

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of a Repository Docket in which to)
Gather Information about the Lifeline Program and)
Evaluate the Purposes and Goals of the) File No. TW-2014-0012
Missouri Universal Service Fund)

COMMENTS OF BUDGET PREPAY, INC.

Budget Prepay, Inc. ("Budget") respectfully submits these comments in response to Staff's Request for Comment, issued July 25, 2013, and the Commission's Notice of Opportunity to Comment, issued July 26, 2013. Budget states as follows:

a. What should be the purposes and goals of the Missouri USF?

Budget Prepay does not have a response at this time.

b. What problems should be addressed in the administration and operation of the Missouri USF?

Budget Prepay does not have a response at this time.

c. What changes should be made to the Missouri USF?

Budget Prepay does not have a response at this time.

d. Should wireless carriers be required to contribute to the Missouri USF and also be able to receive Missouri USF support?

Not all wireless carriers should be required to contribute to the fund. The only carriers who should be required to contribute to the fund are those who actually draw support or are eligible to draw support from the fund.

e. Should the Lifeline program be expanded in Missouri to ensure qualifying low-income consumers have access to broadband service? If yes, how should the program be expanded?

Yes, expansion to include broadband services would be desirable. However, a carrier should only be obligated to contribute to an expanded broadband Lifeline program if the carrier is eligible to draw support or actually drawing support from the Missouri USF in order to provide access to broadband services.

f. Should the eligibility criteria for consumers to qualify for the Lifeline program be expanded? If so, how?

Yes, the Commission should consider expanding the eligibility criteria to insure that all Missouri residents can have access to telecommunications services, which can provide a reliable means of contact

for prospective employers, social service agencies or dependents and access to emergency services. One potential way to expand services is to increase the maximum income level to qualify for Lifeline services. Currently that level is set at 135% of the federal poverty level and consideration should be given to increasing that percentage to 150% or 175% of federal poverty levels as some other states have done.

Additionally, the program could be expanded to consumers who use other Missouri social service programs, such as blind pension beneficiaries, MORx (the State's prescription assistance program), and consumers who are eligible for Mo HealthNet Services. The expansion will allow the program to benefit more low-income customers in need who may not qualify under the current legal framework.

g. Should the Missouri USF support amount of \$3.50 be increased, decreased or remain the same?

It should remain the same. However, the USF support should be made available to all ETC carriers, including wire line and wireless carriers. The goals of the USF program include connecting as many Missourians as may be in need to telecommunications providers, and allowing wireless and wire line carriers to participate will give low-income consumers some choice and flexibility.

h. Do you anticipate the FCC's reforms, when fully implemented, will adequately address fraud, abuse and waste within the Lifeline program? Why or why not?

Yes, reforms such as creating a national database to prevent multiple carriers from taking support for the same subscriber, creating eligibility databases, establishing the one-per-household rule, and establishing clear goals and metrics to measure performance and effectiveness should have the effect of reducing fraud and increasing accountability.

i. What specific compliance efforts would be easy to implement to ensure companies and consumers comply with Lifeline program requirements?

Concerns with Lifeline duplicates should be resolved when the FCC's National Lifeline Accountability Database ("NLAD") is operational. Budget also supports the prompt adoption of the National Lifeline Eligibility Database which will provide a uniform method of verifying the eligibility of prospective customers.

Budget supports a proposal that would allow ETCs to retain proof of customer eligibility. FCC rules preventing ETCs from doing so inhibit the ability of ETCs to provide the source documentation for the carrier's initial Lifeline eligibility determination, thereby frustrating efforts of ETCs to demonstrate compliance.

One of the largest sources of enrollment and duplicate problems stems from ETCs relying on third-party agents using temporary sites or kiosks. Such agents typically operate from temporary structures and lack any affiliation with an agent-based brick and mortar store. They also lack the accountability that comes with being an employee of an ETC or brick and mortar-based agent and can be difficult to locate if a new customer has a problem with service.

Budget uses kiosks to reach customers in locations where it does not have brick and mortar stores, however such kiosks, whether corporate-owned or agent-owned, function as a retail extension of its brick and mortar stores. Customers receiving service at a temporary location are informed of local permanent locations where they can seek customer service assistance. While Budget opposes any

proposal that would indiscriminately ban Lifeline enrollment from corporate-owned and corporate staffed kiosks, or by Budget's brick and mortar based agent base, Budget is not opposed to banning the in-person distribution of Lifeline handsets by all non-corporate employee-staffed, mobile locations not operating as an extension of an agent-owned brick and mortar store.

Budget also opposes proposals that have been made to ban in-person distribution of handsets, and instead permit distribution only through the mail. This type of proposal would result in a significant delay between the time an applicant purchases service and when that applicant receives a handset. Such proposals are inherently discriminatory to low income customers by subjecting them to a waiting period that is not applicable to other customers and may even preclude service to some eligible customers who are homeless or in disaster areas.

Further, proposals banning in-person distribution will do little to combat fraud and waste in the Lifeline program, since they do not address the real potential for abuse associated with Lifeline duplicates and those ETCs that have not implemented sufficient measures to ensure the eligibility of their customers. If a provider employing in-person sales and distribution methods can ensure that an applicant is, in fact, eligible to receive Lifeline supported services, and it complies with all applicable FCC and state Lifeline rules, there is absolutely no compelling public policy reason to prohibit the in-person distribution of handsets activated for lifeline supported services.

j. Should the State of Missouri strive to implement a data base to confirm Lifeline subscriber eligibility? If yes, how should it be funded?

It is not necessary for the State of Missouri to expend funds and other resources for such a database given the FCC's intention to implement a national Lifeline eligibility database as well as its National Lifeline duplicate database.

k. What other issues should be considered in this workshop proceeding?

Budget opposes proposals to create minimum Lifeline fees and minimum minute allotments under the program. Such measures unnecessarily constrain the participating companies' business practices and are unnecessary with the new measures implemented to combat fraud and waste. Likewise, Budget also opposes the proposed 60-day bar for customers who switch ETC providers. Again, such a measure constrains legitimate business practices and customer choice, and is not needed to fight fraud.

WHEREFORE, Budget Prepay, Inc. respectfully submits these Comments for the Commission's consideration.

Respectfully submitted,

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