

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Lifeline and Link Up)	WC Docket No. 03-109
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Advancing Broadband Availability Through Digital Literacy Training)	WC Docket No. 12-23
)	

REPLY COMMENTS OF BUDGET PREPAY, INC.

Todd B. Lantor
Robert S. Koppel

LUKAS, NACE, GUTIERREZ & SACHS, LLP
8300 Greensboro Drive, Suite 1200
McLean, Virginia 22102
(703) 584-8678

Counsel to Budget PrePay, Inc.

September 24, 2012

I. Introduction and Summary.

Budget PrePay, Inc. (“Budget PrePay”)¹ hereby files these Reply Comments in response to (1) the Petition for Declaratory Ruling or, in the Alternative, for Waiver of Section 54.410(f) of the Commission’s Rules filed May 18, 2012 by TracFone Wireless, Inc. (“TracFone Petition”) and (2) the Petition for Waiver of Section 54.410(f) of the Commission’s Rules filed July 23, 2012 by i-wireless, LLC (“i-wireless Petition”)(collectively, the “Waiver Petitions”). The Waiver Petitions seek relief from the Commission’s annual re-certification requirements set forth in Section 54.410(f) of the Rules. Budget PrePay submits that neither TracFone nor i-wireless is uniquely situated, and therefore, whatever action the FCC takes with respect to the Waiver Petitions should apply to other similarly situated carriers. In order to ensure comparable treatment of similarly situated Lifeline carriers, Budget PrePay urges the FCC to issue a ruling of general applicability.

II. The Waiver Petitions

TracFone seeks a declaration by the FCC that: (1) re-certification of its Lifeline customers that took place in 2012 – prior to June 1, 2012 – satisfies the FCC’s new requirements; and (2) customers enrolled by TracFone during 2012 (prior to June 1st) need not re-certify their continuing Lifeline eligibility until the one year anniversary of their enrollment.² TracFone argues that since January 1, 2012, it has required new customers to complete an application form that includes nearly all of the certifications, warnings and disclosures required by the new rules.³ As a result, TracFone argues that it would be duplicative for it to re-certify customers that have recently gone through the re-certification process, or new customers that signed up with

¹ Budget PrePay provides low-cost prepaid wireless services and prepaid home telephone services on a near-nationwide basis.

² TracFone Petition at 1.

³ Id. at 5.

TracFone between January 1 and May 31, 2012.⁴

i-wireless seeks a one-time waiver of the requirement to re-certify the eligibility status of Lifeline customers that signed up for its Lifeline service between January 1 and May 31, 2012. i-wireless asserts that its enrollment procedures included a requirement of proof of eligibility, a one per household limitation, and “an application form that incorporated substantially all of the certifications later required by Section 54.410(d) of the Commission’s Rules”⁵ As a result, i-wireless asserts that grant of the waiver request “will avoid imposition of unnecessary, duplicative, burdensome, and confusing requests to existing Lifeline customers”⁶

III. Budget PrePay’s Lifeline Enrollment Process

Like TracFone and i-wireless, Budget PrePay implemented enrollment procedures designed to reduce waste, fraud and abuse of the Lifeline program well prior to the June 1, 2012 effective date of the new rules adopted in the *Lifeline Reform Order*.⁷ In particular, beginning in January 2012, Budget PrePay – again, like TracFone and i-wireless – required prospective customers to complete a comprehensive Lifeline certification form that included substantially all of the certifications, information and warnings ultimately required by Section 54.410(d) of the Commission’s rules.

⁴ Id. at 2.

⁵ i-wireless Petition at 1 – 2.

⁶ Id. at 2.

⁷ See *Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket Nos. 11-42, 03-109, 12-23, CC Docket No. 96-45, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“*Lifeline Reform Order*”).

IV. The Commission Must Ensure Comparable Treatment of Similarly Situated Lifeline Carriers.

Neither TracFone nor i-wireless is uniquely situated, and therefore, whatever action the FCC takes with respect to the Waiver Petitions should apply to other similarly situated carriers. There is no incremental benefit to the Lifeline program to require any carrier that has been substantially in compliance with the recertification requirements since January 1, 2012 to go back through its customer base again within the same calendar year.

If the Commission is inclined to grant either of the Waiver Petitions, Budget PrePay urges the FCC to issue a notice of general applicability that clearly sets forth what is – and what is not – sufficient for a waiver of the annual re-certification requirement and establish an expedited waiver process for other Lifeline carriers. The provision of Lifeline service is a highly competitive market, and the Commission must ensure that its actions do not unfairly skew that marketplace. Grant of a waiver to one Lifeline carrier but not to another, similarly situated Lifeline carrier could have an enormous economic impact.

For example, i-wireless estimates that it will cost \$2 million to re-certify the 154,000 customers that it signed up between January 1 and May 31, 2012.⁸ Moreover, i-wireless estimates that as many as 20% of its eligible customers will fail to take the necessary action to be re-certified, resulting in the loss of over 35,000 eligible customers and over \$8 million in future revenue.⁹ TracFone notes that as of the date of its waiver petition (May 18, 2012) it had already de-enrolled over 274,000 of the 1 million customers to whom it had sent re-certification requests because such “customers no longer are Lifeline-eligible or, far more often, because the customers failed to respond to the request.”¹⁰

⁸ i-wireless Petition at 7 and i-wireless ex parte letter, filed August 17, 2012 at 1.

⁹ i-wireless Petition at 9.

¹⁰ TracFone Petition at 4.

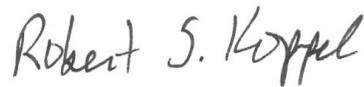
If TracFone's or i-wireless' waiver petitions are granted, they will be able to avoid the substantial costs of re-certification, and even more significantly, will be able to retain nearly 100% of their customers. By contrast, Lifeline carriers that are not granted a waiver or that do not request one will incur substantial costs for re-certification, and even more significantly, will lose a substantial portion of their customers – even though, as both TracFone and i-wireless note, most of those customers who are de-enrolled remain eligible, but simply failed to respond to re-certification requests.

Budget PrePay urges the FCC to grant all ETCs a general waiver of the initial re-certification rule requirement. If the FCC grants a general waiver of the initial re-certification requirement, in order to be meaningful, the industry would need to have that waiver granted well in advance of the December 31, 2012 deadline.

V. Conclusion

Budget PrePay submits that whatever action the FCC takes with respect to the Waiver Petitions should apply to other similarly situated carriers since neither TracFone nor i-wireless is uniquely situated.

Respectfully submitted,



Todd B. Lantor
Robert S. Koppel

LUKAS, NACE, GUTIERREZ & SACHS, LLP
8300 Greensboro Drive, Suite 1200
McLean, VA 22102
(703) 584-8678

Counsel to Budget PrePay, Inc.

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cc (via e-mail): Best Copy and Printing, Inc.
Kim Scardino, Esq.
Divya Shenoy, Esq.
Charles Tyler, Esq.