

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

Docket No. 13A-1337T

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IN THE MATTER OF THE APPLICATION OF SAGE TELECOM COMMUNICATIONS, LLC FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER IN THE STATE OF COLORADO FOR THE PURPOSE OF OFFERING WIRELESS LIFELINE SERVICE

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**STIPULATION AND SETTLEMENT AGREEMENT**

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Sage Telecom Communications, LLC (“Sage”); Trial Staff of the Colorado Public Utilities Commission (“Staff”); and the Colorado Office of Consumer Counsel (“OCC”) (collectively, the “Stipulating Parties” or the “Parties”) enter into this Stipulation and Settlement Agreement (“Stipulation”) regarding the Application filed by Sage in this proceeding. The Parties submit this Stipulation for approval by the Colorado Public Utilities Commission (the “Commission” or the “PUC”) pursuant to the Commission’s Rules of Practice and Procedure, 4 CCR 723-1-1407 and 1408.

**PRELIMINARY STATEMENT**

1. On May 8, 1997, the Federal Communications Commission (“FCC”) issued its Universal Service Report and Order, 12 FCC Rcd 8776 (1997) (“*Universal Service Order*”) implementing the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the “Federal Act”). The FCC provided further guidance on Eligible Telecommunications Carrier (“ETC”) designation in its *ETC Report and Order* issued March 17, 2005, Federal-State Joint Board on Universal Service, Report and Order, 20 FCC Rcd 6371, 6384 (2005).

2. The *Universal Service Order* provides that where states certify ETCs, such as is the case in Colorado, only ETCs designated by a state public utilities commission (“State

Commission”) shall receive federal universal service support. Under 47 U.S.C. § 214(e), a State Commission shall, upon its own motion or upon request, designate a common carrier that meets the requirements set forth by the FCC as an ETC for a service area designated by the State Commission. The FCC defines a service area as a geographic area established by a State Commission for the purpose of determining universal service obligations and support mechanisms.

3. To be designated as a federal ETC under the Federal Act, a carrier must: (1) be a common carrier; (2) demonstrate an intent and ability to provision the supported services set forth in 47 C.F.R. § 54.101(a) throughout its designated service areas; and (3) demonstrate an intent and ability to advertise its universal service offerings and the charges therefore using media of general distribution. 47 U.S.C. § 214(e); *Universal Service Order*, 12 FCC Rcd at 8791.

4. The FCC’s supported services as set forth in 47 C.F.R. § 54.101(a), which was revised on December 23, 2011, are:

- a. voice grade access to the public switched telephone network or its functional equivalent;
- b. minutes of use for local service without additional charge to the end user;
- c. access to emergency services; and
- d. toll limitation for qualifying low income consumers.

5. On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking (“*Lifeline Reform Order*”)<sup>1</sup> in which it issued a blanket forbearance from

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<sup>1</sup> See *In the Matter of 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 No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (Lifeline Reform Order)*.

the facilities-based requirement to all carriers that were seeking limited ETC designation for the purpose of offering Lifeline service only.<sup>2</sup> Lifeline-only ETCs are now subject to the following conditions:

- a. provide Lifeline subscribers with 911/E911 access, regardless of activation status and availability of minutes;
- b. provide E911-compliant handsets and replace noncompliant handsets at no additional charge; and
- c. file a compliance plan with the FCC for approval that includes the procedures to enroll a subscriber in Lifeline service and for reimbursement for that subscriber, sample marketing materials, materials on initial and ongoing certification, how the carrier will offer service, the geographic areas in which it will offer service, and a detailed description of its Lifeline service plans including the rates, number of minutes and types of plans available to Lifeline customers.

6. In addition, the *Lifeline Reform Order* eliminated Link-Up support for all ETCs serving non-Tribal lands.<sup>3</sup>

7. The *Lifeline Reform Order* further requires that a carrier seeking ETC designation for the purpose of offering Lifeline-only, must demonstrate its technical and financial capacity to provide the supported services.<sup>4</sup>

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<sup>2</sup> *Id.* at ¶ 496.

<sup>3</sup> *Id.* at ¶ 245.

<sup>4</sup> *Id.* at ¶ 388.

8. This Commission has adopted its own rules for implementing 47 U.S.C. Section 214(e)(1)-(2) of the Federal Act which appear at 4 CCR 723-2-2180 through 2191, which rules are consistent with Section 214(e) and the FCC's Rules.

9. On December 18, 2013, Sage filed an Application ("Application") seeking designation as an ETC for the limited purpose of receiving universal service support for low-income customers in Colorado, Proceeding Number 13A-1337T. Sage sought ETC designation for the limited purpose of offering Lifeline service to consumers who reside in the geographic service area where its underlying carriers, Sprint and Verizon Wireless, provide coverage in the State of Colorado. A list of the exchanges in which Sage was seeking ETC status in Colorado is shown on Exhibit 3 to Sage's Application.

10. The Parties engaged in settlement discussions regarding issues raised by Sage's Application.

11. The Parties have now reached agreement on all the issues that were, or could have been raised in this proceeding, as set forth herein. This Stipulation is entered into for the purpose of avoiding the costs and risks of litigation. The Parties agree this Stipulation shall only bind the parties hereto and shall not legally bind the Parties with respect to other applications and proceedings before the Commission other than a subsequent proceeding to enforce the terms of this Stipulation.

12. The Parties are aware that on May 9, 2014, Colorado Governor Hickenlooper signed House Bill 14-1328, House Bill 14-1329, House Bill 4-1330, and House Bill 14-1331 (collectively the "2014 telecommunications bills") and that each is now in effect. The Parties are not aware of any impact of the 2014 telecommunications bills on the Commission's standards for considering and authority to grant the relief requested in this Stipulation.

## AGREEMENT

WHEREFORE, based on their review of all testimony and exhibits submitted and upon their settlement discussions, the Parties hereby stipulate and agree as follows:

1. Sage is a beneficial user of the Sprint and Verizon Wireless networks.
2. Attachment 1 hereto is a list of the exchanges in which Sage will offer Lifeline service throughout each entire exchange and in which the Parties agree Sage should be granted ETC status in Colorado.<sup>5</sup> Sage will not assess roaming charges to any Lifeline subscribers for use within any of the exchanges listed in Attachment 1 or within Sprint's or Verizon's coverage areas.
3. Sage will advertise the availability of the supported services throughout its designated service areas using media of general distribution pursuant to 47 U.S.C. § 214(3)(1)(B) in a manner that is designed to reach those likely to qualify for such services. Sage intends to use media such as the Internet, direct mail, television and radio spot advertising, as well as print advertising in the form of signs, flyers and brochures at retail locations notifying customers of the availability of Sage Lifeline service. In light of these obligations and the fact that Sage does not maintain or produce a White Pages directory, the Parties agree that Sage should be granted a permanent waiver of the portion of 4 CCR 723-2-2187 ("Rule 2187") (d)(VII) regarding the placing of consumer guide pages in the "White Pages" directory within the ETC service area as requested by Sage.<sup>6</sup>

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<sup>5</sup> This list differs from the list provided in Exhibit 3 to Sage's Application. Sage will not offer roaming as part of its LBUS Plans. Therefore, the Parties agreed that Sage's designated service area will be limited to those exchanges in which Sage's underlying carriers, Sprint and Verizon, provide coverage throughout the entire exchange. The exchanges listed in Attachment 1 hereto are those exchanges.

<sup>6</sup> Contemporaneously with the filing of this Stipulation, Sage has filed an Unopposed Motion for Waiver of Certain Rules ("Sage's Motion for Waiver") in which it specifically requests this waiver as well as a number of additional waivers agreed to by the Stipulating Parties that are discussed below.

4. Sage seeks ETC designation for the limited purpose of providing universal service low-income Lifeline service in Colorado. Sage is neither seeking Federal universal service high-cost support (“USF”) nor Colorado high cost support mechanism (“CHCSM”) in its service area.

5. Because Sage does not seek high cost USF or CHCSM support, the Parties agree that it would be in the public interest and consistent with the *Lifeline Reform Order*<sup>7</sup> for Sage to be granted a full waiver of Rule 2187(f)(II)(F), (G), (H), and (K) through (N), which would otherwise require the submission of detailed information about network expansion plans paid for by high cost funds in areas where Sage has been designated an ETC, a Colorado-specific trial balance, and a build-out plan showing Sage’s intended use of high cost funds. As to duration, the Parties request that this waiver be in effect until either (1) Sage provides services solely on its own network, (2) this Commission modifies Rule 2187(f)(II)(F), (G), (H), and (K) through (M), or (3) the FCC modifies its blanket forbearance of the “own facilities” requirement. The Parties also agree that the waiver of the Colorado-specific trial balance requirement in Rule 2187(f)(II)(N) should be permanent. Finally, for the reasons noted above, the Parties agree that a full waiver of Rule 2187(d)(XIII) regarding a build-out plan for universal service is warranted and should be permanently granted.

6. The Parties agree that the Commission should grant Sage a waiver of Rule 2187(F)(II)(A) given that the recent changes to the Lifeline program eliminated the reporting of unfulfilled requests.

7. Sage requests partial waiver of Rule 2187(F)(II)(O) that requires affidavit language concerning receipt of high cost support. Because Sage is not seeking high cost support from the USF or CHCSM support, the Parties agree that it would be in the public interest and

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<sup>7</sup> The *FCC 12-11 Lifeline Order* streamlined the reporting requirements for ETCs designated by the FCC and an ETC applicant is no longer required to submit a five-year network improvement plan.

consistent with the *Lifeline Reform Order* reporting requirements to not require Sage to attest that it is aware of the purposes of High Cost Support and is in compliance with 47 U.S.C. § 254(e) and will not receive any such support. The Parties agree the Commission should grant this partial waiver and that Sage will submit an affidavit attesting that all required information provided in its annual filing is true and correct.

8. Sage should also be granted full waiver of Rule 2187(d)(III) that requires a proposed ETC to describe in its application the service area in which the Applicant seeks designation as an ETC by metes and bounds. As to duration, the Parties request that this waiver be for the filing of this Application only since the metes and bounds description is information to be included in an application when filed. Sprint's and Verizon Wireless' physical networks do not precisely correlate with a metes and bounds description as required by Rule 2187(d)(III). However, the list of the exchanges in Colorado where Sage has shown an intent and ability to offer the supported services once designated as an ETC throughout the service area is set forth in Attachment 1.

9. Sage's Lifeline program furthers the statutory goal that basic service be available and affordable to all citizens of the state of Colorado.

10. Sage's Lifeline product offering provides an additional choice of another provider offering Lifeline service for low-income consumers, which is a significant benefit for those consumers and is in the public interest.

11. The Parties stipulate and agree that Sage has shown good cause, that its Lifeline Basic Universal Service ("LBUS") offering as described in Attachment 3 meets all applicable state and federal requirements, that Sage's ETC designation for Colorado low-income universal service purposes will serve the public interest, convenience and necessity, that Sage does not

receive high cost USF support in Colorado, Sage's advertising adequately informs potential customers of the availability of Sage's Lifeline service throughout its proposed ETC service area, and that the Commission should grant Sage's Motion for Waiver.

**Federal ETC Designation For the Limited Purpose of Offering Lifeline**

1. Sage is a commercial mobile radio service ("CMRS") provider, and a common carrier as defined by 47 U.S.C. § 153(10) and 47 C.F.R. § 20.9(a)(7).
2. Sage has been granted ETC status to offer Lifeline wireless services in Kansas, Maryland, Missouri, Texas, and Wisconsin. Sage has also been granted ETC status to offer Lifeline wireline services in Kansas, Oklahoma, Texas, and Wisconsin.
3. Sage has not been the subject of any enforcement action at the FCC or in any state. No ETC designations held by Sage have been rescinded, revoked, or terminated by the FCC or by any state regulatory agency. Sage has operated in the United States since 1998 and has significant experience in providing high-quality telecommunications services. It obtains the majority of its revenue from selling wireline, wireless, internet, and data services. Sage will not need to rely exclusively on federal USF support and will not need, and does not seek, Colorado high cost funds to provide the proposed wireless services.
4. Sage provides each of the supported services set forth in 47 C.F.R. § 54.101(a), as amended, by the *Lifeline Reform Order*,<sup>8</sup> and has shown an intent and ability to offer those services once designated an ETC throughout the areas set forth on Attachment 1 of this Stipulation.
5. Sage will offer a choice of three (3) LBUS Plans to eligible Lifeline customers as described in Attachment 3. The Parties have agreed that any other Lifeline plans discussed in

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<sup>8</sup> Effective April 2, 2012, published on March 2, 2012, in the Federal Register at 77 Federal Register 12952.

Sage's FCC Compliance Plan or Sage's other filings with the FCC, or as described in Sage's Application in this proceeding on pages 11 and 12 will not be offered in Colorado. Sage will not advertise or offer in Colorado any Lifeline plans with fewer than 250 free minutes per month in Colorado. Sage will not seek the Tribal lands support amount, as defined in 47 C.F.R. § 54.403(a)(2), for Tribal subscribers." Sage's LBUS Plans described in Attachment 3 comply with Rule 2187(d)(XII) as Sage offers the Lifeline subscriber at least one plan with unlimited calling.. Sage's Lifeline plans are consistent with other previously-designated ETC Lifeline-only carriers in Colorado. Sage's LBUS Plans are available for enrollment via Sage's website ([www.sagetelcom.net](http://www.sagetelcom.net)) or through Sage's Customer Service department.

