

**TracFone Wireless, Inc. - Docket No. 0705 86-TP  
Responses to Staff's First Data Request**

1. In how many states has TracFone received ETC status? (Please list by date, indicating state and docket number.) In how many states has TracFone received ETC status in rural areas? (Please list by date, indicating state and docket number.)

Response

TracFone does not yet have ETC status in any state. TracFone has petitioned the Federal Communications Commission ("FCC") in CC Docket No. 96-45 for designation as an ETC in the following states: New York (filed June 8, 2004); Florida and Virginia (filed July 21, 2004); Alabama, Connecticut, Massachusetts, North Carolina, and Tennessee (filed November 9, 2004). On October 29, 2007, TracFone filed an application for designation as an ETC in the State of Georgia with the Georgia Public Service Commission (Docket No. 26282). All listed petitions remain pending.

2. How many customers does TracFone have in the State of Florida?

Response

[REDACTED]

3. In the last twelve (12) months, have any complaints been filed with the Federal Communications Commission (FCC) regarding TracFone's service in Florida? If so, how many?

Response

[REDACTED]

- CMP 1
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR 4.
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- RCA Response
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

4. In the last twelve (12) months, have any complaints been filed with the FCC regarding TracFone's service in other states where TracFone has been designated as an ETC? If so, how many?

TracFone has not been designated as an ETC in any state.

5. Pursuant to Order No. PSC-98-0328-FOF-TP, issued February 24, 1998, all ETCs in Florida must contribute \$3.50 per month per Lifeline customer, for a total credit of \$13.50 to each Lifeline customer? If granted ETC status, will TracFone comply with this order by providing the appropriate contribution(s)?

**Response**

TracFone will comply with all applicable Lifeline rules if granted ETC status in Florida, including the requirement that it contribute \$3.50 per month per Lifeline customer. See Response to Data Request No. 18.

6. Explain how TracFone identifies the location of its mobile wireless customers for universal service purposes?

**Response**

TracFone identifies the location of its customers based on each customer's residential address, including Zip Code.

7. What is the average monthly customer's expenditure for a TracFone customer in Florida?

**Response**

[REDACTED]

8. Does TracFone understand that there may be an audit of the use of universal service funds and that the eligible telecommunications service designation is reviewed annually by state commission?

**Response**

Yes. TracFone understands there may be an audit of its use of universal service funds and that the Florida Public Service Commission ("Florida Commission") will review its ETC status annually.

9. Is TracFone aware that Florida Lifeline customers who no longer qualify for Lifeline are allowed to receive a discounted rate at 70% of the residential basic rate for a period of one year? Will TracFone abide by this directive?

### **Response**

TracFone is aware that Section 364.105 of the Florida Statutes requires each local exchange telecommunications company to 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. However, TracFone is not a "local exchange telecommunications company" under Florida law. Florida Statutes, § 364.02(8) defines "local exchange telecommunications company" as "any company certificated by the commission to provide local exchange telecommunications service in [Florida] on or before June 30, 1995." TracFone is not such a company. Moreover, a "telecommunications company" does not include a commercial radio service provider. Florida Statutes, § 364.02 (14)(c). TracFone will comply with all laws related to Lifeline service that apply to ETCs, including Section 364.10 of the Florida Statutes, which sets forth Lifeline service requirements for ETCs.

- 10. Is TracFone seeking ETC designation in any areas that are considered part of tribal lands? If yes, please describe each area and indicate whether a copy of its petition was sent to the affected tribal government.**

### **Response**

TracFone is seeking ETC designation throughout the State of Florida, including areas considered part of tribal lands. There are two tribal entities that exist in Florida: Miccosukee Tribe of Indians of Florida and Seminole Tribe of Florida (comprised of five reservations - Dania, Big Cypress, Brighton, Hollywood, and Tampa). TracFone has sent a copy of its ETC application to the tribal governments of each of these entities.

- 11. Please provide the link (URL) to the TracFone website which describes TracFone's Lifeline/Link-up program.**

### **Response**

TracFone currently does not offer Lifeline service because it has not yet been designated as an ETC in any state. However, when TracFone commences its Lifeline service it will include a description of its Lifeline service on its website ([www.tracfone.com](http://www.tracfone.com)).

