



*PO Box 8839
Columbia, SC 29202
803-255-0004
F: 803-765-0720*

PTA-FLA, Inc.

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Commissioner Mignon Clyburn
445 12th Street, SW
Washington DC, 20554

Dear Commissioner Clyburn:

Thank you for taking the time to meet with me the other day. From what Drema said, you already had a packed schedule and I greatly appreciate having had the opportunity to sit down with you.

My employer, ClearTalk, is headquartered in Columbia, South Carolina and has operated as a wireless company since 1999. Prior to that a number of our founders were involved in a construction company that built networks for other large wireless companies. Over the past fifteen years we have operated in nine different states without any public or government money, just by providing good service in smaller markets and borrowing money when needed from friends and family to get over the humps. Our accomplishments are numerous, including the original tower colocation builds, the first rural flat rate plans and partnerships with city bus systems providing free internet for riders. Most recently we have put together a proposal to fund and provide constructed sites and backhaul networks for free for the National First Responder Network. You might call our philosophy "capitalism with a human face" because, while we seek to turn a profit, we also emphasize giving back to the communities where we operate in the form of jobs, cooperative programs with public institutions and first responders, and free public services.

We have sought you out at this time through our close working relationship with Benedict College because we need some help from the Commission to be able to economically survive. Traditionally, we have provided affordable, reliable service to customers who either wished to avoid, or were not able to enter into, a contract with a wireless carrier. Many of our low-income customers are eligible for, and so have elected to participate in, the Lifeline program. While participating in the program as a late entrant, we have looked to expand our customer base to new populations in an effort to continue doing business and diversify. Unfortunately, our ability to do so has been limited by a lack of equality and fairness in the telecommunications industry as a whole. For example, roaming rates -- especially data roaming rates -- are so high as to be confiscatory. We cannot feasibly offer roaming services to our customers at rates that are tens or hundreds of times higher than the cost of such services. What is worse is that these same (or equivalent) roaming services are made available to others in the form of an "MVNO" at a fraction of the rates offered to us. Additionally, we are unable to provide our current and potential customers with the brand-name phones they are familiar with because independent wireless carriers cannot buy handsets in the volume necessary to incentivize the manufacturers to make generic models. This situation has just

become significantly more critical since the largest source of near generic phones for our size carriers, Cricket and MetroPCS, have just become absorbed into the large national carriers. If independent, locally based wireless carriers are to survive, some form of regulatory relief is needed.

In order to reintroduce competition and, in doing so, reinvigorate the industry, we are requesting help from the FCC. This request only asks two things: (1) that the Commission return to the statutory requirement that ETC services (including Lifeline) can only be provided by a facilities based carrier, and (2) that the Commission recognize that in the current environment, rates charged to MVNOs should be comparably equated to roaming charges in order to eliminate inequities in the treatment of MVNOs vs. roaming partners.

1. We initially participated in the Lifeline program reluctantly because we had seen that the program was subject to considerable abuse, but knew that we could only remain competitive by offering the same Lifeline benefits that our closest competitors were offering. Almost three years ago, we petitioned the Commission to rescind its forbearance of Section 211 of the Act so as to restore the statutory restriction of ETC status to facilities-based carriers. This action would have removed from the market the providers who had consistently been the sources of the greatest fraud, as confirmed by the Commission's own findings. The Wireline Competition Bureau has chosen not even to put this Petition out for public comment, much less take action on it.

Not coincidentally, two years after the Commission began to crack down on the rampant fraud and abuse in the Lifeline program, these problems persist. In our own case, despite scrupulous compliance with all the measures prescribed by the Commission to ensure that new subscribers are truly eligible to participate in this program, the first audit resulted in 98% of our customers being disqualified. We ceased service to them after shouldering the great expense of enrolling and providing service to them. During our typical day, we estimate that our call center spends (conservatively) 70% of its time serving Lifeline customers and our retail staff spends between 30-40% of their day doing the same. Our administrative staff spends hours upon hours each week on regulatory paperwork, acquiring and managing inventory and dealing with the financial intricacies relating to the Lifeline program. Though we have elected to participate in the program, the burden of providing service to these customers is straining our business to the breaking point. While we know that there is no blanket solution for the industry, we suggest that the Commission force carriers to provide Lifeline services in their own name and put their own brands on the line. This would prevent carriers from offering Lifeline services through non-facilities-based, fly-by-night proxies without accountability to the Commission.

