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DOCKET NO. 38571

**APPLICATION OF BELLARUD
COMMUNICATIONS, LLC FOR
DESIGNATION AS A RESALE
ELIGIBLE TELECOMMUNICATIONS
PROVIDER PURSUANT TO PUC
SUBST. R. 26.419**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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**COMMISSION STAFF'S SUPPLEMENTAL RECOMMENDATION ON
SUFFICIENCY OF APPLICATION**

NOW COMES Staff of the Public Utility Commission of Texas (Commission Staff or Staff), representing the public interest, to submit this Supplemental Recommendation on Sufficiency of Application.

I. Background

On August 17, 2010, Bellarud Communications, LLC (Bellarud or Applicant) filed an application for designation as a resale eligible telecommunications provider (R-ETP), pursuant to P.U.C. SUBST. R. 26.419, in order to be eligible to receive reimbursement funds from the Texas Universal Service Fund (TUSF) (Application) for discounts provided through the Lifeline program. Order No. 1, issued on August 31, 2010, found the Application deficient and required the Applicant to cure the deficiencies by September 10, 2010. The Applicant requested and received three extensions of the deadline to cure deficiencies. Order No. 6 denied the Applicant's fourth request for an extension of time to cure the Application deficiencies; however, the Applicant filed a Supplement to its Application on October 29, 2010. Order No. 6, issued on October 28, 2010, stated that under the current procedural schedule the Applicant must cure the Application deficiencies by October 29, 2010 and Commission Staff must file its final recommendation by November 15, 2010.

II. Sufficiency of Application

Staff reviewed the Supplement filed by the Applicant on October 29, 2010. As detailed in the attached memorandum by Liz Kayser, of the Competitive Markets Division, Staff maintains that there remain deficiencies in the Lifeline tariff submitted as part of the Application and that the Application is insufficient for further review. P.U.C. SUBST. R. 26.419(g)(1)(C)(ii)

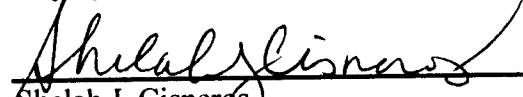
requires an applicant to show that it offers Lifeline Service to qualifying low-income consumers. Therefore, a sufficient Lifeline tariff must be provided as part of the Application. Because the Applicant has not filed an Application sufficient for further review, Staff is unable to submit a final recommendation at this time.

DATE: November 15, 2010

Respectfully submitted,

Thomas S. Hunter
Division Director - Legal Division


Keith Rogas
Deputy Division Director – Legal Division



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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record by first class U.S. mail, postage pre-paid on this date, November 15, 2010, in accordance with P.U.C. Procedural Rule 22.74.



Shelah J. Cisneros

PUBLIC UTILITY COMMISSION OF TEXAS

Memorandum

TO: Shelah Cisneros - Attorney
Legal Division

FROM: Liz Kayser – Market Economist
Competitive Markets Division - Wholesale

DATE: November 15, 2010

RE: Docket No. 38571 – *Application of Bellerud Communications, LLC for Resale Eligible Telecommunications Provider (RETP) Designation*

RECOMMENDATION Regarding Sufficiency of RETP Application

On August 17, 2010, Bellerud Communications, LLC (Bellerud or the Company) filed an application for designation as a resale eligible telecommunications provider (RETP) pursuant to P.U.C. SUBST. R. § 26.419. Under the new rule, effective April 8, 2007, carriers who provide Lifeline service solely through the resale (total service resale (TSR)) of an incumbent local exchange carriers' service can become eligible to receive funds from the Texas Universal Service Fund for reimbursement of the discounts provided through the Lifeline Program.

Bellerud seeks RETP designation in the wire centers of the non-rural ILECs, Southwestern Bell Telephone Company d/b/a AT&T Texas and GTE Southwest d/b/a Verizon Southwest. Bellerud has identified the wire centers for which it's seeking RETP designation in Exhibit A of its application.

On August 18, 2010, Order No. 1, *Requesting Recommendation on Sufficiency, and Setting Procedural Schedule* was issued. Order No. 1 established an effective date of October 4, 2010 and advised that the Commission would provide *Texas Register* notice on September 3, 2010. Order No. 1 established September 23, 2010 as the deadline for comments or intervention to be filed by interested parties.

Order No. 2, *Finding Application Deficient and Restyling Docket*, was issued on August 31, 2010. Order No. 2 required Bellerud to amend its application to correct the deficiencies noted in Commission Staff's recommendation and attached memorandum on or before September 10, 2010.

Bellerud filed four subsequent *Request for Extensions*. The Company's first three requests were granted but the fourth request was denied. On October 28, 2010, Order No. 6, *Denying Request for Extension* was issued. Order No. 6 stated that the Company's request for extension neither shows good cause for an extension nor shows that the need for the extension is not caused by the neglect, indifference, or lack of diligence of the Company as required by P.U.C. Proc. R. 22.4(b). Bellerud filed an *Amendment to Application of Bellerud, LLC for Designation as a Resale Eligible Telecommunications Provider* on October 29, 2010.

I have reviewed Bellerud's RETP application and subsequent amendment to its application and have found that I cannot make a final recommendation as required by Order No. 6 because Bellerud's application as amended continues to be deficient for RETP review.

The Lifeline and Link Up tariffs filed by SC TxLink still contain numerous errors and omissions. A couple of examples of errors contained in the Company's tariffs are: 1) stating that the company offers "Toll Denial"; the FCC requires companies to provide toll limitation which includes toll blocking and toll control, the FCC does not allow for "Toll Denial"; and 2) the company states under Eligibility Requirements that a customer whose annual income is at or below 150% of the federal poverty guidelines is eligible to receive Lifeline service; this is not correct, it should be "household annual income".

An exhaustive list of the errors and omissions in the Lifeline tariff in the Application is not included in this memo. However, I would like to note that in an attempt to provide an example of how to cure the Lifeline tariff deficiencies, during the course of this proceeding I provided an example of a Lifeline tariff from an approved ETC application to a representative for the Applicant.