

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

In the Matter of:

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

**CASE NO.
2016-00059**

**BLUE JAY WIRELESS, LLC RESPONSE TO COMMISSION STAFF'S SECOND
REQUEST FOR INFORMATION**

Blue Jay Wireless, LLC (“Blue Jay” 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") forms ("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.
- 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:

- a. See Blue Jay Wireless, LLC Objections and Responses to Commission Staff's First Requests for Information, submitted April 27, 2016 ("First Response"), Request No. 1.
- b. See First Response, Request No. 11.
- c. See First Response, Request No. 12.
- d. See First Response, Request No. 13.
- e. Blue Jay does not prorate the KUSF surcharge. If a customer receives Lifeline service for a given month (i.e. receives free Lifeline minutes), Blue Jay remits the KUSF surcharge for that customer.

RESPONSIBLE WITNESS:

Lauren Moxley, Chief Compliance Officer
Daniel Stark, Chief Financial Officer

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:

Blue Jay provided KUSF forms for reporting months July 2014 (the first form the Company filed) through February 2016 (the last form available at the time of the filing) with its First Response, Request No. 1.

RESPONSIBLE WITNESS:

Daniel Stark, Chief Financial Officer

REQUEST NO. 3. Explain the anticipated impact, if any, that the FCC's recent *Lifeline Reform Order* 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:

As Blue Jay works to implement the changes set forth in the *Lifeline Reform Order* (“Order”), it will be developing new service plans and options for Lifeline customers throughout its service territory, including Kentucky. While the Company does not know at this point what exactly these new plans and options will include, it does anticipate offering Kentucky Lifeline customers service plans that include broadband service. Moreover, as federal Universal Service funding is reduced for voice service, Blue Jay will evaluate what Kentucky customers value most in a Lifeline service offering (voice minutes, texts, data, etc.) and what costs are associated with providing those valued services under the new funding structure. At that point, the Company will evaluate how the funding reduction will impact its voice service offerings in Kentucky. Blue Jay will provide information regarding its revised Lifeline service offerings in Kentucky to the Kentucky Commission as these offerings are developed and finalized

Regarding the impact of eligibility verification of Kentucky Lifeline customers, the Company will be working closely with the Universal Service Administrative Company (“USAC”) and the FCC as they finalize and roll out the national verifier process envisioned in the Order. Currently, the national verifier is not slated to be fully rolled out until at least December 2019 and it is not clear when it will be implemented in Kentucky. As such, Blue Jay cannot speak to the anticipated impact of the Order with respect to eligibility verification in Kentucky at this time. The Company would be more than happy to provide additional information to the Commission regarding anticipated impacts once more information is known about the FCC’s and USAC’s plans.

The FCC has committed to modifying the list of eligibility programs that qualify a potential subscriber for Lifeline supported service. For example, upon implementation of the Order, a Lifeline applicant will no longer be considered eligible for Lifeline through participation in the Low-Income Home Energy Assistance Program (LIHEAP), the National School Lunch Program's (NSLP) free lunch program, or Temporary Assistance for Needy Families (TANF). It is unclear at this time whether states who offer additional state support for Lifeline subscribers, such as Kentucky, will opt to continue accepting applicant participation in the above programs as an acceptable means of qualifying for *state* Lifeline support only or adopt the federal criteria for both federal and state Lifeline support.

Moreover, Blue Jay believes that the FCC’s changes to the annual recertification requirement will have an impact on both Lifeline providers in the state of Kentucky as well the Commission. Historically, Blue Jay has worked with the Cabinet for Health and Family Services (CHFS) to confirm ongoing eligibility of active subscribers in need of completing their annual recertification. This is done via secure file share once or twice yearly. The changes to the recertification requirement set forth in the Order will require the CHFS to amend its database protocols to enable such file sharing, at a minimum, one to two times *per month*.

While Blue Jay cannot anticipate the exact implications of the Order with respect to Kentucky Lifeline service, it is clear that there are many considerations to be made going forward that will affect Lifeline customers, the Commission, and other state entities such as CHFS. Blue Jay encourages the Commission to work closely with the FCC and USAC when determining the exact impacts of the Order on Lifeline service in Kentucky and in developing processes and new rules to meet the state's unique needs.

RESPONSIBLE WITNESS:

Lauren Moxley, Chief Compliance Officer

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:

As explained in the First Response, Request No. 4, Blue Jay's Lifeline 500 Total Plan offers 500 units to Lifeline customers in Kentucky. This plan offers Kentucky Lifeline customers up to 250 more voice minutes per month for free than the Company offers in other states that do not offer state support in addition to the federal Lifeline subsidy.¹ Due to the additional support available from the KUSF, Blue Jay is able to offer a plan in Kentucky that gives Lifeline subscribers additional flexibility in the way they use their wireless Lifeline service.

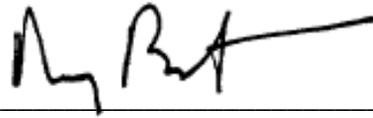
As Blue Jay works to implement the changes set forth in the Order, it will be developing new service plans and options for Lifeline customers throughout its service territory. With the KUSF support, Blue Jay anticipates being able to offer Kentucky Lifeline customers additional and more flexible service options than what might be available in states without a state USF fund when the requirements of the Order go into effect. Additional services may include additional minutes, texts, or data for Kentucky Lifeline customers.

Blue Jay will provide information regarding its revised Lifeline service offerings in Kentucky to the Kentucky Commission as these offerings are developed and finalized.

RESPONSIBLE WITNESS: Lauren Moxley, Chief Compliance Officer

¹ Blue Jay offers two free Lifeline plans in most states that do not offer a state Lifeline subsidy: a 125-minute plan with rollover and a 250 minute plus 250 text plan without rollover. Blue Jay's 500 Total Plan in Kentucky gives Lifeline customers the option to have a plan with 500 total voice minutes.

Respectfully Submitted,

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

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Counsel for Blue Jay Wireless, LLC

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.

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Douglas F. Brent