6. It is understood that Sage, as a prepaid provider, will not be required to obtain or retain social security numbers of customers. However, in compliance with *Lifeline Reform Order*, Sage will obtain and retain the last four digits of the social security number of its customers.

7. Sage's LBUS Plans are not offered on a distance sensitive basis and there is no additional charge for toll minutes of use. As such, toll limitation is not a concern because of the prepaid nature of these Lifeline plans. Prepaid offerings, by their very construct, act as a toll limitation mechanism; therefore, Sage will not seek reimbursement for toll limitation.

8. The *Lifeline Reform Order* further requires each applicant seeking ETC designation to submit to the FCC for approval a compliance plan that contains the information as outlined in Section 5.c of the Preliminary Statement above.

9. On December 19, 2012, Sage submitted a Revised Compliance Plan for FCC approval in WC Docket No. 09-197 and WC Docket No. 11-42. The Compliance Plan details the verification, certification, and other anti-fraud measures Sage will take to comply with the state

and federal requirements and to ensure that Lifeline support is provided only to consumers who are truly eligible. Since it has been found to meet all of the FCC's aforementioned criteria, Sage is entitled to the FCC's blanket forbearance from the "own facilities" requirement. Sage's approved Revised Compliance Plan and the public notice evincing its approval are attached to this Stipulation as Attachment 4.

10. The Parties stipulate and agree that with the incorporation of the agreed upon terms and conditions in Attachments 2 and 3, designating Sage as an ETC in the study areas and wire centers set forth in Attachment 1 serves the public interest, convenience and necessity, as required by 47 U.S.C. § 214(e)(2) and §§ 40-15-101, 40-15-501, and 40-15-502, C.R.S. The Parties further stipulate and agree that the areas shown in Attachment 1 should be approved as Sage's designated service area and that Sage shall use a Lifeline Certification Form as set forth in Exhibit A to Sage's approved Compliance Plan (attached hereto as Attachment 4) unless a different form is required by the Commission in the future.

11. Sage has entered into this Stipulation with Staff and the OCC to settle this matter. The Parties have agreed to the LBUS Plans as described in Attachment 3. Nothing in this Stipulation shall prohibit Sage the flexibility to offer new service plans to eligible consumers or to permit eligible consumers to apply their Lifeline discount to bundled service plans or plan containing optional call features. In the event Sage offers new expanded service plans or bundled service plans in the future, the Parties agree these plans will be considered "Lifeline" plans subject to the terms of this Stipulation. Further, the Parties stipulate and agree that Sage shall provide its LBUS Plans and any future Lifeline plans pursuant to this Stipulation (including Attachments 1 through 4). The following requirements shall apply:

- A. If Sage desires to (1) modify its existing LBUS Plans, (2) add a new Lifeline plan, (3) modify a Lifeline Plan, (4) modify its Lifeline Terms and

Conditions, or (5) modify its Operating Procedures, (each, a “Modification”), then Sage shall first provide the other Parties thirty (30) days advance written notice of the proposed Modification. If none of the Parties objects within the thirty (30) day notice period (the “Notice Period”), then Sage’s proposed Modification will go into effect upon the expiration of the Notice Period. However, if one or more of the Parties objects in writing to the proposed Modification and indicates to Sage during the Notice Period that the Modification may be contrary to the public interest or disadvantageous to subscribers, then Sage shall file an application with the Commission and obtain the Commission’s approval before implementing the proposed Modification. Sage shall also maintain Colorado-specific information on its Terms and Conditions page on its website that will provide interested persons with notice of any proposed modifications to its LBUS Plans or any additional Lifeline plan offered to eligible subscribers.

- B. If Sage has failed to comply with paragraph A above and has implemented a Modification to the LBUS Plans or any additional Lifeline plans without following the procedures described above, then upon appropriate pleading, or upon its own motion, the Commission may investigate any unnoticed or unauthorized change to Sage’s LBUS or Lifeline Plan Description, Terms and Conditions, and Operating Procedures. In any such investigation, Sage agrees to respond to requests for information from the Commission Staff. However, nothing in this Stipulation shall be construed as a waiver of any rights Sage may have to object to such requests for information, seek to limit disclosure of privileged information, or seek to declare information as confidential. After notice to Sage and a subsequent investigation, the Commission may find that a change is not consistent with Sage’s ETC status or results in a universal service Lifeline offering that is not eligible for universal service Lifeline funding. If Sage does not thereafter make such changes as are necessary to bring its Lifeline offering into compliance with such requirements, Sage understand the Commission may revoke Sage’s ETC status.
- C. The Parties agree that the Commission has authority to enforce compliance with this Stipulation pursuant to its terms and pursuant to Rule 2187 and, consistent with this Paragraph, may exercise its audit powers derived from Section 40-15-107, C.R.S., with respect to the LBUS Plans or the Sage ETC status. Consistent with this authority, for changes to any additional Lifeline plans or implementation of new Lifeline plans, other than the LBUS Plans, Staff may investigate and obtain any necessary data through the Commission’s audit powers once Staff is notified of changes. This process should work in the same manner that occurs when Staff reviews tariff filings. Staff will work cooperatively with Sage to obtain information in order to assess whether the changes are in the public interest or may otherwise impact Sage’s eligibility to receive Lifeline funding. The investigation should be completed within the 30-day period

between the notification of proposed change and Sage's implementation of the change if the Parties reach an agreement. If there is disagreement between Staff and Sage, any Party, or any interested person, may file a formal complaint with, or seek a declaratory ruling from the Commission. Sage will have an opportunity to contest a Staff position that a change is not consistent with Sage's ETC status or results in a universal service Lifeline offering that is not eligible for universal service Lifeline funding by filing (1) an application to change its LBUS Plans, (2) a formal complaint, or (3) a request for declaratory ruling and in each case an evidentiary hearing may be held. Finally, with regard to Lifeline plans other than the LBUS Plan, Staff may notify the FCC and Universal Service Administrative Company ("USAC") if it believes the Lifeline offering is not eligible for funding.

- D. The Parties acknowledge that because Sage is using the network of its underlying carriers, Sprint and Verizon Wireless, throughout its designated service area, that no notice to Public Safety Answering Points ("PSAPs") is required.
- E. The Parties agree that Sage shall remit and pay the prepaid wireless E911 charge of one and four-tenths percent, as specified in C.R.S § 29-11-102.5, of \$0.18 on its 300 prepaid minutes (Lifeline Plan #1) provided to eligible Lifeline customers based on a value of \$12.75 per month in Colorado. The Parties further agree that Sage shall remit and pay the prepaid wireless E911 charge of one and four-tenths percent, as specified in C.R.S § 29-11-102.5, of \$0.35 on its 650 prepaid minutes (Lifeline Plan #2) provided to eligible Lifeline customers based on a value of \$25.00 per month in Colorado, and \$0.56 on its unlimited prepaid minutes (Lifeline Plan #3) provided to eligible Lifeline customers based on a value of \$40.00 per month in Colorado. In the event the number of free minutes associated with the LBUS Plans change as discussed above, or with any new Lifeline Plans, the value for purposes of calculating the E911 charge shall be modified proportionately. In the event C.R.S § 29-11-102.5 is amended to change the E911 charge, Sage shall pay the E911 charge at the amended rate and in the same manner as its wireless Lifeline competitors. Sage will also pay the prepaid wireless E911 charge on all prepaid plans and or/replenishment voice minutes sold independently of the LBUS Plans. For prepaid minutes bundled with text messages or other services sold directly through Sage, Sage will pay the prepaid wireless E911 charge on the full amount of the retail transaction. In the event that Sage develops a system to separate out the voice minute charges from non-voice charges at the point of sale, Sage shall notify the Commission at least 30 days in advance of its intent to pay the prepaid wireless E911 charge only on voice minutes when bundled with text messages or other services.
- F. The Parties agree that Sage shall remit and pay the Colorado High Cost charge, at the rate then in effect, on all intrastate retail voice minute

revenues received from Lifeline subscribers (calculated based on the safe harbor percentage established by the FCC then in effect, currently 62.9 percent intrastate).

- G. The Parties agree that Sage provides all its customers with the ability to make and receive interexchange or toll calls through interconnection arrangements made by Sage or its underlying providers.
- H. Sage commits to provide service throughout its designated service area as listed in Attachment 1 of this Stipulation to all customers making a reasonable request for service. Sage certifies that it will provide service on a timely basis and that it will comply with the service requirements applicable to the support that it receives pursuant to 47 C.F.R. § 54.202(a)(1)(i).
- I. Before offering Lifeline service in Colorado, Sage will place Colorado-specific information on the Terms and Conditions page of its web site ([www.sagetelcom.net](http://www.sagetelcom.net)) where its Colorado offerings are described, and the Commission's contact information as listed in Attachment 2 to the Stipulation for any unresolved customer questions or complaints.
- J. To the extent the Commission subsequently adopts rules of general applicability to Lifeline ETCs that are inconsistent with some or all of these provisions A through I, the provisions in the Commission's Lifeline ETC rules shall control.

### **GENERAL PROVISIONS**

1. The Parties desire to end further uncertainty in this Proceeding by entering this Stipulation. Accordingly, the Parties hereby agree to be bound to the terms of this Stipulation. The Parties recognize and acknowledge that should the Commission or the FCC determine a change in the particular regulatory treatment applicable to wireless ETC designees, in further rulemakings or otherwise, any such lawful and applicable determinations would apply to Sage.
2. This Stipulation is a settlement of disputed and compromised claims and accordingly, this Stipulation is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Stipulation.

3. All witnesses of the Parties will support all aspects of the Stipulation and Settlement Agreement embodied in this document in any hearing conducted to determine whether the Commission should approve this Stipulation. Each Party also agrees that, except as expressly provided in this Stipulation, it will take no action in any administrative or judicial proceeding, which would have the effect, directly or indirectly, of contravening the provisions of this Stipulation. Without prejudice to the foregoing, the Parties expressly reserve the right to advocate positions different from those stated in this Stipulation and Settlement Agreement in any proceeding other than one necessary to obtain approval of, or enforce this Stipulation or a Commission order approving this Stipulation. Nothing in this Stipulation shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Stipulation.

4. This Stipulation shall not become effective until the Commission issues a final order approving the Stipulation, which order does not contain any modification of the terms and conditions of this Stipulation that is unacceptable to any of the Parties to the Stipulation. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party hereto, that Party may withdraw from the Stipulation and shall so notify the Commission and the other Parties to the Stipulation in writing within ten (10) days of the date of the Commission order. In the event a Party exercises its right to withdraw from the Stipulation, this Stipulation shall be null and void and of no effect in this or any other proceedings.

5. In the event this Stipulation becomes null and void or in the event the Commission does not approve this Stipulation, this Stipulation, as well as the negotiations undertaken in conjunction with the Stipulation, shall not be admissible into evidence in these or any other proceedings.

6. The Parties state that they have reached this Stipulation by means of a negotiated process that is in the public interest, and that the results reflected in this Stipulation are just, reasonable and in the public interest. Approval by the Commission of this Stipulation shall constitute a determination that the Stipulation represents a just, equitable, and reasonable resolution of all issues, which were or could have been contested by the Parties with respect to the Sage Application.

7. This Stipulation is an integrated agreement that may not be altered by the unilateral determination of any Party.

8. This Stipulation may be executed in separate counterparts, including facsimile. The counterparts taken together shall constitute the Stipulation and Settlement Agreement. The Parties represent that the signatories to the Stipulation have full authority to bind their respective parties to the terms of the Stipulation.

WHEREFORE, the Parties respectfully submit this Stipulation and Settlement Agreement for approval by the Commission and request that the Commission grant such approval.

DATED this 5<sup>th</sup> day of June, 2014.