- 12. On July 21, 2004, TracFone filed a petition with the FCC requesting ETC status in Florida.**
- a. What is the present status of this FCC petition?**
  - b. Is the FCC aware that TracFone has filed a like-petition with the Florida Public Service Commission?**

## Response

TracFone's Petition for Designation as an Eligible Telecommunications Carrier in the State of Florida filed with the FCC remains pending. TracFone has not submitted formal notification to the FCC that it has filed an ETC application with the Florida Commission. However, it has informally advised FCC officials of its ETC filing with the Florida Commission.

13. **On page seven of the petition, "TracFone also commits to providing E911-Compliant handsets to all new Lifeline customers." Please describe an E911-Compliant handset and its purpose.**

## Response

As explained in TracFone's application, on June 8, 2004, TracFone filed with the FCC a petition requesting the FCC to exercise its forbearance authority under Section 10 of the Communications Act (47 U.S.C. § 160) with respect to the facilities-based service requirement for ETCs. The FCC granted the petition for forbearance in an Order dated September 8, 2005. The FCC's grant of forbearance was subject to several conditions including that TracFone provide its new Lifeline customers with E911 compliant handsets and replace any existing customers' non-compliant handsets at no additional charge. See Petition of TracFone Wireless, Inc. for Forbearance from 47 USC § 214(e)(1)(A) and 47 CFR § 54.201(i), 20 FCC Rcd 15095, ¶ ----6 (2005) ("TracFone Forbearance Order"). The TracFone Forbearance Order is attached to TracFone's ETC application as Exhibit 2.

As a reseller, TracFone relies on the facilities of its underlying carriers. Some underlying carriers provide E911 technology solely through their networks; no particular type of handset is needed for an end user to receive E911 service. Other underlying carriers require handsets to include E911 technology to enable an end user to receive E911 service. An E911-compliant handset is a handset that complies with the requirements of Section 20.18(m) of the FCC's Rules (47 C.F.R. § 20.18(m)). A TracFone end user only needs an E911-compliant handset when the underlying carrier providing service requires such a handset for the end user to receive E911 service. The purpose of an E911-compliant handset is to ensure that 911 calls placed from the handset will identify the location of the caller to the appropriate Public Safety Answering Point ("PSAP"). Under Section 20.18(m), wireless resellers, such as TracFone, have an obligation, independent of the underlying licensee, to provide access to basic and enhanced 911 services to the extent that the underlying facilities-based licensee has deployed the facilities necessary to deliver E911 information to the appropriate PSAP. Section 20.18(m) further provides that resellers have an independent obligation to ensure that all handsets or other devices offered to their customers for voice communications are location-capable (*i.e.*, capable of transmitting enhanced 911 information to the appropriate PSAP). Although these obligations only apply to new handsets sold after December 31, 2006, TracFone, in accordance with the conditions for forbearance established by the FCC, will meet the requirements of section 20.18(m) for all of its Lifeline customers who require an E911-compliant handset to receive E911 service as of the date it commences Lifeline service.

14. **On pages nine and ten of the petition, TracFone states that it “has implemented and will continue to implement enhanced 911 (E911) services consistent with the FCC’s Rules and orders when such services are made available by the carriers from whom TracFone purchases services.” Please provide a coverage map of Florida where TracFone customers have access to enhanced 911 service.**

**Response**

TracFone provides telecommunications service throughout the State of Florida. Maps indicating the status of the availability of Phase I and Phase II E911 service (as defined in 47 C.F.R. § 20.18) are attached as Attachment 1. The coverage maps indicate areas in which Phase I and Phase II E911 services are available. If a TracFone customer is located in an area marked “complete”, as indicated on the maps, the customer has E911 service.

15. **On page two of the petition, the following statement is made: “In Florida, TracFone obtains service from the following underlying carriers: Alltel; AT&T Mobility; T-Mobile, US Cellular; and Verizon Wireless.” Please provide evidence of these arrangements, such as interconnection agreements, for all underlying carriers used by TracFone.**

**Response**

TracFone has agreements with all of its underlying carriers. Copies of the cover page and signature page of each agreement are attached as Attachment 2. Due to the confidential nature of these agreements, TracFone is unable to disclose the entire contents of the agreements without obtaining consent from the other parties to the agreements. These agreements are wholesale agreements negotiated at arm’s length between TracFone and each underlying vendor based on market considerations. They are not “interconnection agreements” and are not subject to any provision of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, or any other federal or state statute.

