

**ORIGINAL**

**NEW APPLICATION**



0000124639

**BEFORE THE ARIZONA CORPORATION**

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ARIZONA CORPORATION  
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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF )  
TERRACOM, INC. FOR DESIGNATION AS AN )  
ELIGIBLE TELECOMMUNICATIONS CARRIER )  
ON A WIRELESS BASIS (LOW INCOME ONLY) )  
)  
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)

DOCKET NO. T-

T-20802A-11-0174

**APPLICATION FOR DESIGNATION AS AN ELIGIBLE  
TELECOMMUNICATIONS CARRIER ON A WIRELESS  
BASIS (LOW INCOME ONLY)**

TerraCom, Inc., ("TerraCom" or the "Company") requests that the Arizona Corporation Commission (the "Commission") designate TerraCom as an Eligible Telecommunications Carrier ("ETC") throughout the CenturyLink/Qwest and Frontier service territories (the "Service Area") for the purpose of receiving federal universal service support for wireless services. At this time TerraCom does not seek designation as an ETC on a wireline basis. TerraCom intends to provide Tier 1 through Tier 4 subsidies as appropriate in its designation area. As described below, TerraCom seeks ETC status on a wireless basis beginning as soon as possible in 2011, upon approval by the Commission. This application is made pursuant to Section 214(e) of the Telecommunications Act of 1996 (the "1996 Act"), 47 U.S.C. § 214(e) and Federal Communications Commission ("FCC") Universal Services Rules, 47 C.F.R. §§ 54.101 through 54.207 (the "FCC Rules").

1     **I.     BACKGROUND.**

2             In further support of its Application, TerraCom states as follows:

3             TerraCom is an Oklahoma corporation with its principal offices located at 112 NW 132<sup>nd</sup>  
4     St., Oklahoma City, OK 73044. TerraCom provides Commercial Mobile Radio Service (CMRS)  
5     through its own facilities and through the resale of service of other wireless carriers. TerraCom  
6     currently serves 39464 customers in 5 states. TerraCom's Articles of Incorporation are attached  
7     hereto as **Exhibit "B."** A copy of the TerraCom's Certificate of Authority to Transact Business is  
8     attached as **Exhibit "C"**.

9             Upon entry into force of a confidentiality agreement, TerraCom will provide to the  
10    Commission Staff **Exhibit "D"**, financial statements showing that TerraCom has the financial  
11    qualifications to provide the services specified herein. The financial statements of TerraCom  
12    contain confidential proprietary and financial information not generally available to the public.  
13    Due to the highly competitive nature of the telecommunications marketplace, TerraCom deems  
14    these materials to be proprietary. The financial statements will therefore be submitted on a  
15    confidential basis directly to the Commission Staff.

16            TerraCom attaches as **Exhibit "E"** the current list of its officers, along with biographical  
17    information for each.

18            *Universal Service.* As a result of the work and cooperation of federal and state regulators,  
19    the FCC has adopted a number of cost recovery policies and mechanisms designed to promote and  
20    maintain universal service (the "Universal Service Fund" or "USF"). The Universal Service Fund  
21    was established, in part, to provide support to qualifying low-income communications end-user  
22    customers such as those serviced by TerraCom. Mechanisms were also established in an effort to  
23    moderate the amount of costs to be recovered through basic, recurring charges to low-income  
24    users, thereby assisting efforts to maintain reasonable basic rate levels.

25            *Designation of TerraCom as an Eligible Telecommunication Carrier.* Since January 1,  
26    1998, a competitive local exchange carrier qualifies to receive the universal service support only if  
27

1 it has been designated by a state regulatory agency as an ETC. Therefore, the Commission must  
2 designate TerraCom as an ETC for TerraCom to receive federal USF funds for Arizona.  
3 Designating TerraCom as an ETC will enable additional federal USF funds to flow to Arizona,  
4 thus benefiting the consumers and businesses of the State of Arizona. TerraCom will utilize all  
5 universal service support for the provision, maintenance, and upgrading of the supported services.

6 *Scope of TerraCom Designation Request.* TerraCom requests that the Commission, by  
7 order, designate the Company as an ETC throughout the requested Service Area. A list of each  
8 exchange for which TerraCom is requesting ETC status in the State of Arizona is attached hereto  
9 as **Exhibit "A."** Pursuant to this Application, TerraCom requests ETC status solely for the  
10 purpose of providing the services supported by, and participating in the Low Income Programs of,  
11 the Universal Service Fund. TerraCom does not request ETC status for the purpose of  
12 participating in any High Cost programs of the Universal Service Fund. Such action is entirely  
13 consistent with both the 1996 Act and the public interest of the State of Arizona.

14 TerraCom will provide competitive wireless services throughout its service area in the  
15 State of Arizona. TerraCom strives to assist in bringing premier telecommunications services to  
16 those areas and is committed to providing reasonably priced services through a combination of its  
17 own facilities and resold services. As an ETC, TerraCom will also be permitted to participate in  
18 the Low Income cost recovery mechanisms established by the FCC. ETC designation will enhance  
19 TerraCom's ability to provide service to low income consumers within the Service Area, and since  
20 this Application is for the purpose of receiving low income universal service support, TerraCom's  
21 new wireless offering will supplement and not detract from the provision of supported services in  
22 such area. TerraCom will provide universal service as an ETC in all of its Service Area.

23 *TerraCom Will Provide Services via a Combination of Resold and Company-Owned*  
24 *Facilities.* Consistent with the requirements of Section 214 of the Federal Communications Act of  
25 1934, as amended, ("Communications Act"), 47 U.S.C. §214 (e) (6) and Sections 54.101 through  
26 54.207 of the FCC Rules, TerraCom, in providing wireless services, will rely on a combination of  
27

1 resold services which the Company will obtain from underlying wireless providers that currently  
2 operate their own networks and Company-owned facilities, thus allowing TerraCom to meet the  
3 FCC's test that requires an ETC to provide services, at least in part, through a "combination of its  
4 own facilities and resale of another carrier's services".<sup>1</sup> TerraCom owns and operates significant  
5 facilities that will be used to provide service in Arizona. This includes a Network Access Call  
6 Controller and a Class 4/5 switch located in Oklahoma City, OK, both of which provide enhanced  
7 call routing and control for calls going to Interexchange Carriers, Directory Assistance and/or  
8 Operator Service providers. In fact, for some of the "supported services" (e.g. Directory  
9 Assistance), all calls made in Arizona are routed to and through TerraCom's switching facilities.  
10 For other "supported services", and depending on the underlying carrier or carriers, some traffic is  
11 routed through TerraCom's switching facilities. To be sure, TerraCom's facilities are (and will) be  
12 used for Arizona calls. Both facilities are Telcordia compliant, and provide PSTN-grade service  
13 capable of routing local, long distance (both domestic and international) as well as Directory  
14 Assistance, Operator Services and Toll Free. In addition, TerraCom leases capacity on PRI/DS3  
15 facilities as needed to connect to its facilities in Oklahoma City, Oklahoma which serve to route  
16 calls. TerraCom's facilities description is included on **Exhibit "F"**. Due to the highly competitive  
17 nature of the telecommunications marketplace, TerraCom deems these materials to be proprietary.  
18 Accordingly, **Exhibit "D"** has been marked as confidential and will be provided to the  
19 Commission Staff upon entry into force of a confidentiality agreement.

20 TerraCom also obtains services through commercial mobile radio service ("CMRS")  
21 providers that allow the Company to supplement the services provided through Company-owned  
22 facilities. Through these arrangements, TerraCom is able to offer all of the services and  
23 functionalities supported by the universal service program, as detailed in Section 54.101(a) of the  
24 FCC Rules, throughout its Service Area<sup>2</sup>, thereby allowing the Company to provide service to its  
25

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

27 <sup>2</sup> See 47 C.F.R. § 54.101(a).

1 customers throughout the geographic area served by non-rural providers CenturyLink/Qwest and  
2 Frontier.