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## **LIST OF ATTACHMENTS**

- Attachment 1: Sage Colorado designated service area in non-rural exchange areas
- Attachment 2: Operating Procedures
- Attachment 3: Sage Initial Lifeline Offerings
- Attachment 4: FCC-Approved Compliance Plan and Public Notice

# **ATTACHMENT 1**

Proceeding No. 13A-1337T  
 Stipulation and Settlement  
 Attachment 1

| Sage Telecom Communications, LLC ETC Designation - Lifeline Only<br>Service Area |          |                     | Associated Zip Codes***              |
|--|----------|---------------------|--------------------------------------|
|  | Cli      | Central Office Name | Underlying Provider                  |
| 1  | AFACCOMA | AIR FORCE ACADEMY   | Qwest Corporation                    |
| 2  | ENWDCOAB | ABERDEEN            | Qwest Corporation                    |
| 3  | ARVDCOMA | ARVADA              | Qwest Corporation                    |
| 4  | AURRCOMA | AURORA              | Qwest Corporation                    |
| 5  | AURRCOMB | MONAGHAN            | Qwest Corporation                    |
| 6  | BLDRCOGB | GUNBARREL           | Qwest Corporation                    |
| 7  | BRFDCOMA | BROOMFIELD          | Qwest Corporation                    |
| 8  | CFTNCONM | CLIFTON             | Qwest Corporation                    |
| 9  | CLSPCO32 | GATEHOUSE           | Qwest Corporation                    |
| 10   | CLSPCOEA | COLO SPRINGS EAST   | Qwest Corporation                    |
| 11   | CLSPCOV  | PIKEVIEW            | Qwest Corporation                    |
| 12   | DNVRCOCH | CAPITOL HILL        | Qwest Corporation                    |
| 13   | DNVRCOCP | CURTIS PARK         | Qwest Corporation                    |
| 14   | DNVRCOCW | COTTONWOOD          | Qwest Corporation                    |
| 15   | DNVRCODC | DRY CREEK           | Qwest Corporation                    |
| 16   | DNVRCOEA | DENVER EAST         | Qwest Corporation                    |
| 17   | DNVRCOMA | DENVER MAIN         | Qwest Corporation                    |
| 18   | DNVRCOMB | MONTEBELLO          | Qwest Corporation                    |
| 19   | DNVRCONE | DENVER NORTHEAST    | Qwest Corporation                    |
| 20   | DNVRCONO | DENVER NORTH        | Qwest Corporation                    |
| 21   | DNVRCOOU | DNVR INTL AIRPORT   | Qwest Corporation                    |
| 22   | DNVRCOSE | DENVER SOUTHEAST    | Qwest Corporation                    |
| 23   | DNVRCOSH | SMOKY HILL          | Qwest Corporation                    |
| 24   | DNVRCOSL | SULLIVAN            | Qwest Corporation                    |
| 25   | DNVRCOSO | DENVER SOUTH        | Qwest Corporation                    |
| 26   | DNVRCOSW | DENVER SOUTHWEST    | Qwest Corporation                    |
| 27   | DNVRCOWS | DENVER WEST         | Qwest Corporation                    |
| 28   | ECKRCOXC | Eckert              | Delta County Telecommunications Inc. |
| 29   | ENWDCOMA | ENGLEWOOD           | Qwest Corporation                    |
| 30   | ERIECOMA | ERIE                | Qwest Corporation                    |
| 31   | FONTCOMA | FOUNTAIN            | Qwest Corporation                    |
| 32   | FRDRCOMA | FREDERICK           | Qwest Corporation                    |
| 33   | FTLPCOMA | FT LUPTON           | Qwest Corporation                    |
| 34   | GLCRCOMA | GILCREST            | Qwest Corporation                    |
| 35   | GRELCOMA | GREELEY             | Qwest Corporation                    |
| 36   | GRELCOJC | PARKVIEW            | Qwest Corporation                    |
| 37   | HDSNCOMA | HUDSON              | Qwest Corporation                    |
| 38   | HLRSCOMA | HILLROSE            | Qwest Corporation                    |
| 39   | JHMLCOMA | JOHNSTOWN-MILLIKEN  | Qwest Corporation                    |
| 40   | LKWDCOMA | LAKEWOOD            | Qwest Corporation                    |
| 41   | LNMTCOMA | LONGMONT            | Qwest Corporation                    |
| 42   | LTTNCOHL | HIGHLANDS RANCH     | Qwest Corporation                    |
| 43   | LTTNCOMA | LITTLETON           | Qwest Corporation                    |
| 44   | LVLDCOMA | LOVELAND            | Qwest Corporation                    |
| 45   | MEADCOMA | MEAD                | Qwest Corporation                    |
| 46   | MNZNCOXC | MANZANOLA           | CenturyTel of Eagle                  |

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| Sage Telecom Communications, LLC ETC Designation - Lifeline Only<br>Service Area |           |                     | Associated Zip Codes***  |
|--|-----------|---------------------|--|
|  | Cli       | Central Office Name | Underlying Provider  |
| 47   | NGLNCOMA  | NORTHGLENN          | Qwest Corporation  |
| 48   | NIWTCOMA  | NIWOT               | Qwest Corporation  |
| 49   | PRKRCOMA  | PARKER              | Qwest Corporation  |
| 50   | PTVLCOMA  | PLATTEVILLE         | Qwest Corporation  |
| 51   | PUBLCO06  | PUEBLO WEST         | Qwest Corporation  |
| 52   | PUBLCOMA  | PUEBLO MAIN         | Qwest Corporation  |
| 53   | PUBLICOSU | SUNSET              | Qwest Corporation  |
| 54   | RCFRCOXC  | ROCKY FORD          | CenturyTel of Eagle  |
| 55   | SCRTCOMA  | SECURITY            | Qwest Corporation  |
| 56   | TEMACOMA  | TABLE MESA          | Qwest Corporation  |
| 57   | WMNSCOMA  | WESTMINISTER        | Qwest Corporation  |
|  |           |                     | 80020,80260,80234,80233,80241,80229,80614,80640,80602,80603,80601,80516  |
|  |           |                     | 80301,80026,80503,80504,80516  |
|  |           |                     | 80104,80134,80112,80116,80138,80107,80016  |
|  |           |                     | 80504,80621,80651,80543,80645  |
|  |           |                     | 81240,81005,81007,80913,81008  |
|  |           |                     | 81004,81005,81007,81002,81003,81022,81006,81010,81011,81012,81001,81008,81025  |
|  |           |                     | 81004,81240,81005,81007,81003,81022,81006  |
|  |           |                     | 81058,81067,81050  |
|  |           |                     | 80913,80906,80911,80817,80931,80925,80977,80910,80916,80929  |
|  |           |                     | 80303,80305,80309,80301,80007,80021,80025,80307,80027,80026  |
|  |           |                     | 80002,80212,80030,80035,80036,80216,80021,80020,80003,80031,80221,80260,80229  |
|  |           |                     | ***Based on the best available information, these Associated Zip Codes represent the zip codes within each exchange for which Sage will provide service to all subscribers making a reasonable request for service. Since many of these zip codes fall within more than one exchange, it is Sage's ultimate responsibility to ensure that it only provides service in the exchanges that comprise its designated service area. |

# **ATTACHMENT 2**

## **Operating Procedures Applicable to Lifeline BUS Offering Sage Telecom Communications, LLC**

### **A. ACCESS TO RECORDS**

All records required by these procedures pertaining to Sage Telecom Communications, LLC's ("Sage") Lifeline Basic Universal Service (LBUS) offering shall be made available to the Commission or its authorized representatives at any time upon request.

### **B. RETENTION OF RECORDS**

Unless otherwise authorized by the Colorado Public Utilities Commission ("Commission"), all records required by these procedures pertaining to Sage's LBUS offering shall be preserved for the period of time specified by Rule 4 CCR 723-2-2005 of the Rules Regulating Telecommunications Providers, Services, and Products, but in no event less than a minimum of 24 months after the date of entry of the record or for any longer period of time specified by FCC rule or order or Commission rule, whichever is longer.

### **C. SERVICE AREA**

Attachment 1 to the Stipulation depicts the non-rural exchanges where Sage is designated for ETC status.

### **D. RECORDS OF COMPLAINTS**

1. Sage shall maintain an accurate record of all oral and written complaints made by its customers regarding its service, or rates and charges. This record shall include the name and address of the customer or complainant, the time, date and nature of the complaint, the action taken to clear trouble, and the date and time of trouble clearance.
2. The record of complaints shall be categorized to indicate to Sage and to the Commission whether any particular customer encounters the same difficulties frequently, in terms of complaints per month, including customer trouble reports, whether a large number or percentage of all complaints from different customers arise from the same irregularity in service, with 5 percent or more of all complaints over a three month period being considered significant, or whether some phase of the construction, equipment, maintenance or operation are causing the complaints.
3. For any unresolved complaints or customer questions, Sage shall direct its personnel engaged in initial contact with an applicant or Customer in which dissatisfaction with the decision or explanation by the personnel is expressed, to inform the Customer of the right to have the problem considered and acted upon by another consumer representative or supervisory personnel of Sage. If the applicant or Customer continues to express dissatisfaction after the supervisory personnel have addressed the problem, Sage shall further direct the supervisory personnel to provide the complainant that they may contact the External Affairs Section of the Commission at Colorado Public Utilities Commission, Consumer

Affairs, 1560 Broadway, Suite 250, Denver Colorado 80202, Phone 303-894-2070 or 800-456-0858, fax number 303-894-2532 or by e-mail to [dora\\_puc\\_complaints@state.co.us](mailto:dora_puc_complaints@state.co.us) for further review of an unresolved problem. Sage shall post on its website the contact information of the External Affairs Section of the Commission

**E. DESIGNATED SERVICE AREA**

Sage shall file an application with the Commission for expansion of its ETC designation service area if it increases its service area beyond the boundaries of the wire centers or exchanges listed in Attachment 1 to this Stipulation. Absent authorization from the Commission, Sage shall not serve eligible Lifeline customers in the portions of those wire centers or exchanges beyond those listed in Attachment 1 herein.

**F. HELD SERVICE APPLICATIONS**

1. During periods of time, if any, when Sage may not be able to supply service to customers in Sage's Designated Service Area, described in Paragraph E above, within ten (10) calendar days of the date of approval of their eligibility), Sage shall keep a record for its Designated Service Area showing the name and address of each applicant for service, the date of application, the class type and grade of service applied for, (*e.g.*, first line or additional line), together with the reason for the delay in providing the service to the applicant, and the expected date of service.
2. All Lifeline customers who have not been delivered a telephone and assigned a telephone number within ten (10) calendar days of the date of approval of their eligibility shall be provided a written or email notice by Sage, stating the order number assigned by Sage to the application for service, the general status of the order, and a phone number to call with questions. This notice shall be postmarked or sent via email on or before the 15<sup>th</sup> day after the date of approval of their eligibility by Sage.
3. Under circumstances where the period to provide Lifeline service exceed 30 calendar days, Sage shall file a letter with the Commission stating the circumstances causing the delay, explaining whether such circumstances are beyond Sage's control, and providing an estimate of the time necessary to provide service. This letter shall be filed with the Director by the last business day of the following month.

**G. SERVICE INTERRUPTIONS**

General

1. Service is interrupted when it becomes unusable to the Customer or when the Customer is unable to transmit or receive calls due to the failure of a component of the network furnished by Sage or provided through resale.
2. An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

### Reestablishing Service

3. Sage will make all reasonable efforts to prevent interruptions of service that are within its control and, when interruptions do occur, reestablish service with the shortest possible delay. Sage will make attempts to resolve emergencies at all hours, consistent with the bona fide needs of customers and the personal safety of Sage's employees. In almost all cases, Sage will be able to reestablish service within 24 hours. If unusual repairs are required, or other factors will prevent the prompt reestablishment of service, Sage will make reasonable efforts to contact the customer. In the event a Lifeline customer in Colorado experiences a service interruption caused by a failure of equipment under Sage's control or under the control of Sage's underlying facilities-based carrier(s), for a time period that meets or exceeds eight or more hours during a continuous 24-hour period as stated in Rule 2304(b)(IV), Sage will extend that customer's service for the 30-day period in which the interruption occurred day for day for a period of time equal to the loss of service for any minutes remaining at the end of the 30-day period on its LBUS Plans and any additional minutes included as part of Sage's LBUS Plans.

### Record Keeping and Reports

4. Sage shall keep records regarding outages described in Rule 2187(f)(II)(C). Sage shall inform Customers of the potential of future service unavailability when Sage is experiencing or is forecasting potential service unavailability in specific areas for purposes other than outages due to routine maintenance. Services are generally available twenty-four (24) hours per day, seven (7) days per week. Sage will make reasonable arrangements to resolve emergencies resulting from failures of service, unusual and prolonged increases in traffic, illness of personnel, fire, storm or other acts of God, and inform its employees as to procedures to be followed in the event of such emergencies in order to prevent or minimize interruptions or impairment of telecommunications service. Reports including the detailed information described in Rule 2187(f)(II)(C) shall be filed with the Commission as part of Sage's ETC annual report, as required by Rule 2187(f)(II)(C).

## **H. ADVERTISING**

Sage shall submit annual reports describing advertising materials in use in Colorado to the Commission Staff and OCC as described and required by Rule 2187(f)(II)(I).

## **I. NETWORK REQUIREMENTS**

Intra-LATA Interexchange Toll Dialing Pattern. Sage will comply with all NANP dialing pattern requirements.

## **J. REPORTING REQUIREMENTS**

Sage shall file the following reports with the Commission:

1. Copies of all Lifeline-related filings submitted to Federal Communications Commission (FCC) or Universal Service Administrator Company (USAC). Sage shall file copies of all Lifeline-related FCC forms submitted to the FCC or USAC,

including Form 497, with the Commission promptly after those filings occur at the FCC or USAC.

2. Annual ETC Certification. Sage will file an annual certification that it is able to function in emergency situations, is complying with applicable service quality standards and the consumer protection rules, e.g., the CTIA consumer code for wireless service. This certification shall be filed with the Commission as part of Sage's ETC annual report, as required by Rule 2187(f)(II)(D) and (E).
3. 911 Surcharge Report. Sage shall submit to the Commission as a compliance filing a copy of the Department of Revenue (DOR) DR 526 Form and all documentation and workpapers including any formulas used to calculate the 911 fee on its free minutes as discussed in Stipulation and Settlement Agreement, section 11.E, at the same time filed with DOR.
4. Upon audit request from Staff of the Commission Sage agrees to provide on a confidential basis, subscriber-specific data, including subscriber name, address, and zip code, for:
  - a. Lifeline customers receiving two or more Lifeline subsidies per household in that same month from Sage,
  - b. New Lifeline customers enrolled in Sage' Lifeline service,
  - c. Lifeline customers removed from Lifeline service due to non-usage, and
  - d. Lifeline customers removed from Lifeline service due to ineligibility through the annual re-certification process.