16. **Please provide a comparison of the cost of TracFone Lifeline service, assuming a monthly local use of 1,200 minutes, with the cost of obtaining lifeline service from the local incumbent. Please describe the average monthly minutes of use by TracFone customers in Florida.**

**Response**

The local incumbent’s Lifeline service is not comparable to TracFone’s proposed Lifeline service. TracFone’s target market for Lifeline service includes individuals who desire mobile telephone service, but only need a limited number of minutes of use each month. If an individual desires a discounted Lifeline rate for 1,200 minutes of local wireline usage per month, that individual likely would not choose TracFone’s Lifeline service and may avail itself of Lifeline offerings of wireline local exchange carriers. [REDACTED]

TracFone offers individuals in Florida a competitive alternative to services offered by the incumbent wireline local exchange telecommunications carrier. TracFone, as a reseller that provides wireless service throughout Florida, offers its customers larger calling areas, no additional charges for toll calling, the convenience, portability and security of mobile telephone service, and the opportunity to control costs by receiving free service for a specified number of minutes per month and then having the option of supplementing the already-provided usage on an as-needed basis. TracFone also offers E911 service in accordance with the FCC's E-911 requirements and includes toll calling within its Lifeline calling plans, thereby enabling customers to choose how they wish to use their minutes of service.

17. **TracFone is required to advertise the availability of its Lifeline services and the associated charges using media of general distribution, in accordance with the requirements of Section 54.201(d)(2) of the FCC's Rules. For the states where TracFone has received ETC status, please provide examples of the advertising effort for your Lifeline service.**

#### **Response**

TracFone currently does not advertise the availability of Lifeline service because it has not yet been designated as an ETC for any state and therefore does not yet offer Lifeline service. However, on November 16, 2005, the FCC granted TracFone's petition for designation as a temporary ETC for the purpose of providing Hurricane Katrina Lifeline assistance. See Public Notice - The Wireline Competition Bureau Announces the Designation of a Temporary Eligible Telecommunications Carrier for the Purpose Of Providing the Hurricane Katrina Lifeline Assistance, WC Docket No. 03-109, DA 05-2976 (Nov. 16, 2005). In connection with its temporary ETC status, TracFone advertised the availability of its Lifeline services. Examples of TracFone's advertising efforts are provided on an enclosed computer diskette.

18. **On page twenty-one of the petition, TracFone claims that "Lifeline customers who enroll in this plan will receive 100 minutes of service per month at no charge. Since the standard rate for NET10 service is \$0.10 per minute, that will be \$10.00 of service per month free to the Lifeline customer. Lifeline customers will be entitled to purchase additional minutes at the standard NET 10 rate of \$0.10 per minute." If TracFone commits to provide \$13.50 in Lifeline funding (see page three), how is it reasonable to pass only \$10.00 in benefits along to a Lifeline customer?**

#### **Response**

When describing the Lifeline plans in its Florida application, TracFone inadvertently overlooked the impact of its contribution of \$3.50 per month per Lifeline customer. Therefore, TracFone revises the description of its plans in its Florida application as follows: TracFone Pay-As-You-Go Wireless plan will provide qualified customers with 68 minutes of service per month at no charge and NET10 Pay-As-You-Go Wireless plan will provide qualified customers with 135 minutes of service per month at no charge.

19. Please explain in detail the following TracFone assertion on page three: "Stated simply, TracFone's Lifeline service will be free!"

**Response**

TracFone's Lifeline plans will each provide customers with specified quantities of service per month at no charge to the customers. The TracFone Pay-As-You-Go Wireless plan, as revised above, will provide 68 minutes of service per month to Lifeline customers at no charge, and the NET10 Pay-As-You-Go Wireless plan will provide 135 minute of service per month at no charge to Lifeline customers. Customers are not charged for these quantities of usage. Under both plans, the customers may choose whether or not to purchase additional minutes beyond the number of minutes provided at no charge. Therefore, TracFone's Lifeline service, which provides a specified number of minutes per month, is free because customers will incur no charges for those quantities of service.

Moreover TracFone's Lifeline service plans, each of which will provide \$13.50 worth of monthly service, is comparable to the average amount that TracFone's non-Lifeline customer spend on service per month. [REDACTED]

[REDACTED] A customer that registers for one of TracFone's Lifeline plans would receive substantially the same value of services as that used by TracFone's average customer in Florida, but will incur no charge for that amount of usage.

20. What recurring and non-recurring costs will a new Lifeline customer incur from becoming a TracFone customer and over a year's period?

