

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for designation as an eligible telecommunications carrier (ETC) by TracFone Wireless, Inc. for limited purpose of offering lifeline service to qualified households.

DOCKET NO. 070586-TP
ORDER NO. PSC-08-0418-PAA-TP
ISSUED: June 23, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING ELIGIBLE TELECOMMUNICATIONS STATUS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. Case Background

TracFone Wireless, Inc. (TracFone) has been seeking designation as an eligible telecommunications carrier (ETC) in order to provide Lifeline services to consumers beginning with its petition filed with the Federal Communications Commission (FCC) on June 8, 2004, seeking forbearance from the facilities-based requirements in Section 214(e)(1)(A), which requires that a carrier be at least, in part, facilities-based to be eligible for designation as an ETC. TracFone is a non-facilities-based commercial mobile radio service (CMRS) provider that offers prepaid wireless telecommunications service, by using a "virtual network" consisting of services obtained from several licensed wireless networks.¹ Through the arrangements with the underlying carriers, TracFone is able to offer service wherever wireless service is available in Florida.

¹ The underlying carriers providing services to TracFone in Florida are Alltel, AT&T Mobility, T-Mobile, US Cellular, and Verizon Wireless.

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The FCC granted TracFone forbearance from the facilities-based requirement in Order 05-165, issued September 8, 2005, in Docket 96-45 (Forbearance Order). In TracFone's petition for Forbearance, it stated it will meet all ETC obligations, except for the facilities-based requirements. The Forbearance Order noted that TracFone would be a "limited ETC" eligible only for Lifeline support and would be required to conform to all rules applicable to Lifeline. TracFone is not entitled to receive Universal Service Fund (USF) support for high-cost, schools and libraries, or rural health-care and will not be seeking reimbursement from USAC for Link-up or toll limitation service monies.

The Forbearance Order required that TracFone file a compliance plan with the FCC stating how it intended to implement the conditions imposed by the Forbearance Order. The compliance plan was to contain a plan outlining the measures it will take to implement the following: (a) providing Lifeline customers with 911 and enhanced 911 (E911) access regardless of activation status or availability of prepaid minutes; (b) providing Lifeline customers with 911 and E911 compliant handsets, and replacing non-compliant handsets at no additional charge; (c) complying with conditions (a) and (b) prior to providing Lifeline service; (d) obtaining certification from each Public Service Access Point (PSAP) where TracFone provides Lifeline service confirming that TracFone complies with condition (a); (e) requiring its customers to self-certify at time of service activation and then annually thereafter that they are the head of household and receive Lifeline-support service only from TracFone; and (f) establishing safeguards to prevent customers from receiving multiple TracFone Lifeline subsidies at the same address. The FCC required that TracFone provide the plan within 30 days of the order issuance. TracFone filed the compliance plan with the FCC on October 11, 2005.

In its 1997 Universal Service Order,² the FCC found it was appropriate to deny pure resellers designation as an ETC because pure resellers could receive double recovery of universal service support by purchasing wholesale services at a price that includes the universal service support received by the incumbent provider, and also receive reimbursement from the USF. However, TracFone, as a CMRS provider does not purchase Lifeline-supported services from ILEC providers. The resold services it purchases do not reflect a reduction in price due to Lifeline support. Allowing TracFone to receive Lifeline support from the Federal USF will not result in double recovery.

TracFone filed a petition with the FCC for designation as an ETC in Florida on July 21, 2004. TracFone also petitioned for ETC designation in several other states: New York, Virginia, Connecticut, Massachusetts, Alabama, North Carolina, Tennessee, Delaware, New Hampshire, Pennsylvania, and the District of Columbia, between July 2004 and December 2007.

On March 13, 2007, we addressed the issue of whether or not this Commission has jurisdiction to designate CMRS providers as ETCs. On April 3, 2007, we issued Order No. PSC-07-0288-PAA-TP, in Docket Nos. 060581-TP and 060582-TP, finding that with the enactment of Section 364.011, Florida Statutes, the Florida Legislature has granted this Commission limited authority over CMRS providers for those matters specifically authorized by federal law.

