ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF PETITION OF SAGE TELECOM COMMUNICATIONS, LLC FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER IN THE STATE OF INDIANA FOR THE LIMITED PURPOSE OF OFFERING LIFELINE SERVICE TO QUALIFIED HOUSEHOLDS	)	**CAUSE NO. 41052 ETC 73**
		APPROVED: FEB 11 2015

ORDER OF THE COMMISSION

Presiding Officers:
Angela Rapp Weber, Commissioner
Marya E. Jones, Administrative Law Judge

On June 13, 2014, Sage Telecom Communications, LLC ("Petitioner" or "Sage") filed its Petition for Designation as an Eligible Telecommunications Carrier ("ETC") in the State of Indiana for the Limited Purpose of Offering Lifeline Service to Qualified Households ("Petition") with the Indiana Utility Regulatory Commission ("Commission"). In its Petition, Sage sought designation as an ETC pursuant to § 214(e)(2) of the Federal Communications Act of 1934, as amended ("Act"), to provide wireless services supported by the Federal Universal Service Fund's ("USF") Lifeline program.

On July 23, 2014, Sage pre-filed direct testimony and exhibits of Sherri Flatt, its former Executive Director of Legal and Regulatory Affairs. On August 14, 2014, the Office of the Utility Consumer Counselor ("OUCC") filed Notice of Intent Not to Prefile Testimony. On September 10, 2014, the Presiding Officers issued a Docket Entry and Sage responded on September 17, 2014. On September 30, 2014, the Presiding Officers issued a Docket Entry and Sage responded on October 6, 2014.

The Commission convened a public hearing in this Cause on October 8, 2014, at 1:30 p.m. at the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Sage and the OUCC appeared and participated. No members of the general public were present or sought to testify. Sage's witness, Melanie King, current Director of Legal and Regulatory Affairs, adopted the pre-filed testimony of Sherri Flatt. The testimony and exhibits of Petitioner's witness were admitted into evidence without objection. The OUCC did not offer any testimony or other evidence into the record.

The Commission, having examined all of the evidence of record and all applicable law, now finds as follows:

1. **Notice and Jurisdiction.** Proper, legal, and timely notice of the hearing in this cause was given and published by the Commission as provided for by law. The proofs of publication of the notice of the hearing have been incorporated into the record of this proceeding. Pursuant to the Act, 47 U.S.C. § 151 *et seq.*, and applicable Federal Communications Commission ("FCC") rules, 47 C.F.R. §§ 54.201 and 54.203, the Commission is authorized to designate ETCs, thereby enabling those so

designated to apply for federal universal service support under section 254 of the Act and in accordance with the Commission's Orders in Cause Nos. 40785, 41052, and 42067. The Commission also has jurisdiction pursuant to Ind. Code § 8-1-2.6-13(d)(5)(B). The Commission therefore has jurisdiction over Petitioner and the subject matter of this Cause.

2. **Petitioner's Characteristics.** Sage is a Texas limited liability company organized on December 5, 2012, with its principal office located at 10440 N. Central Expressway, Suite 700, Dallas, TX 75231. Sage, formerly known as Sage Telecom, Inc., is a subsidiary of TSC Acquisition Corporation. Sage Telecom, Inc. received a Certificate of Territorial Authority ("CTA") to provide switched and special access local exchange telecommunications services including caller ID in the Commission's March 13, 2002 Order in Cause No. 42155.[1] On September 20, 2012, the Commission acknowledged Sage Telecom Inc. as a commercial mobile radio service provider ("CMRS") pursuant to Notice of Change No. CSP 1208-6. Subsequently, on April 18, 2013, the Commission acknowledged the transfer of Sage Telecom Inc.'s CTA to Sage pursuant to Notice of Change CSP 1303-2. Sage has been authorized by the Indiana Secretary of State to conduct business in Indiana. Sage is a common carrier as defined by 47 C.F.R. § 20.9 and also a telecommunications carrier as defined by 47 U.S.C. § 153.

3. **Requirements for ETC Designation.** The Commission's 40785 Order issued on November 5, 1997, adopted the FCC's original eligibility requirements for designation of ETCs within the State of Indiana.[2] Accordingly, each Indiana ETC receiving federal universal service support is required by 47 C.F.R. § 54.101(b) to offer the universal services or functionalities set out in 47 C.F.R. § 54.101(a). The FCC modified the list of supported services that must be offered by ETC designees in the *USF/ICC Transformation Order*.[3] Also, on February 6, 2012, the FCC released its *Lifeline Reform Order*,[4] which is discussed in more detail below. In addition to offering the delineated universal services, to be eligible for designation as an ETC, applicants are required by 47 C.F.R. § 54.405 to offer qualifying low-income customers Lifeline programs. Sage seeks designation as an ETC for the limited purpose of participating in the USF's Lifeline program as a wireless carrier. If Sage's request is approved, 47 C.F.R. § 54.201(d)(2) will require Petitioner as an ETC receiving federal universal support for Lifeline to publicize the availability and cost of the supported services and the Lifeline programs using media of general distribution throughout the service areas for which the designation is requested. Pursuant to the 40785 Order, carriers seeking ETC designation in Indiana are also required to file proposed tariffs and boundary maps depicting the area(s) for which ETC designation is sought.

On March 17, 2005, the FCC released ETC eligibility guidelines mandating that future ETC designations include a public interest analysis for applicants regardless of whether the proposed designation area is served by a rural or non-rural carrier.[5] The Commission adopted the FCC's new eligibility guidelines in its June 8, 2005 Order in *SprintCom, Inc. WirelessCo, LP*.[6] On November 10, 2010, the Commission issued the first "Lifeline-only" ETC designation to *Virgin Mobile USA, L.P.*[7]

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[1] *Sage Telecom, Inc.*, Cause No. 42155, 2002 Ind. PUC LEXIS 125 (IURC March 13, 2002).
[2] *Investigation on the Commission's own Motion*, Cause No. 40785, 1997 Ind. PUC LEXIS 354 (IURC November 5, 1997).
[3] *Connect America Fund,* 26 FCC Rcd 17663 (2011).
[4] *Lifeline and Link Up Reform and Modernization*, 27 FCC Rcd 6656 (2012).
[5] *Federal-State Joint Board on Universal Service*, 20 FCC Rcd 6371, 6389-6390 (2005).
[6] *SprintCom, Inc. WirelessCo, LP*, Cause No. 41052 ETC 47, 2005 Ind. PUC LEXIS 219 (IURC June 8, 2005).
[7] *Virgin Mobile USA, L.P.*, Cause No. 41052 ETC 55, 2010 Ind. PUC LEXIS 387 (IURC November 10, 2010).

We have subsequently granted Lifeline-only ETC designations to other communications services providers. In each of the Orders, we have imposed certain requirements and reporting obligations as a condition of the ETC designation.