2. As to our second request, the significant rate advantage that a particular MVNO has received from at least one major national carrier permits that carrier to undercut facilities-based carriers, even those like us who operate on razor thin margins. That strategy of undercutting smaller carriers to the point that they are driven out of business is what economists call "predatory pricing by proxy." One need not be a conspiracy theorist to imagine how a person with high level connections to the very largest carriers could be used to target and eliminate competition from flat rate competitors who themselves are siphoning off subscribers by offering lower prices. Simply by giving the preferred associate a very favorable rate to use the large carrier's underlying network, the large carrier could effectively drive the remaining independent competition from the market without sullyng its own high price brand with aggressive price competition. This may seem hard to imagine, but when carriers like Cricket and MetroPCS, two of the fastest growing flat rate carriers, suddenly run into financial difficulties and have to sell themselves to the large network providers, one must consider the possibilities.

It is also not beyond the realm of possibility that a person with high level connections to the major carriers who also has a monopoly telecom position in a foreign market could trade off heavily discounted access to his foreign monopoly network in exchange for similarly low cost access to, and use of, the major carriers' networks here. In each case the carriers could offer each other discounts of as much as 100 to 300 times less than they charge similarly situated carriers who seek to offer the same services to their own customers. Again, this sounds like something from the era when unbridled trusts ruled the earth, but if it occurred, one would see the large US based carrier suddenly offering its customers free calling bundles to that foreign country, while the foreign monopolist would use his low cost access to large chain distribution to offer nationwide flat rate bundles (including low cost bundles to the foreign country) at retail rates well below the rates available to independent carriers who happen not to own monopolies in foreign countries. These hypothetical -- or not so hypothetical -- examples illustrate the need for active regulation to prevent serious damage to true and open competition. Our proposal to remove the distinction between roaming and MVNO access to the same networks would go a long way to promoting fair and sustainable competition.

We think it is important that you be made aware of these facts, and we would be happy to provide more specifics if you need more information. The more than 600 colocatable sites we have built and deployed as a foundation for this industry are being turned over to a select few network operators and favored resellers of those networks who are slowly but surely eliminating competition right before the Commission's eyes. We would like to believe that our officials appointed by a President we strongly supported would protect our ability to achieve success.

That success that we strive for is comprised of more than simply realizing our financial goals. In order to succeed we construct the most reliable networks, hire only local persons to participate in the operations and always give the most value of any product available. We value social responsibility and as such have a history of engaging with the communities where we work. Past examples include funding the use of an unused Hospital Wing in Jackson, TN in order to house victims of Hurricane Katrina; Reinventing a neglected telecom building with a larger than life aquatic whale mural, making it a local landmark in Jacksonville Beach, FL; Renovating a historic burned-out theatre building and preserving the historic Bannock Indian Chiefs mosaic entrance in downtown Pocatello, Idaho; and many similar projects. Most recently in the Columbia, SC area, we have been focusing our efforts on supporting local organizations, providing monetary support in addition to dedicating our space at the South Carolina State Fair to the George Rogers Foundation, which provides scholarships to first-generation college students; working with Benedict College as a primary sponsor for the Annual Black History Teleconference and as a consultant for creating the college's first recruiting call center; and partnering with Columbia's public transit system - The COMET - to set up free WiFi for the Central-Midlands public transportation ridership. One would think that good business practices such as these would be supported by an agency committed to promoting competition, diversity and localism in the communications industry. We hope that the commission will give our request due consideration and look forward to your response.

Best,



Adele Stewart
Clear Talk