² In the matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Order FCC 97-157, Released May 8, 1997.

Therefore, pursuant to §214(e)(2) of the Telecommunications Act of 1996, which authorizes states to designate ETC carriers, this Commission has jurisdiction over CMRS providers for the purpose of considering ETC petitions.

TracFone determined that this Commission would be an appropriate forum to petition for ETC designation in Florida. On September 6, 2007, TracFone filed an application with this Commission for designation as an ETC for the limited purpose of offering Lifeline service to qualified Florida consumers. TracFone is not seeking high-cost funds from the USF and is requesting designation strictly for the purpose of providing Lifeline in the State of Florida.

On April 1, 2008, TracFone filed an Ex Parte Presentation at the FCC, addressing the E911 funding requirements. TracFone stated it had become aware of the concern regarding E911 by some of the FCC Commissioners. Additional concerns were raised in comments regarding TracFone's ETC petition filed with the FCC for designation in Pennsylvania. TracFone is still actively working with Pennsylvania and other states to be sure it is compliant with all 911 requirements.

The FCC addressed TracFone's petition for ETC designation in several states on April 10, 2008. The FCC designated TracFone as an ETC in all states for which it had requested designation, except for Florida. The FCC recognized this Commission's authority by stating, "Due to the Florida Public Service Commission's assertion of jurisdiction over wireless ETC designations, we dismiss without prejudice TracFone's petition for designation as an eligible telecommunications carrier in Florida."

TracFone's FCC-approved compliance plan requires the following:

- Certification from each PSAP where TracFone provides Lifeline service, confirming that TracFone provides its customers with access to basic and E911 service;
- E911 compliant handsets must be provided to TracFone's new customers and TracFone must replace any non-compliant handsets for its existing customers at no charge;
- Self-certification of TracFone customers under penalty of perjury once service has been activated and also annual certification that the customer is the head of household and is only receiving a Lifeline discount from TracFone;
- Tracking of Lifeline customer's primary residential address and certification that there is only one customer receiving Lifeline at each residential address; and
- TracFone must deal directly with its customers to certify and verify Lifeline eligibility.

The FCC agreed that this Commission is the appropriate jurisdiction to grant ETC status to TracFone by stating in FCC Order 08-100, "Should the Florida Public Service Commission consider granting a petition by TracFone for designation as a limited ETC in Florida, we would encourage it to require TracFone to adhere to the compliance plan we approve herein."

TracFone received support for its ETC petition to the FCC from former Florida Governor Jeb Bush while he was still in office. On November 9, 2004, Governor Bush sent a letter to former FCC Chairman Powell, on behalf of the citizens for Florida and stated that he “strongly encourages the Commission [FCC] to grant TracFone’s petitions at the earliest opportunity.” Governor Bush went on to mention that TracFone could significantly increase the level of Florida consumers’ participation in Lifeline and TracFone’s Lifeline service would bring to Florida consumers the convenience, flexibility and security of wireless service. Governor Bush expressed that the benefit of having a wireless carrier designated as an ETC would only mean more choices for Florida consumers. Florida Senator Bill Nelson sent a letter dated October 24, 2007, to Chairman Martin of the FCC noting that TracFone’s petitions were pending before the FCC for approximately three years without action, and requested that the FCC provide an update on the status of TracFone’s petition for designation as an ETC.