Through the *USF/ICC Transformation Order* and the *USF/ICC Clarification Order*,[8] the FCC revised the ETC designation eligibility requirements. Revisions include: (1) modifying the definition of "supported services" found in 47 C.F.R. § 54.101(a) to include voice grade access to the public switched network or its functional equivalent, minutes of use for local service provided at no additional charge to end users, toll limitation to qualifying low-income consumers, and access to the emergency services; (2) requiring carriers to certify compliance with the service requirements applicable to the support received, consistent with 47 C.F.R. § 54.202(a)(1)(i); (3) eliminating the additional requirement of offering local usage and providing equal access found in 47 C.F.R. § 54.202; and (4) eliminating the requirement that Lifeline-only applicants submit a five-year service improvement plan pursuant to 47 C.F.R. § 54.202.

The FCC's *Lifeline Reform Order* is designed to:

> [S]ubstantially strengthen protections against waste, fraud, and abuse; improve program administration and accountability; improve enrollment and consumer disclosures; initiate modernization of the program for broadband; and constrain the growth of the program in order to reduce the burden on all who contribute to the [USF].[9]

The *Lifeline Reform Order* changed the requirements pertaining to state ETC designations found in 47 C.F.R. § 54.201(h). In the Order, the FCC concluded that "in order to ensure Lifeline-only ETCs, whether designated by the [FCC] or the states, are financially and technically capable of providing Lifeline services, we now include an explicit requirement in section 54.202 that a common carrier seeking to be designated as a Lifeline-only ETC demonstrate its technical and financial capacity to provide the supported service."[10] Relevant considerations for such a showing include whether the applicant previously offered services to non-Lifeline consumers, how long it has been in business, whether the applicant intends to rely exclusively on USF disbursements to operate, whether the applicant receives or will receive revenue from other sources, and whether it has been subject to enforcement action of ETC revocation proceedings in any state.[11]

The *Lifeline Reform Order* also modified and added other new requirements for ETC designation that apply to ETC applications filed with state commissions that specifically adopt the additional requirements. The requirement to offer a Lifeline plan comparable to the incumbent local exchange carrier ("ILEC") in the service areas for which it seeks designation was replaced with 47 C.F.R. § 54.202(a)(5), which requires ETC applicants to explain the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, including details on the number of minutes provided as part of the plan, additional charges, if any, for toll calls, and rates for each such plan. Additionally, once designated by the Commission as a Lifeline ETC, the designee's Lifeline offerings must reflect a uniform $9.25 per month federal reimbursement of the Lifeline discount; include specific disclosures in advertising and outreach; include required processes for determining initial and

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[8] *Connect America Fund*, 27 FCC Rcd 605 (2012).
[9] 27 FCC Rcd at 6659.
[10] *Id.* at 6819.
[11] *Id.*

ongoing eligibility; and comply with the reporting and compliance obligations set forth in the *Lifeline Reform Order*.[12] In keeping with the Commission's past practice of adopting the FCC's ETC guidelines, we adopt the guidelines and requirements set forth in the *Lifeline Reform Order,* as well as the requirements of the *USF/ICC Transformation Order* and the *USF/ICC Clarification Order*, in addressing the Petitioner's requested relief.

4. <u>Petitioner's Evidence</u>. Sage offered the direct pre-filed testimony of its former Contract Executive Director of Regulatory Affairs, Sherri Flatt. As noted above, this testimony was adopted by Melanie King, Petitioner's current Director of Legal and Regulatory Affairs, who testified at the hearing.

Ms. King's testified about Sage's background and set forth the FCC's requirements for designation as a Lifeline-only ETC, including the changes made as a result of the *Lifeline Reform Order* and the *USF/ICC Transformation Order*. Ms. King noted that Sage is a CMRS reseller throughout the United States. Sage provides wireless services to consumers by using the Sprint Spectrum L.P. ("Sprint") network and Verizon Wireless ("Verizon"). She stated that Sage intends to provide Lifeline wireless service under the brand name "Sage Wireless." Ms. King noted that Sage has been designated as an ETC on a wireline basis in Kansas, Oklahoma, Texas, and Wisconsin. Sage has also been designated an ETC on a wireless basis in Colorado, Kansas, Kentucky, Maryland, Michigan, Missouri, Nebraska, Ohio, South Carolina, Texas, and Wisconsin. She testified that Sage currently provides facilities-based switched and special access local exchange services, including caller ID and resold interexchange telecommunications services in Indiana. Ms. King further noted that Sage currently contributes to funding for universal service.

Ms. King testified that Sage meets the requirements for obtaining ETC designation. She explained that Sage seeks ETC designation solely to provide Lifeline services to qualifying Indiana households and that Sage will not seek access to funds from the federal USF for the purpose of participating in the Link-Up program or providing service to high-cost areas. Ms. King testified that Sage will serve all eligible and qualifying consumers within its requested ETC service area, and certifies that it will comply with the requirements applicable to the support that it receives, consistent with 47 C.F.R. § 54.202(a)(1)(i). She explained that the Commission (and the FCC) imposed a condition that the ETC deal directly with the customer as an additional safeguard to prevent waste, fraud, and abuse of the Lifeline program. Ms. King testified that when enrolling customers, Sage will require each customer to self-certify under penalty of perjury that they are the only member of a household receiving a Lifeline benefit and that they do not receive the Lifeline benefit for any other phone. Ms. King further explained that Sage will require Lifeline customers to provide copies of documentation demonstrating that they are eligible for the Lifeline benefit based upon participation in one of the qualifying low-income programs or based upon income.

Ms. King noted that Sage filed with the Commission its FCC Compliance Plan, approved by the FCC on December 26, 2012, which outlines the measures Petitioner will take to implement the obligations contained in the *Lifeline Reform Order.* Ms. King noted that Sage agreed to provide Lifeline services in Indiana in accordance with its approved FCC Compliance Plan.

Ms. King testified that Sage is a common carrier that offers the services that are supported by the Lifeline program of the federal USF. She noted that these services are embodied in the recently

[12] *Id.* at 6656.

revised FCC Rule 47 C.F.R. § 54.101(a). Ms. King explained that Sage will provide prepaid wireless services to consumers through its arrangements with Sprint and Verizon. She stated that Sage is able to provide all of the following services and functionalities required by FCC rules, section 54.101(a) and section 54.202(a), and provided the following information:

1. Voice-grade access to the public switched telephone network: While no longer required by 47 C.F.R. § 54.101(a), Ms King testified that Sage provides dual tone multi-frequency signaling. Ms. King also provided evidence that Sage will offer voice-grade access to the public switched telephone network through agreements with facilities-based-wireless carriers.

2. Local usage: Sage will offer a variety of rate plans that provide its customers with minutes of use for local service at no additional charge. Sage will offer one plan with at least 300 free minutes.

3. Access to emergency services: Sage will provide access to emergency services in conformance with the FCC's requirements. Sage committed to provide Enhanced 911 ("E-911") access for all of its customers to the extent the local government in its service area has implemented it and will continue to comply with all FCC E-911 requirements applicable to wireless resellers. Ms. King noted that Sage complies with the FCC's regulations governing the deployment and availability of E-911 compatible handsets.

