

**Good afternoon Chairman Kalk and Commissioner Fetch**

**On Aug. 31, 2012, Budget PrePay's ETC Application was filed with this Commission. Budget PrePay is seeking ETC designation authority to provide resold wireless service in the state's non-rural wire centers and to participate in the Universal Service Fund's Low Income Program.**

**On Sept. 12, 2012, the Commission provided notice of Budget PrePay's ETC application for limited designation as a non-rural Low Income-only wireless ETC. No parties filed comments or made a request for a hearing.**

**This is the first time that the Commission has been asked to consider an ETC application to participate solely in the Universal Service Fund's Low Income Program.**

**By way of background, Budget PrePay is based in Bossier City, Louisiana and has been offering competitive wireline service as a CLEC since 1996. Budget PrePay started offering prepaid wireless services in 2010.**

**Budget PrePay operates its wireless business under the name Budget Mobile and provides all of the services required of an ETC, as set forth in this Commission's rules and by applicable federal rules, including voice grade access, minutes of use for local service at no additional charge, access to emergency services, and toll limitation. If designated as an ETC, Budget will also advertise its services throughout its designated area as is required of all ETCs.**

**Budget PrePay's primary focus will be on serving the state's low-income resident population. Data compiled by the Universal Service Administrative Company from 2010 – the most recent data available – estimates that less than half of North Dakota households eligible for Lifeline actually receive their Lifeline benefit – a strong indication that there is a significant need in North Dakota for the services Budget PrePay proposes to provide.**

**If designated as an ETC in North Dakota, Budget PrePay initially plans on offering two prepaid service plans to state residents: (1) a 250 minute plan and; (2) a 4,000 combined minute and/or text messaging plan. If approved as an ETC, most North Dakota residents that qualify for Lifeline would receive a \$9.25 federal Lifeline discount on the costs of these offerings.**

**Both of Budget PrePay's service plans include a free handset, caller ID, call waiting and voicemail, as well as texting capabilities. Customers are provided with nationwide calling, not bound by a local calling area requirement and all plans come with domestic long distance at no extra charge. Customers pay no roaming charges.**

**All handsets offered by Budget PrePay are 911 and E911 capable and all calls to 911 emergency services are always free, regardless of a customer's service activation status or availability of minutes.**

**Budget PrePay has resale agreements in place with Sprint and Verizon Wireless and will be using the networks of these two carriers to provide its wireless services in North Dakota.**

North Dakota PSC Chairman Brian Kalk  
North Dakota PSC Commissioner Bonny Fetch  
North Dakota PSC Commissioner Kevin Cramer (unlikely to appear at hearing)

**In order to qualify for Lifeline in North Dakota, a state resident must participate in a qualifying social service program, such as:**

**Medicaid**

**SNAP f/k/a Food Stamps**

**The Low Income Home Energy Assistance Program (LI-HEAP)**

**The National School Lunch's Free Lunch Program**

**Supplemental Security Income (SSI)**

**Federal Housing Assistance (Section 8)**

**Temporary Assistance for Needy Families; or**

**Or have a household income that is at or below 135% of Federal Poverty Guidelines**

**To date, Budget PrePay has been designated as Low-Income only wireless ETC in 21 states: Arkansas, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Nevada, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Washington, West Virginia, Wyoming and Wisconsin.**

**Budget PrePay has also been designated as an ETC for its CLEC operations in 14 states.**

**Public reception to the Company's market entry has been incredibly positive and has certainly promoted competition in the states and communities that it has been afforded the opportunity to serve.**

North Dakota PSC Chairman Brian Kalk  
North Dakota PSC Commissioner Bonny Fetch  
North Dakota PSC Commissioner Kevin Cramer (unlikely to appear at hearing)

**Section 214(e)(2) of the federal Communications Act and <sup>Section</sup> ~~Chapter~~ 49-21-01.7(12) of the North Dakota Century Code provides the Commission with primary legal authority over ETC applications.**

**The federal Communications Act, FCC rules, and the rules governing ETCs in the North Dakota Administrative Code collectively set forth the requirements of any North Dakota ETC.**

**Earlier this year, the FCC significantly reformed the Universal Service Fund's Low Income Program. The FCC's reforms were designed primarily to enhance the oversight of ETCs receiving distributions from the Low Income Program.**

**The FCC required certain carriers wishing to provide Lifeline discounts to qualified customers -- in any state -- to file a comprehensive Compliance Plan with the FCC.**

**Budget PrePay filed a Compliance Plan with the FCC on May 1, 2012 and the FCC approved Budget PrePay's Compliance Plan on May 25, 2012, thus making Budget PrePay eligible for designation as an ETC in North Dakota.**

**Budget PrePay was one of only six carriers nationwide to have its Compliance Plan approved by the FCC as of May 25, 2012.**

North Dakota PSC Chairman Brian Kalk  
North Dakota PSC Commissioner Bonny Fetch  
North Dakota PSC Commissioner Kevin Cramer (unlikely to appear at hearing)

**In approving Budget PrePay's Compliance Plan, the FCC also granted Budget PrePay forbearance from the statutory requirement that Budget PrePay provide service using its "own" facilities.**

**The services provided by Budget PrePay have become essential for lower-income customers, providing them with a cost-effective option for wireless service, access to emergency services on wireless devices, and a reliable means of contact for prospective employers, social services agencies or dependents.**

**Granting Budget PrePay's ETC application will promote competition in North Dakota and, for the first time, bring a carrier to market in North Dakota whose primary focus will be serving the state's low-income residents.**

**All of us at Budget PrePay appreciate your consideration today of the company's ETC application, as well as staff's efforts over the past few months and look forward to working with all of you in the months and years to come.**

**I'd be happy to answer any questions.**