TracFone demonstrated its ability to provide service when it was designated as an ETC to provide temporary Lifeline support after Hurricane Katrina. On October 14, 2005, the FCC released the Hurricane Katrina Order,³ where the FCC made available \$211 million of targeted support from the Universal Service Fund (USF) for reconstruction and remediation relating to the restoration of telecommunications services in Alabama, Louisiana, and Mississippi.⁴ On November 16, 2005, the FCC granted TracFone’s petition for designation as a temporary ETC for the purpose of providing assistance to the victims of Hurricane Katrina. To ensure that it was indeed the victims of Hurricane Katrina that received the necessary assistance, any person approved for individual housing assistance by FEMA was provided with a handset that had 300 minutes of airtime, not to exceed an amount of \$130 per household,⁵ from November 2005 to March 1, 2006. Within months, TracFone enrolled nearly 30,000 hurricane victims into the Lifeline program.⁶ TracFone used marketing techniques similar to what it has proposed in Florida.

The Public Utility Research Center (PURC) issued a report on Lifeline April 4, 2008, regarding low-income households in Florida and their telecommunications preferences. PURC presented its report to this Commission at the May 20, 2008 Internal Affairs meeting. The report notes that Lifeline was established by the FCC due to the belief that low-income households find that landline local telephone service is essential for their social and economic livelihoods, and that a Lifeline discount was necessary to make the service more affordable. In 2005, about 90 percent of low-income households in Florida subscribed to a landline telephone service, while only 13 percent of the households eligible for the Lifeline discount were using the discount. Further, approximately half of the low-income households were purchasing cellular telephone service.

³ Federal-State Board on Universal Service, CC Docket No. 96-45, Order FCC 05-178.

⁴ FCC Order No. 05-178, CC Docket No. 96-45, CC Docket No. 02-6, WC Docket No. 02-60, WC Docket No. 03-109 p. 2

⁵ FCC Order No. 05-178, CC Docket No. 96-45, CC Docket No. 02-6, WC Docket No. 02-60, WC Docket No. 03-109 pp. 6-7

⁶ TracFone Application for designation as an ETC p. 13

The PURC report contains information obtained during surveys of low-income households and consumers using the following: 1) a survey of customers via landline telephone 2) a survey of customers via cellular telephone, and 3) an intercept survey, (i.e., an in-person interview) of individuals leaving two different DCF locations. In comparing the results from the three types of surveys, PURC found that cellular phones are becoming more popular and essential in low-income households. The report states that penetration of prepaid cellular phones has about doubled for low-income households in the past three years and that preference may suggest that Lifeline discounts might be beneficial to low-income households if applied to prepaid cellular phones. PURC noted that the primary motivation for using prepaid cellular, was the ability to control phone costs. It was found that lower-income households change residences more frequently than higher-income households, and that a cellular phone might be more suitable for many low-income households.

On May 1, 2008, the FCC issued Order 08-122, addressing the cap on high-cost universal service funds. In that order, the FCC stated “there are advantages to obtaining and maintaining an ETC designation regardless of whether a competitive ETC receives high-cost support.” The order also mentions TracFone’s forbearance from Section 214(e)(1) of the Act so that it could seek designation as an ETC eligible only to receive universal service Lifeline support and that TracFone took this step because “offering prepaid plans which make wireless service available to low-income users...has been a critical component of TracFone’s business strategy since the company’s inception.” In addition to TracFone, other wireless carrier’s may implement a similar business strategy and by offering Lifeline and Link-Up services, a competitive ETC may attract new subscribers that may not otherwise have taken telephone service.

Later in the order, the FCC states, “In April 2007, the Florida Public Service Commission found that, due to a change in Florida state law, it “now ha[s] jurisdiction to consider CMRS applications for ETC designation.”” The Georgia Public Service Commission found in October 2007, that it has the authority to designate wireless carriers as ETCs. Further, the U.S. Virgin Islands in February 2008, granted its Public Services Commission the authority to grant requests for ETC designation by wireless carriers. In light of these developments, and because §214(e)(2) of the Act gives state commissions the primary responsibility for performing ETC designations, we dismiss without prejudice the petitions filed by SouthernLINC seeking designation as an ETC in Florida and Georgia and the petition filed by Choice seeking designation as an ETC in the U.S. Virgin Islands (the Dismissed Petitions). SouthernLINC may re-file its petitions with the Florida Public Service Commission and the Georgia Public Service Commission, respectively, and Choice may re-file its petition with the U.S. Virgin Islands Public Services Commission.