**K. LIFELINE NON-USAGE POLICY AND INELIGIBILITY NOTICE**

1. Sage will identify Lifeline customers who have not used Sage Lifeline service for 60 consecutive days in accordance with Sage's FCC Compliance Plan (pp. 17-18) and will de-enroll such customers from Lifeline service, deactivate such accounts, and cease to claim Lifeline reimbursement for such customers. Non-usage is determined as follows:
  - a. After 60 consecutive days of non-use, Sage contacts the customer, either by phone, text, email, or written notification, asking the customer to provide confirmation that the customer wishes to retain his or her Lifeline service within 30 days from the date of the notice. Customers are informed that failure to provide such confirmation will result in de-enrollment from the Lifeline program.
  - b. If the customer does not respond to the notice as provided above, the customer is de-enrolled from the Lifeline program and Sage does not request further Lifeline reimbursement for the customer from USAC or any state Universal Service Fund Administrator. Sage will report annually to the FCC the number of customers de-enrolled for non-usage by month.
  - c. During the entire 60 day period, Sage's Lifeline customer's service remains active and is not suspended. In the event the customer's service is

deactivated for non-usage as described above, access to 911 emergency services remains intact as required by the FCC's existing public safety rules and guidelines.

- d. Lifeline customers can "use" the service by: (1) completing an outbound call or text; (2) purchasing minutes from Sage to add to the customer's plan; (3) answering an incoming call from a party other than Sage; or (4) responding to a direct contact from Sage confirming that the customer wants to continue receiving the service.
2. The Customer shall be notified in writing of Sage's intention to discontinue Lifeline services due to the Lifeline customer no longer meeting the qualification criteria upon notification from CDHS. Any notice shall clearly state that the customer contact CDHS registration system to verify eligibility. Sage will not seek Lifeline reimbursement from USAC upon notice from CDHS that the customer is no longer eligible unless the customer confirms eligibility with CDHS.

**L. CTIA CODE OF CONDUCT**

1. Sage shall comply with the principles, disclosures, and practices for wireless service provided to consumers in the Cellular Telecommunications and Internet Association's (CTIA) Consumer Code for Wireless Service. Such Code can be found at: [http://files.ctia.org/pdf/The\\_Code.pdf](http://files.ctia.org/pdf/The_Code.pdf).

**M. SUBSCRIBER ELIGIBILITY**

1. Subscriber eligibility shall be established pursuant to 47 CFR §54.409 and §54.410. Upon initial application for Sage's Lifeline service, the subscriber must certify by his or her signature under penalty of perjury that he or she will receive Lifeline supported services only from Sage and, to the best of his/her knowledge, no one else in his/her household is receiving Lifeline supported service.
  - a. Sage shall require each eligible Lifeline consumer to self-certify under penalty of perjury at the time of enrollment and annually thereafter that his or her household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
  - b. Sage shall require each eligible Lifeline consumer at the time of application to initial on the certification form that to the best of his or her knowledge that he or she is not receiving Lifeline-supported service from any other Lifeline provider and to ensure the consumer understands that "Lifeline-supported service" is a federal subsidy and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment, or being barred from the program;
  - c. Lifeline service is a non-transferable benefit and the Lifeline subscriber may not transfer his or her benefit to any other person;

- d. If the Lifeline subscriber moves to a new address, he or she will provide that new address to Sage within 30 days;
  - e. If the Lifeline subscriber provided a temporary residential address to Sage, he or she will be required to verify his or her temporary residential address every 90 days<sup>1</sup>; and
  - f. The Lifeline subscriber will notify Sage within 30 days if he or she is (1) no longer eligible to receive Lifeline benefits; (2) the subscriber is receiving more than one Lifeline benefit; or (3) another member of the subscriber's household is receiving a Lifeline benefit.
2. Sage shall file a copy of state-specific subscriber data, including name and address of Lifeline subscribers, to USAC, upon request, and to this Commission for the purpose of determining whether an existing Lifeline subscriber receives Lifeline service from another carrier.
  3. Sage shall immediately investigate any notification from the Commission, FCC or USAC regarding any Lifeline customer receiving duplicate subsidy from another carrier or from Sage. If it is determined that the Lifeline customer is receiving duplicate subsidy, Sage will work with the other carrier(s) to notify the customer of the duplicate accounts and work with the customer to choose only one provider of Lifeline service. Sage shall also abide by any rules of the FCC and work with USAC and the Commission Staff to rectify any duplicate accounts. In the event the customer selects a carrier other than Sage to provide Lifeline service, Sage shall promptly remove the customer's Lifeline service and remove customer from any USAC reimbursement.
  4. Sage shall deal directly with the subscriber to certify and verify the subscriber's Lifeline eligibility on an annual basis.
  5. Sage shall explain in prominent, plain, easily comprehensible language to all new and potential subscribers that no consumer is permitted to receive more than one Lifeline subsidy.
  6. Sage shall ensure that all marketing materials for the service make clear that it is a Lifeline-supported service.
  7. Sage shall promptly, de-enroll any subscriber whom Sage determines is no longer eligible for Lifeline service or when Sage becomes aware that the subscriber is no longer eligible for Lifeline service. Sage shall promptly remove a customer's Lifeline service and remove the customer from any USAC reimbursement.

## **N. 911 CALLING**

1. Sage shall provide access to 911 service. If service is disconnected or minutes are depleted, customers may still make 911 calls and calls to the Customer Service number (611).

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<sup>1</sup> Sage will comply with the temporary address rule if and when it becomes effective; as of the date of this Stipulation, this requirement has not been approved pursuant to the Paperwork Reduction Act.

2. Sage shall remit the appropriate wireless E911 charge in accordance with the Stipulation and Settlement and C.R.S. § 29-11-102.5(3) and provide a copy to the Commission Staff of the amount remitted at the time the payment is made. Parties agree that Sage will separately identify the imputed amount of E911 charge on free minutes and the amount remitted on retail transactions.

**O. CUSTOMER SERVICE ACCESS**

Customers will be provided a toll-free method to access Sage's customer service representatives, available at a minimum from 8am – 5pm CST Monday through Friday by dialing 611 from a Sage handset, and online at ([www.sagetelecom.net](http://www.sagetelecom.net)). Customers may obtain directory assistance by dialing 411 from a Sage handset.

**P. LIMITATIONS OF LIABILITY**

Because Sage has no control of the content of communications transmitted over its network, and because of the possibility of errors incident to the provision and use of its services, services furnished by Sage are subject to the terms, conditions and limitations specified herein and in Sage's Terms of Service available on Sage's website ([www.sagetelecom.net](http://www.sagetelecom.net)).

**Q. CUSTOMER DISCONNECTION**

1. Sage may not deny or discontinue service to a Customer without prior written notice after at least 15 days ("written notice" or "in writing" as used in this Section shall mean a message sent to the Customer as a SMS or "text" message or in letter form printed in English and Spanish per 4 CCR 723-2-2303(d)(II)) except for the following reasons:
  - a. If a condition immediately dangerous or hazardous to life, physical safety, or property exists; or
  - b. Upon order by any court, the Commission, or any other duly authorized public authority; or
  - c. For a violation of Sage's terms and conditions or Commission rule that may adversely affect the safety of any person or the integrity of Sage's service; or
  - d. If service was obtained fraudulently or without the authorization of the provider or is being used for, or suspected of being used for, fraudulent purposes; or
  - e. Obtaining service by subterfuge that includes, but is not restricted to, an application for service at a location in the name of another party.
2. If Sage disconnects service to Lifeline Customer for any reasons stated above, Sage will immediately cease seeking reimbursement from the Lifeline universal service fund for that Customer.

# **ATTACHMENT 3**

## **LIFELINE BASIC UNIVERSAL SERVICE OFFERING OF SAGE TELECOM COMMUNICATIONS, LLC**

The following contains a detailed description of Sage Telecom Communications, LLC's ("Sage") Lifeline Basic Universal Service (LBUS) initial offering in Colorado.

### **A. SAGE's LBUS OFFERING**

Sage's LBUS Offering includes the following services required under 47 C.F.R. § 54.101(a) and 4 CCR 723-2-2308(a):

1. Access to Public Switched Telephone Network and Local Usage. Sage's service includes voice grade access to the public switched telephone network or its functional equivalent and minutes of use for local service without additional charge to the end user.
2. Access to Emergency Service. Customers of Sage's LBUS Offering will be able to reach a public safety answering point by dialing "911" regardless of activation status. Sage will provide its Lifeline customers with 911 and E911 compliant handsets and replace non-compliant handsets at no additional charge.
3. Toll Limitation. Sage's LBUS Plans are not offered on a distance-sensitive basis and minutes are not charged separately for local or domestic long distance services. Prepaid offerings, by their very construct, act as a toll limitation mechanism.
4. Lifeline Services. Qualified low income customers shall receive the equivalent value of \$9.25 per month.<sup>1</sup>
5. Hearing Impaired. Sage will make available services for the hearing impaired. Customers may contact Sage for more information.

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<sup>1</sup> Nothing in this Paragraph A(4) shall modify Sage's agreement in the Stipulation to remit and pay the prepaid wireless E911 charges as set forth in the Stipulation and Settlement and required by C.R.S. § 29-11-102.5.

**B. THE PRICING FOR SAGE'S LBUS OFFERING**

1. Sage will pass the entire federal subsidy in the form of free usage or a Lifeline discount to eligible Lifeline customers.
2. Retail calling plans are pay in advance offerings and do not require the customer to sign a contract.
3. Long distance calls are included at no additional charge for calls made within the United States.
4. Federal and state universal service assessments are imposed separately. Sage shall remit and pay the Colorado High Cost charge, at the rate then in effect, on all intrastate retail voice minute revenues received from Lifeline subscribers(calculated based on the safe harbor percentage established by the FCC then in effect, currently 62.9 percent intrastate).
5. Customers will not be required to enter into a long-term service contract.
6. Customers will be required to pay a number change fee of \$10.00 for a change of wireless telephone number initiated at the request of the customer.
7. Customers will be charged the replacement cost based on the value of the handset, associated with lost, stolen or damaged handsets.
8. Customers will be charged \$1.50 for each directory assistance call.
9. Customers will not be assessed roaming charges for areas listed in Attachment 1. Roaming outside of the exchanges listed in Attachment 1 to the Stipulation is blocked.

**C. THE AREAS IN WHICH SAGE'S LBUS OFFERINGS ARE AVAILABLE, AND THE CORRESPONDING LOCAL CALLING AREAS**

Sage's LBUS Offering is available to customers within the exchanges in which Sage has been designated as an ETC. Sage shall not offer its LBUS Plans in exchanges other than those listed in Attachment 1 to the Stipulation. Sage shall file an application with the Commission if it expands its footprint to exchanges not listed in Attachment 1.

**D. SAGE'S LBUS PLANS**

Sage shall provide the following LBUS Plans to eligible Lifeline customers:

| <b>Plan</b>                  | <b>Minutes</b> | <b>Text</b> | <b>Data (MB)</b> | <b>Retail Price</b> | <b>Lifeline Discount</b> | <b>Net Cost to Lifeline Customer</b> |
|------------------------------|----------------|-------------|------------------|---------------------|--------------------------|--------------------------------------|
| <b>MobileFlex Essentials</b> | 300            | 200         | Blocked          | \$9.25              | - \$9.25                 | <b>\$0.00</b>                        |
| <b>MobileFlex Plus</b>       | 650            | 650         | 0                | \$25.00             | - \$9.25                 | <b>\$15.75</b>                       |
| <b>MobileFlex Value</b>      | Unlimited      | Unlimited   | 100              | \$40.00             | - \$9.25                 | <b>\$30.75</b>                       |

**All Plans include the following:**

- Free phone
- Free calls to 911 emergency services
- Free calls to Customer Service
- Free Voicemail, Caller-ID, Call Waiting, Call Forwarding, and 3-Way Calling
- Free Domestic Long Distance
- Directory Assistance available at \$1.50 per call

**Additional Minutes**

Additional airtime is available by purchasing another Lifeline plan at retail price as listed above. However, the Lifeline discount will only be applied once per month for eligible Lifeline subscribers.

