

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

In the Matter of:

**AN INQUIRY INTO THE STATE)
UNIVERSAL SERVICE FUND)**

**CASE NO.
2016-00059**

**I-WIRELESS, LLC RESPONSE TO COMMISSION STAFF'S SECOND REQUEST
FOR INFORMATION**

i-wireless, LLC hereby serves its Responses to the Kentucky Public Service Commission Request for Information dated June 22, 2016.

REQUEST NO. 1. If not already provided in a previous response to a Commission Staff request for information, respond to the following:

- a. Provide the monthly Kentucky Universal Service Fund ("KUSF") forms¹ ("KUSF form") submitted to the Commission and the Department of Finance and Administration from January 2014 to the present.
- b. Explain how the total number of subscriber lines is calculated for the KUSF form when a new customer receives service in the middle of a month.
- c. Explain how the total number of subscriber lines is calculated for the KUSF form when a customer leaves in the middle of a month. Commission Staff's First Request for Information referred to these forms as "reimbursement" forms. In this request, Commission Staff is referring to the forms that the parties are to file monthly pursuant to the Commission's decision in *An Inquiry into Universal Service Funding Issues*, Administrative Case No. 360 (KY. PSC May, 22, 1998) (form last revised March 10, 2016). These forms are to be filed regardless of whether a party is seeking reimbursement from the KUSF.
- d. 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.
- e. State whether the KUSF surcharge billed to a customer is prorated if the customer has service for less than a full month.

RESPONSE: Request 1(a) – (d) have been provided in a previous response. 1(e) i-wireless, LLC is a prepaid company and as such, a retail customer purchases airtime in advance. Applicable taxes, fees and surcharges are paid upon the initiation of service for the upcoming 30 days.

RESPONSIBLE WITNESS: Sam Bailey.

¹ Commission Staff's First Request for Information referred to these forms as "reimbursement" forms. In this request, Commission Staff is referring to the forms that the parties are to file monthly pursuant to the Commission's decision in *An Inquiry into Universal Service Funding Issues*, Administrative Case No. 360 (Ky. PSC May, 22, 1998)(form last revised March 10, 2016). These forms are to be filed regardless of whether a party is seeking reimbursement from the KUSF.

REQUEST NO. 2. If no KUSF forms have been submitted to the Commission and the Kentucky Department of Finance and Administration from January 2014, to the present, explain why the KUSF forms have not been submitted.

- a.** If no KUSF forms have been submitted, state whether you collect the KUSF surcharge from your customers.
- b.** If you do not collect the KUSF surcharge from your customers, explain why the KUSF surcharge has not been collected.
- c.** If no KUSF forms have been submitted, state whether you remit the KUSF surcharge to the Kentucky Department of Finance and Administration.
- d.** If you do not remit the KUSF surcharge to the Kentucky Department of Finance and Administration, explain why the KUSF surcharge has not been remitted.

RESPONSE: Request 2(a) – (d) have been provided in a previous response.

RESPONSIBLE WITNESS: Sam Bailey.

REQUEST NO. 3. Explain the anticipated impact, if any, that the FCC's recent *Lifeline Reform Order*² will have on the provision of Lifeline service in Kentucky, including, but not limited to, verifying eligibility of Lifeline customers; the potential provision of broadband service; and, the impact of the reduction of Federal Universal Service funding for voice service.

RESPONSE:

One of the most significant changes adopted in the Lifeline Modernization Order is the transition to the National Lifeline Eligibility Verifier. The National Verifier assumes several functions that previously were served by ETC's, their vendors and the states. The primary function of the National Verifier will be to verify eligibility for Lifeline applicants by reviewing proof of enrollment in Federal and Tribal programs. While the Order sets the expectation that the National Verifier will conduct timely reviews and that the manual and electronic certification processes will be completed in a reasonable amount of time, it does not explicitly require real-time verifications.

Real-time enrollment is essential to preserving the dignity of low-income consumers by providing equality of customer experience between low-income and non-low-income consumers. Average non-low-income consumers do not expect to have to wait hours or days after sign-up to receive a wireless device and/or start receiving service, and neither should qualified low-income consumers.

Additionally, the lack of real-time verification may limit an ETC's ability to engage with the customer and provide assistance during the smartphone activation process, an experience that may be new to this demographic. This scenario creates a missed opportunity for some amount of digital literacy training for the consumer, as a trained representative could offer guidance on how to maximize the value the rate plan and device capability.

The implementation of a 12-month benefit port freeze creates stability in the consumer/carrier relationship by enabling ETC's to make investment decisions by securing better devices that are Wi-Fi enabled and hotspot capable. By reducing churn, the twelve-month stability provides significant incentives for providers to offer and move subscribers to broadband minimum service standard-compliant plans. This important change to the existing program rules will further reduce the velocity of benefit porting that is or often appears to be wasteful and abusive behavior.

The step-down in support for voice service fails to take into consideration the cost-trend information submitted into the record by ETC's demonstrating that wholesale voice costs are not expected to decline significantly in the near term in a manner that would offset the proposed annual increases to the minimum service standards or the decreases in support amounts. The Order fails to adequately take into account the tremendous value that voice service has for low-income residents. The Commission should reconsider the step-down in support for standalone-voice until it completes its State of the Lifeline Marketplace Report.

RESPONSIBLE WITNESS: Sam Bailey.

² See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42; *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197; *Connect America Fund*, WC Docket No. 10-90, *Third Report and Order*, *Further Report and Order*, and *Order on Reconsideration* (Rel. April 27, 2016). ("Lifeline Reform Order").

REQUEST NO. 4. In light of the *Lifeline Reform Order*, explain how a reduction in the amount of, or elimination of, KUSF support would impact the provision of Lifeline service in Kentucky.

RESPONSE:

The Lifeline Reform Order adopts a step-down of standalone voice service support, with full discontinuation of support entirely as of December 1, 2021. This approach fails to adequately take into account the tremendous value that voice service has for low-income individuals, particularly the elderly population. Maintenance of KUSF support will help ETCs to extend the viability of voice service at the minimum service standards that so that low-income Kentuckians will not lose access to affordable voice services, including emergency calling.

RESPONSIBLE WITNESS: Sam Bailey.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the July 13, 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 July 13, 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 July 13, 2016.

A handwritten signature in black ink, appearing to read 'Douglas F. Brent', with a long horizontal stroke extending to the right.

Douglas F. Brent