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June 16, 2014

Via Electronic Filing

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Notice of Ex Parte Meeting, WC Dockets 09-197, 11-42

Dear Ms. Dortch:

On June 12, 2014, Nathan Johnson and Matthew Johnson, co-CEOs of Telscape Communications, Inc. (“Telscape”) and Sage Telecom Communications, LLC (“Sage”) (collectively, the “Companies”), along with the undersigned, counsel to the Companies, met with the following members of the Telecommunications Access Policy Division of the Wireline Competition Bureau: Radhika Karmarkar, Garnet Hanley, Michelle Schaefer and Joel Thayer.

During the meeting, the Companies discussed several topics related to their Lifeline service offerings. The Companies discussed Telscape’s extensive history as an ETC in California, and how that experience of operating as an ETC in a state with an administrator is relevant nationally as the NLAD becomes fully operational. The Companies also discussed trends in the Lifeline industry sector, including possible consolidation and a decline in the number of active providers of Lifeline service.

Sage urged action on its Petitions for ETC designation that are pending with the Commission to provide Lifeline service in those states. Sage noted that approval of these Petitions will permit Sage to compete more effectively in the Lifeline sector.

The Companies also discussed possible future reforms to the Lifeline support mechanism and urged an inclusion of broadband service in the Lifeline mechanism. The Companies talked at length about their experience offering a low-cost non-supported wireless broadband service. Currently, the Companies offer broadband on a white label basis with a major big box retailer, which offers a resold wireless broadband service to consumers. The Companies designed this offering to appeal to lower income consumers.

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These wireless broadband offerings come in both a postpaid and prepaid variety and is tiered based on the amount of desired bandwidth. The current price plans for the prepaid service are as follows:

- 500 MB - \$10 per month
- 1.5 GB - \$25 per month
- 3.0 GB - \$45 per month

In addition, the customer must purchase the underlying wireless access device. The current model, a 3G version, retails for \$80. A forthcoming 4G model will be sold at \$100 retail price. These devices can provide simultaneous support for up to five devices, and thus can provide broadband wireless Internet access service to an entire household for as little as \$10 a month.

These product offerings have had significant sales even without a Lifeline subsidy. The Companies believe that the expansion of the Lifeline program to include broadband services, both wireless and wireline, would reduce the out of pocket costs for these products for eligible Lifeline customers, and would further reduce the digital divide that exists for low income customers. A reduction in the out-of-pocket costs for these customers (even if only a modest percentage of the unsubsidized price) would encourage eligible consumers to purchase broadband solutions and gain access to digital services.

The enclosed materials were used in the presentation. If there are any questions concerning this submission, please contact the undersigned.

Respectfully submitted,

/s/ Douglas D. Orvis II

Douglas D. Orvis II

Counsel to Telscape Communications, Inc. and Sage Telecom Communications, LLC

cc (via-email):

Radhiha Karmarkar
Garnet Hanley
Michelle Schaefer
Joel Thayer

Enclosures

Sage Telecom Communications, LLC

Telscape Communications, Inc.

Lifeline Reform and ETC Petition

WC Dockets 11-42, 09-197

Agenda

- About Sage and Telscape
- Industry Consolidation
- Lifeline Reform Proceeding
- Sage's ETC Petition

About Sage and Telscape

- Telscape founded in 1996
- Providing Wireline service in California since 1996 and wireless since 2007.
- Services were originally non-Lifeline and grew to include Lifeline
- Also provides wireline and wireless services in eight other states
- Combined, the companies have CLEC status in thirteen states, largely in the Midwest and Southwest
- Combined, the companies have ETC status in nine states.

About Sage and Telscape (continued)

- Lifeline has not traditionally been the focus of the companies. Focus was traditional CLEC operations.
- The combined companies have about 260,000 customers, including wireline and wireless, Lifeline and non-Lifeline, plus broadband (both wireline and wireless).
- Compliance Plans of both companies approved in December, 2012
- Two largest states: California and Texas are Administrator states
- Company has had very low rates of de-enrollment from IDVs or audits

The Lifeline Industry

- Commission reforms and USAC diligence with IDVs and QPAs are reducing duplication
- NLAD likely to further limit/remove customer fraud/duplication
- Declining total customers will squeeze the “high turnover” companies out of the sector in favor of those who provide greater value proposition to customers
- Companies believe that there will be reduction in the number of active ETCs in the coming months as the industry consolidates
- Commission guidance on possible consolidations would assist the industry

Lifeline Reforms

- The Companies applaud the recent reforms as they have reduced instances of consumer duplication or unscrupulous competitors.
- As noted above, the Companies are very active in California and Texas, states where administrators –which prevents duplicates– have existed for some time.
- Companies support the possible expansion of Lifeline to broadband. The company has offered broadband, even to Lifeline customers, for many years.
- Increasingly, all customers, including Lifeline, need and expect access to a broadband product.

Sage ETC Petition

- Filed August 8 of last year for AL, CT, DE, DC, DE, NH, NY, NC, TN and VA
- Filed ME Application in December (per ME's change of position regarding jurisdiction)
- No comments suggesting denial were filed
- Sage and Telscape have extremely clean compliance records.

Corporate Structure of Telscape Communications and Sage Companies Under the TSC Acquisition Corporation Umbrella Company