3 Currently, there is no state or federal definition or requirement as to the number of, or the  
4 amount of, the supported services that an ETC must offer via its “own facilities.” The ETC must  
5 provide some portion of the supported facilities through the use of the same, which TerraCom  
6 does. Therefore, TerraCom is able to meet the federal requirement that an ETC must offer the  
7 supported services at least in part through the use of its own facilities. Additionally, Federal law  
8 does not require any particular level of facilities. The FCC stated in its Universal Service Order, 12  
9 FCC Rcd 8853, FCC 97-157 (“USF Order”), at para. 169 that:

10 We adopt the Joint Board’s analysis and conclusion that a carrier need not offer  
11 universal service wholly over its own facilities in order to be designated as eligible  
12 because the statute allows an eligible carrier to offer the supported services through  
13 a combination of its own facilities and resale. Although the Joint Board did not  
14 reach this issue, we find that the statute does not dictate that a carrier use a specific  
15 level of its “own facilities” in providing the services designated for universal  
16 service support given that the statute provides only that a carrier may use a  
17 “combination of its own facilities and resale” and does not qualify the term “own  
18 facilities” with respect to the amount of facilities a carrier must use. For the same  
19 reasons, we find that the statute does not require a carrier to use its own facilities to  
20 provide each of the designated services but, instead, permits a carrier to use its own  
21 facilities to provide at least one of the supported services.

22 In affirming its own decisions, the FCC chose to continue to define the term “own  
23 facilities” as “*any physical components* of the telecommunications network that are used in the  
24 transmission of the services that are designated for support”<sup>3</sup> (emphasis added). The  
25 Communications Act’s definition of “network element” matches that of the FCC and defines a  
26 “network element” as “a facility or equipment used in the provision of a telecommunications  
27 service. Such term also includes features, functions, and capabilities that are provided by means of  
such facility or equipment, including subscriber numbers, databases, signaling systems, and  
information sufficient for billing and collection or used in the transmission, routing, or other

<sup>3</sup> See 47 C.F.R. § 54.101; 47 C.F.R. § 54.201(e).

1 provision of a telecommunications service.”<sup>4</sup> All facilities-based carriers have and use network  
2 elements.<sup>5</sup>

3 **II. DESIGNATION OF TERRACOM AS A COMPETITIVE ETC WILL SERVE THE**  
4 **PUBLIC INTEREST.**

5 Designation of TerraCom as an ETC on a wireless basis is in the public interest of the State  
6 of Arizona and its low-income telecommunications end-users. Under the 1996 Act, “[u]pon  
7 request and consistent with the public interest, convenience and necessity”<sup>6</sup> the Commission shall  
8 “designate more than one common carrier as an eligible telecommunications carrier for a service  
9 area designated”<sup>7</sup> by the Commission. In doing so, the Commission “shall find that the designation  
10 is in the public interest”.<sup>8</sup> The FCC Rules require that an ETC application demonstrate that  
11 designation would be consistent with the public interest, convenience and necessity and that prior  
12 to designating an ETC pursuant to section 214(e)(6), the Commission “shall consider the benefits  
13 of increased consumer choice, and the unique advantages...of the applicant’s service offering”.<sup>9</sup>  
14 Pursuant to this requirement, TerraCom provides the following information which demonstrates  
15 that TerraCom’s designation as an ETC on a wireless basis is consistent with the public interest,  
16 convenience and necessity providing consumers with increased competitive choice through the  
17 offering of a unique service.

18 The FCC has also identified factors that are to be considered in determining whether  
19 designation of additional ETCs will serve the public interest, including whether the benefits of an  
20 additional ETC would outweigh potential harms. These factors include: (1) the benefits of  
21 increased competitive choice; and (2) the unique advantages and disadvantages of the company’s  
22

23 <sup>4</sup> See 47 U.S.C. § 153(29).

24 <sup>5</sup> Only ILEC network elements can be designated as “unbundled” under 47 U.S.C. §  
25 251(c)(3) using the criteria in 27 U.S.C. § 251(d)(2), but all facility-based carriers, including  
nondominant wireline and wireless carriers also have “network elements.”

26 <sup>6</sup> 47 C.F.R. § 54.201(c).

27 <sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> 47 C.F.R. § 54.202(c).

1 service offerings.<sup>10</sup> TerraCom affirms that its ETC designation meets these criteria as described  
2 below.

3 *Approval of TerraCom's Application will Result in Increased Competitive Choice.* The  
4 FCC has determined that while designation of competitive ETCs promotes and benefits consumers  
5 by increasing customer choice, designation must include “an affirmative determination that such  
6 designation is in the public interest regardless of whether the applicant seeks designation in an area  
7 served by a rural or non-rural carrier.”<sup>11</sup> TerraCom is seeking ETC designation on a wireless basis  
8 which will provide an additional valuable alternative to the existing telecommunications services  
9 currently available in these areas and will promote competition and increase the availability of  
10 advanced communications services to low-income residents of Arizona.

11 TerraCom believes that there are significant areas within its proposed ETC service area in  
12 which its target market, low income subscribers, are underserved by wireless telephone facilities.  
13 The mobility of TerraCom’s prepaid wireless service will assist low income consumers who often  
14 must rely on public or other alternate means of transportation to places of employment, stores,  
15 schools, and other critical community locations, and it will provide timely access to emergency  
16 services as and when needed.

17 The public interest benefits granting TerraCom an ETC designation for its wireless service  
18 include larger local calling areas (as compared to traditional wireline carriers), the convenience  
19 and security afforded by mobile telephone service, the opportunity for customers to control cost by  
20 receiving a preset amount of monthly airtime at no charge, the ability to purchase additional and  
21 affordable usage in the event that included usage has been exhausted, 911 service and, where  
22 available, E911 service in accordance with current FCC requirements.

23 TerraCom’s wireless offering includes toll calling. In addition, TerraCom’s service is  
24 provided without a monthly recurring charge. These two features will prevent TerraCom’s low-

25  
26 <sup>10</sup> See 47 C.F.R. § 54.202(c).

27 <sup>11</sup> See Federal-State Joint Board on Universal Service. 20 FCC Rcd 6371, ¶ 42 (2005)

1 income customers from becoming burdened with large and unexpected charges for toll calling and  
2 unexpected overage charges.

3 Granting TerraCom an ETC designation on a wireless basis will also provide other carriers  
4 serving the same area an incentive to improve their existing networks and service offerings in  
5 order to remain competitive, which will result in improved consumer services and will also benefit  
6 consumers by allowing TerraCom to offer the services designated for support at rates that are “just,  
7 reasonable, and affordable.”<sup>12</sup>

8 As recognized by the Communications Act, the availability of basic telecommunications  
9 services to low-income consumers is critical to public health, safety, and other services. In  
10 addition, the FCC has long acknowledged the benefits to consumers of being able to choose from a  
11 variety of telecommunications providers and the resulting variety of telecommunications services  
12 they provide.<sup>13</sup> This is of particular interest in cases where wireless providers, such as TerraCom,  
13 seek to provide services as alternatives to those of the traditional ILEC. In the *Highland Cellular*<sup>14</sup>  
14 case, the FCC recognized and affirmed that some households may not have access to the public  
15 switched network as provided by the incumbent local exchange carrier. The availability of a  
16 wireless competitor benefits consumers who routinely are forced to rely on public and other  
17 alternate transportation means to attend work or school or to accomplish everyday tasks such as  
18 shopping or attending community and social events. The wireless service offered by TerraCom  
19 will provide these consumers with a convenient and affordable alternative to traditional  
20 telecommunications service that can be used while at and away from home.

21 The Lifeline and Link-Up service offered by TerraCom also provides important benefits  
22 that are especially needed by low-income Arizona residents in this time of economic downturn.  
23 Since the recession began, millions of jobs have been lost nationally, and millions of homes have  
24

25 <sup>12</sup> See 47 U.S.C. § 254(b)(1).