# **ATTACHMENT 4**



# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> St., S.W.  
Washington, D.C. 20554

News Media Information 202 / 418-0500  
Internet: <http://www.fcc.gov>  
TTY: 1-888-835-5322

DA 12-2063  
Release Date: December 26, 2012

## WIRESLINE COMPETITION BUREAU APPROVES THE COMPLIANCE PLANS OF AIRVOICE WIRELESS, AMERIMEX COMMUNICATIONS, BLUE JAY WIRELESS, MILLENNIUM 2000, NEXUS COMMUNICATIONS, PLATINUMTEL COMMUNICATIONS, SAGE TELECOM, TELRITE AND TELScape COMMUNICATIONS

### WC Docket Nos. 09-197 and 11-42

The Wireline Competition Bureau (Bureau) approves the compliance plans of nine carriers: AirVoice Wireless, LLC (AirVoice); AmeriMex Communications Corp. (AmeriMex); Blue Jay Wireless, LLC (Blue Jay); Millennium 2000, Inc. (Millennium 2000); Nexus Communications, Inc. (Nexus); PlatinumTel Communications, LLC (PlatinumTel); Sage Telecom, Inc. (Sage); Telrite Corporation (Telrite); and Telscape Communications, Inc. d/b/a Telscape Wireless (Telscape). The compliance plans were filed pursuant to the *Lifeline Reform Order* as a condition of obtaining forbearance from the facilities requirement of the Communications Act of 1934, as amended (the Act), for the provision of Lifeline service.<sup>1</sup>

The Act provides that in order to be designated as an eligible telecommunications carrier (ETC) for the purpose of universal service support, a carrier must “offer the services that are supported by Federal universal service support mechanisms . . . either using its own facilities or a combination of its own facilities and resale of another carrier’s services . . .”<sup>2</sup> The Commission amended its rules to define voice telephony as the supported service and removed directory assistance and operator services, among other things, from the list of supported services.<sup>3</sup> As a result of these amendments, many Lifeline-only ETCs that previously met the facilities requirement by providing operator services, directory assistance or other previously supported services no longer meet the facilities requirement of the Act.<sup>4</sup> In the *Lifeline Reform Order*, the Commission found that a grant of blanket forbearance of the facilities requirement,

<sup>1</sup> See *Lifeline and Link Up Reform and Modernization et al*, WC Docket No.11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd 6656, 6816-17, paras. 379-380 (2012) (*Lifeline Reform Order*). A list of the compliance plans approved through this Public Notice can be found in the Appendix to this Public Notice.

<sup>2</sup> 47 U.S.C. § 214(e)(1)(A).

<sup>3</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6678, para. 47; see also 47 C.F.R. § 54.101(a).

<sup>4</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6812, para. 366, App. A; *Connect America Fund et al*, WC Docket 10-90, Order on Reconsideration, 26 FCC Rcd 17633, 17634-35, para. 4 (2011) (*USF/ICC Transformation Order on Reconsideration*). Some ETCs have included language in their compliance plans indicating that they have facilities or plan to acquire facilities in the future. See, e.g., Blanket Forbearance Compliance Plan, WC Docket Nos. 09-197 and 11-42, Q Link Wireless, LLC’s Third Amended Compliance Plan at 4 n. 2 (filed July 30, 2012). To the extent ETCs seek to avail themselves of the conditional forbearance relief established in the *Lifeline Reform Order*, we presume they lack facilities to provide the supported service under sections 54.101 and 54.401 of the Commission’s rules. See 47 C.F.R. §§ 54.101 and 54.401. Such ETCs must comply with the compliance plan approved herein in each state or territory where they are designated as an ETC, regardless of their claim of facilities for other purposes, such as eligibility for state universal service funding.

subject to certain public safety and compliance obligations, is appropriate for carriers seeking to provide Lifeline-only service.<sup>5</sup> Therefore, in the *Lifeline Reform Order*, the Commission conditionally granted forbearance from the Act's facilities requirement to all telecommunications carriers seeking Lifeline-only ETC designation, subject to the following conditions: (1) compliance with certain 911 and enhanced 911 public safety requirements; and (2) Bureau approval of a compliance plan providing specific information regarding the carrier and its service offerings and outlining the measures the carrier will take to implement the obligations contained in the *Order*.<sup>6</sup>

The Bureau has reviewed the nine plans listed in the Appendix for compliance with the conditions of the *Lifeline Reform Order* and now approves those nine compliance plans.<sup>7</sup>

Filings, including the Compliance Plans identified in the Appendix, and comments are available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12<sup>th</sup> Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12<sup>th</sup> Street, S.W., Room CY-B402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 448-5563, or via email [www.bcpweb.com](http://www.bcpweb.com).

People with Disabilities: To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at (202) 418-7400 or TTY (202) 418-0484.

For further information, please contact Michelle Schaefer, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

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<sup>5</sup> See *Lifeline Reform Order*, 27 FCC Rcd at 6813-6817, paras. 368-381.

<sup>6</sup> See *id.*, 27 FCC Rcd at 6814, 6819, paras. 373, 389. Subsequently, the Bureau provided guidance for carriers submitting compliance plans pursuant to the *Lifeline Reform Order*. *Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order*, WC Docket Nos. 09-197 and 11-42, Public Notice, 27 FCC Rcd 2186 (Wireline Comp. Bur. 2012).

<sup>7</sup> The Commission has not acted on any pending ETC petitions filed by these carriers, and this Public Notice only approves the compliance plans of the carriers listed above. While these compliance plans contain information on each carrier's Lifeline offering, we leave it to the designating authority to determine whether or not the carrier's Lifeline offerings are sufficient to serve consumers. See *Lifeline Reform Order*, 27 FCC Rcd at 6679-80, 6818-19, paras. 50, 387.

**APPENDIX**

| <b>Petitioner</b>                                    | <b>Compliance Plans<br/>As Captioned by Petitioner</b>      | <b>Date of Filing</b> | <b>Docket<br/>Numbers</b> |
|--|---|-----------------------|---------------------------|
| AirVoice Wireless, LLC                               | AirVoice Wireless, LLC's Amended Compliance Plan            | December 7, 2012      | 09-197; 11-42             |
| AmeriMex Communications Corp.                        | AmeriMex Communications Corp. Revised Compliance Plan       | December 6, 2012      | 09-197; 11-42             |
| Blue Jay Wireless, LLC                               | Blue Jay Wireless, LLC Compliance Plan                      | December 19, 2012     | 09-197; 11-42             |
| Millennium 2000 Inc.                                 | Amended Compliance Plan of Millennium 2000 Inc.             | December 18, 2012     | 09-197; 11-42             |
| Nexus Communications, Inc.                           | Third Amended Compliance Plan of Nexus Communications, Inc. | December 6, 2012      | 09-197; 11-42             |
| PlatinumTel Communications, LLC                      | PlatinumTel Communications LLC's Revised Compliance Plan    | December 19, 2012     | 09-197; 11-42             |
| Sage Telecom, Inc.                                   | Revised Compliance Plan of Sage Telecom, Inc.               | December 19, 2012     | 09-197; 11-42             |
| Telrite Corporation                                  | Telrite Corporation Compliance Plan                         | December 19, 2012     | 09-197; 11-42             |
| Telscape Communications Inc. d/b/a Telscape Wireless | Revised Compliance Plan of Telscape Communications, Inc.    | December 19, 2012     | 09-197; 11-42             |

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

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| _____ )                                      |                      |
| In the Matter of )                           |                      |
| )  |                      |
| Federal-State Joint Board on )               | WC Docket No. 09-197 |
| Universal Service )                          |                      |
| )  |                      |
| Lifeline and Link Up Reform Modernization) ) | WC Docket No. 11-42  |
| )  |                      |
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**REVISED COMPLIANCE PLAN OF SAGE TELECOM, INC.**

Sage Telecom, Inc. (“Sage”), by its attorneys, respectfully submits this Compliance Plan (“Plan”) for the purposes of seeking federal Lifeline support for wireless service under the Universal Service Fund’s Low Income Program.

In the *Lifeline Reform Order*,<sup>1</sup> the Commission adopted rules and procedures through which it instituted “blanket forbearance” from the applications of the facilities requirement to all telecommunications carriers seeking a limited ETC designation to provide wireless Lifeline services. In order to qualify for this blanket forbearance, the Commission requires carriers to comply with certain 911 requirements and file and receive approval of a compliance plan providing specific information about its service offerings and procedures to safeguard against waste, fraud and abuse.

Therefore, Sage respectfully submits this Plan in accordance with the Lifeline Reform Order and instructions set forth in the Wireline Competition Bureau *Public Notice* issued on

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<sup>1</sup> *In the Matter of 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 No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-12, ¶ 172 (rel. Feb. 6, 2012) (“*Lifeline Reform Order*”).

February 29, 2012.<sup>2</sup> Sage seeks approval of this compliance plan only for the provision of Lifeline support to provide wireless services nationwide, as the company offers wireline service as a facilities-based carrier under the approval of state commissions. This Plan sets forth Sage's service offerings and the procedures and measures it will use to safeguard against waste, fraud and abuse. In support of this request, Sage provides the following information:

**(1) Information about the carrier and the Lifeline plans it intends to offer:**

**(a) names and identifiers used by the carrier, its holding company, operating company and all affiliates;**

Sage is a Texas corporation with offices located at 10440 N Central Expressway, Suite 700, Dallas, TX 75231.<sup>3</sup> The company began operations as a competitive local exchange carrier ("CLEC") providing traditional wireline service in 1998. Sage is authorized as a CLEC in 25 additional states and as an interexchange carrier in Colorado,<sup>4</sup> and provides service in Arkansas, California, Connecticut, Illinois, Kansas, Michigan, Missouri, Ohio, Oklahoma, Texas and Wisconsin. Sage was authorized as an ETC in Texas in 2002, and Sage also a provider of high speed Internet services. Sage has also been designated as an ETC in a number of other states for the provisions of wireline service Lifeline service and currently has wireline Lifeline customers in five states for which it is reimbursed through state and/or federal programs, depending upon the state and the customer. Specifically, in California, Sage receives support only from the CPUC's Low Income Programs. Sage also receives support from state programs in Kansas, Texas and Wisconsin. Less than 20% of Sage's customers receive a subsidy from a low income

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<sup>2</sup> Public Notice, Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order, DA 12-314, (Rel. Feb. 29. 2012).

<sup>3</sup> Due to a planned move of corporate offices, this address is effective after October 26, 2012.

<sup>4</sup> Technically, the services provided by Sage in Texas are under the corporate entity Sage Telecom of Texas, LP, and services in all other states are provided by Sage Telecom, Inc. However, services are all offered to consumers under the trade name "Sage Telecom, Inc."

program. The company is planning to launch wireless service on a non-Lifeline basis, primarily in Texas, through an MVNO arrangement with Sprint. As the company would like to expand this offering to Lifeline customers, Sage seeks approval of a compliance plan to offer Lifeline service using this resold service.

Sage is wholly-owned by TSC Acquisition Corporation (“TSC”). TSC also owns Telscape Communications, Inc., A CLEC based in California that primarily serves customers in that state on both a wireline and wireless basis. Sage, through its common ownership with Telscape, has collective access to a broader market and combined subscriber growth. Sage is also affiliated with TruConnect Mobile, LLC (“TruConnect”), through partial common ownership. TruConnect is 40% owned by TSC, Sage’s parent company as described above. TruConnect provides mobile broadband data services and does not provide any services supported by the low income program.

**(b) detailed information demonstrating the carrier is financially and technically capable of providing the supported Lifeline services in compliance with the Commission’s rules;**

As a long-time provider of wireline services, particularly in Texas, Sage has a proven record of technical and financial qualifications. The company provides facilities-based wireline service in numerous states and has sophisticated back-office, operational and support systems, which allows it to operate at lower costs and pass those savings on to its subscribers. As a carrier who has provided service for nearly 14 years, Sage possesses the financial viability, as well as the expertise to continue to provide affordable and quality service to customers and has the proven experience to maintain its compliance with all applicable federal and state regulatory guidelines. Sage derives the majority of its revenue from the telecommunications services it provides to its customers. Sage does not and will not rely exclusively on the Universal Service

Fund (“USF”) disbursements to operate, but rather relies on revenues it receives from providing non-Lifeline wireline (and soon wireless) service, the payment for service by Lifeline customers,<sup>5</sup> as well as high-speed Internet services. In addition, Sage has not been subject to any type of enforcement action or ETC revocation proceeding by the FCC or any state utility regulatory commission.

Sage is working with Sprint Spectrum to resell Sprint’s wireless services to non-Lifeline customers in Texas and elsewhere. As a Lifeline service provider, Sage would continue to work with Sprint, who provides the necessary network infrastructure and wireless facilities necessary for the operation of Sage’s services as a Mobile Virtual Network Operator (“MVNO”). As the Commission is aware, Sprint is a large, nationwide carrier who provides similar service to other wireless Lifeline providers operating as MVNOs. Sage’s agreement and partnership with Sprint further demonstrates its financial and technical capability to provide these services.

**(c) detailed information, including geographic locations, of the carrier’s current service offerings if the carrier currently offers service;**

As detailed in response to Question 1(a) above, Sage currently provides local and interstate wireline and is planning to provide wireless services in numerous states, with a particular emphasis on Texas.

**(d) the terms and conditions of each Lifeline service plan offering, including rates, the number of minutes provided and additional charges, if any, for toll calls;**

At this time, Sage plans to offer the following wireless Lifeline plans and services, subject to state specific requirements or requests from state PUCs. These plans are offered to both Lifeline and non-Lifeline subscribers, with a discount applied to the Lifeline customer. Services will be offered on a prepaid basis, and potentially also on a postpaid basis. All services

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<sup>5</sup> All of Sage’s Lifeline wireline customers currently pay a monthly fee for the discounted service.

will normally have an activation fee and will likely require a monthly payment from the customer. The prices listed below show the basic, non-Lifeline price and the price to the consumer with the \$9.25 Lifeline credit applied. All plans will likely require a monthly payment by the customer. Sage commits to providing a minimum of 250 minutes per month for the \$9.25 subsidy.

