

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

WMS
MC

APPLICANT: BRANDY L. WREATH
DIRECTOR, PUBLIC UTILITY DIVISION
OKLAHOMA CORPORATION COMMISSION

RESPONDENT: EASY TELEPHONE
SERVICE COMPANY

RELIEF REQUESTED: CONTEMPT) CAUSE NO. EN 201300117
)
)
) ORDER NO. 655075

HEARING: June 23, 2016, in Courtroom B
2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105
Before Mary Candler, Administrative Law Judge

APPEARANCES: Jeff W. Kline, Assistant General Counsel, *representing* Public Utility
Division, Oklahoma Corporation Commission
J. David Jacobson, Attorney *representing* Easy Telephone Services
Company d/b/a Easy Wireless
Dara M. Derryberry and Kimberly Carnley, Assistant Attorneys General
representing Office of Attorney General, State of Oklahoma

**FINAL ORDER APPROVING JOINT STIPULATION
AND SETTLEMENT AGREEMENT**

BY THE COMMISSION:

The Corporation Commission (“Commission”) of the State of Oklahoma being regularly in session and the undersigned Commissioners present and participating, there comes on for consideration and action a Final Order Approving Joint Stipulation and Settlement Agreement (the “Stipulation”) in the above-captioned Cause.

I. PROCEDURAL HISTORY

On December 3, 2013, Brandy L. Wreath, Director of the Commission’s Public Utility Division (“PUD”) initiated this Cause by filing a Complaint, Information, Summons, and Notice of Citation For Contempt (“Contempt”) against Easy Telephone Services Company d/b/a Easy Wireless (“Easy”).

An Amended Complaint, Information, Summons, and Notice of Citation for Contempt was filed on December 4, 2013, which set the Contempt for hearing on January 15, 2014.

On January 9, 2014, Easy filed a Motion for Protective Order. The Motion for Protective Order was set for hearing before an Administrative Law Judge (“ALJ”) and was heard and recommended on that date. The Commission granted the Motion for Protective Order by Order No. 620766, issued on January 23, 2014.

On January 22, 2014, during a continued initial hearing, Easy made an oral Motion to Establish Procedural Schedule on the record, which was subsequently recommended by the ALJ. The Commission granted the Motion to Establish Procedural Schedule by Order No. 624448, issued on April 24, 2014, which set the hearing on the merits for August 28 and 29, 2014.

On September 16, 2014, the Attorney General of the State of Oklahoma (“AG”) filed his Entry of Appearance.

On February 17, 2015, Easy filed a Motion for Protective Order. The Motion for Protective Order was set for hearing on February 26, 2015, before an ALJ and was heard and recommended. The Commission granted the Supplemental Protective Order by Order No. 368059, issued on March 19, 2015.

On June 16, 2016, the Stipulation executed by PUD, Easy and the AG was filed. The Stipulation detailed the settlement of all issues in this Cause. The Stipulation is attached to this Final Order as “Exhibit A.”

After several continuances, the record was opened at the hearing on the merits on June 23, 2016. The ALJ took evidence in support of the Stipulation. The AG made a statement of support of the Stipulation. At the conclusion of the hearing, the ALJ recommended the Commission approve the Stipulation.

II. SUMMARY OF ALLEGATIONS

PUD alleged that Easy willingly received federal support for the provision of Lifeline service to multiple customers with addresses that appear to be outside of the service exchange area for which Easy was designated as an Eligible Telecommunications Carrier (“ETC”) by the Commission. ETC designation is a prerequisite for receipt of federal support.

III. SUMMARY OF EVIDENCE

PUD Witness, Mark Argenbright

Mark Argenbright testified on behalf of PUD. Mr. Argenbright testified that he is currently employed by PUD as the Telecom Coordinator. Mr. Argenbright testified that he has previously testified before the Commission and that his qualifications were accepted at that time. Mr. Argenbright testified that he was present during settlement discussions, and that he was testifying in support of the Stipulation and PUD’s Motion to Approve Settlement Agreement.