26 <sup>13</sup> See e.g., *Specialized Common Carrier Services*, 29 FCC 2d 870 (1971).

27 <sup>14</sup> Federal-State Joint Bd. on Universal Serv., *Highland Cellular, Inc., Memorandum Opinion and Order*, 19 F.C.C.R. 6422 (2004).

1 gone into foreclosure.<sup>15</sup> As of March 2011, the number of unemployed persons stood at 13.5  
2 million, and the unemployment rate at 8.9 percent.<sup>16</sup> Arizona's unemployment rate is reported to  
3 be 9.6 percent for February 2011,<sup>17</sup> which, significantly exceeds the national average. In addition,  
4 Arizona has been one of the areas most affected by the collapse of housing prices, and Arizona has  
5 one of the highest foreclosure rates in the nation. The availability of a mobile telephone will be  
6 critical to the efforts of the unemployed as they search for other employment or living  
7 opportunities. Without a regular paycheck, wireless telephone service would become a luxury  
8 beyond the means of many of those persons.

9 TerraCom's Lifeline and Link-Up programs will enable thousands of Arizona residents to  
10 obtain wireless service – residents who would otherwise be unable to obtain these vital services.  
11 Current economic circumstances indicate that low-income individuals, now more than ever, can  
12 greatly benefit from the advantages offered by TerraCom's Lifeline and Link-Up service thus  
13 allowing those adversely impacted by the failing economy or job loss to have access to a free  
14 wireless service to assist in emergency situations, facilitate job search efforts, and to maintain  
15 contact with family members.

16 It is also a commonly accepted fact that in today's market, qualified Lifeline and Link-Up  
17 customers view the portability and convenience of wireless service not as a luxury, but as a  
18 necessity. Mobile service allows children to reach their parents, wherever they may be, allows a  
19 person seeking employment the ability to be contacted by potential employers, and provides end  
20 users with the ability to contact emergency service providers, regardless of location.

21 Added together, TerraCom expects these additional competitive advantages to create an  
22 atmosphere that will cause many qualified consumers, at their option, to select the Company's low  
23 income wireless Lifeline and Link-Up service in lieu of the more traditional wireline or wireless  
24 services.

25 \_\_\_\_\_  
15 *Source* United States Department of Labor Bureau of Labor Statistics.

26 16 *Id.*

27 17 *Id.*

1           ***The Unique Advantages of TerraCom's Service Offerings.*** TerraCom will offer a unique,  
2 easy-to-use, competitive and highly affordable wireless telecommunications service. These  
3 characteristics will make the service available to qualified low-income consumers who either have  
4 no other service alternatives or who choose a wireless prepaid solution in lieu of more traditional  
5 services.

6           TerraCom is committed to customer investment through locally-oriented product and  
7 service distribution, both in the markets it currently serves, and in Arizona. TerraCom prefers  
8 direct contact with consumers and will use outreach events, direct sales, neighborhood agents, and  
9 TerraCom branded or authorized retail outlets. TerraCom will invest in distribution facilities and  
10 will create jobs for Arizona residents as it invests in bringing the benefits of affordable  
11 communications to underserved low-income residents of Arizona.

12           In addition, designation of the Company as an ETC on a wireless basis will make Lifeline  
13 and Link-Up discounts available to many more Arizona residents. TerraCom's ability to offer  
14 Lifeline and Link-Up discounts will be particularly valuable to low-income customers in the  
15 wireless field, where, to TerraCom's knowledge, there are a limited number of wireless providers  
16 offering USF-supported service, and even fewer offering the USF services with absolutely no  
17 monthly recurring charge to the end-user. As such, the service for which TerraCom seeks ETC  
18 status is unique.

19           ***Lifeline and Link Up Plans Offered by TerraCom to Eligible Participants.*** Lifeline is a  
20 component of one of four separate federal universal service fund mechanisms<sup>18</sup> known as the  
21 "low-income support mechanism",<sup>19</sup> and is defined in 47 C.F.R. § 54.401 as "a retail local service  
22 offering" "available only to qualified low-income consumers" "for which qualifying low-income  
23 consumers pay reduced charges as a result of application of the Lifeline support amount" "that  
24 includes the services or functionalities enumerated in § 54.401(a)(1) through (a)(9)", which the  
25

26 <sup>18</sup> 47 C.F.R. § 54.8(a)(1); See "Definitions" at second sentence.

27 <sup>19</sup> 47 C.F.R. § 54.8(a)(1); See "Definitions" at first sentence.

1 Company will use to “[m]ake available Lifeline service...to qualifying low-income consumers”.<sup>20</sup>  
2 Under the Company’s wireless Lifeline plan, TerraCom will provide qualified Lifeline customers  
3 who reside in the State of Arizona with sixty-eight (68) minutes of free anytime local and long  
4 distance minutes each month and will use all low-income universal service support to allow the  
5 Company to provide the service with no monthly recurring charge, thus ensuring that the consumer  
6 receives 100% of all universal service support funding for which the Company will seek  
7 reimbursement of USF Lifeline support necessary to provide the free minutes of airtime above.  
8 Unused minutes will rollover from month to month. In the event that all airtime has been used,  
9 Lifeline Customers will have the ability to purchase additional time by the following methods:

- 10 1. Calling TerraCom directly.
- 11 2. Online at [www.terracomwirelessonline.com](http://www.terracomwirelessonline.com).
- 12 3. At any TerraCom Wireless service authorized retail locations.
- 13 4. At one of over 32,000 locations that sell “top-up” airtime pins for TerraCom  
14 Wireless subscribers.

15 The wireless plan will also include a free handset and the following Custom Calling  
16 features:

- 16 (1) Caller ID;
- 17 (2) Call Waiting;
- 18 (3) Call Forwarding;
- 19 (4) 3-Way Calling
- 20 (5) Voicemail.

21 The plan is described as follows:

22 **Lifeline Free Plan 68**

23 68 free voice minutes. Text messaging assessed at a rate of 0.3 minutes per text message  
24 for sending and 0.3 minutes per text message for receiving text messages. Unused minutes  
25 rollover from month to month and are available for a maximum of sixty (60) days.

26 \_\_\_\_\_  
27 <sup>20</sup> 47 C.F.R. §§ 54.401(a), 54.401(a)(1), 54.401 (a)(2), 54.401(a)(3), 54.405(a).

1 Wireless handsets will be delivered at no charge to qualifying customers, service will be  
2 activated, and the requisite number of minutes will be added upon certification of the customer for  
3 Lifeline and Link-Up.

4 ***TerraCom's Link-Up Plan.*** Like Lifeline, Link-Up is also a component of one of four  
5 separate federal universal service fund mechanisms<sup>21</sup> known as the "low-income support  
6 mechanism",<sup>22</sup> and is defined in 47 C.F.R. § 54.411 as an "assistance program for qualifying low-  
7 income consumers, *which an eligible telecommunications carrier shall offer as part of its*  
8 *obligations set forth in §§ 54.101(a)(9) and 54.101(b)*"<sup>23</sup> <sup>24</sup>(emphasis added). Assistance is in the  
9 form of a "reduction in the carrier's customary charge for commencing telecommunications  
10 service for a single telecommunications connection" and "shall be half of the customary charge or  
11 \$30.00, whichever is less".<sup>25</sup> Consistent with FCC requirements, TerraCom will use Link-Up  
12 support to reduce the company's "customary charge for commencing service" by "half of the  
13 customary charge..."<sup>26</sup>, which will result in a reduction of the Company's standard \$60.00  
14 wireless activation charge by \$30.00.

15 Qualifying subscribers will have the reduced activation charge deferred for a twelve-month  
16 period with no interest, thus allowing subscribers to obtain service without being required to pay  
17 any fees to activate service with TerraCom. As such, there is little or no up-front connection  
18 charge applicable to TerraCom Lifeline customers.

19  
20 <sup>21</sup> 47 C.F.R. § 54.8(a)(1); See "Definitions" at second sentence.