4. Toll limitation for qualified low-income consumers: Sage's service is not offered on a distance-sensitive basis. Local and domestic long-distance minutes are treated the same. Citing the *Lifeline Reform Order*, Ms. King testified that toll limitation would no longer be deemed a supported service, and that ETC's are not required to offer toll limitation service to low-income customers if the Lifeline offering provides a set amount of minutes that do not distinguish between toll and non-toll calls.[13]

Ms. King testified that Sage provides service in Indiana by reselling service which it obtains from its underlying facilities-based providers, Sprint and Verizon. She noted that their respective networks are operational and largely built out. Thus, Sage will be able to commence offering Lifeline services in Indiana to all locations served by Sprint and Verizon shortly after the Commission approves its pending Petition.

Ms. King testified that Sage will comply with the consumer protection standards set by the FCC, including the Cellular Telecommunications and Internet Association's ("CTIA") Consumer Code for Wireless Service. She noted Sage's service is of the same quality and reliability as that of its underlying carrier Sprint.

Ms. King noted that Sage's service will meet all the technical elements of the supported service. Ms. King explained that Sage is financially and technically capable of providing Lifeline services and noted the FCC's compliance plan approval process included a review and determination of Sage's financial and technical capability to provide Lifeline service. Further, Ms. King stated that Sage has been designated as an ETC in 11 jurisdictions. Such ETC designations included a review and determination of financial and technical capability by each respective state commission. Ms. King testified that Sage has been in business since 1998, and currently provides service to both Lifeline and

[13] 27 FCC Rcd at 6756.

non-Lifeline customers. The senior management of Sage has great depth in the telecommunications industry and has extensive telecommunications business, technical, and managerial expertise. Ms. King stated that Sage is financially able to provide Lifeline service and will not rely exclusively on the USF to operate. In the event that the Universal Service Administrative Company ("USAC") ceases disbursements for a period of time, Ms. King explained that Sage will still be able to provide service to its customers. She noted that Sage has not been subject to enforcement actions or ETC revocation proceedings in any state.

Ms. King stated that Sage will advertise the availability and rates for its Lifeline plans using media of general distribution as required by 47 C.F.R. § 54.201(d)(2). She explained that Sage will also advertise the availability and rates for Lifeline services in accordance with the requirements set forth in the *Lifeline Reform Order.* Ms. King testified that Sage will advertise its services in a manner reasonably designed to reach those likely to qualify for Lifeline service by indicating in clear, easily understood language that Sage is offering a Lifeline-supported service; that only eligible consumers may enroll in the program; that Lifeline support is limited to one benefit per household, consisting of either wireline or wireless service; and that Lifeline is a government benefit program. Ms. King explained that Sage's materials will also make it clear that consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment, or can be banned from the program.

Ms. King testified that Sage will provide service throughout its proposed designated service area to all qualifying customers making a reasonable request for service in accordance with revised 47 C.F.R. § 54.101(b). She noted that pursuant to revised 47 C.F.R. § 54.202(a)(1)(ii), Sage, as a Lifeline-only ETC, is exempt from submitting a five-year plan which otherwise requires an ETC to describe with specificity proposed improvements or upgrades to its networks throughout its proposed service area or to estimate the area and population that will be served in order to be designated as a common carrier eligible for universal service.

Ms. King noted that Sage has the ability to remain functional in emergency situations. She stated that through its agreement with its underlying carriers, Sage provides its customers the same ability to remain functional in emergency situations as currently provided by the ILECs to their own customers, including access to a reasonable amount of back-up power, rerouting of traffic around damaged facilities, and the capability of managing traffic spikes resulting from emergency situations. Ms. King testified that Sage will also satisfy applicable consumer protection and service quality standards as set forth in revised 47 C.F.R. 54.202(a)(3), and will offer a local usage plan comparable to that offered by the ILECs, which exceeds the requirements in revised 47 C.F.R. § 54.202(a)(4).

Ms. King explained the public benefit of designating Sage as an ETC, and highlighted the benefits of increased competitive choice, the unique advantages of Sage's service offerings, and Sage's wireless Lifeline plans. Ms. King testified that customers would be able to choose from the following plans:

1. MobileFlex Essentials, (Net cost to Lifeline customer $0.00) - Sage will provide qualified Lifeline customers with a monthly allotment of 300 anytime local and domestic long-distance minutes and 200 SMS text messages, all applicable taxes and fees are included;

2. MobileFlex Plus (Net cost to Lifeline customer $15.75) - Sage will provide qualified Lifeline customers with a monthly allotment of 650 anytime local and domestic long-distance minutes and 650 SMS text messages, all applicable taxes and fees are included; and

3. MobileFlex Value (Net cost to Lifeline customer $30.75) - Sage will provide qualified Lifeline customers with unlimited anytime local and domestic long-distance minutes, unlimited SMS text messages, and 100MB of data, all applicable taxes and fees are included.

Ms. King noted that in addition to voice services, Lifeline customers will receive a free handset and the following custom calling features at no charge: caller ID, call waiting, call forwarding, three-way calling, and voicemail. She stated that there will be no charge for domestic long-distance calls and 911 emergency calls. Additionally, calls to Sage's customer service will not deplete available minutes.

Ms. King highlighted Sage's impact on the USF, Sage's non-usage policy, and Sage's certification and verification procedures to make sure that its customers are eligible to receive Lifeline benefits. In addition to the federal reporting requirements, Ms. King testified that Sage would commit to comply with reporting requirements imposed by the Commission as a condition for approval as an ETC in Indiana.

Ms. King added that the public interest benefits associated with Sage's wireless service include larger local calling areas, the convenience and security afforded by mobile telephone service, the opportunity for customers to control costs by receiving a preset amount of monthly airtime at no charge, the ability to purchase additional usage at flexible and affordable amounts in the event that included usage has been exhausted, and E-911 service. She explained that prepaid wireless services have become essential for low-income customers, providing them with value for their money, access to emergency services on wireless devices, and a reliable means of contact for prospective employers and social service agencies.

5. Docket Entry Responses. On September 10, 2014, the Presiding Officers issued a Docket Entry to which Sage responded on September 17, 2014. On September 30, 2014, the Presiding Officers issued a second Docket Entry. Sage responded on October 6, 2014.

In its response to the first set of Docket Entry questions Sage clarified that it only seeks ETC designation as a wireless provider and that it does not intend to use the branding name "SureLink Mobile" as stated above by Ms. King. Instead, Petitioner stated that it will only market its Lifeline services as "Sage Wireless." Petitioner stated it would update its CTA accordingly if it decides to market under a different name.

