

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

In the Matter of:

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

**TELRITE’S RESPONSE TO COMMISSION STAFF’S SECOND REQUEST FOR
INFORMATION**

Telrite Corporation d/b/a Life Wireless (“Telrite” or the “Company”), 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:

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.

Please see Telrite's responses to the first set of Commission Staff Requests 1 (to parties that received payment from KUSF) and Requests 1 to 4 (to all parties).

RESPONSIBLE WITNESS: Susan Berlin, VP Regulatory Affairs & Counsel, Telrite

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:

Not applicable.

RESPONSIBLE WITNESS: Susan Berlin, VP Regulatory Affairs & Counsel, Telrite

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:

Telrite is hopeful that the National Eligibility Verifier mandated by the FCC's recent Order will make it easier to verify eligibility and is hopeful too that use of the National Eligibility Verified will offer a "safe harbor" for ETCs that rely on approvals from the Verifier. Telrite is hopeful too that the recent Order will result in broader availability of broadband service and wi-fi capable handsets for Kentucky participants in the wireless Lifeline program.

Telrite is concerned that the minimum service standards included in the Order require too much too soon without compensating ETCs for the additional cost such improved services will require. Similarly, Telrite is concerned that the diminishment of support for voice-only Lifeline service will make providing what many Lifeline consumers continue to desire – voice-only service – prohibitively expensive and will limit the supply of providers willing to provide the service. Telrite's experience is that any price point higher than zero has an extremely detrimental effect on participation in the program. Many Lifeline subscribers are wholly unbanked which makes it difficult for them to make even modest payments. Even those subscribers able to make one or two payments often are unable to sustain the payments over time. For these reasons, Telrite endeavors to offer its Lifeline service at no cost to end users. It does, however, offer an array of "top ups" to allow subscribers to purchase additional minutes, data, etc. in any month its subscriber so desires.

RESPONSIBLE WITNESS: Susan Berlin, VP Regulatory Affairs & Counsel, Telrite

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").

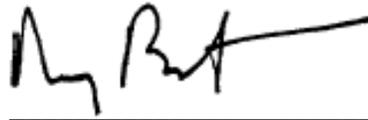
REQUEST NO. 4. In light of the *Lifeline Reform Order*, explain how a reduction in the amount of, or elimination of, KUSF support would impact the provision of Lifeline service in Kentucky.

RESPONSE: Kentucky subscribers have been advantaged in measurable ways because of the KUSF support. Telrite offered its smart phones first in California (which also supports Lifeline at the state level) and Kentucky. Kentucky was the first place other than California where Telrite offered subscribers 500 minutes, which began on September 8th, 2015. Slowly Telrite has increased its offering to 500 minutes in all states other than California. In Kentucky on June 17, 2015, Telrite rolled out 50 MB of data to new subscribers with an increase to 100 MB after 6 months of service. Telrite does not offer data as part of its base product in any jurisdictions today other than Kentucky and California. Innovations like those Telrite has offered in Kentucky have been made possible due to the additional state support.

Moving forward, the FCC's new minimum service standards will make offering Lifeline to subscribers everywhere significantly more daunting. Kentucky's additional support of Lifeline service will ensure that offerings in the Commonwealth meet or exceed those available in most jurisdictions and that robust competition for Kentucky Lifeline subscribers will continue with the benefits that competition brings.

RESPONSIBLE WITNESS: . Susan Berlin, VP Regulatory Affairs & Counsel, Telrite

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