The Center for Disease Control issued results of a survey taken July-December of 2007, by the National Health Interview Survey (NHIS). This survey showed that nearly one out of every six households (15.8%) did not have a landline telephone, but did have at least one wireless telephone. The survey also found that low-income people are likelier than the more affluent to have only cell phones.

We have jurisdiction pursuant to §214(e)(2) of the Telecommunications Act of 1996, Sections 364.10(2) and 364.11, Florida Statutes, to address a petition by a CMRS provider seeking designation as an ETC.

II. Analysis

Under FCC rules, the state commissions have the primary responsibility to designate providers as ETCs.⁷ Designation as an ETC is required in order for a provider to be eligible to receive monies from the federal Universal Service Fund (USF). Section 254(e) of the Act provides that “only an eligible telecommunications carrier designated under Section 214(e) shall be eligible to receive specific federal universal service support.”⁸ According to Section 214(e)(1), a common carrier designated as an ETC must offer and advertise the services supported by the federal Universal Service mechanisms throughout a designated service area.

ETC Certification Requirements

The Code of Federal Regulations addresses a state commission’s responsibilities related to an ETC designation:⁹

Upon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission, so long as each additional requesting carrier meets the requirements of paragraph (d) of this section. Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the state commission shall find that the designation is in the public interest.

To qualify as an ETC, a carrier must provide nine services identified in 47 CFR 54.101. The services are:

- (1) Voice grade access to the public switched network “Voice grade access” is defined as a functionality that enables a user of telecommunications services to transmit voice communications, including signaling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal indicating there is an incoming call. For the purposes of this part, bandwidth for voice grade access should be, at a minimum, 300 to 3,000 Hertz – TracFone states that it complies with this requirement by enabling customers to transmit voice communications, including signaling to the network that a caller wishes to place a call, and enabling customers to receive voice communications, including receiving a signal indicating there is an incoming call;

⁷ 47 U.S.C. § 214(e)(2), 47 C.F.R. § 54.201(b).

⁸ 47 U.S.C. § 254(e)(2).

⁹ 47 C.F.R. § 54.201(c)

- (2) Local Usage “Local usage” means an amount of minutes of use of exchange service, prescribed by the Commission, provided free of charge to end users – Customers can send and receive local calls wherever TracFone provides service. TracFone includes local usage in all of its calling plans, including those that will be available for Lifeline discounts. While the FCC has not mandated minimum local usage requirements, TracFone states it will comply with any applicable requirements that may be established;
- (3) Dual tone multi-frequency signaling or its functional equivalent “Dual tone multi-Frequency” (DTMF) is a method of signaling that facilitates the transportation of signaling through the network, shortening call set-up time – All handsets provided by TracFone are DTMF-capable;
- (4) Single-party service or its functional equivalent “Single-party service” is telecommunications service that permits users to have exclusive use of a wireline subscriber loop or access line for each call placed, or, in the case of wireless telecommunications carriers, which use spectrum shared among users to provide service, a dedicated message path for the length of a user’s particular transmission – TracFone provides customers with single-party access for the duration of every call, and it does not provide “multi-party” or “party-line” services;
- (5) Access to emergency services “Access to emergency services” includes access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code “911,” to call emergency services through a Public Service Access Point (PSAP) operated by the local government. “Enhanced 911” is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party. “Access to emergency services” includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier’s service area has implemented 911 or enhanced 911 systems – TracFone provides access to the 911 system for its customers through its underlying carriers. TracFone has implemented and will continue to implement E911 services, consistent with the rules and orders when services are made available by the carriers from whom TracFone purchases service¹⁰;
- (6) Access to operator services “Access to operator services” is defined as access to any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a telephone call - TracFone customers have access to operator services;
- (7) Access to interexchange service “Access to interexchange service” is defined as the use of the loop, as well as that portion of the switch that is paid for by the end user, or the functional equivalent of these network elements in the case of a wireless carrier,