Mr. Argenbright testified that he issued data requests and reviewed information relating to the Cause. Mr. Argenbright testified that Easy has taken adequate steps to improve its

processes to avoid waste, fraud and abuse. Mr. Argenbright testified that the Stipulation resolves all issues between the parties in this Cause. Mr. Argenbright testified that the Stipulation is fair, just, reasonable and in the public interest, and it is PUD's recommendation that the Stipulation be approved.

Upon questioning by the ALJ, Mr. Argenbright confirmed that both Cause No. PUD 201300012 and this Cause are appropriate to handle together due to their similarity. Mr. Argenbright also confirmed that Easy has corrected their processes and is operating within the law.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

THE COMMISSION FINDS that it is vested with jurisdiction in this Cause, pursuant to OKLA. CONST. art. IX, § 19, and 17 O.S. §§ 1, 2 and 9.

THE COMMISSION FURTHER FINDS that notice is proper and given as required by law and the rules of the Commission.

THE COMMISSION FURTHER FINDS that the Stipulating Parties executed a Joint Stipulation and Settlement Agreement, attached hereto as "Exhibit A," and incorporated herein by reference.

THE COMMISSION FURTHER FINDS that the Joint Stipulation and Settlement Agreement reflects a full, final and complete settlement of all issues in this proceeding.

THE COMMISSION FURTHER FINDS that based upon the record, the Joint Stipulation and Settlement Agreement is in the public interest, and should be adopted as the Order of this Commission.

THE COMMISSION FURTHER FINDS that pursuant to the terms of the Joint Stipulation and Settlement Agreement, and as part of its settlement of Cause No. EN 201300117, Easy Telephone Services Company d/b/a Easy Wireless voluntarily agreed to make a payment to the Commission in the total amount of ten thousand dollars (\$10,000.00). This payment shall be made within forty-five (45) days following the issuance of a Final Order in this Cause and in Cause No. PUD 201300012. No payment is being made as part of the settlement of the Show Cause (Cause No. PUD 201300012).

THE COMMISSION FURTHER FINDS that this Cause should be closed.

V. ORDER

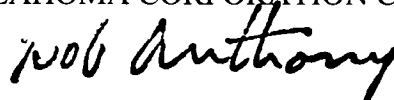
THE COMMISSION THEREFORE ORDERS that the Joint Stipulation and Settlement Agreement, attached hereto as "Exhibit A," shall be, and the same is hereby approved and adopted by the Commission.

THE COMMISSION FURTHER ORDERS that pursuant to the terms of the Joint Stipulation and Settlement Agreement, and as part of its settlement of Cause No. EN 201300117, Easy Telephone Services Company d/b/a Easy Wireless voluntarily agreed to make a payment to the Commission in the total amount of ten thousand dollars (\$10,000.00). This payment shall be made within forty-five (45) days following the issuance of a Final Order in this Cause and in Cause No. PUD 201300012. No payment is being made as part of the settlement of the Show Cause (Cause No. PUD 201300012).

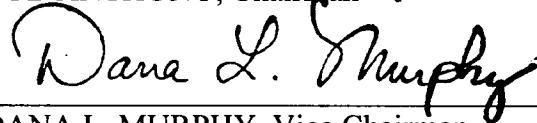
THE COMMISSION FURTHER ORDERS that this Cause is hereby closed.

THIS ORDER SHALL BE EFFECTIVE immediately.

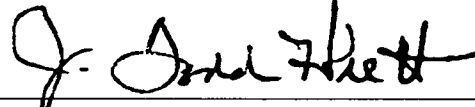
OKLAHOMA CORPORATION COMMISSION



BOB ANTHONY, Chairman



DANA L. MURPHY, Vice Chairman

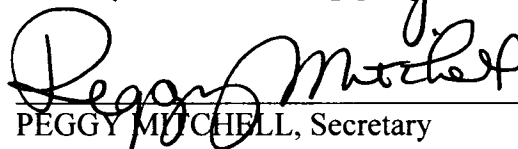


J. TODD HIETT, Commissioner

CERTIFICATION

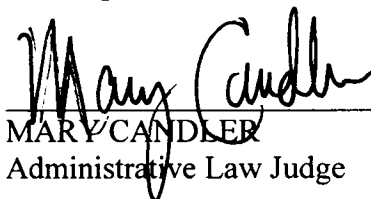
DONE AND PERFORMED by the Commissioners participating in the making of this Order, as shown by their signatures above, this 9 day of August, 2016.