The Presiding Officers asked Sage to provide additional information to demonstrate that an agreement is in place with facilities-based-wireless carriers that will provide voice telephony service. Sage provided portions of agreements with Verizon and Sprint. Petitioner stated that for Verizon, it is utilizing the agreement in place as a sub-reseller with Coast to Coast, which has a wholesale agreement in place with Verizon. Petitioner stated that for Sprint it is utilizing the agreement of its affiliated company, Telscape, and noted that both Telscape and Petitioner are wholly owned by TSC Acquisition Corporation.

The Presiding Officers requested that Sage provide all of the information requested in General Administrative Order 2013-2, Appendix A, Section 9, which requires specific information and

documentation indicating Petitioner has the financial and technical capability to offer Lifeline services in Indiana. Sage provided its balance sheets for December 31, 2012, and December 31, 2013, and indicated that it has no business facilities, customer service locations, or employees in Indiana. Sage stated that as of September 4, 2014, it had five wireless customers in Indiana, 626 wireless customers nationwide, and has previously offered non-Lifeline service to both wireless and wireline customers. The Presiding Officers asked if Sage's statement that less than 20% of its customers receive a Lifeline subsidy was referring to Sage's Competitive Local Exchange ("CLEC") entity, wireless entity, or both. Sage noted that this reference is only to customers of its CLEC entity.

The Presiding Officers sought additional information regarding how retail sales will be overseen in Indiana if Petitioner is approved as an ETC. Specifically, Petitioner was asked whether employees or agents will be used to market services and how they will be monitored to ensure the integrity of the program and protect customers' privacy. Sage responded that both employees and agents will be used to market the program, and that agents and employees receive the same training and scrutiny for order placement and behavior. They are routinely monitored, coached, and counseled. Additionally, Customer Proprietary Network Information ("CPNI") rules are strictly enforced. Sage noted that its personnel are trained annually and that access to accounts is restricted without the proper CPNI authentication.

Petitioner was asked how its Lifeline customers will receive assistance for problems with Petitioner's services or billing issues, including where the customer services will be located, the time periods during which customers will be able to reach a customer service representative, and whether Petitioner will make live representatives available or use an automated system. Sage responded that customer service and support will be available from 9 a.m.--7 p.m. local time, with customer care representatives being a mixture of Sage's California and Texas employees, as well as nearshore agents in Mexico and offshore agents in India. Sage stated that all personnel receive the same quality standards and monitoring and have equal access to the same tools to assist customers. Sage stated that it also maintains an online service support (email) model that allows for off-telephone questions with a live representative, and that there is an automated status system as well that offers a live agent option.

The Presiding Officers asked which Sage employee will be responsible for ensuring that waste, fraud, and abuse does not occur in Indiana. Sage stated that in addition to its internal best practices, it partners with CGM, LLC ("CGM") for the enrollment, validation, and reimbursement filing processes in an effort to ensure waste, fraud, and abuse are set to minimum levels. This service is completed internally through systematic checks in the billing systems and through monthly audits of customers' accounts. In addition, CGM verifies an applicant's identity and checks for duplicates through real-time access to the National Lifeline Accountability Database ("NLAD") at the point-of-sale. Sage stated that this effort is backed up by customer service and support agents trained to identify duplicate accounts, to de-enroll any duplicate account, and to update the NLAD accordingly.

Finally, Sage was asked to provide all of the information required in General Administrative Order 2013-2, Appendix A, Section 3. This section requires ETC applicants to provide appropriate maps that outline the proposed designated service areas in a format that is useful and legible. Lifeline-only wireless ETC petitioners must also submit a wireless coverage area map that demonstrates they have the ability to serve their entire proposed designated service area. The wireless coverage area map should match the proposed designated service areas as closely as possible. Sage submitted revised Exhibit 5, which is a map showing Sprint's and Verizon's wireless coverage areas and the wire centers that correspond with the wireless coverage areas.

On October 6, 2014, Sage responded to a second Docket Entry dated September 30, 2014. Sage previously indicated that it has an agreement with Sprint to provide voice telephony services in its proposed designated service areas through its affiliate Telscape. Sage was asked to provide documentation proving that Telscape is an affiliate and was asked if it was certified with the Commission. Sage provided a corporate organizational chart demonstrating that Telscape is an affiliate, but indicated that Telscape is not certified to provide communications services in Indiana. Sage also provided the specific ILEC territories that correspond to Sprint's coverage area. The Presiding Officers inquired whether Sage would implement and adhere to its "Activation and Non-Usage Policy" as stated on page 16 of its FCC-approved Compliance Plan and Sage confirmed that it would.

The Presiding Officers sought clarification as to whether Sage plans to use temporary tents or structures at temporary locations, or work with other retail outlets across the state to market "free government cell phones." Sage indicated it plans to use temporary tents or structures, but not immediately, and stated that it will not be marketing "free government cell phones." As a follow-up, the Presiding Officers inquired if tents or temporary structures at temporary locations are to be used, how Sage would manage the events in light of its activation and non-usage policy. Sage responded that temporary locations will be used to facilitate neighborhood outreach events and will be managed by Sage's Sales Operations team. Sage stated that the temporary locations will allow prospective Lifeline subscribers to enroll and apply for the Lifeline program electronically. At the time of enrollment, pursuant to a provisional approval based on the eligibility information provided, prospective subscribers will be given a phone that will be activated on the spot and from which an initial test call will be placed.

The Presiding Officers inquired as to what precautions Sage will take to ensure that waste, fraud, and abuse does not occur at these temporary marketing events. Sage was also asked how the public and the Commission will be able to identify these marketing locations as Sage's wireless locations. Sage once again replied that it would use a third-party consultant, CGM. Sage noted that CGM performs a real-time inquiry into the NLAD to check for duplicate subscribers. Sage responded that any sales agent participating in the enrollment of a potential Lifeline subscriber must wear a shirt and/or name badge with the name of Sage Wireless permanently affixed to the shirt and/or name badge. In addition, Sage noted that each outdoor and/or temporary location shall have at least two banners identifying Sage Wireless as the provider of the Lifeline supported services being offered. Sage stated that the banners must be at least three feet by five feet in size and meet minimum standards for visibility and content. Sage stated that outdoor and temporary marketing must be done in a manner that does not create a hazard or distraction. Sage specified that marketing may only occur from a tent at least ten feet by ten feet in size, or from an enclosed trailer or panel truck that has the company name permanently affixed on the truck or trailer.

Sage was asked about its reliance upon and oversight of agents. Specifically, Sage was asked what percentage of its staff is anticipated to be agents versus permanent employees. Sage stated that it could not provide a percentage. The Presiding Officers inquired whether Sage performs background checks when hiring both agents and permanent employees. Sage stated that it does not perform background checks on agents and permanent employees. Finally, the Presiding Officers inquired whether the equipment used to process applications is company-owned, how the equipment is secured, how customer information is protected, and what employee or division of the company is responsible for overseeing Sage's Indiana operations. Sage replied that equipment used may be either agent-owned or company-owned, and stated that all enrollment applications are completed through laptops or

tablets entered through secured links provided to the employees or agents. Sage noted that if an agent is terminated for any reason, the agent's login is immediately shut down. Sage also replied that the Regulatory Department under the direction of Melanie King and Jennifer Carter, Director of Sales Operations, oversee Indiana operations.