¹⁰ TracFone’s designation as an ETC in Florida to provide Lifeline service should be conditional on TracFone’s ability to certify with each PSAP in Florida.

necessary to access an interexchange carrier's network – TracFone customers are able to complete toll calls and are not charged separately for interexchange calls. Long distance calling is included in TracFone's service, with no additional charge to the customer;

- (8) Access to directory assistance "Access to directory assistance" is defined as access to a service that includes, but is not limited to, making available to customers, upon request, information contained in directory listings – TracFone customers have access to directory assistance provided through any of the vendors being used by TracFone; and
- (9) Toll limitation for qualifying low-income consumers Toll limitation or blocking restricts all direct dial toll access – There will be no toll limitation because TracFone is a prepaid service, so there will be no disconnect for non-payment.

Additional ETC Certification Requirements

In addition to requiring the above services, the FCC, on March 17, 2005, issued a Report and Order that established additional criteria that all ETC applicants must satisfy in order to be granted ETC status by the FCC. In this Order, the FCC determined that an ETC applicant must also demonstrate:

- 1) a commitment and ability to provide the supported services throughout the designated area;¹¹
- 2) the ability to remain functional in emergency situations;¹²
- 3) ability to satisfy consumer protection and service quality standards;
- 4) provision of local usage comparable to that offered by the incumbent LEC;¹³ and
- 5) an acknowledgement that the applicant may be required by the FCC to provide equal access if all other ETCs in the designated service area relinquish their designations pursuant to Section 214(e)(4) of the Act.¹⁴

The FCC encouraged states to also adopt these criteria, and we have done so in Docket No. 010977-TL, by Order No. PSC-05-0824-TL, issued August 15, 2005.

We have reviewed TracFone's petition for designation as an ETC in Florida, as well as additional documents filed with this Commission and with the FCC. We have verified that TracFone has complied with the above requirements to be eligible as an ETC in Florida and TracFone has demonstrated its ability to provide the nine services identified in 47 CFR 54.101.

TracFone has provided a plan to advertise the services supported by the Federal Universal Service mechanisms throughout the area where designated, as required in Section 214(e)(1), which requires ETCs to offer and advertise. TracFone provided an initial plan outlining their combined Mass and Grass roots media advertising. TracFone will use retail

¹¹ TracFone ETC Application pp. 21-22

¹² TracFone responses to Staff's 2nd data request, p. 13

¹³ TracFone ETC Application p. 8 and Responses to Staff's 1st data request, pp. 8-9

¹⁴ TracFone ETC Application pp. 16-17

outlets and other methods for Lifeline advertising and for customers to purchase its prepaid cards. As a safeguard to prevent more than one Lifeline-supported service per household, customers will not be able to receive Lifeline certification through a retail provider. Customers will have to contact TracFone directly to self-certify for Lifeline. Customers must self-certify, under penalty of perjury, that they qualify for Lifeline service either by being a participant of one of Florida's eligible programs such as Medicaid or Food Stamps. Customers may also be eligible for a Lifeline discount because they are within the relevant threshold of income level. TracFone has already advertised its Lifeline program when it was previously designated temporary ETC status after Hurricane Katrina.

TracFone has over nine million customers nationwide and is the leading provider of prepaid wireless service in the United States. TracFone is priced the same in all of its service locations. TracFone has been providing CMRS to the State of Florida for over ten years. TracFone's Lifeline offerings will differ from other landline Lifeline offerings in more than one way as described below.