21 <sup>22</sup> 47 C.F.R. § 54.8(a)(1); See "Definitions" at first sentence.

22 <sup>23</sup> 47 C.F.R. § 54.411(a). The plain reading of this definition is that an ETC is obligated to  
23 provide this discount to qualifying low-income consumers. In addition, 47 C.F.R. § 54.413(a)  
24 stipulates that carriers that provide Link-Up discounts, "may receive universal service support  
25 reimbursement for the revenue they forgo in reducing their customary charge for commencing  
26 telecommunications service..."

27 <sup>24</sup> 47 C.F.R. § 54.101(a)(9) is the specific obligation to offer Toll Limitation for qualifying  
low-income consumers while 47 C.F.R. § 54.101(b) is the requirement that an "eligible  
telecommunications carrier must offer each of the" services designated for support "in order to  
receive federal universal service support". As a part of its application, TerraCom has demonstrated  
that it has the capability to and will offer all of the supported services specified in 47 C.F.R. §  
54(a)(1) - (9).

<sup>25</sup> 47 C.F.R. § 54.411(a)(1).

<sup>26</sup> *Id.*

1 Designating TerraCom as an ETC will serve the public interest by increasing participation  
2 of qualified consumers in the Lifeline and Link-Up programs, thereby contributing to an overall  
3 increase in the number of Arizona residents receiving Lifeline and Link-Up. This will also result  
4 in an increase to the amount of federal USF dollars benefiting Arizona residents.

5 Finally, granting TerraCom an ETC designation will serve the public interest by furthering  
6 the extensive role that TerraCom believes it will play in providing communications service to low-  
7 income consumers, transient users, and other consumers who, due to the restrictive credit criteria,  
8 deposit requirements, and long-term commitments of traditional service providers, do not currently  
9 have telecommunications service and, without any viable alternative, are likely to remain without  
10 service.

11 ***Designation of TerraCom on a Wireless Basis Will Impose a Negligible Burden on the***  
12 ***USF.*** TerraCom reiterates that it is applying for ETC designation solely for the purpose of  
13 providing Lifeline and Link-Up discounts to qualified low-income consumers and to seek  
14 reimbursement for the same. TerraCom will not seek or accept High Cost support. Under the  
15 FCC Rules, an ETC applicant must submit a five-year plan that describes with specificity the  
16 proposed improvements or upgrades to the applicant's network on a wire-center-by-wire-center  
17 basis throughout its proposed Service Area. The only circumstance warranting deviation from this  
18 requirement is where an applicant's requested ETC serving territory would qualify it to receive no  
19 "high cost" USF support, but only "low income" USF support. Because TerraCom seeks ETC  
20 designation solely for purposes of reimbursement providing subsidized Lifeline and Link-Up  
21 services to eligible customers, submission of a Five-Year Network Improvement Plan is not  
22 required at this time.

23 Since Lifeline support is designed to reduce the monthly cost of telecommunication  
24 services for eligible consumers, is distributed on a per-customer basis, and is directly reflected in  
25 the price that the eligible customer pays, it is assured that all support received by the carrier is used  
26 to provide Lifeline services to consumers, thus promoting Lifeline and the availability of telephone  
27

1 service to low-income users, which is clearly in the public interest. In addition, designation of the  
2 Company as an ETC will not pose any adverse effect in the growth in the high cost portions of the  
3 USF, nor will it create or contribute to an erosion of high cost funding from any rural or non-rural  
4 telephone company.

5 The FCC reaffirmed this position when it stated that “the potential growth of the fund  
6 associated with high-cost support distributed to competitive ETCs” is not relevant to carriers  
7 seeking support associated with the low-income program.<sup>27</sup> Accordingly, total low-income support  
8 for 2010 accounted for only 16.6 percent of the total distribution of the USF, with high-cost  
9 accounting for just over 53 percent of the total.<sup>28</sup>

10 The FCC also recognized that the total effect of additional low-income-only ETC  
11 designations would have a minimal impact on the fund when it stated that “any increase in the size  
12 of the fund would be minimal and would be outweighed by the benefit of increasing eligible  
13 participation in the Lifeline and Link-Up programs, furthering the statutory goal of providing  
14 access to low-income consumers.”<sup>29</sup>

15 It is also vital to recognize that in the case of Lifeline and Link-Up support, an ETC  
16 receives USF support *only* for the customers it obtains. In the scenario where a competitive ETC  
17 obtains a Lifeline customer from another ETC, only the “capturing” ETC provides Lifeline  
18 discounts and as a result, only the “capturing” ETC receives support reimbursement.

19 In addition, all providers are required to contribute a portion of the interstate revenues  
20 received from their customers to the Universal Service Fund. In accordance with current federal  
21 regulations, TerraCom will make contributions based on that portion of its revenue that is  
22 determined to be interstate. As such, approving TerraCom as an ETC will actually create  
23 contributions to the USF that were previously non-existent.

24 \_\_\_\_\_  
25 <sup>27</sup> Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47  
26 C.F.R. § 54.201(i), CC Docket No. 96-45, Order, 20 FCC Rcd 15095 (2005) (TracFone  
27 Forbearance Order) at ¶ 17.

<sup>28</sup> *Universal Service Administrative Company 2010 Annual Report*, p. 47.

<sup>29</sup> TracFone Forbearance Order, at ¶ 17.

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1           ***TerraCom Has Internal Controls in Place to Prevent Subscribers from Receiving More***  
2 ***Than One Lifeline Discount.*** Consistent with federal requirements, TerraCom requires customers  
3 to self-certify at the time of service activation and annually thereafter that they: 1) are the head of  
4 household; 2) participate in one of the state-approved means-tested programs; 3) will be receiving  
5 Lifeline-supported services only from TerraCom; 4) do not currently receive Lifeline support; and  
6 5) will notify TerraCom in the event that they no longer participate in the qualifying program.  
7 Verification of continued eligibility is accomplished on a yearly basis in accordance with state-  
8 specific procedures.

9           **III. TERRACOM SATISFIES THE FEDERAL STATUTORY AND REGULATORY**  
10 **PREREQUISITIES FOR DESIGNATION AS AN ETC IN ARIZONA**

11           In order to be designated as an ETC, the FCC Rules require that carriers must publicize and  
12 offer the list of services supported by the federal universal service mechanisms. Qualified ETCs  
13 must offer these services either using their own facilities or a combination of their own facilities  
14 and the resale of services of another facilities-based carrier. As demonstrated below, TerraCom  
15 satisfies these requirements and should be granted ETC status. Under federal rules, the ETC must  
16 offer the following services:

- 17           a)     Voice grade access to the public switched network;
- 18           b)     Access to free-of-charge "local usage" defined as an amount of minutes of use of  
19                 exchange service;
- 20           c)     Dual tone multi-frequency signaling or its functional equivalent;
- 21           d)     Single-party service or its functional equivalent;
- 22           e)     Access to emergency services;
- 23           f)     Access to operator services;
- 24           g)     Access to interexchange services;
- 25           h)     Access to directory assistance; and
- 26           i)     Toll limitations services for qualifying low-income customers.

27

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1            ***TerraCom Will Advertise the Availability of and Charges for its Universal Service***  
2 ***Qualifying Offerings [47 C.F.R. § 54.201(d)(2)].*** Further, ETCs must advertise the availability of,  
3 and the prevailing prices for, the universal services throughout the area in which they have been  
4 designated an ETC. TerraCom will comply with each of the requirements regarding service  
5 provisions and advertisement. TerraCom will announce and advertise telecommunications services  
6 as an ETC where it provides service in its Service Area and will publicize the availability of  
7 Lifeline and Link-Up services in a manner reasonably designed to reach those likely to qualify for  
8 those services. Accordingly, more low-income Arizona residents will be made aware of the  
9 opportunities afforded to them under the Lifeline and Link-Up programs and will be able to take  
10 advantage of those opportunities by subscribing to TerraCom's service. A sample of TerraCom's  
11 planned advertising is attached hereto as **Exhibit "G."**

12            ***Carrier of Last Resort.*** TerraCom is willing to accept carrier of last resort obligations  
13 throughout the universal service areas in which TerraCom is designated as an ETC by the  
14 Commission.

