Lifeline-supported service. Only eligible consumers may enroll in the program and proof of eligibility documentation is necessary for enrollment. The program is limited to one benefit per household, consisting of either wireline or wireless service. Lifeline service is non-transferable. Lifeline is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

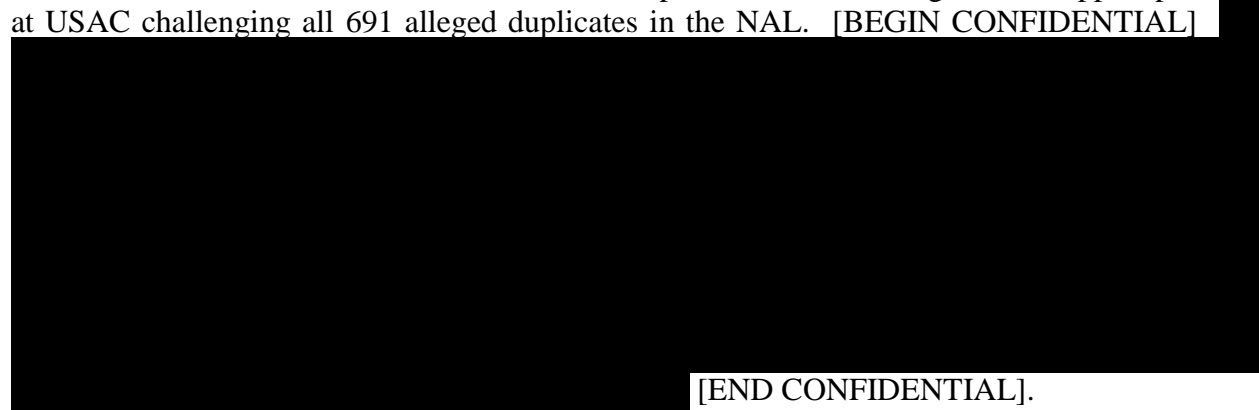
Budget reviews all applications and determines eligibility of eligible consumers and blocks possible duplicate accounts from receiving the federal and Kentucky Lifeline credits by screening each application for data entry accuracy, Lifeline program/income eligibility, address validation and identification verification. In addition, Budget Mobile uses the National Lifeline Accountability Database (NLAD) which validates customer's address and identify, as well as searching for duplicate subscribers.

**RESPONSIBLE WITNESS:** Robin Enkey



**REQUEST NO. 8.** State whether you have been subjected to FCC investigation, action, and/or penalties relating to participation in the Lifeline program. If you have been so subjected, provide in detail, including citations to the FCC action, the investigation, action, and/or penalties to which you were subjected.

**RESPONSE:** On February 28, 2014, the FCC released a Notice of Apparent Liability (FCC 14-19) for Forfeiture (“NAL”) to Budget PrePay alleging that the Company had intra-company duplicates during a three-month period in 2013. No forfeiture has ever been imposed. The NAL alleges 691 duplicate lines drawing Federal Lifeline Support which is less than 0.1% of Budget’s total customer base. The FCC issued the NAL despite the fact that Budget has an appeal pending at USAC challenging all 691 alleged duplicates in the NAL. [BEGIN CONFIDENTIAL]



[END CONFIDENTIAL].

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO. 9.** Describe, in detail your current marketing programs for Lifeline service in Kentucky, including, but not limited to, person-to-person sales.

**RESPONSE:** Budget's current marketing programs for Lifeline service in Kentucky include person-to-person sales, authorized dealers with permanent storefront locations, Budget's website, and Customer Call Center.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUESTS FOR INFORMATION TO ALL PARTIES**

**REQUEST NO.1.** Provide the KUSF reimbursement forms submitted to the Commission and the Department of Finance and Administration from January 2014 to the present.

**RESPONSE:** *See Exhibit A.*

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO.2.** Explain how the total number of subscriber lines is calculated for the KUSF reimbursement form when a new customer receives service in the middle of a month.

**RESPONSE:** Budget calculates the total number of subscribers for its wireless operations by using the total number of subscribers online by the end of the reporting period.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO.3.** Explain how the total number of subscriber lines is calculated for the KUSF reimbursement form when a customer leaves in the middle of a month.

**RESPONSE:** Budget calculates the total number of subscribers for its wireless operations by using the total number of subscribers online by the end of the reporting period.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO.4.** Explain how the KUSF surcharge remittance is calculated when you experience a bad debt. Explain whether none of the surcharge amount or the full surcharge amount billed to, but not paid by, the customer is remitted.

**RESPONSE:** Since Budget is a prepaid service bad debt is not factored in this calculation.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO.5.** State whether you believe the Commission should wait until the FCC's investigation of Lifeline Reform' is concluded before rendering a decision in this proceeding, and explain the basis for your response.

**RESPONSE:** The FCC issued an Order on Reconsideration (DA/FCC: FCC-16-38) on April 27, 2016. Regardless, Budget feels that the Commission should not wait until the FCC's investigation of Lifeline Reform is concluded before rendering a decision in this proceeding, because Budget feels that the reason for the proceeding is not directly affected by the Lifeline Reform.

**RESPONSIBLE WITNESS:** Robin Enkey

**REQUEST NO.6.** State how soon upon the issuance of an Order by the Commission changing the KUSF surcharge that you are or anticipate being able to implement the changes on customer bills. If it differs by type of account, provide the information for each type of account, along with the number of access lines for each account type.

**RESPONSE:** Budget does not issue bills to its wireless Lifeline subscribers.

**RESPONSIBLE WITNESS:** Robin Enkey



## **CERTIFICATE OF SERVICE**

In accordance with 807 KAR 5:001, Section 8, I certify that the May 5, 2016 electronic filing of these Data Responses is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Commission on May 5, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of these Data Responses will be mailed to the Commission by first class United States mail. Postage prepaid on May 5, 2016.

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Douglas F. Brent