TracFone offers customers the convenience of a wireless mobile phone, and can offer limited quantities of usage at no cost to qualifying consumers. This offers Florida consumers a pay-as-you-go plan with no credit checks, term contracts, or volume commitments. Consumers can purchase just what they deem necessary for their personal use for a reasonable price. Most Lifeline offerings provide discounts below the standard rates and participating customers pay the difference in the standard rate and the discounted rate. TracFone will credit each qualified Lifeline participant with a quantity of airtime at the beginning of each month automatically. If the customer uses all of the free Lifeline airtime, the account will remain active and an opportunity provided to purchase additional airtime. The customer can also choose to wait until the next month when free airtime is again provided. Customers will always be able to contact 911 from their wireless handset, regardless of whether they have depleted their free Lifetime minutes or additional airtime.

TracFone offers prepaid cards to its customers with different time amounts and Lifeline customers are able to purchase whichever card they choose. The lowest priced prepaid card is currently \$18.99 for 70 minutes, and those 70 minutes are available for 60 days. Customers who are not on the Lifeline program must purchase additional minutes after they have utilized all minutes available, and/or purchase another card before the 60 day time-frame has expired. However, Lifeline customers will be automatically credited with airtime each month with no expiration period.

The TracFone plan includes long-distance calling to more than 60 countries at no additional charge. There are no toll charges on TracFone's plan. The "Pay-As-You-Go" wireless plan will provide qualifying Lifeline customers with access to the network for one year. Each Lifeline customer will receive 68 minutes of free airtime each month. TracFone's original petition stated that customers would receive 50 minutes of free airtime each month, consistent with the federally subsidized discount of \$10.00 per month, per customer. However, due to the requirements in Florida that ETCs provide an additional \$3.50 discount, TracFone made the necessary adjustments and came to the 68 minutes free per month, per Lifeline customer. Based on a rate of \$0.20 per minute, \$10.00 would provide 50 minutes of service for the customer. The

additional \$3.50, calculates approximately an additional 18 minutes, totaling 68 free minutes a month. The cost to the consumer for these 68 minutes would be completely subsidized by the Lifeline support from the USF and TracFone's contribution of \$3.50 a month.

In an effort to make the prepaid cards more affordable for Lifeline customers, TracFone will begin offering \$2.00, \$5.00 and \$10.00 cards that are strictly for use by those customers that are certified as Lifeline customers. There will be no expiration on these prepaid cards and customers will receive a \$0.20 a minute rate. The \$2.00, \$5.00 and \$10.00 cards will not be available in all locations where TracFone service is sold, only certain locations in Florida, such as Dollar General, Family Dollar, Walgreens, CVS and Publix. TracFone believes that pharmacies and grocery stores are primary locations for sales of low volume cards. Lifeline customers will be notified of the locations where they can purchase the cards in "welcome packages" that will be sent to newly-enrolled Lifeline customers by TracFone. The locations will also be listed on the TracFone website (www.TracFone.com) with geographic listings as well. The \$2.00, \$5.00 and \$10.00 cards, will be clearly marked strictly for use by customers receiving Lifeline. These cards will have no expiration date and will carry over to the next month if not utilized, like any unused Lifeline airtime.

For the first year a customer is certified as a Lifeline customer with TracFone, they will be eligible to receive one free handset, either refurbished or new, based on availability. TracFone handsets may have such features as caller ID, voicemail and call forwarding, depending on the handset model. Refurbished handsets will be given out first, however if there are no refurbished handsets available at the time a customer becomes eligible, TracFone will provide a new handset at no charge to the consumer. In accordance with the FCC compliance plan, TracFone handsets will be E911 compliant, and if a former customer becomes eligible for Lifeline and has a handset that is not E911 compliant, TracFone will replace that handset at no additional charge to the customer.