15            ***Equal Access [47 C.F.R. § 54.202 (a)(5)].*** TerraCom will provide equal access to long  
16 distance carriers, to the extent to which it is able to do so.

17            ***Local Usage Plan [47 C.F.R. § 54.202(a)(4)].*** TerraCom offers a local usage plan  
18 comparable to the one offered by the ILEC in the service areas for which it seeks designation.

19            ***Ability to Remain Functional in an Emergency [47 C.F.R. § 54.202(a)(2)].*** Under the  
20 FCC Rules, an ETC applicant must demonstrate its ability to remain functional in emergency  
21 situations.<sup>30</sup> Since TerraCom is providing service to its customers through the use of facilities  
22 obtained from other carriers, this arrangement allows TerraCom to provide to its customers the  
23 same ability to remain functional in emergency situations as currently provided by the carriers to  
24 their own customers, including access to a reasonable amount of back-up power to ensure  
25

26 \_\_\_\_\_  
27 <sup>30</sup> 47 C.F.R. § 54.202(a)(2); USF Order at Para 25.

1 functionality without an external power source, rerouting of traffic around damaged facilities, and  
2 the capability of managing traffic spikes resulting from emergency situations.

3 *Satisfaction of Applicable Consumer Protection and Service Quality Standards [47*  
4 *C.F.R § 54.202(a)(3)].* Under the FCC Rules, an ETC applicant must demonstrate that it will  
5 satisfy applicable consumer protection and service quality standards<sup>31</sup>; TerraCom will satisfy all  
6 such standards. In addition, TerraCom will comply with the CTIA - The Wireless Association  
7 Consumer Code for Wireless Service. In addition, TerraCom commits to reporting information on  
8 consumer complaints per 1,000 lines (or the wireless equivalent) on an annual basis consistent  
9 with the FCC's USF Order.<sup>32</sup> TerraCom in general commits to satisfying all such applicable state  
10 and federal requirements related to consumer protection and service quality standards.

11 **IV. TERRACOM WILL SATISFY THE FOLLOWING STATE COMMISSION**  
12 **CONDITIONS**

13 The Commission's most recent wireless ETC order, *Tracfone Wireless*, Decision No.  
14 72222 (March 9, 2011) granted an ETC designation subject to the following conditions:

- 15 1. [The Company] shall evaluate providing Lifeline customers free access to  
16 Customer Service from [the Company's] handsets;
- 17 2. [The Company] shall evaluate offering a rate no more than \$0.10 per minute for  
18 additional minutes;
- 19 3. [The Company] shall file a tariff with the Commission, setting forth the rates,  
20 terms, and conditions for its Lifeline service within thirty (30) days of a  
21 Commission Order in this matter;
- 22 4. [The Company] shall notify the Commission of any future changes to its rates,  
23 terms and/or conditions regarding its Lifeline offerings and file such charges in its  
24 tariff and amend its tariff in compliance with A.R.S. § 40-367;

25  
26 <sup>31</sup> 47 C.F.R. §54.202(a)(3), 62 Fed. Reg. 15,978 at Para 28.

27 <sup>32</sup> USF Order at Para 4.

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5. [The Company] shall make available Lifeline services to qualifying low-income applicants in its ETC service area no later than ninety (90) days after the effective date of this decision and concurrently to notify the Utilities Division Director, by making a filing in Docket Control, of the commencement for such services;
6. [The Company] shall apprise the Commission of customer complaints that may arise from its ETC service offerings by making a filing in Docket Control; [the Company] shall provide a regulatory contact to the Commission's Consumer Services Division;
7. In the event that [the Company] requests to relinquish its ETC status and no longer provides Lifeline services, it must provide notice to both the Commission and its customers. Such notices shall be in accordance with A.A.C. R14-2-1107;
8. [The Company] shall submit an annual report by April 15 of each year, beginning April 15, 2011, that contains its total number of Lifeline subscribers, total amount of Federal USF support received and an affidavit stating that Lifeline discounts or the equivalent are equal to the amount of total federal USF support per line. The annual filing shall be submitted as a compliance item in this docket; and
9. That [the Company] submit a quarterly report detailing the total number of Lifeline customers, the total number of customers removed from the customer base due to 60-day inactivity, the number of customers removed from the customer base due to annual verification, and the total number of customers who voluntarily relinquished Lifeline service. The quarterly report should be submitted as a compliance item in this docket on the 15 of the month following the end of the quarter.

Decision No. 72222 at p. 8. TerraCom is willing to agree to these conditions in this case, and already exceeds Condition 1 by offering free access to customer service and Condition . by offering top-up minutes that average .05 per minute with the highest rate of .083 per minute.



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FACSIMILE 602-256-6800

1 Janice M. Alward, Esq.  
2 Chief Counsel, Legal Division  
3 Arizona Corporation Commission  
4 1200 West Washington  
5 Phoenix, Arizona 85007

6 Steve Olea  
7 Director, Utilities Division  
8 Arizona Corporation Commission  
9 1200 West Washington  
10 Phoenix, Arizona 85007

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By *Mary Appolito*

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**EXHIBITS**

- Exhibit A - Wire Centers
- Exhibit B - Articles of Incorporation
- Exhibit C - TerraCom's Certificate of Authority to Transact Business
- Exhibit D - Financial Information (confidential – to be provided to Commission Staff)
- Exhibit E - Officers
- Exhibit F - Facilities Diagram (confidential – to be provided to Commission Staff)
- Exhibit G - Advertising Sample

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**EXHIBIT A**  
**Wire Centers**

**TERRACOM, INC. REQUESTED SERVICE AREA**

<b>COMPANY</b>	<b>CLLI</b>	<b>EXCHANGE</b>
QWEST CORPORATION	AZCYAZ03RS1	ARIZONA CITY
QWEST CORPORATION	BRDSAZMADS0	BEARDSLEY
QWEST CORPORATION	BNSNAZMADS0	BENSON
QWEST CORPORATION	BNSNAZSDDS0	BENSON SAINT DAVID
QWEST CORPORATION	BISBAZMARS1	BISBEE
QWEST CORPORATION	BLCNAZMARS1	BLACK CANYON
QWEST CORPORATION	BCKYAZMADS0	BUCKEYE
QWEST CORPORATION	CMVRAZMARS1	CAMP VERDE
QWEST CORPORATION	CSGRAZMADS0	CASA GRANDE
QWEST CORPORATION	TCSNAZCADS0	CATALINA
QWEST CORPORATION	CVCKAZMADS0	CAVE CREEK
QWEST CORPORATION	CHNDAZMADS0	CHANDLER MAIN
QWEST CORPORATION	CHNDAZSODS0	CHANDLER SOUTH
QWEST CORPORATION	CHNDAZWEDS0	CHANDLER WEST
QWEST CORPORATION	CHVYAZMADS0	CHINO VALLEY
QWEST CORPORATION	CRCYAZMARS1	CIRCLE CITY
QWEST CORPORATION	GDYRAZCWDS0	COLDWATER
QWEST CORPORATION	CLDGAZMARS1	COOLIDGE
QWEST CORPORATION	CRNDAZMADS1	CORONADO
QWEST CORPORATION	TCSNAZCODS0	CORTARO
QWEST CORPORATION	CTWDAZMADS0	COTTONWOOD-MAIN
QWEST CORPORATION	CTWDAZSORS1	COTTONWOOD-SOUTH
QWEST CORPORATION	DRVYAZNODS0	DEER VALLEY NORTH
QWEST CORPORATION	DGLSAZMARS1	DOUGLAS
QWEST CORPORATION	DDVLAZNMRS1	DUDLEYVILLE
QWEST CORPORATION	ELOYAZ01RS1	ELOY
QWEST CORPORATION	FLGSAZEADS0	FLAGSTAFF EAST
QWEST CORPORATION	FLGSAZMADS0	FLAGSTAFF MAIN
QWEST CORPORATION	FLGSAZSORS1	FLAGSTAFF SOUTH
QWEST CORPORATION	FLRNAZMARS1	FLORENCE
QWEST CORPORATION	TCSNAZFWDS0	FLOWING WELLS
QWEST CORPORATION	FTMDAZMADS0	FORT MCDOWELL
QWEST CORPORATION	GLBNAZMARS1	GILA BEND
QWEST CORPORATION	MESAAZGIDS0	GILBERT
QWEST CORPORATION	GLDLAZMADS0	GLENDALE MAIN
QWEST CORPORATION	GLOBAZMARS1	GLOBE
QWEST CORPORATION	GRCNAZMARS1	GRAND CANYON
QWEST CORPORATION	GNVYAZMADS0	GREEN VALLEY
QWEST CORPORATION	HYDNAZMARS1	HAYDEN
QWEST CORPORATION	HGLYAZMADS1	HIGLEY
QWEST CORPORATION	HMBLAZMARS1	HUMBOLDT
QWEST CORPORATION	JSCYAZMARS1	JOSEPH CITY
QWEST CORPORATION	KRNYAZMARS1	KEARNY