[seal]


PEGGY MITCHELL, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing findings, conclusions and order are the report and recommendation of the undersigned Administrative Law Judge.


MARY CANDLER
Administrative Law Judge

8/2/16
Date

Exhibit "A"

BEFORE THE CORPORATION COMMISSION OF OKLAHOMA

APPLICATION OF BRANDY L. WREATH,)	
DIRECTOR OF THE PUBLIC UTILITY)	
DIVISION, OF THE OKLAHOMA)	
CORPORATION COMMISSION, FOR A)	CAUSE NO. PUD 201300012
SHOW CAUSE HEARING AGAINST EASY)	
TELEPHONE SERVICES COMPANY D/B/A)	
EASY WIRELESS)	

APPLICANT: BRANDY L. WREATH
DIRECTOR, PUBLIC UTILITY DIVISION
OKLAHOMA CORPORATION COMMISSION

FILED
JUN 16 2016

RESPONDENT: EASY TELEPHONE
SERVICES COMPANY

COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA

RELIEF REQUESTED: CONTEMPT)	CAUSE NO. EN 201300117
)	

JOINT STIPULATION AND SETTLEMENT AGREEMENT

COME NOW the undersigned parties to this proceeding ("the Stipulating Parties"): the Public Utility Division Staff ("PUD Staff"), the Attorney General of the State of Oklahoma, and Easy Telephone Services Company d/b/a Easy Wireless ("Easy Wireless"), and present the following Joint Stipulation and Settlement Agreement ("Agreement") for review and approval by the Oklahoma Corporation Commission ("Commission") for the resolution of the issues presented in the following proceedings, specifically Cause No. EN 201300117 (the "Contempt"), and Cause No. PUD 201300012 (the "Show Cause") (together, the "PUD Actions"). The Stipulating Parties represent to the Commission that this Agreement represents a fair, just and reasonable settlement of the issues contained herein, and that the terms and conditions are in the public interest. The Stipulating Parties request that the Commission issue orders closing the PUD Actions and approving this Agreement in its entirety.

It is hereby stipulated and agreed by and among the Stipulating Parties as follows:

Neither this Agreement nor any of the provisions hereof shall become effective unless and until the Commission enters an order(s) approving, without modification, the terms and provisions herein, without supplemental or additional terms, conditions and provisions, and thereby closing the PUD Actions. The provisions of this Agreement are intended to relate only to the specific matters referred to herein, and by and through this Agreement, no party waives any claim or right which it might otherwise have with respect to any matters not expressly provided for herein. Furthermore, no party hereto admits to the correctness or appropriateness of any of the contentions of another party or third party. The Stipulating Parties state and recognize that the Agreement represents a negotiated settlement with respect to the issues presented herein. The

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Agreement is a balanced compromise of the positions of each party hereto in consideration for the agreements and commitments made of the position of each party hereto and other parties in connection herewith. Accordingly, the Commission shall explicitly recognize that the execution of this Agreement by each party hereto shall not be construed as agreement or acquiescence by any one, or all, of the parties to any particular calculation or issue.

Easy Wireless was designated as a wireless Eligible Telecommunications Carrier (“ETC”) in Oklahoma on November 17, 2011, in Cause No. PUD 201100004, pursuant to Order No. 591122. As a wireless ETC in Oklahoma, Easy Wireless’ authorized geographic Lifeline service area is limited to the service territories of Southwestern Bell Telephone, LP d/b/a AT&T Oklahoma (“AT&T Oklahoma”) and Valor Telecommunications of Texas, LP d/b/a Windstream Communications of the Southwest (“Windstream Southwest”). Accordingly, while Easy Wireless may provide wireless telephone service anywhere within the State of Oklahoma, it is only authorized to receive Lifeline support for consumers located within the service areas for which it was designated as a wireless ETC.

