

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

April 10, 2006

IN RE:

**PETITION OF BUDGET PHONE, INC.
FOR DESIGNATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER**

)
)
)
)
)

**DOCKET NO.
05-00228**

ORDER DESIGNATING ELIGIBLE TELECOMMUNICATIONS CARRIER

This matter came before Chairman Ron Jones, Director Deborah Taylor Tate, and Director Pat Miller of the Tennessee Regulatory Authority (the "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on December 12, 2005, for consideration of the *Petition for Designation as an Eligible Telecommunications Carrier in the State of Tennessee* ("Petition") filed by Budget Phone, Inc. ("Budget Phone" or the "Company") on August 9, 2005. In the *Petition*, Budget Phone requested that it be designated as an Eligible Telecommunications Carrier ("ETC") for the purpose of receiving universal service support in certain BellSouth Telecommunications Inc. ("BellSouth") exchanges in Tennessee.

A carrier to be designated as an ETC is required to demonstrate that the designation is in the public interest.¹ An Applicant, such as Budget Phone, must also show that it is authorized to offer telecommunications services in the area for which it is seeking ETC status.² The Applicant also has to provide services supported by the federal universal service support mechanisms and advertise the availability of and charges for such services.³ The Applicant must also use its own facilities or a combination of its own facilities and resale of another carrier's services to provide

¹ 47 U.S.C. § 214 (e)(2) (2005).

² 47 C.F.R. § 54.201 (2005).

³ 47 C.F.R. § 54.201 (d)(1) (2005).

telecommunications services.⁴ The Company is required to advertise and make available Lifeline service to qualifying low-income consumers and advertise such availability of the services in a manner reasonably designed to reach those likely to qualify for the service.⁵ Furthermore, the Applicant must use federal universal support only for the provision, maintenance, and upgrading of facilities and services in order to service the proposed areas.⁶

Budget Phone was authorized by the Authority to provide services in the areas sought for ETC designation in Docket No. 02-00885.⁷ The Applicant is a facilities based prepaid telecommunications service provider that provides local and access services utilizing unbundled network elements (“UNEs”) and only provides service in the dominant incumbent’s, BellSouth’s, service areas. Budget Phone offers services supported by the Universal Service Support Mechanisms. These supported services include: voice grade access to the public switched network; local usage; Dual Tone Multi-frequency Signaling, single-party service; access to emergency services; access to operator services; access to directory assistance; and toll limitation for qualifying low-income customers. Budget Phone advertises its services and offerings through a toll-free customer service number in the BellSouth directories and has a tariff for the services offered with accompanying rates.

In accordance with 47 C.F.R. § 54.201(d)(1), a telecommunications carriers designated as an ETC must offer services supported by federal universal service support mechanisms using either its own facilities or with a combination of its own facilities and resale of another carrier’s services and advertise the availability of such services and charges. In its regulations, the FCC defines the term “own facilities” as including facilities obtained as UNEs.⁸ Budget Phone’s use of UNEs as facilities-based prepaid telecommunications services fulfill this requirement.

⁴ *Id*
⁵ 47 C.F.R. § 54.405 (2005).
⁶ 47 C.F.R. § 54.7 (2005)
⁷ See *In re. Application of Budget Phone, Inc. for Authority to Provide Competing Facilities-based Local Exchange Telecommunications Services*, Docket No. 02-00885, *Initial Order Granting Certificate of Public Convenience and Necessity*, pp. 1-5 (October 25, 2002).
⁸ 47 C.F.R. § 54.201(f) (2005).

The availability and advertisement of Lifeline service is required under 47 C.F.R. § 54.405(a) and (b). The tariffs of Budget Phone offer an established basic local service rate and a prompt payment discount. The Company also agreed to publicize the availability of the services. Finally Budget Phone also will utilize universal service support to apply available discounts to all eligible consumers and commits to use federal universal service fund support to reduce costs in the ETC areas. Budget Phone has shown that its designation as an ETC is in the public interest because it will be able to make service available to customers who otherwise might not be able to obtain service.

December 12, 2005 Authority Conference

During the regularly scheduled Authority Conference on December 12, 2005, the panel of Directors assigned to this docket considered Budget Phone's *Petition*. The panel noted that Budget Phone meets the FCC and Authority's requirements and that it has the capability to provide service to customers in any of BellSouth wire centers. The panel voted unanimously to grant the *Petition* and designated Budget Phone as an ETC in BellSouth's Tennessee service areas for the purpose of receiving federal universal service support.

IT IS THEREFORE ORDERED THAT:

The *Petition for Designation as an Eligible Telecommunications Carrier* of Budget Phone, Inc. is granted.


Ron Jones, Chairman

Deborah Taylor Tate, Director⁹


Pat Miller, Director

⁹ Director Tate voted in agreement with the other directors but resigned her position as director before the issuance of this order.