QWEST CORPORATION	LTPKAZMADSO	LITCHFIELD PARK
QWEST CORPORATION	MMTHAZMARS1	MAMMOTH
QWEST CORPORATION	MARNAZMARS1	MARANA
QWEST CORPORATION	MARNAZ02RS1	MARANA WEST
QWEST CORPORATION	MRCPAZMADSO	MARICOPA
QWEST CORPORATION	MAYRAZMARS1	MAYER
QWEST CORPORATION	TEMPAZMCDSO	MCCLINTOCK
QWEST CORPORATION	MESAAZMADSO	MESA
QWEST CORPORATION	MIAMAZMARS1	MIAMI
QWEST CORPORATION	TCSNAZMLRS2	MOUNT LEMMON
QWEST CORPORATION	MSPKAZMADSO	MUNDS PARK
QWEST CORPORATION	NWRVAZMADSO	NEW RIVER
QWEST CORPORATION	NGLSAZMARS1	NOGALES
QWEST CORPORATION	NGLSAZMWDSO	NOGALES MIDWAY
QWEST CORPORATION	ORCLAZMARS1	ORACLE
QWEST CORPORATION	PAGEAZMADSO	PAGE
QWEST CORPORATION	PLMNAZMARS1	PALOMINAS
QWEST CORPORATION	PTGNAZMARS1	PATAGONIA
QWEST CORPORATION	PTGNAZELRS1	PATAGONIA ELGIN
QWEST CORPORATION	PYSNAZMADSO	PAYSON
QWEST CORPORATION	PHNXAZPRDSO	PHOENIX PEORIA
QWEST CORPORATION	PHNXAZSEDSO	PHOENIX SOUTHEAST
QWEST CORPORATION	PHNXAZMYDSO	PHOENIX-MARYVALE
QWEST CORPORATION	PHNXAZWEDSO	PHOENIX WEST
QWEST CORPORATION	PHNXAZBWDSO	PHOENIX-BETHANY WEST
QWEST CORPORATION	PHNXAZCADSO	PHOENIX-CACTUS
QWEST CORPORATION	PHNXAZEADSO	PHOENIX-EAST
QWEST CORPORATION	PHNXAZ81DSO	PHOENIX-FOOTHILLS
QWEST CORPORATION	PHNXAZGRDSO	PHOENIX-GREENWAY
QWEST CORPORATION	PHNXAZLVDSO	PHOENIX-LAVEEN
QWEST CORPORATION	PHNXAZMADS4	PHOENIX-MAIN
QWEST CORPORATION	PHNXAZMRDSO	PHOENIX-MID RIVERS
QWEST CORPORATION	PHNXAZNODS3	PHOENIX-NORTH
QWEST CORPORATION	PHNXAZNEDSO	PHOENIX-NORTHEAST
QWEST CORPORATION	PHNXAZNWDSO	PHOENIX-NORTHWEST
QWEST CORPORATION	PHNXAZPPDSO	PHOENIX-PECOS
QWEST CORPORATION	PHNXAZSODSO	PHOENIX-SOUTH
QWEST CORPORATION	PHNXAZSYDSO	PHOENIX-SUNNYSLOPE
QWEST CORPORATION	PIMAAZMARS1	PIMA
QWEST CORPORATION	PINEAZMARS1	PINE
QWEST CORPORATION	PRVYAZPPDSO	PINNACLE PEAK
QWEST CORPORATION	PRSCAZEARS2	PRESCOTT EAST
QWEST CORPORATION	PRSCAZMADSO	PRESCOTT MAIN
QWEST CORPORATION	HGLYAZQCDS2	QUEEN CREEK
QWEST CORPORATION	CMVRAZRRRS1	RIMROCK
QWEST CORPORATION	TCSNAZRNDSDO	RINCON

QWEST CORPORATION	FTMDAZNORS1	RIO VERDE
QWEST CORPORATION	SFFRAZMADSO	SAFFORD
QWEST CORPORATION	SNMNAZMADSO	SAN MANUEL
QWEST CORPORATION	SCDLAZMADSO	SCOTTSDALE MAIN
QWEST CORPORATION	SEDNAZMADSO	SEDONA
QWEST CORPORATION	SEDNAZSORS3	SEDONA SOUTH
QWEST CORPORATION	SCDLAZSHDSO	SHEA
QWEST CORPORATION	SRVSAZMADSO	SIERRA VISTA MAIN
QWEST CORPORATION	SRVSAZNORS1	SIERRA VISTA NO
QWEST CORPORATION	SRVSAZSODSO	SIERRA VISTA SO
QWEST CORPORATION	SMTNAZMARS1	SOMERTON
QWEST CORPORATION	AGFIAZSRDSO	SUNRISE
QWEST CORPORATION	SPRRAZMARS1	SUPERIOR
QWEST CORPORATION	SPRSAZEADSO	SUPERSTITION EAST
QWEST CORPORATION	SPRSAZMADSO	SUPERSTITION MAIN
QWEST CORPORATION	SPRSAZWEDSO	SUPERSTITION WEST
QWEST CORPORATION	TCSNAZTVDSO	TANQUE VERDE
QWEST CORPORATION	TCSNAZCRDSO	TUSCON CRAYCROFT
QWEST CORPORATION	TCSNAZSODSO	TUSCON SOUTH
QWEST CORPORATION	TEMPAZMADSO	TEMPE MAIN
QWEST CORPORATION	SCDLAZTHDSO	THUNDERBIRD
QWEST CORPORATION	TLSNAZMADSO	TOLLESON
QWEST CORPORATION	TMBSAZMARS1	TOMBSTONE
QWEST CORPORATION	TNCKAZMARS1	TONTO CREEK
QWEST CORPORATION	TUBCAZMARS1	TUBAC
QWEST CORPORATION	TCSNAZEADSO	TUCSON EAST
QWEST CORPORATION	TCSNAZMADS1	TUCSON MAIN
QWEST CORPORATION	TCSNAZNODSO	TUCSON NORTH
QWEST CORPORATION	TCSNAZSWDSO	TUCSON SOUTHWEST
QWEST CORPORATION	TCSNAZWERS1	TUCSON WEST
QWEST CORPORATION	VAILAZNORS1	VAIL NORTH
QWEST CORPORATION	VAILAZSODSO	VAIL SOUTH
QWEST CORPORATION	WLTAZMARS1	WELLTON
QWEST CORPORATION	WHTKAZMARS2	WHITE TANKS
QWEST CORPORATION	WHTLAZMADSO	WHITLOW
QWEST CORPORATION	WCBGAZMARS1	WICKENBURG
QWEST CORPORATION	WLCXAZMARS1	WILLCOX
QWEST CORPORATION	WLMSAZMARS1	WILLIAMS
QWEST CORPORATION	WNSLAZMADS1	WINSLOW
QWEST CORPORATION	WNBGAZ01RS1	WINTERSBURG
QWEST CORPORATION	YRNLAZMARS1	YARNELL
QWEST CORPORATION	YUMAAZMADSO	YUMA
QWEST CORPORATION	YUMAAZFTDS1	YUMA FORTUNA
QWEST CORPORATION	YUMAAZSEDSO	YUMA SOUTHEAST
FRONTIER	BLMSAZXFRSO	BLACK MESA
FRONTIER	CHNLAZXCRSO	CHINLE