In February 2013, the PUD Staff filed the Show Cause to investigate potential instances in which Easy Wireless sought reimbursement from the federal Universal Service Fund (“USF”) for a subset of subscribers who appeared to have multiple Lifeline services or for whom Easy Wireless failed to impose a minimum charge. The Show Cause also addressed allegations relating to Easy Wireless’ marketing practices. In December 2013, the PUD Staff filed the Contempt action regarding whether Easy Wireless provided Lifeline service to, and received federal Lifeline support for, consumers with addresses outside of Easy Wireless’ authorized service area for Lifeline service. During the investigation, Easy Wireless provided the PUD Staff with responsive information, including several months of subscriber account data, for requested months between March 2012 and January 2014.

After further analysis, PUD Staff determined that Easy Wireless’ subscriber information included a subset of subscribers who may have been located outside of the service territories of AT&T Oklahoma and Windstream Southwest. Each of the affected consumers were eligible to receive Lifeline service, but resided at addresses located outside of the service area for which Easy Wireless was authorized to receive federal Lifeline support. PUD Staff determined that the cause of these service territory errors was due to technical limitations in Easy Wireless’ enrollment process, which have since been addressed. Subsequently, Easy Wireless coordinated with the PUD Staff to develop and implement an address verification geo-mapping tool. This electronic tool utilizes an overlay of both AT&T Oklahoma’s and Windstream Southwest’s exchanges in Google Earth, which allows Easy Wireless to verify all addresses located in “shared zip codes,” and to confirm whether the subscriber’s address is located within Easy Wireless’ authorized ETC service territory. Thereafter, Easy Wireless revised its enrollment and eligibility verification process to ensure that only consumers with addresses located within its authorized territory were enrolled in Lifeline service, and to ensure that federal Lifeline support was claimed only for those eligible consumers residing within its authorized service territory. Easy Wireless, upon being made aware of this issue, further agreed to decline to enroll any new consumers in its Lifeline service in Oklahoma and agreed to not seek reimbursement from the USF for any existing Oklahoma consumers whose addresses were determined to be located in “shared zip codes,” unless the addresses for such consumers were checked and verified against the mapping program approved by the PUD Staff.

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Additionally, upon further investigation, PUD reviewed a sample of Easy Wireless' subscriber accounts, of which Easy Wireless had sought reimbursement from the federal USF. Based on PUD's review, PUD and Easy Wireless agreed to treat a number of these subscriber accounts as duplicate subscribers.

At the completion of its comprehensive review, PUD determined that Easy Wireless has put into place sufficient procedures and internal systems and controls that are reasonably expected to prevent duplication and over collections from the federal USF for potential duplicate subscribers, and reasonably sufficient procedures to guard against enrolling subscribers who reside outside of Easy Wireless' ETC designated service area in Oklahoma.

As a result, the undersigned parties stipulate and agree to the following:

1. The PUD Staff has reviewed and approves of the processes Easy Wireless uses to determine whether potential consumers are located within Easy Wireless' authorized service area for the provision of Lifeline service.
2. Easy Wireless has agreed to utilize the following process improvements:
 - All new enrollments/activations of Lifeline service in Oklahoma shall be submitted through the CGM¹ Enrollment Compliance Platform application (the "CGM Application", in use since July 2012), which identifies authorized zip codes for marketing/enrollment purposes. The CGM Application restricts activation of new enrollments to approved zip codes.
 - All enrollments in "shared zip codes" are, and will continue to be, completed utilizing the mapping program that has been approved by the PUD Staff. Only applications for subscribers within Easy Wireless' authorized zip code, or for subscribers in "shared zip codes" that pass the mapping program, will be submitted and processed for enrollment in Easy Wireless' Lifeline service.
3. Easy Wireless further provided a detailed description and explanation of its current process involving a real-time back office process for additional review of all enrollments submitted through the CGM Application, which Easy Wireless agrees to continue to utilize going forward. The back office review requires:
 - All applications for Lifeline service are processed through CGM, which is Easy Wireless' approved third party verification provider.
 - Each Easy Wireless enrollment application is processed through CGM for third party verification. As part of the CGM process, the application completes a series of automatic checks to ensure validity of the information, including address validation, a name normalization and duplicate person check, submission to the National Lifeline Accountability

¹ CGM, LLC is a software development firm that designs, develops, and delivers software systems and outsourced solutions for Telecom Service Providers, including CLECs, ILECs, and Wireless Providers.