6. Commission Discussion and Findings. Universal service funds are provided in four areas: (1) funds to support service to high cost areas; (2) provision of discounted telecommunications and internet access to eligible schools and libraries (also known as the "E-Rate" program); (3) funds to assist low-income customers by provision of a monthly discount on telecommunications costs; and (4) provision of discounted service to rural health care providers.[14]

Sage seeks designation in Indiana for the limited purpose of offering wireless Lifeline service to low-income customers. Sage's application does not implicate the other three USF programs. Based on the evidence in the record and the discussion below, we find Sage meets the eligibility criteria for ETC designation as contained in section 214(e)(1) of the Act and related FCC rules for the limited purpose of offering Lifeline service in Indiana, and satisfies the public interest analysis the Commission is required to perform under the *2005 FCC ETC Order*.

A. Common Carrier Status. The first requirement for ETC designation is status as a common carrier under federal law.[15] A common carrier is generally defined by 47 U.S.C. § 153(11) as any person engaged as a common carrier on a for-hire basis in interstate telecommunications utilizing either wire or radio technology (except for radio broadcasters). As a provider of wireless telecommunications services, we find that Sage is a "common carrier" for purposes of obtaining ETC designation under 47 U.S.C. § 214(e)(1).

B. Services Required to be Offered by an ETC. The evidence confirms that upon designation as an ETC in Indiana, Sage will provide all of the functionalities required of an ETC in the *Lifeline Reform Order* and pursuant to 47 C.F.R. § 54.101(a) as follows:

i. *Voice-grade access to the public switched telephone network.* Pursuant to 47 C.F.R. § 54.101(a), voice telephony services must provide voice-grade service that allows the ability to make and receive phone calls within a specified bandwidth and frequency range. No evidence was presented that Sage's customers would be unable to make and receive calls on the public switched network in accordance with the federal rules. Accordingly, we find that Sage satisfies this requirement.

ii. *Local usage*. Eligible voice telephony services must provide minutes of use for local service at no additional charge to end users.[16] As the record demonstrates, Sage will offer users the ability to send and receive phone calls wherever the company offers service. Lifeline customers will have a choice of the three Lifeline plans more fully described by Ms. King above. Each of these plans may be used for local and/or nationwide domestic long-distance phone calls. Ms. King noted that Sage intends to offer Lifeline customers access to a variety of other features at no additional

[14] *Comprehensive Review of Universal Service Fund Management, Administration and Oversight,* 22 FCC Rcd 16372, 16374 (2007).
[15] 47 U.S.C. § 214(e)(1).
[16] 47 C.F.R. § 54.101(a).

cost, including voicemail, caller ID, call waiting, call forwarding, and three-way calling. Based on the evidence, we find that Sage's offerings satisfy this requirement.

iii. *Access to emergency services*. As part of a universal service offering and as required by 47 C.F.R. § 54.101(a), eligible voice telephony services must provide access to the emergency services provided by local government or other public safety organizations, such as 911 and E-911, to the extent the local government in an eligible carrier's service area has implemented 911 or E-911 systems.[17] Although Ms. King testified that all of the phones that Sage distributes satisfy applicable state and federal E-911 requirements, Sage only provided sufficient evidence to support this claim for its proposed service territory covered by Verizon. As discussed more fully below, Sage did not provide sufficient evidence to support this claim for its proposed service territory covered by Sprint. Based on the foregoing, we find that Sage has met this requirement for its proposed service area covered by Verizon.

iv. *Toll limitation for qualifying low-income consumers*. Toll limitation allows customers to either block the completion of outgoing long-distance calls or specify a certain amount of toll usage to prevent them from incurring significant long-distance charges and risking disconnection.[18] In the *Lifeline Reform Order,* the FCC stated that toll limitation would no longer be deemed a supported service.[19] "ETCs are not required to offer toll limitation service to low-income consumers if the Lifeline offering provides a set amount of minutes that do not distinguish between toll and non-toll calls."[20] Sage's offerings inherently allow Lifeline subscribers to control their usage, because its wireless service is offered on a prepaid, or pay-as-you-go, basis. Moreover, Sage's service is not offered on a distance-sensitive basis and local and domestic long-distance minutes are treated the same. Sage will not seek reimbursement for toll limitation service. Accordingly, we find that Sage satisfies this requirement.

C. Lifeline Service Offering Requirements. 47 C.F.R. § 54.202(a) requires common carriers seeking designation as an ETC to submit information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, including details on the number of minutes provided as part of the plan, additional charges, if any, for toll calls, and rates for each such plan. Ms. King testified that Sage will offer several Lifeline plans, including a plan with 300 minutes, a plan with 650 minutes, and a plan with unlimited minutes. All plans will include voicemail, caller ID, call waiting, call forwarding, and three-way calling at no additional cost. Sage does not charge Lifeline customers for calls to customer service. Calls to 911 emergency services are always free and will be completed regardless of how many minutes are available on the customer's account (even if that number is zero). Additional airtime is available by purchasing another plan; however the Lifeline discount will only be applied once per month for eligible Lifeline subscribers. The evidence shows that Sage satisfies the Lifeline service offering requirements in 47 C.F.R. § 54.202(a).

D. Functionality in Emergency Situations. 47 C.F.R. § 54.202(a)(2) requires an ETC to provide a "[d]emonstration of the carrier's ability to remain functional in emergency situations." Sage has certified that it has the ability to remain functional in emergency situations

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[17] *Id.*
[18] 47 C.F.R.§ 54.400(b)(d).
[19] 27 FCC Rcd at 6813.
[20] *Id.* at *6679.*

through the capabilities of its underlying wireless provider's network, which includes access to a reasonable amount of back-up power, rerouting of traffic around damaged facilities, and the capability to manage traffic spikes resulting from emergency situations. As discussed more fully below, Sage did not provide sufficient evidence to support this claim for its proposed service territory covered by Sprint. Based on the foregoing, we find that Sage has met the requirement to remain functional in emergency situations in its proposed service area covered by Verizon.

E. Advertising Requirements. Sage has demonstrated that it will advertise the availability of the supported services and the corresponding rates and charges in a manner designed to inform the general public in a clear and straight-forward manner within the designated service area. This advertising will occur through a combination of media of general distribution, such as print advertisements, direct marketing, and the Internet. Sage has demonstrated that it will comply with 47 U.S.C. § 214(e)(1)(B) and the *Lifeline Reform Order*, including the requirements that advertisements display disclosures described in that Order. Based on the foregoing, we find that the evidence in the record indicates that Sage will comply with all applicable advertising requirements.