FRONTIER	DLKNAZXCRSO	DILKON
FRONTIER	DNHSAZXCRL0	DENNEHOTSO
FRONTIER	FTDFAZXCRSO	FORT DEFIANCE
FRONTIER	GANDAZXCRSO	GANADO
FRONTIER	GSWDAZXCRSO	GREASEWOOD
FRONTIER	KABTAZXCRSO	KAIBETO
FRONTIER	KYNATAZXCRSO	KAYENTA
FRONTIER	LCHEAZXCRL0	LECHEE
FRONTIER	LEPPAZXCRSO	LEUPP
FRONTIER	LKCHAZXCRSO	LUKACHUKAI
FRONTIER	MNFRAZXCRSO	MANY FARMS
FRONTIER	PINNAZXCRS1	WHIPPORWILL-COTTONWD
FRONTIER	RDVYAZXCRL0	RED VALLEY
FRONTIER	RHRKAZXCRSO	ROUGH ROCK
FRONTIER	RKPNAZXCRL0	ROCK POINT
FRONTIER	SHNTAZXCRSO	SHONTO
FRONTIER	STMCAZXEDSO	ST. MICHEALS/WINDOW
FRONTIER	TBCYAZXCRSO	TUBA CITY
FRONTIER	TNPSAZXRRS1	TEEC-NOS-POS
FRONTIER	TOYIAZXCRL0	TOYEI
FRONTIER	TSILAZXCRSO	TSAILE
FRONTIER	WDRNAZXCRL0	WIDE RUINS

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**EXHIBIT B**  
**Articles of Incorporation**

ATTACHMENT "B"

FILED

APR 10 2003

OKLAHOMA SECRETARY OF STATE

Articles of Incorporation

THE UNDERSIGNED, acting as incorporator of a corporation, adopt the following articles of incorporation for such corporation:

1. The name of the corporation is TerraCom Inc.  
The period of its duration is perpetual.
3. The purpose is to engage in any activities or business permitted under the laws of the United States and the state of Oklahoma.
4. The corporation shall have authority to issue 50000 shares of common stock, \$1.00 par value.
5. The address of the corporate office is  
5375 Horseshoe Ln, Guthrie, OK 73044
6. The name and address of its registered agent is-  
Jason Hirzel, 5375 Horseshoe Ln, Guthrie, OK 73044
7. The number of directors constituting its initial Board of Directors is 1, whose name and address is:

Name:  
Jason Hirzel

Address:  
5375 Horseshoe Ln, Guthrie, OK 73044

8. The name and address of the incorporator is:

Name:  
Jason Hirzel

Address:  
5375 Horseshoe Ln, Guthrie, OK 73044

Signature of Incorporator

State of Oklahoma

County of Oklahoma

Before me, the undersigned authority, personally appeared Jason Hirzel, who to me well known to be the person described in and who subscribed the above articles of incorporation, and did freely and voluntarily acknowledge before me according to law that they made and subscribed the same for the uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and my official seal, at Okla home City in said county and state this 10, day of April, 2003.

Notary Public, state of OK

Printed Notary Name K Brawo

My Commission Expires: 11-28-2004  
Comm# 00057478

RECEIVED  
OK SEC. OF STATE

APR 10 2003

B-712 018

OFFICE OF THE SECRETARY OF STATE



CERTIFICATE OF INCORPORATION

WHEREAS the Certificate of Incorporation of  
**TERRACOM INC.**

has been filed in the office of the Secretary of State as provided by the laws of the State of Oklahoma.

NOW THEREFORE, I, the undersigned, Secretary of State of the State of Oklahoma, by virtue of the powers vested in me by law, do hereby issue this certificate evidencing such filing.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the Great Seal of the State of Oklahoma.



Filed in the City of Oklahoma City this 10th  
day of April, 2003.

7  
Secretary of State

By: \_\_\_\_\_

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**EXHIBIT C**

**Authority to Transact Business**

**COMMISSIONERS**  
GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS



**ERNEST G. JOHNSON**  
Executive Director

**JEFF GRANT**  
Director  
Corporations Division

**ARIZONA CORPORATION COMMISSION**

April 6, 2011

**CT CORPORATION SYSTEM**  
2394 E CAMELBACK RD  
PHOENIX, AZ 85016

**RE: TERRACOM, INC.**  
File Number: F16712237

We are pleased to notify you that the Application for Authority to transact business or conduct affairs in Arizona for the above-referenced entity **HAS BEEN APPROVED**.

You must publish a copy of the Application for Authority. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona for three consecutive publications. A list of acceptable newspapers in each county is enclosed and is also posted on the Commission website. Publication must be completed **WITHIN 60 DAYS** after April 6, 2011, which is the date the document was approved for filing by the Commission. The corporation may be subject to revocation of authority if it fails to publish. You will receive an Affidavit of Publication from the newspaper, and you may file it with the Commission.

Corporations are required to file an Annual Report with the Commission. Your Annual Report is due on 03/31/2012, and on the anniversary of that date each subsequent year. It is your responsibility to file the corporation's Annual Report by the deadline each year. You can visit our website at [www.azcc.gov/divisions/corporations](http://www.azcc.gov/divisions/corporations) to electronically file your annual report. You can also complete the form online, print it out and mail it in, or you can call the Annual Reports section at 602-542-3285.

Corporations must notify the Commission immediately, in writing, if they change their corporate address, statutory agent, or statutory agent address. Address change orders must be signed by a duly authorized corporate officer. A forwarding order placed with the U.S. Postal Service is not sufficient to change your address with the Commission.

We strongly recommend you periodically monitor your corporation's record with the Commission, which can be viewed at [www.azcc.gov/Divisions/Corporations](http://www.azcc.gov/Divisions/Corporations). If you have questions or need further information please contact us at (602) 542-3026 in Phoenix, or Toll Free (Arizona Residents only) at 1-800-345-5819.

Sincerely,  
Deanna Horn  
Examiner, Corporations Division

CF:07  
REV. 01/2009

MAR 31 2011

DO NOT PUBLISH  
THIS SECTION

1. The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a tradename or trademark, attach a Trade Name Certificate. If your name is not available for use in Arizona, you must adopt a fictitious name and provide a resolution adopting the name, which must be executed by the corporation Secretary.

3. You must provide the total duration in years for which your corporation was formed to endure. If perpetual succession, so indicate in this section. Do not leave blank, or state 'not applicable'.

4. If the state or country of incorporation does not require an address to be maintained, provide the street address of the statutory agent in the state or country of incorporation.

5. The statutory agent must provide a street address. If statutory agent has a P.O. Box, then they must also provide a physical street address/location.

FILE NO. F-167/223-7

**APPLICATION FOR AUTHORITY  
TO TRANSACT BUSINESS  
IN ARIZONA**  
Pursuant to A.R.S. § 10-1503

The name of the corporation is: TerraCom, Inc.

A(n) Oklahoma Corporation  
(State or Country)

We are a foreign corporation applying for authority to transact business in the state of Arizona.

1. The exact name of the foreign corporation is:

TerraCom, Inc.

If the exact name of the foreign corporation is not available for use in this state, then the fictitious name adopted for use by the corporation in Arizona is:

\_\_\_\_\_ (FN).