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Database (NLAD) for a duplicate account check, and an ETC Service Area check.

- Once the CGM Application intake process is completed, it is transmitted in real-time to an Easy Wireless auditor to review the application information. The applicant's identification information is further verified by ensuring that the applicant information on the application (e.g., Date of Birth ("DOB") and Name) matches that on any identification document provided, applicant's address is verified through the CGM Application or documentation from the applicant, and proof of eligibility documentation is reviewed to ensure validity and that it is sufficient to verify the subsidy by which the applicant has indicated on the application as the reason the applicant qualifies for Lifeline support.
 - Additionally, the application is cross-checked against Easy Wireless' internal subscriber database for potential "look-alike" duplicates. If the application passes all checks, the applicant is approved and enrolled in Lifeline, and the phone is issued to the subscriber.
 - On February 28, 2014, implementation of the NLAD was completed for the State of Oklahoma. All Easy Wireless applications are enrolled through NLAD, and an NLAD duplicate check and identity verification is performed as part of the CGM application process. If an application fails to pass internal review after the CGM/NLAD enrollment checks due to missing documentation or some other discrepancy, the Easy Wireless auditor will attempt to resolve the discrepancy in real-time. If the issue cannot be resolved, the application is not approved until the subscriber can provide sufficient information to confirm the validity of all application information.
 - Unapproved accounts are not included on Easy Wireless' FCC Form 497 filing for reimbursement until all issues have been resolved and the account is approved.
4. For the purpose of identifying duplicate accounts, Easy Wireless is committed to the elimination of duplicate accounts, and will, at a minimum, undertake a monthly review of the active customer database prior to completion of the monthly FCC Form 497 filing. This includes, but is not limited to the following steps:
- Sorting of all subscriber accounts based on DOB, last four digits of the social security number, subscriber last name, and subscriber address;
 - Verification of subscriber identification documentation for each potential duplicate account;
 - Removal from the active subscriber list, and de-enrollment from NLAD of any duplicate account;

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- Providing the department that finalizes the data utilized for the FCC Form 497 an inventory of all disconnected accounts;
 - Performing additional analysis to identify and report duplicate accounts that have been included in previous FCC Form 497s; and
 - Preparation and filing of Revised FCC Form 497s to remove all identified duplicate accounts from all prior FCC Form 497s, if applicable.
5. Easy Wireless agreed to fully refund the federal USF Lifeline funds for subscribers identified in Easy Wireless' subscriber records that the PUD Staff and Easy Wireless determined to treat as duplicates. Easy Wireless submitted revisions to its past Form 497 filings for these subscribers in February 2014 with such revisions reflecting a refund amount of \$8,802.25. The revisions effectuated the reimbursement to the federal USF of all funds received for the life of each of these subscriber accounts. Easy Wireless provided PUD Staff with confirmation of the completion of these revisions, which PUD Staff confirmed.
6. In response to PUD's observations of compliance issues in conjunction with mobile marketing activities, Easy Wireless provided the PUD Staff with a detailed explanation of Easy Wireless' robust internal processes and procedures related to mobile marketing events. Each agent conducting a mobile marketing event on behalf of Easy Wireless must confirm their location and event setup with the Compliance Department staff prior to commencing enrollments. In addition, Easy Wireless requires each agent to provide all event location information, and Easy Wireless implemented improved processes to ensure PUD Staff is provided daily reports of all marketing events, in compliance with OCC rules. PUD Staff believes that Easy Wireless' described procedures and information provided in conjunction with these settlement discussions address all mobile marketing compliance issues observed through December 2, 2015.
7. As part of its settlement of the Contempt action (Cause No. EN 201300117), Easy Wireless voluntarily agreed to make a payment to the Commission in the total amount of \$10,000.00. This payment shall be made to the Commission no later than forty-five (45) days after the issuance of a Final Order of the Commission in Cause No. EN 201300117 and Cause No. PUD 201300012. A payment is not being made as part of the settlement of the Show Cause (Cause No. PUD 201300012).
8. The Stipulating Parties agree that the provisions of this Agreement are the result of extensive consultation and collaboration, and that the terms and conditions of the Agreement are interdependent. The Stipulating Parties agree that this Agreement is in the public interest and, for that reason, they have entered into this Agreement to settle among themselves the issues in this Agreement. This Agreement shall not constitute nor be cited as precedent, nor deemed an admission by any Stipulating Party in any other proceeding, including but not limited to, any future USF Lifeline reimbursement requests, show cause, state or