Sage is still determining the exact plans it will offer (reiterating the condition that plans will provide a minimum of 250 minutes for the \$9.25 subsidy), but a sample plan would be as follows:

**ValuMobile Plus** Price: \$24.25 per month/Lifeline Price: \$15.00

| Features               | Cost     |
|------------------------|----------|
| 500 minutes Voice/Text | Included |
| Call Waiting           | Included |
| 3 Way Calling          | Included |
| Caller ID              | Included |
| VoiceMail              | Included |
| 911                    | Free     |
| 611 (Customer Service) | Free     |
| Directory Assistance   | \$1.50   |

Activation Fee: \$25.00

**Additional Minutes:** For all service plans the customer can purchase additional voice, data, MMS, text minutes for \$0.05 per minute with a minimum purchase of \$5.00. For example, 100 additional minutes will cost \$5.00. The customer will have the ability to purchase 100 minutes (\$5.00); 200 minutes (\$10.00); 300 minutes (\$15.00) and 500 minutes (\$25.00). For Unlimited service plans the customer will not need additional voice or text but will need to purchase additional minutes for data and MMS. MMS is priced at \$0.15 per minute and Data is \$0.05 per MB.

**Text Messages:** The service plans include text messaging; text messaging rates are assessed at 1 minute per text message sent and 1 minute per text message received.

**Other:** Plans do not permit rollover minutes. Top Ups are available for a 30 day period as long as the customer renews the service at the normal plan rate. Plans do not allow roaming. The \$25.00 Activation Fee includes selection of a basic handset which is activated and provided ready for use. Customers are allowed to call internationally but will be assessed the international rates. International text rates are \$0.20 per minute for messages sent or received. Special Promotional offer: 10 MB data FREE for 3 months with the selection of a data capable phone.

**(e) all other certifications required under newly amended section 54.202 of the Commission's rules.**

Section 54.202 requires ETCs to (1) certify that it will comply with the applicable service requirements; (2) file a five-year plan detailing proposed improvements or upgrades in the network unless the ETC is receiving only Lifeline support; (3) demonstrate that it will continue to function in emergency situations including reasonable back-up backup power and emergency traffic management; (4) demonstrate that the carrier will comply with applicable consumer protection and service quality standards; (5) demonstrate that it is financially and technical qualified to provide Lifeline services that comply with the applicable rules; and (6) provide information concerning the terms and conditions of the service plans offered to Lifeline customers.

In response to item (1), Sage certifies that it will comply with applicable service requirements and regulations for Lifeline support.

In response to item (2), Sage is not required to submit a five year plan since it is seeking to obtain only Lifeline support for its eligible customers.

In response to item (3), as a CLEC provider in multiple states for over 14 years, Sage has significant experience with emergency preparedness. Sage has detailed Emergency Action and Disaster Recovery Plans in place to respond to emergencies. In addition, Sage's agreement with Sprint provides for the continuation of services during emergencies and sets forth obligations for the service to remain functioning during disasters and similar emergency situations. In addition, as a nationwide carrier and provider of wireless service, Sprint also remains subject to the Commission's authority and must, and does, comply with federal outage reporting requirements.

In response to item (4), Sage certifies that it will comply with the applicable consumer protection and service quality standards. As an operating CLEC in many states, Sage is already subject to states consumer protection and service quality requirements. Sage's wireless Lifeline customers will also receive the same quality service and protections.

Sage's response to items (5) and (6) are provided above and in the provided exhibits

**(2) A detailed explanation of how the carrier will comply with the Commission's new rules relating to determinations of subscriber eligibility for Lifeline services, including all consumer eligibility, consumer enrollment and re-certification procedures as required by Section VI and Appendix C of the Lifeline Reform Order, and a copy of the carrier's certification form;**

Under the *Lifeline Reform Order*, ETCs must comply with eligibility rules for Lifeline services, including initial eligibility, certification, and annual re-certification procedures. In addition to the Commission's rules, Sage must also comply with all certification and verification requirements for Lifeline eligibility established by states where Sage is designated as an ETC. For states that do not have a Lifeline administrator or state agency responsible for determining eligibility and initial certifications and annual certifications, Sage certifies it will comply with the Commission's certification and verification requirements and will follow the procedures outlined below until such time as the Commission implements its planned National Lifeline Accountability Database.

Procedures for Initial Eligibility Determination and Certification of Lifeline Subscribers.

With respect to determining eligibility certification procedures, the rules provide that an ETC must determine a Lifeline applicant's eligibility and provide and receive certification forms with proper documentation from Lifeline subscribers, except where there is a state Lifeline administrator or a state agency responsible for eligibility verification.

In states where there is a third party entity acting as the Lifeline administrator (also referred to as the "Low Income Discount Administrator" or "LIDA" in Texas) who is responsible for determining the eligibility of consumers seeking to subscribe to Lifeline service, sending out certification forms, reviewing documentation and providing ETCs with the appropriate approval of a potential subscriber's eligibility for Lifeline, Sage will comply with the program rules established in those states and will cooperate fully with any state Lifeline administrator.

Based on Sage's history of providing Lifeline and non-Lifeline customers in wireline products, Sage's primary source of signing up Lifeline customers will be via telephone, although some customers may be signed up in person at temporary locations staffed by Sage employees. Visitors to Sage's website will be given information about the program but are required to contact Sage directly via telephone to complete the sign-up process. These callers speak to Sage employees who are specially trained on the Lifeline programs. Sage's customer services representatives will review income- and program-based requirements with applicants via telephone contact. During the initial sign up for service, Sage will (a) require the applicant to confirm that he or she is not already receiving a Lifeline service and that no one else in the applicant's household is subscribed to a Lifeline service in order to avoid providing duplicate services; and (b) inform the applicant of both the income- and program-based eligibility requirements to determine initial eligibility and any state-specific requirements.

Customers are offered the choice to either sign up for service as a non-Lifeline customer pending confirmation of eligibility, or to have their application for service held pending confirmation of eligibility. In the event the customer chooses to proceed, they are processed as a new non-Lifeline customer and the verification process continues as described below. The customer would only be given the Lifeline discount when they have satisfied the verification process, either through the state administrator or Sage's internal process. If the customer is eventually deemed ineligible, they receive no credit. Where the customer chooses to wait for confirmation of eligibility before starting service, the employee will take down the relevant information from the consumer, including payment information, but the order is then held pending verification of eligibility. Only if the customer is determined to be eligible is the order processed.

The Verification process varies by state, in states with a Lifeline administrator, if a new applicant indicates that he or she is eligible for Lifeline service, Sage will provide the applicant's relevant information to the administrator in conformance with any state or Lifeline administrator specific rules. The Lifeline administrator will provide the requisite forms and will be responsible for processing those forms when returned and ensuring the documentation is satisfactory as set forth in state regulations. Sage will not provide Lifeline service or seek reimbursement for providing services to such applicant until it receives a certification of eligibility from the Lifeline administrator.

In states where there is no Lifeline administrator or state agency responsible for determining initial eligibility and certifying Lifeline applicants, Sage will require all applicants to demonstrate either: (1) the applicant's household income is at or below 135% of the Federal Poverty Guidelines based on the income-eligibility criteria set forth in Sections 54.409(a)(1) or

(a)(3) or (2) the applicant participates in Medicaid, Food Stamps, Supplemental Security Income, Federal Public Housing Assistance, Low-Income Home Energy Assistance Program, National School Lunch Program or Temporary Assistance for Needy Families. As required to prevent suspected duplications, Sage will also require the customer to complete the Lifeline Household Worksheet issued by USAC to ensure that duplicate support is not provided to any household. Sage will inform the applicant that any information provided will be submitted to USAC as necessary under the Commission's rules to verify the household is not receiving duplicate Lifeline support.

After confirming initial eligibility either in person or over the phone, Sage will provide the individual with an application via mail requiring him or her to provide certain information and certify that they meet either the income-based eligibility requirements or the program-based requirements, make certain certifications and submit documentation. Specifically, Sage's Lifeline application form will collect the following information from the potential Lifeline customers: (i) the subscriber's full name; (ii) the subscriber's full residential street address (P.O. Boxes will not be acceptable); (iii) whether the residential address is permanent or temporary; (iv) the subscriber's billing address, if different; (v) the subscriber's date of birth; (vi) the last four digits of the subscriber's Social Security number (or Tribal identification number if the subscriber is a member of a Tribal nation and does not have a Social Security number); (vii) if the subscriber is seeking to qualify for Lifeline under the program-based criteria, the name of the qualifying assistance program from which the subscriber, or his or her dependents, or his or her household receives benefits; and (viii) if the subscriber is seeking to qualify for Lifeline under the income-based criterion, the number of individuals in his or her household.

In addition, as part of the Lifeline application, Sage will require all Lifeline applicants to certify, under penalty of perjury, that:

- the applicant meets the income-based or program-based eligibility criteria for receiving Lifeline either because the household receives benefits from a state or federal assistance program (and list the name of the program) or has income at or below 135% of the Federal Poverty Guidelines;
- the applicant has provided documentation to Sage that correctly and accurately confirms the subscriber's household income or participation in the above-listed program(s);
- the applicant will notify its carrier within thirty (30) days if, for any reason, he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the applicant no longer meets the income-based or program-based criteria for receiving Lifeline support, the applicant is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit. The applicant will also certify that they understand this requirement and may be subject to penalties if they fail to notify Sage;
- if the applicant moves to a new address, he or she will provide that new address to the eligible telecommunications carrier within thirty (30) days;
- if the applicant provided a temporary residential address to the eligible telecommunications carrier, he or she will be required to verify his or her temporary residential address every ninety (90) days;
- the applicant acknowledges that the subscriber will be required to re-certify his or her continued eligibility for Lifeline at any time, and the applicant's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the applicant's Lifeline benefits;
- the applicant's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;
- the information contained in the applicant's certification form is true and correct to the best of his or her knowledge, that providing false or fraudulent documentation or information in order to receive assistance is punishable by fines, imprisonment, de-enrollment or being barred from the program;
- That a violation of the one-per-household rule constitutes a violation of FCC rules and will result in their de-enrollment from the Lifeline program
- the applicant understands that Lifeline is a non-transferable benefit and the service may not be transfers to anyone else; and
- the applicant understands their information, including name, telephone number and address, will be given to the Universal Service Administrative Company (USAC) and/or its agents for the purpose of verifying the applicant and the applicant's household do not

receive more than one Lifeline benefit and consenting to the inclusion of that information into a Lifeline database.

A sample Sage application is attached hereto as Exhibit A.

This application is mailed by Sage to the customer for completion and is returned to Sage for review and certification. All applications are reviewed by Sage employees. Should Sage engage sales agents to assist in signing up customers, those applications will also be reviewed by Sage employees to ensure the applicant's eligibility.<sup>6</sup> This review includes a review to determine eligibility as well as a duplicate review process described below. Sage will make itself available as a direct point of contact with all Lifeline applicants. In addition, all Sage employees who have contact with potential Lifeline customers will be fully trained on the state and Commission Lifeline eligibility rules.

If Sage cannot determine a prospective subscriber's eligibility through a review of an appropriate federal or state database, Sage personnel will require the submission of appropriate documentation required to establish income-based and program-based eligibility and will review each subscriber's documentation for compliance with the eligibility criteria. If documentation is not sufficient or if the application is incomplete, then Sage will deny the application and inform the applicant of the reason for such rejection. For applicants submitting proof of income-eligibility or program-based eligibility, Sage will not retain copies of such documentation but will maintain accurate records detailing how the customer demonstrated his or her eligibility.<sup>7</sup> In addition, if the subscriber provides Sage with a temporary address, it will verify with the subscriber every 90 days that this address remains valid. If the subscriber fails to respond to the Sage within 30 days, the subscriber will be de-enrolled from the Lifeline program.

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<sup>6</sup> In states with a Lifeline Administrator, this process would be handled pursuant to the procedures of the Administrator.

<sup>7</sup> 47 C.F.R. §§ 54.410(b)(1)(ii)-(iii) and 54.410(c)(1)(ii)-(iii).

Procedures for Annual Re-Certification. Similar to the initial certification process, an ETC must annually certify all subscribers, unless there is a Lifeline administrator that is responsible for re-certification. In states where a Lifeline administrator is responsible for completing annual re-certifications, Sage will rely on such administrator completing the annual certification. If the Lifeline administrator provides notice to Sage that a current subscriber did not re-certify, then Sage will comply with the de-enrollment requirements required by the FCC's rules. Sage will cooperate fully with any Lifeline administrator and take any necessary steps to ensure it is in compliance with both state and federal re-certification procedures.