Once a customer has received its handset, the customer will receive 68 minutes of free airtime each month. It will be the responsibility of the customer to understand how TracFone works and that they need to have their handset on and charged on the first day of every month to receive those minutes to their phone. Once a customer has exceeded the first free 68 minutes, that handset will still have all 911 and E911 capabilities for the remainder of the month, but the customer also has the option to purchase additional minutes. For customers who do not use all 68 free minutes, or additional minutes they may have purchased, those minutes will carry-over to the next month, and that customer will still receive an additional 68 free minutes at the beginning of the next month. If for some reason the customer does not have their handset charged and ready on that day, when they do turn on their phone, the minutes will be credited.

To comply with the requirement of Transitional Lifeline¹⁵, TracFone will offer customers who are no longer eligible for Lifeline, a 30 percent discount on any prepaid card for a 12-month period following ineligibility. As an example, if a Transitional Lifeline customer purchases a TracFone prepaid card containing 100 minutes, they will be credited 143 minutes when the card is activated (100 minutes divided by .7). Customers will also be able to purchase the \$2.00, \$5.00, and \$10.00 prepaid cards for an additional year. There will be no expiration date on this airtime, however once the customer reaches the end of the Transitional Lifeline 12-month timeframe and has utilized all airtime, they will have to purchase additional prepaid cards, just as other customers who are not on the Lifeline program.

TracFone will be working directly with the Florida Department of Children and Families (DCF) and this Commission to provide for automatic enrollment. TracFone has specially trained Lifeline staff available that are Spanish-speaking to better assist customers. The TracFone customer can get certified for Lifeline through DCF, this Commission, or by contacting TracFone directly. TracFone will have a location on its website where customers can learn more about Lifeline and receive the information necessary to certify through the website as well.

III. Decision

TracFone states it is able to provide all services and functionalities supported by the universal service program, detailed in C.F.R. Section 54.101(a). TracFone understands all ETC requirements of the FCC and this Commission and has agreed to abide by all Florida Statutes and Rules. TracFone also understands that this Commission has the authority to both grant and revoke ETC designation if TracFone is non-compliant.

TracFone's Lifeline Offering Provides:

- 1) A free E911 handset to Lifeline eligible consumers.
- 2) 68 free minutes of airtime per month.
- 3) \$2.00, \$5.00, and \$10.00 prepaid cards to Lifeline customers with airtime which rolls-over month-to-month.
- 4) Once Lifeline customers are determined to be ineligible, they are provided a 30% discount by receiving additional minutes on any TracFone prepaid card for a period of 12 months, during the Transitional Lifeline period.

¹⁵ Transitional Lifeline requires that each local exchange telecommunications company shall offer discounted residential basic local telecommunications service at 70 percent of the residential local telecommunications service rate for any Lifeline subscriber who no longer qualifies for Lifeline. A Lifeline subscriber who requests such service shall receive the discounted price for a period of one year after the date the subscriber ceases to be qualified for Lifeline. In no event, shall this preclude the offering of any other discounted services which comply with Sections 364.08, 364.09, and 364.10 Florida Statutes, per 364.105 Florida Statutes.

Therefore, we hereby grant TracFone limited ETC status in Florida to provide Lifeline services only. Tracfone's ETC designation shall be contingent on TracFone providing the following:

- Certification from every PSAP in Florida, confirming that TracFone provides its customers with access to basic and E911 service;
- E911 compliant handsets should be provided to TracFone's new customers and TracFone should replace any non-compliant handsets for its existing customers at no charge;
- Self-certification of TracFone customers under penalty of perjury once service has been activated and also annual certification that the customer is the head of household and is only receiving Lifeline discounts from TracFone;
- Tracking of Lifeline customer's primary residential address and certification that there is only one customer receiving Lifeline at each residential address; and

TracFone should deal directly with its customers who do not utilize the Lifeline Automatic Enrollment function, to certify and verify Lifeline eligibility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that TracFone Wireless, Inc.'s Application for Eligible Telecommunications Status is hereby granted as set forth in the body of this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 23rd day of June, 2008.



ANN COLE
Commission Clerk

(S E A L)

AJT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 14, 2008. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.