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federal enforcement actions, or other proceedings, except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. Any Commission decisions entering an order or orders consistent with this Agreement that ultimately closes these PUD Actions will be binding as to the matter decided regarding the issues described in this Agreement, but the decision will not be binding with respect to similar issues that might arise in other proceedings. A Stipulating Party's support of this Agreement may differ from its position or testimony in other causes. To the extent there is a difference, the Stipulating Parties do not waive their positions in other causes. Because this is a stipulated agreement, the Stipulating Parties are under no obligation to take the same position as set out in this Agreement in other dockets.

Non-Severability

The Stipulating Parties stipulate and agree that the agreements contained in this Agreement resulted from negotiations among the Stipulating Parties, and are interrelated and interdependent. The Stipulating Parties hereto specifically state and recognize that this Agreement represents a balancing of positions of each of the Stipulating Parties in connection therewith. Therefore, in the event that the Commission does not approve and adopt the terms of this Agreement in total and without modification or condition (provided, however, that the affected party or parties may consent to such modification or conditions), this Agreement shall be void and of no force and effect, and no Stipulating Party shall be bound by the agreements or provisions contained herein. The Stipulating Parties agree that neither this Agreement, nor any of the provisions hereof shall become effective unless and until the Commission shall have entered an order or orders approving all of the terms and provisions, as agreed by the parties to this Agreement, and such order or orders becomes final, and these PUD Actions are likewise closed.

This Agreement may be executed in counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

DATED this 16 day of June, 2016.

[Signature Page Follows]

CAUSE NOS. PUD 201300012; EN 201300117

WHEREFORE, the undersigned Stipulating Parties submit this Joint Stipulation and Settlement Agreement as their negotiated settlement of the issues in the above-styled cause, and respectfully request the Commission to approve this Joint Stipulation and Settlement Agreement without change and issue an order or orders closing these PUD Actions.

EASY TELEPHONE SERVICES COMPANY

By: *next page*
Joe Fernandez, President

E. SCOTT PRUITT
ATTORNEY GENERAL OF OKLAHOMA

By: *Dara Derryberry*
Dara M. Derryberry, Assistant Attorney General

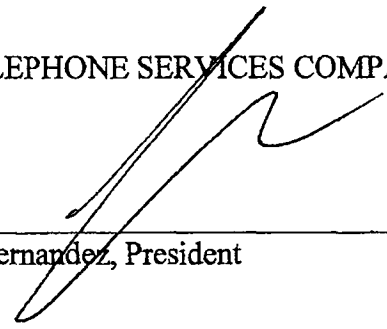
PUBLIC UTILITY DIVISION
CORPORATION COMMISSION OF OKLAHOMA

By: *Brandy L. Wreath*
Brandy L. Wreath, Director

CAUSE NOS. PUD 201300012; EN 201300117

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EASY TELEPHONE SERVICES COMPANY

By: 

Joe Fernandez, President

E. SCOTT PRUITT
ATTORNEY GENERAL OF OKLAHOMA

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[Name], Assistant Attorney General

PUBLIC UTILITY DIVISION
CORPORATION COMMISSION OF OKLAHOMA

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Brandy L. Wreath, Director