In states where there is not a Lifeline administrator, Sage will require its Lifeline subscriber to annually re-certify their eligibility as set forth in Rules 54.410(f)(2) and (f)(5) and 54.405(e)(4). Sage may complete the re-certification process on a rolling basis throughout the year. If Sage cannot determine on-going eligibility by accessing a qualifying database, Sage will re-certify the continued eligibility of its subscribers by contacting them in person, in writing (by mail), by phone, by text message, by email or otherwise through the Internet.<sup>8</sup> Alternatively, beginning in 2013, Sage may elect to have the USAC administer the annual self-certification process.<sup>9</sup>

As part of the re-certification process, Sage will inform its Lifeline subscribers that they must confirm eligibility to retain Lifeline benefits, when Lifeline benefits will be terminated if confirmation of eligibility is not provided and how to contact Sage for more information or assistance. If a Lifeline subscriber does not respond to the notice within 30 days, Sage will send

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<sup>8</sup> *Lifeline Reform Order*, ¶ 130.

<sup>9</sup> *Id.*, ¶ 133.

a notice of impending termination. Subscribers who do not respond to the impending termination notice will be de-enrolled from the Lifeline program within five business days.<sup>10</sup>

**(3) A detailed explanation of how the carrier will comply with the forbearance conditions relating to public safety and 911/E-911 access;**

The Commission conditioned its grant of forbearance on an ETC (a) providing its Lifeline subscribers with 911 and E911 access, regardless of activation status and availability of minutes; (b) providing its Lifeline subscribers with E911-compliant handsets and replacing, at no additional charge to the subscriber, noncompliant handsets of Lifeline-eligible subscribers who obtain Lifeline-supported services.<sup>11</sup> Sage's wireless service currently complies with these requirements and will continue to comply with these conditions.

Specifically, Sage provides its wireless subscribers with 911/E911 access at the time their service is initiated, regardless of activation status and availability of minutes and provides its subscribers with E911-compliant handsets. It is the company's practice to provide access to 911/E911 to the extent these services are available from the underlying carrier, Sprint. Sage also enables 911 emergency calling from all properly activated handsets regardless of whether the account associated with the handset is active, suspended to terminated. Sage will transmit all 911 calls initiated from any of its handsets even if the associated account has no remaining minutes.

In addition, all phones provided by Sage are 911/E911 compliant. Sage uses phones from Sprint that, based on representations made to Sage by Sprint, have been through the applicable certification process in the company's labs. In the event that a customer does not have an E911-complaint handset, Sage will replace it with a compliant handset at no charge. All new

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<sup>10</sup> 47 C.F.R. § 54.405(e)(4).

<sup>11</sup> *Lifeline Reform Order*, ¶ 373.

customers who qualify for Lifeline services with Sage will receive a 911/E911-compliant handset free of charge.

**(4) A detailed explanation of how the carrier will comply with the Commission's marketing and disclosure requirements for participation in the Lifeline program;**

Sage has experience in providing clear, concise and consistent marketing and disclosure information to its wireline Lifeline to its customers. With respect to its wireless services, Sage will emphasize in clear, easily understood language: (a) that the service is a Lifeline-supported service; (b) that only eligible consumers may enroll in the program; (c) what documentation is necessary for enrollment; and (d) that the benefit is limited to one per household consisting of either wireline or wireless service and is non-transferrable. Sage will also explain that Lifeline is a government benefit program and willfully making false statements to obtain Lifeline benefits may be punished by fine or imprisonment or result in being barred from the program. Sage has and will continue to clearly disclose its name (Sage or Sage Wireless) on all marketing materials. A sample advertisement to be used as a model for creation of state-specific advertisements is attached hereto as Exhibit B. Please note that the two pages of the exhibit represents the front and back of single page document.

**(5) A detailed explanation of the carrier's procedures and efforts to prevent waste, fraud and abuse in connection with Lifeline funds, including but not limited to, procedures the carrier has in place to prevent duplicate Lifeline subsidies within its own subscriber base, procedures the carrier undertakes to de-enroll subscribers receiving more than one Lifeline subsidy per household, information regarding the carrier's toll limitation service, if applicable, and the carrier's non-usage policy, if applicable.**

Sage fully understands and shares the Commission's commitment to minimize waste, fraud and abuse with respect to the Lifeline program. Sage derives less than a quarter of its revenue from Low Income service, and does offer a wireline low income service in a number of states both with and without and administrator. Nonetheless, Sage has focused its operations in a

few states, with a goal of focused growth, to be offered initially in Texas, and then into other states in which Sage is already a wireline ETC. This approach has allowed Sage to refine its business practices and to implement policies consistent with the Commission's goal of minimizing waste, fraud and abuse before launching its service nationwide at some time in the future.

Prevention of Duplicates In Sage's Subscriber Base. At time of initial sign up of a new subscriber, the subscriber's service address is validated for accuracy against the USPS ("United States Postal Service") database and saved in the USPS-approved format, which permits the Sage subscriber database to more accurately prevent duplicates by preventing variations of the same address from appearing multiple times in the database. Once the address is validated for accuracy and format, Sage can check it in available databases or provide it to the Lifeline administrator, where applicable, to be checked against addresses for all Lifeline customer addresses for the entire state.

In addition, while it is anticipated that Sage and its affiliate, Telscape will only operate in different states, to the extent that they have Lifeline customers in the same state, customers can be checked against each company's records to further avoid duplication.

Activation and Non-Usage Policy. Sage will not consider a wireless subscriber activated until the customer has chosen a *non-Lifeline* service plan, activates their service by paying the activation fee, and then applies for and is approved for a Lifeline service plan. Adhering to this "prequalification guideline" prevents waste, fraud and abuse by requiring customers to first sign up for service at regular rates and then only provide discounted service once the customer's eligibility has been confirmed through verification or a Lifeline administrator. As such, Sage will not seek reimbursement for any wireless subscriber until the subscriber activates service and

is approved by the Lifeline administrator or by Sage, in states without a third party Lifeline administrator. Customers who wish to be confirmed as an eligible Lifeline subscriber prior to commencing service can place a non-Lifeline order and have the order held pending verification of eligibility as described above. Because customers do not receive their handset and service until they have an order processed and the activation fee is paid, customers receive activated handsets. Thus, there is no possibility of Sage receiving reimbursement for a customer who does not have an active handset. After the order is processed, Sage personnel activate, configure and test the handsets before they are sent to the consumer. Thus all customers receive an activated handset.

As required by the *Lifeline Reform Order*, Sage has implemented a non-usage policy under which it will de-enroll Lifeline customers that have not used the Sage's Lifeline service for 60 consecutive days. When consumers sign-up for Sage's service, Sage will inform them about the usage requirement. If a Sage Lifeline customer's account does not reflect any usage during any consecutive 60-day period, Sage will deactivate the customer's Lifeline service. Accounts will be deemed active if the Lifeline subscriber: (a) completes an outbound call; (b) purchases minutes or an additional month of service to add to the subscriber's Lifeline service plan; (c) answers an incoming call from a party other than Sage, its agent or representative; or (d) responds to a direct contact from Sage and confirms that he or she wants to continue receiving the Lifeline service.<sup>12</sup>

For Lifeline subscribers failing to use their Lifeline service for a 60-day consecutive period as described above, Sage will provide a clear, easily understood notice that the subscriber's failure to use the Lifeline service within the 30-day notice period will result in

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<sup>12</sup> See *Lifeline Reform Order*, ¶ 261; 47 C.F.R. § 54.407(c)(2).  
-17-

service termination for non-usage. Sage will not terminate service to Lifeline subscribers that use their Lifeline service within 30 days of Sage providing said notice.<sup>13</sup>

Cooperate with Federal and State Regulators and Lifeline Administrators. Sage will cooperate with the Commission and has and will continue to cooperate with state regulators and Lifeline administrators to prevent waste, fraud and abuse. Sage will, for example:

- As applicable, participate in industry working groups conducted by or in coordination with state commissions and Lifeline administrators;
- Respond to requests from the Commission, USAC or state commissions concerning consumers' eligibility to be enrolled in Lifeline service, among other matters;
- Upon having a reasonable basis and/or upon any notification from federal or state commissions and/or Lifeline administrators, timely investigate issues concerning a Sage Lifeline customer receiving service from another carrier or customers receiving more than one Lifeline subsidy per household;
- As applicable and when available, access the National Lifeline Accountability Database to determine if an applicant is currently receiving Lifeline service from another carrier or if another person residing at the applicant's residential address is receiving Lifeline service; and
- Comply with federal and state audit requirements.

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<sup>13</sup> 47 C.F.R. § 54.405(e)(3).

## CONCLUSION

Sage respectfully submits that the foregoing Compliance Plan fully satisfies the conditions set forth in the *Lifeline Reform Order*. Accordingly, Sage respectfully requests approval of this Compliance Plan so that Sage can provide essential Lifeline wireless service to eligible low-income customers nationwide.

Respectfully submitted,

*/s/ electronically signed*

Douglas D. Orvis II  
Kimberly A. Lacey  
Bingham McCutchen LLP  
2020 K Street, N.W.  
Washington, DC 20006

Date: December 19, 2012

## **Exhibits**

**EXHIBIT A**  
**CERTIFICATION FORMS**



## **FEDERAL LIFELINE CERTIFICATION FORM**

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### **Lifeline Information**

- Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
- Only one Lifeline service is available per household.
- A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
- A household is not permitted to receive Lifeline benefits from multiple providers.
- You must use your phone every 60 days to maintain service. Usage includes making an outbound call, answering an incoming call. Usage can also include the purchase of additional minutes or payment of your monthly bill. If there is no usage on your account for 60 days you will be de-enrolled from the program.
- Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.

### **Lifeline Certification Instructions**

**Step 1. Fill out the Customer Information Section.** You must provide the last four digits of your Social Security Number and Date of Birth.

**Step 2. Indicate How You Qualify for Lifeline.** Choose whether you participate in a qualifying program or if you household income falls within the guidelines. You **MUST** send photocopies demonstrating that you participate in the qualifying program or if you qualify based on your household income, you must provide documentation of income that covers one full year. Documentation that does not cover a full year, such as paystubs, the customer must present the same type of documentation covering Three Consecutive Months within the previous twelve months.

**Step 3. Determine If You Qualify for Tribal Land.** Not all customers will be eligible for the Tribal Land benefit. To be eligible for Tribal Lands a customer must reside on Tribal Lands and participate in one of the following programs: Tribally Administered Free School Lunch Program, Tribally Administered Temporary Assistance for Needy Families, Food Distribution Program on Indian Reservations, Head Start (those meeting income standard), and Bureau of Indian Affairs General Assistance.

**Step 4. Certify Customer Eligibility.** Each customer must certify, under penalty of perjury, for receiving Lifeline support, by initialing ALL areas under this section.

**Step 5. Sign Certification Form.** You must print your name and sign the certification form indicating that you are complying with the Lifeline rules.

**Step 6. Supporting Documentation.** Don't forget that you must include supporting documentation which can include a copy of an award letter or card in the qualifying program based. Income documentation could include the prior year's state or federal tax return, paycheck stubs for the most recent 3 months, social security statement of benefits, child support document, retirement/pension statement of benefits, unemployment/workmen's compensation statement of benefits, Federal notice letter of participation in General Assistance, and other official document.

**Step 7. Send the Certification Form.** When completed, you may mail the form to:

Sage Telecom, Inc.  
10440 N Central Expressway  
Suite 700  
Dallas, TX 75231-2228



**FEDERAL LIFELINE CERTIFICATION FORM**

**Step 1. Customer Information Section**

Name of Applicant: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Account Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Applicant's Service Address (May NOT be a P.O. BOX): \_\_\_\_\_

Please check this box if the above is a Temporary Address. Last Four Digits of SSN: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Billing Address (if different from Service Address): \_\_\_\_\_

**Step 2. Determine How You Qualify For Lifeline (Choose either #1 or #2)**

If the person who receives the benefit is not the Sage account holder, then please provide the name of the person in your household who is receiving the benefits: \_\_\_\_\_.

(#1). I qualify for Lifeline under **Program-Based Criteria** because I participate in the following program.

Check only **ONE** box below:

- Medicaid (not Medicare)
- Supplemental Security Income (SSI)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program (Free Lunch Program)
- Federal Public Housing Assistance (Section 8)
- Supplemental Nutrition Assistance Program (SNAP)

(#2). I qualify for Lifeline under the **Income-Based Criteria** because my annual household income is at or below 135% of the federal poverty level guidelines. The number of individuals in my residential household is: \_\_\_\_\_ (Number in household)

| Annual Income 135% of Federal Poverty Level Thresholds Based on Household Size |          |          |          |          |                            |
|--|----------|----------|----------|----------|----------------------------|
| 1  | 2        | 3        | 4        | 5        | For each additional person |
| \$15,080   | \$20,426 | \$25,772 | \$31,118 | \$36,464 | +\$5,346 per person        |

**Step 3. Determine If You Qualify for Tribal Lands (If Applicable, Choose either #1 or #2)**

My Tribal ID Number: \_\_\_\_\_ Check **ONE** box below:

(#1)  I qualify for Tribal Lifeline service as an eligible resident on federally recognized tribal land.

(#2) I participate in the following tribally administered program.

- Tribally Administered Free School Lunch Program
- Tribally Administered Temporary Assistance for Need Families
- Food Distribution Program on Indian Reservations
- Head Start (those meeting income standard)
- Bureau of Indian Affairs General Assistance

**Step 4. CERTIFY APPLICANT'S ELIGIBILITY**

Please **Check** or **Initial All** the statements below to certify your eligibility.