F. Petitioner's Designated ETC Service Area. The FCC's rules define "service area" as a "geographic area established by a state commission for the purpose of determining universal service obligations and support mechanisms."[21] The Commission's General Administrative Order 2013-2, Appendix A, Section 3 requires petitioners to specify the designated service area for which ETC designation is sought by providing appropriate maps in a geospatial format and a list of non-rural ILEC territories and rural ILEC study areas that they propose to serve. Sage submitted on September 17, 2014, a map indicating the coverage areas of its underlying wireless carriers, Sprint and Verizon, and ILEC service territories covered by each wireless coverage area.

G. Facilities Ownership. Sage is not a facilities-based CMRS provider but will be reselling the services of another wireless carrier. Federal rules prohibit pure resellers from being designated as ETCs; however, the FCC can grant wireless resellers who seek ETC designation for the limited purpose of providing Lifeline services forbearance from the facilities requirement of 47 U.S.C. § 214(e)(1)(A) if the reseller files a compliance plan that is approved by the FCC and complies with certain 911 requirements.[22] The evidence demonstrates that Sage received FCC approval of its Compliance Plan on August 8, 2012.

In addition, the Commission's General Administrative Order in 2013-2, in Appendix A, Section 8 requires wireless resellers seeking ETC designation to provide the name of the facilities-based-wireless carrier(s) whose services they are reselling. Since wireless resellers do not have their own facilities enabling them to provide supported services, they are required to demonstrate they have an agreement with a carrier or carriers in Indiana that will cover the proposed designated service area. Sage demonstrated it has an agreement in place as a "sub-reseller" with Coast to Coast, which is certificated to provide service in Indiana. Coast to Coast has an agreement with Verizon that allows it to provide supported services in Verizon's network coverage area. Sage may, therefore, provide supported services in Verizon's network coverage area.

However, Sage did not demonstrate it has an agreement in place with Sprint. Sage only demonstrated a relationship with an affiliated company, Telscape. Telscape has an agreement with

[21] 47 C.F.R. § 54.207(a).
[22] *Lifeline Reform Order*, 27FCC Rcd at 6813-6814.

Sprint, but is not certificated to provide communications services in Indiana. Therefore, Sage did not demonstrate that it has an agreement to provide supported services in Sprint's network coverage area. Based on the foregoing, we find that Sage met the facilities-ownership requirement for Verizon's service area only as indicated in revised Exhibit 5 to its Petition submitted September 17, 2014.

In the future, Sage may seek to amend its designated service area by filing a petition requesting a subdocket be created under this Cause with a caption reflecting the relief being requested. Upon verification that it has an agreement with a certificated facilities-based carrier or carriers authorized to provide supported services in Indiana, Sage may seek to expand its service to the requested designated service area(s).

H. Public Interest Consideration. As noted above and in accordance with 47 C.F.R. § 54.202(b), the designation of Sage as an ETC requires a public interest analysis.[23] In the absence of statutory strictures for evaluating the public interest, the FCC has recommended that ETC designations be analyzed "in a manner that is consistent with the purposes of the Act itself, including the fundamental goals of preserving and advancing universal service; ensuring the availability of quality telecommunication services at just, reasonable, and affordable rates; and promoting the deployment of advanced telecommunications and information services to all regions of the nation, including rural and high-cost areas."[24]

i. *Use of Lifeline funding*. The record indicates that Sage will use funds from the federal Lifeline program to provide supported services to Lifeline customers. Sage has met its burden of proof for the Lifeline program. We find that Sage's plans are consistent with current FCC regulations on the use of such funds.

ii. *Impact on federal USF*. We have previously recognized that the FCC has undertaken various steps to address the growth in high-cost universal support disbursements.[25] Notably, however, Sage is not seeking access to funding from the federal USF to provide service to high-cost areas. Lifeline support is provided on a customer-specific basis, and only after a carrier has acquired and begun to serve an eligible customer does the carrier receive Lifeline support for that customer. By tying support to actual service of a customer, the Lifeline program ensures that USF support only funds the carrier that serves the customer. However, we also recognize that costs for the low-income portion of the USF are increasing. While it is in the public interest that Lifeline eligible customers get connected to affordable telecommunications service, preventing misuse of the Lifeline program is necessary to control unproductive growth of the fund and increased USF surcharges for all Indiana telecommunications customers.

We have historically underscored our concern that prepaid wireless providers may be especially vulnerable to misapplication of the program due to the appeal of free phones and free minutes. Therefore, we find as we did in the *Virgin Mobile ETC Order* that the public interest requires that we impose certain safeguards on Sage.[26] To ensure that a prepaid Lifeline offering does not unnecessarily increase USF expenditures, we condition our grant on Sage's adoption of policies to control waste,

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[23] 2005 FCC ETC Order, 20 FCC Rcd at 6389-6390.
[24] *Id.* at 6388.
[25] *Perry-Spencer Communications, Inc.*, Cause No. 41052 ETC 53, 2008 Ind. PUC LEXIS 510, at *33 (IURC July 24, 2008).
[26] 2010 Ind. PUC LEXIS 387.

fraud, and abuse of the Lifeline program, like terminating service to inactive customers; dealing directly with the customer; and obtaining documentation from the customer that demonstrates eligibility for the USF program, among other conditions enumerated in this Order. Provided these requirements are satisfied, along with other conditions and safeguards promulgated in this Order and in FCC rules to deter waste, fraud, and abuse, we find that Sage's Lifeline-only designation should not have an excessive impact on the USF.

iii. *Consumer protection*. One of the requirements established by the *2005 FCC ETC Order* was that, regardless of certification date, all ETCs must submit to the FCC, on an annual basis, certification that the ETC is compliant with 47 C.F.R. § 54.202(a)(3) by demonstrating that they are meeting applicable service quality standards and consumer protection rules. Ms. King testified that Sage abides by the CTIA Consumer Code for Wireless Service and commits to complying with the applicable consumer protection requirements.

iv. *Creamskimming*. The FCC previously identified creamskimming as an appropriate factor to consider in "areas where an ETC applicant seeks designation below the study area level of a rural company."[27] On April 15, 2013, the FCC released an Order granting forbearance for Lifeline-only ETCs from the requirement in 47 U.S.C. § 214(e)(5) and 47 C.F.R. § 54.207(b) that the service area of a competitive ETC conform to the service area of rural local exchange carriers serving the same area.[28] Since Sage is seeking designation as a Lifeline-only ETC, this type of analysis is unnecessary.

v. *Increased consumer choice*. Currently in Indiana all ILECs are required to provide the Lifeline discount to eligible customers and several wireless companies are designated as ETCs for the sole purpose of providing Lifeline. In light of recent ETC relinquishments by other Indiana carriers, we agree that Sage's offering brings increased competitive choice to the Lifeline eligible customers in Indiana. Sage's basic plan provides 300 free minutes per month to Lifeline eligible customers, which exceeds many similarly situated ETCs' basic offering. In addition, Sage may reach a particular segment of Lifeline eligible customers that have not yet been reached. Based on the record, we find that Sage's designation as an ETC will increase the level of customer choice and may promote competition by expanding the availability of wireless services to qualifying Indiana customers, leading to lower prices.

vi. *Affordable rates*. We must also consider whether designation as an ETC will "ensur[e] the availability of quality telecommunications services at just, reasonable, and affordable rates[.]"[29] Sage presented evidence that its Lifeline offering includes a choice of three reasonable plans with a variety of minutes and messaging options. Sage's Lifeline offering also has calling features including voicemail, caller ID, call waiting, call forwarding, and three-way calling at no additional cost. Sage offers "pay-as-you-go" services by allowing customers to purchase additional minutes. The OUCC did not dispute the affordability of Sage's rates. Accordingly, we find that the designation of Sage as an ETC would serve the public interest by ensuring the availability of telecommunications services at just, reasonable, and affordable rates. Therefore, Sage should file tariffs consistent with the testimony filed in this Cause prior to offering Lifeline services in Indiana.