2. The name of the state or country in which the foreign corporation is incorporated is:

Oklahoma

3. The foreign corporation was incorporated on the 10 day of April

2003 and the period of its duration is: Perpetual

4. The street address of the principal office of the foreign corporation in the state or country of its incorporation is:

112 NW 132nd Street, Oklahoma City, Oklahoma 73114

5. The name and street address of the statutory agent for the foreign corporation in Arizona is:

C T Corporation System

2394 East Camelback Road

Phoenix, AZ 85016

**DO NOT PUBLISH  
THIS SECTION**

5.b. Indicate to which address general correspondence should be mailed.

6. If the purpose of your corporation has any limitations please indicate. If not, state no limitations or leave blank.

8. The total number of shares authorized (not issued) cannot be blank or "Not Applicable." The number must match Articles of Incorporation in domicile state.

5.a. The street address of the known place of business of the foreign corporation in Arizona IF DIFFERENT from the street address of the statutory agent is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5.b. General correspondence should be mailed to the address specified above in section 4 X or section 5a \_\_\_\_\_.

6. The purpose of the corporation is to engage in any and all lawful business in which corporations may engage in the state or country under whose law the foreign corporation is incorporated, with the following limitations if any:

None  
\_\_\_\_\_

7. The names and business addresses of the current directors and officers of the foreign corporation are: (Attach additional sheets if necessary.)

Name: Jason Hirzel \_\_\_\_\_, President \_\_\_\_\_ [title]

Address: 112 NW 132nd Street \_\_\_\_\_

City, State, Zip Oklahoma City, OK 73114 \_\_\_\_\_

Name: Richard Yurich \_\_\_\_\_, Vice President \_\_\_\_\_ [title]

Address: 112 NW 132nd Street \_\_\_\_\_

City, State, Zip Oklahoma City, OK 73114 \_\_\_\_\_

Name: Dale Schmick \_\_\_\_\_, Vice President/Director [title]

Address: 112 NW 132nd Street \_\_\_\_\_

City, State, Zip Oklahoma City, OK 73114 \_\_\_\_\_

8. The foreign corporation is authorized to issue 50,000 shares, itemized as follows: (Attach additional sheets if necessary.)

50000 shares of Common [class or series] stock at \_\_\_\_\_ no par value or par value of \$ 1.00 per share.

\_\_\_\_\_ shares of \_\_\_\_\_ [class or series] stock at \_\_\_\_\_ no par value or par value of \$ \_\_\_\_\_ per share.

\_\_\_\_\_ shares of \_\_\_\_\_ [class or series] stock at \_\_\_\_\_ no par value or par value of \$ \_\_\_\_\_ per share.



**CERTIFICATE OF DISCLOSURE**

A.R.S. §10-202(D) (for-profits and financial institutions) or §10-3202(D) (nonprofits)

TerraCom, Inc.

EXACT CORPORATE NAME

- A. Has any person (i) who is currently an officer, director, trustee, incorporator, or (ii) (for-profits and financial institutions only) who controls or holds over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been:
1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
  2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
  3. Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
    - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
    - (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
    - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes \_\_\_\_\_ No X

B. IF YES, the following information MUST be attached:

- |   |  |
|---|--|
| 1. Full name, prior name(s) and aliases, if used.           | 6. The nature and description of each conviction or judicial action, including the date and location, the court and public agency involved and file or cause number of case. |
| 2. Full birth name.   |  |
| 3. Present home address.                                    |  |
| 4. Prior addresses (for immediate preceding 7-year period). |  |
| 5. Date and location of birth.                              |  |

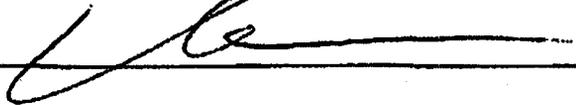
C. Has any person (i) who is currently an officer, director, trustee, incorporator, or (ii) (for-profits and financial institutions only) who controls or holds over twenty per cent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation served in any such capacity or held a twenty per cent interest in any other corporation in any jurisdiction on the bankruptcy or receivership of the other corporation?

Yes \_\_\_\_\_ No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

- |   |  |
|---|--|
| 1. Name and address of the other corporation.   | 4. Dates of corporate operation.   |
| 2. Full name (including aliases) and address of each person involved.   | 5. Case information for bankruptcy or receivership (date, case number, court). |
| 3. State(s) in which the other corporation: <ol style="list-style-type: none"> <li>(a) was incorporated.</li> <li>(b) has transacted business.</li> </ol> |  |

Under penalties of law, the undersigned incorporator(s)/officer(s)/director(s) declare(s) that I(we) have examined this Certificate, including any attachments, and to the best of my(our) knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY  BY \_\_\_\_\_

PRINT NAME Dale Schmick PRINT NAME \_\_\_\_\_

TITLE Vice President DATE 3/18/2011 TITLE \_\_\_\_\_ DATE \_\_\_\_\_

**ARIZONA CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days any person becomes an officer, director, trustee or (for-profits or financial institutions) person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file a SUPPLEMENTAL certificate signed by at least one duly authorized officer of the corporation.**

**FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.**

**FINANCIAL INSTITUTIONS: MUST BE SIGNED BY TWO (2) DULY AUTHORIZED OFFICERS OR DIRECTORS OF THE CORPORATION.**

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

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**EXHIBIT D**

**Financial Statements**

The financial statements of TerraCom, Inc. (the Financial Statements) contain confidential proprietary and financial information not generally available to the public. Due to the highly competitive nature of the telecommunications marketplace, TerraCom deems these materials to be proprietary. Accordingly, the Financial Statements have been marked as confidential and are being submitted under seal to be maintained by the Commission on a confidential basis.

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TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

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**EXHIBIT E**  
**List Of Officers**

Jason Hirzel

President

Jason Hirzel has been President of Terracom, Inc since its inception. He is an experienced business operator, strategist and investor with 9 years experience in telecommunications as well as 13 years experience in the insurance industry.

Mr. Hirzel graduated with a degree in education from Northeastern University, and is an active member of the community. He is a former coach and board member of the Guthrie YMCA, and a member of the Guthrie Lions Club.

Richard Yurich

Vice President

Richard Yurich will bring his 10 years of telecommunications experience to YourTel America leading the company into its new growth phase. His expertise ranges from Operations to Sales and Marketing.

Mr. Yurich has 15 start-up companies under his belt with enterprises ranging from Oil & Gas to Telecommunications. He holds a Bachelor's of Science Degree in History from Oklahoma Christian University.

Dale Schmick

Vice President

Dale Schmick's telecommunications career began working for PageNet in New York City selling wireless products. He has been with YourTel America since 1997 in various leadership positions, leading the migration of the company from a reseller of paging products to a full-fledged switch-based CLEC and ISP.

In 2010, Mr. Schmick joined Terracom, Inc. and was named Vice President.

Dale holds a Bachelors of Business Administration degree from Pace University in New York City where he graduated Summa Cum Laude.

As an active member of the community, Dale serves on the Board of Comptel and the Kansas City Hispanic Chamber of Commerce, and in 2011 was elected to the Board of Kansas City Friends of Alvin Ailey. Mr. Schmick is also a Fire Captain with the Southern Platte Fire Protection District.

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
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PHOENIX, ARIZONA 85004  
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**EXHIBIT F**

**Facilities Diagram**

The description of facilities of TerraCom, Inc. (the Facilities Description) contains confidential proprietary and financial information not generally available to the public. Due to the highly competitive nature of the telecommunications marketplace, TerraCom deems these materials to be proprietary. Accordingly, the Facilities Description has been marked as confidential and is being submitted under seal to be maintained by the Commission on a confidential basis.

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**Exhibit G**  
**Advertising Sample**

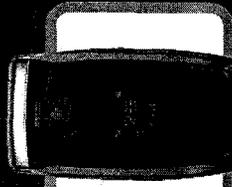
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