*I certify, under penalty of perjury, that:*

- \_\_\_\_: I meet the income-based or program-based eligibility criteria.
- \_\_\_\_: I **must** notify Sage within 30 days if for any reason I no longer satisfy the criteria for receiving Lifeline including, as relevant, if I no longer meet the income-based or program-based criteria for receiving Lifeline support, I am receiving more than one Lifeline benefit, or another member of my household is receiving a Lifeline benefit. I understand this requirement to notify Sage if my eligibility changes and that I may be subject to penalties if I fail to follow this notification requirement.
- \_\_\_\_: When I move to a **new address**, I **must** provide that my new address to Sage within 30 days.
- \_\_\_\_: I acknowledge that a household is eligible to receive only **one** Lifeline service and, to the best of my knowledge, no other member in my household is currently receiving wireline or wireless Lifeline service.
- \_\_\_\_: The information contained in this Lifeline certification form is true and correct to the best of my knowledge.
- \_\_\_\_: I acknowledge that providing false or fraudulent information on this certification form, to receive Lifeline benefits, is punishable by law.
- \_\_\_\_: I acknowledge that I may be required to recertify my eligibility for Lifeline at any time, and failure to recertify as to my continued eligibility will result in the de-enrollment and termination of my Lifeline benefits pursuant to the Code of Federal Regulation Section 54.405(e)(4).
- \_\_\_\_: I understand that if violation of the one-per-household rule constitutes a violation of FCC rules and will result in my de-enrollment from the Lifeline program.
- \_\_\_\_: If I provided a temporary address, I will be required to verify my temporary address every 90 days.
- \_\_\_\_: I authorize Sage to release information concerning my service necessary to administer the Lifeline program (such as name, address, telephone number) to the Universal Service Administrative Company. I give consent to Sage to verify with the National Lifeline Accountability Database my eligibility in certain low-income assistance programs or verify my income to qualify me for Lifeline service. Sage shall maintain the information in this form and any information received about me from the National Lifeline Accountability Database as confidential customer account information. Failure to provide consent will result in being denied the Lifeline service.

**Step 5. Sign Certification Form.** You must print your name and sign the certification form indicating that you are complying with the Lifeline rules.

|                    |                       |               |
|--------------------|-----------------------|---------------|
| _____<br>Signature | _____<br>Printed Name | _____<br>Date |
|--------------------|-----------------------|---------------|

You may mail the completed Lifeline form to:

Sage Telecom, Inc.  
10440 N Central Expressway  
Suite 700  
Dallas, TX 75231-2228

|  |                                    |            |
|--|------------------------------------|------------|
| <b>For Sage Telecom, Inc.'s Use Only!</b>      |                                    |            |
| Lifeline Certification Approval / Denial _____ | Service Order Provisioned By _____ | Date _____ |
| Supporting Documentation Provided _____        |                                    |            |



## **FEDERAL LIFELINE RECERTIFICATION FORM**

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### **Lifeline Information**

- All Lifeline subscribers must annually recertify their continued eligibility in the Lifeline program.
- Lifeline is a Federal benefit and willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
- Only one Lifeline service is available per household. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
- A household is not permitted to receive Lifeline benefits from multiple providers (wireline or wireless).
- You must use your phone every 60 days to maintain service. Usage includes making an outbound call, answering an incoming call. Usage can also include the purchase of additional minutes or payment of your monthly bill. If there is no usage on your account for 60 days you will be de-enrolled from the program.
- Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person.
- Failure to recertify will result in being de-enrolled from the program and loss of the Lifeline credits.

### **Instructions for Completing the Attached Lifeline Recertification Form**

**Step 1. Fill out the Customer Information Section.** You must provide the last four digits of your Social Security Number and date of birth.

**Step 2. Indicate How You Continue to Qualify for Lifeline.** Choose whether you continue to participate in a qualifying program or if your annual household income remains at or below the income guidelines. Please choose **Program-Based or Income-Based eligibility**, but not both.

**Step 3. Determine If You Continue to Qualify for Tribal Lifeline. (If Applicable)** Not all customers will be eligible for the Tribal Land benefit. To be eligible for Tribal Lifeline service, the applicant must reside on Federally recognized Tribal Land.

**Step 4. Certify Customer Eligibility.** Each applicant must certify, under penalty of perjury, to receive Lifeline service, by initialing or checking ALL items under this section.

**Step 5. Sign Certification Form.** You must print your name and sign the certification form indicating that you are complying with the Lifeline rules.

**Step 6. Send in the Certification Form.** Upon completion, please mail the completed form to:

Sage Telecom, Inc.  
10440 N Central Expressway  
Suite 700  
Dallas, TX 75231-2228

All steps are required except Step 3 above for processing of your recertification form.

Please send the completed Lifeline Recertification Form to Sage within **30** days upon receipt.



## FEDERAL LIFELINE RECERTIFICATION FORM

### Step 1. Customer Information Section

Name of Applicant: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Account Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Applicant's Service Address (May NOT be a P.O. BOX): \_\_\_\_\_

Please check this box if the above address is a temporary address. Last Four Digits of SSN: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Billing Address (if different from Service Address): \_\_\_\_\_

### Step 2. Indicate How You Qualify For Lifeline (Choose either #1 or #2)

If the person who receives the benefit is not the Sage account holder, then please provide the name of the person in your household receiving the benefits: \_\_\_\_\_.

**(#1).** I qualify for Lifeline under the **Program-Based Criteria** because I participate in the following program(s):

Check only **ONE** box below:

- |   |   |
|---|---|
| <input type="checkbox"/> Medicaid (not Medicare)                            | <input type="checkbox"/> Supplemental Nutrition Assistance Program (SNAP) |
| <input type="checkbox"/> Supplemental Security Income (SSI)                 | <input type="checkbox"/> Federal Public Housing Assistance (Section 8)    |
| <input type="checkbox"/> Low Income Heat Energy Assistance Program (LIHEAP) | <input type="checkbox"/> Temporary Assistance for Needy Families (TANF)   |
| <input type="checkbox"/> National School Lunch Program (Free Lunch Program) |   |

**(#2).** I qualify for Lifeline under the **Income-Based Criteria** because my annual household income is at or below 135% of the federal poverty level guidelines. The number of individuals in my residential household is: \_\_\_\_\_ (Number in household)

| Annual Income 135% of Federal Poverty Level Thresholds Based on Household Size |          |          |          |          |                            |
|--|----------|----------|----------|----------|----------------------------|
| 1  | 2        | 3        | 4        | 5        | For each additional person |
| \$15,080   | \$20,426 | \$25,772 | \$31,118 | \$36,464 | +\$5,346 per person        |

### Step 3. Determine If You Qualify for Tribal Lifeline (If Applicable, Choose either #1 or #2)

My Tribal ID Number is: \_\_\_\_\_ Check **ONE** box below:

**(#1)**  I qualify for Tribal Lifeline service as an eligible resident on federally recognized tribal land.

**(#2)** I qualify for Tribal Lifeline service as I participate in the following tribally administered program.

- |   |  |
|---|--|
| <input type="checkbox"/> Tribally Admin Free School Lunch Program                 | <input type="checkbox"/> Tribally administered Temporary Assistance for Needy Families |
| <input type="checkbox"/> Head Start (those meeting income standards)              | <input type="checkbox"/> Bureau of Indian Affairs General Assistance                   |
| <input type="checkbox"/> Food Distribution Program on Indian Reservations (FDPIR) |  |

**Step 4. CERTIFY APPLICANT'S ELIGIBILITY**

Please **Check** or **Initial All** the statements below to certify your continued eligibility.

*I certify, under penalty of perjury, that:*

\_\_\_\_: I continue to meet either the income-based or program-based eligibility criteria.

\_\_\_\_: I **must** notify Sage within 30 days if, for any reason, I no longer satisfy the criteria for receiving Lifeline including, as applicable, if I no longer meet the income-based or program-based criteria, I am receiving more than one Lifeline service, or another member of my household is receiving a Lifeline service. I understand this requirement to notify Sage if my eligibility changes and that I may be subject to penalties if I fail to follow this notification requirement.

\_\_\_\_: When I move to a **new address**, I **must** provide my new address to Sage within 30 days.

\_\_\_\_: I know that my household is eligible to receive only **one** Lifeline service and, to the best of my knowledge, no other member in my household is currently receiving wireline or wireless Lifeline service.

\_\_\_\_: The information contained in this Lifeline certification form is true and correct to the best of my knowledge.

\_\_\_\_: I acknowledge that providing false or fraudulent information on this certification form, to receive Lifeline service, is punishable by law.

\_\_\_\_: I understand that I may be required to recertify my eligibility for Lifeline at any time, and failure to recertify my continued eligibility will result in the de-enrollment and termination of my Lifeline service, pursuant to the Code of Federal Regulation 47 Section 54.405(e)(4).

\_\_\_\_: I understand that if violation of the one-per-household rule constitutes a violation of FCC rules and will result in my de-enrollment from the Lifeline program.

\_\_\_\_: If I provided temporary address, I will be required to verify my temporary address every 90 days.

\_\_\_\_: I authorize Sage to release information concerning my service necessary to administer the Lifeline program (such as name, address, telephone number) to the Universal Service Administrative Company. I give my consent for Sage to verify with the National Lifeline Accountability Database whether I participate in certain low-income assistance programs or verify my income to qualify me for Lifeline service. Sage shall maintain the information in this form and any information received about me from the National Lifeline Accountability Database as confidential customer account information. Failure to provide consent will result in being denied the Lifeline service.

**Step 5. Sign Certification Form.**

You must print your name and sign the certification form indicating you are complying with the Lifeline rules.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

You may mail the completed Lifeline form to:

Sage Telecom, Inc.  
10440 N Central Expressway  
Suite 700  
Dallas, TX 75231-2228

|  |                                    |            |
|--|------------------------------------|------------|
| <b>For Sage Telecom, Inc.'s Use Only!</b>                    |                                    |            |
| Lifeline Recertification Approval / Denial _____             | Service Order Provisioned By _____ | Date _____ |
| Lifeline Participating Program / Income Based Criteria _____ |                                    |            |

**EXHIBIT B**  
**SAMPLE MARKETING**

TELECOM<sup>SM</sup>

**Sage**



# MAKE THE RIGHT CALL SWITCH TO SAGE TELECOM

- ✓ No Contract
- ✓ No Credit Check

- 500 ANYTIME MINUTES FOR ONLY \$15.00 PER MONTH\*
- GET AN AFFORDABLE MOBILE PHONE

## PLUS THIS BONUS:

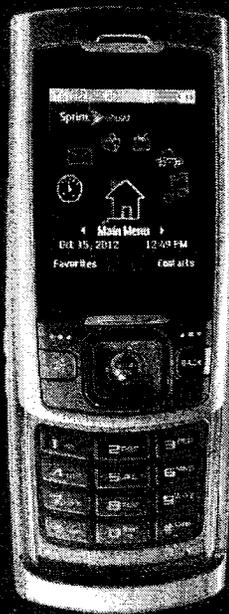
SIGN UP FOR WIRELESS LIFELINE SERVICE AND GET AN ADDITIONAL 100 MINUTES FREE!

**CALL TODAY**  
**866-674-6729**

SEE DETAILS ON BACK ▶

# WE'VE GOT A PLAN FOR YOU CALL TODAY 866-674-6729

We make it affordable for you to get low-cost talk and text through a government assistance program called Lifeline. Now you can keep in touch with your family and friends. Qualified customers simply prepay \$15.00 per month and get 500 anytime talk and text.



## YOU GET A GREAT DEAL MORE INCLUDING:

- **FREE Call Waiting**
- **FREE Caller ID**
- **FREE Voice Mail**
- **Nationwide Service**

**Don't wait. Call today 866-674-6729 to see if you qualify for Wireless Lifeline Service. Sage Telecom Sales Reps are available to take your call.**

## HOW TO GET THE DEAL

**To qualify for amazing Wireless Lifeline Service, all you have to do is participate in one of the following:**

- Medicaid
- Federal Public Housing Assistance (Section 8)
- Health Benefit Coverage under the Children's Health Insurance Plan (CHIP)
- Low Income Housing Energy Assistance (LIHEAP)
- Food Stamps or Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- National School Lunch Program (NSLP)
- Temporary Assistance for Needy Families (TANF)
- Tribal TANF
- Bureau of Indian Affairs General Assistance
- Head Start Income Eligible (Tribal Only)
- Food Distribution Program on Indian Reservations (FDPIR)

**You may also qualify if your total household income is at or below the Federal Poverty Guideline.**

\*Lifeline is a government assistance program, the service, is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. Any person who knowingly makes false statements in order to obtain Lifeline service will be subject to fines or imprisonment or can be barred from the program. 500 minutes can be for either talk or text. Monthly standard rate of \$24.25 will apply until you are certified. Discounted monthly rate of \$15.00 will start upon approval of Federal Lifeline. Payment plans are available for the \$25.00 activation fee that includes selection of a basic mobile phone which is activated and provided ready for use. Mobile phone may be data enabled.