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[27] 47 C.F.R. § 54.202(c).
[28] *In re Telecomms. Carriers Eligible for Support*, 28 FCC Rcd 4859 (2013).
[29] 2005 FCC ETC Order, 20 FCC Rcd at 6388.

vii. *Advantages and disadvantages of the offering*. The record reflects that Sage's Lifeline service offering will expand available, accessible service options for income-eligible Indiana households. Accordingly, we find that Sage has satisfied this criterion of our public interest inquiry.

viii. *Commitment to provide service upon reasonable request*. Sage provided evidence that it currently has wireless coverage in its proposed ETC service area, which is within the network coverage area of the underlying wireless provider, Verizon. However, Sage did not satisfy this requirement for the proposed service area within Sprint's wireless coverage area as discussed above. We find that Sage's commitments satisfy the requirements of 47 C.F.R. § 54.405(a). Accordingly, we find that Sage has demonstrated its willingness and ability to provide service throughout its requested Verizon service area.

ix. *Additional public interest analysis*. ETC designation confers both benefits and burdens upon the petitioning telecommunications service provider. Because the designation gives the provider the right to apply for federal universal service funds, it is essential that the provider comply with its obligations to contribute to public interest funds and not have a competitive advantage over other Indiana telecommunications carriers by avoiding such obligations. We find that it would not be competitively neutral to designate a provider as an ETC permitting it to collect public funds, yet not contribute its fair share to public interest funds from which its network and its customers benefit. Sage has testified to its willingness to comply with Indiana laws and policies regarding the public interest funds for which the Commission has administrative oversight, including the public utility fee pursuant to Indiana Code ch. 8-1-6, the InTRAC fee pursuant to Indiana Code ch. 8-1-2.8, and the Indiana USF pursuant to the Commission's 42144 Order.[30] Based on the foregoing public interest analysis, we conclude that designating Sage as an ETC will promote the public interest and further the goals of the Act.

x. *Determination of financial and technical ability*. In the *Lifeline Reform Order*, the FCC concluded that a common carrier seeking to be designated as a Lifeline-only ETC must demonstrate its technical and financial capacity to provide the supported service.[31] The FCC provided that relevant considerations for such a showing include whether the applicant previously offered services to non-Lifeline consumers, how long it has been in business, whether the applicant intends to rely exclusively on USF disbursements to operate, whether the applicant receives or will receive revenue from other sources, and whether it has been subject to enforcement action or ETC revocation proceedings in any state.[32] The FCC added these criteria to compel a more rigorous review of companies prior to designating them as eligible to receive reimbursement from the federal USF. In addition to the *Lifeline Reform Order*, the FCC adopted a new rule found in 47 C.F.R. 54.201(h), which states:

> A state commission shall not designate a common carrier as an eligible telecommunications carrier for purposes of receiving support only under subpart E [Lifeline] of this part unless the carrier seeking such designation has demonstrated that

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[30] *Commission Investigation of Universal Service Reform,* Cause No. 42144, 2004 Ind. PUC LEXIS 61 (IURC March 17, 2004).
[31] 27 FCC Rcd at 6819.
[32] *Id.*

it is financially and technically capable of providing the supported Lifeline service in compliance with subpart E of this part.

The record demonstrates Sage has been certified to provide CMRS since September 2012. Sage was formerly known as Sage Telecom, Inc. before a corporate restructuring in 2012. Sage Telecom, Inc. was certified in Indiana to provide competitive local exchange services in 2002. Sage testified that it has not been subject to enforcement action or ETC revocation proceedings in any state and is a profitable company fully capable of honoring all of its service obligations to customers and regulatory obligations to state and federal regulators. Sage has been designated as a wireless ETC in Kansas, Maryland, Missouri, Texas, and Wisconsin. Sage also provided financial statements and biographical information regarding key management. Based on the evidence in the record, the Commission is satisfied that Sage possesses the financial and technical ability to provide Lifeline services.

7. **Regulatory Oversight.** The Commission has recognized certain specific regulatory requirements that competitive wireless ETC applicants must satisfy in order to secure and maintain their ETC status in Indiana.[33] Such regulatory requirements stem from the FCC's mandate that state commissions certify that federal USF support is being used "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended," as set forth in 47 U.S.C. § 254(e). Absent such a certification, carriers will not receive such support.[34] In order for the Commission to satisfy its ETC certification requirements to the FCC, it requires ETC applicants to file a tariff with the Commission and track its USF expenditures.[35]

The record reflects Sage's intention to comply with the Commission's Lifeline tariff filing requirement. Petitioner must also comply with USF tracking requirements the Commission previously established to ensure that funds received from the USAC for Indiana are devoted to furthering universal service goals within Sage's designated ETC service area. Accordingly, we find that Sage's terms and conditions of service should be incorporated into its Lifeline tariff for Indiana and filed with the Commission's Communications Division for review prior to Sage making its universal service offering available to eligible consumers in Indiana.

In previous ETC designations of prepaid wireless Lifeline providers, the Commission (and the FCC) imposed a condition that the ETC deal directly with the customer as an additional safeguard to prevent waste, fraud, and abuse of the Lifeline program. Sage committed in testimony to require each customer to self-certify under penalty of perjury that they are the only member of a household receiving a Lifeline benefit and that they do not receive the Lifeline benefit for any other phone. Sage indicated it will check its internal company database, any state database available, NLAD, and CGM's duplicates database to avoid duplicate Lifeline benefits for a single Lifeline household. Sage indicated it will require Lifeline customers to provide copies of documentation demonstrating that they are eligible for Lifeline based upon participation in one of the qualifying low-income programs or based upon income. Sage will abide by the applicable regulation of the FCC and the Commission regarding certification and verification of customer eligibility. In addition, Sage stated that any sales agent participating in the enrollment of a potential Lifeline subscriber must wear a shirt and/or name badge with the name of Sage Wireless permanently affixed to the shirt and/or name badge. In addition, Sage

[33] See, e.g., *NPCR, Inc.*, Cause No. 41052 ETC 43, 2004 Ind. PUC LEXIS 87, at *84 (IURC March 17, 2004).
[34] 47 U.S.C. § 254(e).
[35] 1997 Ind. PUC LEXIS 354 (IURC November 15, 1997).

noted that each outdoor and/or temporary location shall have at least two banners identifying Sage Wireless as the provider of the Lifeline supported services being offered, among other measures to clearly identify Sage's marketing events.

We remind Sage of the FCC's June 25, 2013 Enforcement Advisory, which states that ETCs receiving federal universal service support from the Lifeline program are liable for any conduct by their agents, contractors, or representatives (acting within the scope of their employment) that violates the FCC's Lifeline rules.[36] ETCs, therefore, should take all necessary steps to ensure that they and their agents, contractors, and representatives scrupulously adhere to the Lifeline rules.

Finally, we find that Sage shall be required to meet the prospective reporting requirements consistent with the federal rules in 47 C.F.R. § 54.422 which include reporting to the Commission: (1) the ETC's holding company and operating names, any affiliate relationships, branding, and universal service identifiers; (2) information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, including details on the number of minutes provided as part of the plan, additional charge, if any, for toll calls, and rates for each plan; (3) detailed information on any outage in the prior calendar year; (4) number of complaints per 1,000 handsets; (5) certification of compliance with applicable service quality standards; and (6) certification that the carrier is able to function in emergency situations.

Sage's compliance filings should be filed under this Cause, due on July 1st of each year beginning in 2015, unless otherwise directed by the Commission. Furthermore, Sage should provide the Commission with copies of the results of its annual recertification efforts performed pursuant to 47 C.F.R. § 54.410(f).

8. <u>Additional Conditions Imposed on Sage's Designation as an ETC</u>. In accordance with the Commission's findings above, Sage shall be subject to the following conditions:

(a) Approval shall be subject to Sage's Compliance Plan approved by the FCC and subject to the procedures set forth in the Compliance Plan, including procedures to control, waste, fraud and abuse.

(b) If Sage uses temporary locations to market Lifeline services, Sage should provide identifying information on temporary structures where its Lifeline products are marketed and for its representatives staffing these locations as it stated in *Petitioner's Responses to the Commission's Requests Sent September 30, 2014*.

(c) Sage shall be liable for any conduct by its agents, contractors, or representatives (acting within the scope of their employment) that violates this Order, state laws or federal Lifeline rules.

(d) Consistent with 47 C.F.R. § 54.407(c)(1), Sage shall not receive universal service support for a subscriber to Lifeline service until the subscriber activates the service.

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[36] *FCC Enforcement Advisory No. 2013-4, DA 13-1435,* 28 FCC Rcd 9022 (2013).

(e) Sage shall deactivate a Lifeline account if the customer has no usage for 60 consecutive days. Sage shall report annually the number of subscribers de-enrolled for nonusage under 47 C.F.R. § 54.405(e)(3). This de-enrollment information must be reported by month and must be submitted to the Commission at the time an eligible telecommunications carrier submits its annual certification report pursuant to 47 C.F.R. § 54.416.

(f) Sage is authorized to offer Lifeline-eligible customers the three Lifeline packages set forth in the testimony provided by Ms. King. Prior to providing Lifeline service in Indiana, Sage shall file a tariff that defines all terms and conditions of its proposed Lifeline plans and airtime minute cards consistent with the Commission's findings in this Order and notify the Commission in the form of a new tariff if any terms, conditions, or allocation of free minutes change.

(g) Sage shall provide its Lifeline customers with E-911 access regardless of activation status and availability of prepaid minutes as of the date it provides Lifeline services in Indiana. Sage shall provide its Lifeline customers with E-911 compliant handsets and replace, at no additional charge, noncompliant handsets of existing customers who obtain Lifeline-supported services as of the date it provides Lifeline services in Indiana.

(h) Sage shall establish safeguards to prevent its customers from receiving multiple Lifeline subsidies at the same address as required by 47 C.F.R. § 54.405 and abide by the *Lifeline Reform Order*[37] which requires ETCs to explain to consumers in plain, easily comprehensible language that they are not permitted to receive more than one Lifeline subsidy per household.

(i) On a quarterly basis Sage shall provide: (1) the number of new Indiana Lifeline customers that it enrolled during the previous quarter, with the data listed separately for each month; (2) the cumulative total of Indiana Lifeline customers enrolled, with the data listed separately for each month; (3) the number of deactivated Lifeline customers for each month in the previous quarter and the reasons for deactivation (e.g., no usage for 60 consecutive days, unsuccessful annual verification, voluntary exit, or other). Quarterly reports shall be filed with the Commission no later than 30 days after the end of each quarter. Sage will continue to make such quarterly filings until otherwise instructed by the Commission.

(j) Pursuant to 47 C.F.R. § 54.410(f), Sage shall notify each Lifeline customer on an annual basis and request confirmation of continued eligibility by requiring that the customer recertify continued eligibility for the discount based upon income or participation in a qualifying low income program. Such verification will be required in order for the consumer to continue to purchase prepaid airtime at the discounted rate. Consistent with the changes precipitated by the *Lifeline Reform Order* relating to the timing of verifications to USAC and the FCC, Sage shall provide the Commission with a copy of its Lifeline recertification results that it files annually with USAC pursuant to 47 C.F.R. § 54.416.

(k) Sage shall contribute to the InTRAC Fund on a monthly basis in an amount equal to the Commission-approved InTRAC monthly surcharge multiplied by the number of active Sage

[37] 26 FCC Rcd at 9022, 9027-9028.

accounts during each month, consistent with the Commission's January 19, 2005 Order in Cause No. 39880 and Ind. Code ch. 8-1-2.8.

(l) Sage shall pay applicable fees, such as the public utility fee, pursuant to Ind. Code ch. 8-1-6; the InTRAC fee pursuant to Ind. Code ch. 8-1-2.8; the Indiana USF fee pursuant to the 42144 Order; the wireless emergency E-911 fee pursuant to Ind. Code § 36-8-16.6 and Ind. Code § 36-8-16.7, and any other applicable fees.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Sage's Petition for designation as an Eligible Telecommunications Carrier for the limited purpose of offering Lifeline service to qualified households, for the Verizon service area identified in Sage's evidence, is granted.

2. Sage's Petition for designation as an Eligible Telecommunications Carrier for the limited purpose of offering Lifeline service to qualified households, for the Sprint service area identified in Sage's evidence, is denied.

3. Sage's request for authority to apply for or receive universal service funds from the Lifeline program pursuant to 47 U.S.C. § 254 is granted, subject to Sage's compliance with the terms, conditions, and reporting requirements of this Order and other applicable laws.

4. This Order shall be effective on and after the date of its approval.

STEPHAN, MAYS-MEDLEY, HUSTON, WEBER, AND ZIEGNER CONCUR:

APPROVED: FEB 11 2015

I hereby certify that the above is a true and correct copy of the Order as approved.

Brenda A. Howe
Secretary to the Commission