**Response**

The only non-recurring charge which any TracFone Lifeline customer will incur over a one year period, indeed over any period, will be the cost of the purchase of a handset. A Lifeline customer will be able to purchase a new TracFone handset for as little as \$15.00, depending on the vendor's retail price. However, Lifeline customers may also receive refurbished TracFone handsets at no charge, depending upon availability. There are no recurring costs for Lifeline customers that use the specified number of free minutes of service to which the customer is entitled under the TracFone Lifeline plans.

21. After stating that TracFone service is priced the same throughout Florida, on pages three and four of the petition, the following statement is made: "This is so despite the fact that TracFone's agreements with smaller, independent CMRS providers who serve rural areas require TracFone to incur substantially higher costs to serve those areas. In fact, in some markets, TracFone's cost per minute of service in rural areas is higher than the nationally uniform rates it charges its customers in those areas." Please detail the markets in Florida, specifically, where this is true.

## Response

The statement in TracFone's ETC application regarding higher per minute costs incurred by TracFone when it purchases service from smaller, independent CMRS providers no longer is applicable to TracFone service in Florida. As a result of consolidation in the CMRS industry, all TracFone service in Florida now is acquired by substantial carriers with national presences.

22. **On page eight of the petition, TracFone states that “The FCC has explained that an ETC applicant’s local usage plans should be reviewed on a case-by-case basis to ensure that each ETC provides a local usage component in its universal service offering that is comparable to the plan offered by the incumbent LEC in the area.” Please provide a showing that TracFone’s local usage plan is comparable to the plans offered by the incumbent LECs in Florida.**

## Response

Section 54.101(a)(2) of the FCC's Rules (47 C.F.R. § 54.101(a)(2)) defines “local usage” as the “amount of minutes of use of exchange service, prescribed by the [FCC], free of charge to end users.” The FCC's Rules also require an ETC applicant to demonstrate that it offers a local usage plan comparable to the one offered by the incumbent LEC in the service areas for which the applicant seeks designation. *See* 47 C.F.R. § 54.202(a)(4). The FCC has stated that an ETC applicant's local usage plans should be reviewed on a case-by-case basis to ensure that each ETC provides a local usage component in its universal service offering that is comparable to the plan offered by the incumbent LEC in the area. *See Federal-State Joint Board on Universal Service, Report and Order*, 20 FCC Rcd 6371, ¶ 33 (2005). However, when making this statement, the FCC also noted that it requires an ETC to provide local usage in order to receive universal service high-cost support.” *Id.* (emphasis added). TracFone is not seeking high-cost support. Therefore, TracFone is not required to offer a plan that is “comparable to the plan offered by the incumbent LEC” to gain ETC status. Moreover, the concept of local usage is not relevant in the context of a wireless service that does not distinguish between local and toll service.

In the event that the Florida Commission determines that a comparable local usage plan is required, TracFone asserts that it does provide a comparable plan. As mentioned by the FCC, a comparable plan may exist if the applicant proposes a local calling plan that offers a specified number of free minutes of service within the local service area. *See id.* ¶ 33. TracFone's Lifeline plans offer a specified number of free minutes which can be used for local or toll calling.

23. **On page eight of the petition, TracFone claims that “the FCC has not adopted any minimum local usage requirement.” What minimum local usage requirement should the Florida Commission use in adjudging ETC applications?**

## Response

TracFone does not advocate a particular minimum local usage requirement. However, TracFone believes that any local usage requirement should account for the type of service being offered. In TracFone's case, it offers minutes of service without distinguishing between local



and toll service. Therefore, when examining local usage offered by TracFone, the Florida Commission should recognize that all minutes of service per month could be used for local calls and that it is the customer's responsibility to determine how to use those minutes. In deciding whether or not to impose a minimum local usage requirement for the purpose of adjudging ETC applications, TracFone believes that the Commission should afford ETC applicants appropriate flexibility in designing their Lifeline programs, and that it should avoid a "one size fits all" approach for evaluating ETC applications, at least with respect to Lifeline offerings. There are differences between traditional wireline local exchange service on the one hand, and CMRS service on the other. Some Lifeline-eligible consumers will opt for wireline Lifeline services because they value unlimited calling within specified local calling areas; other Lifeline-eligible consumers may choose CMRS Lifeline offerings, such as that proposed by TracFone, because they perceive that their telecommunications needs will be better met by wireless plans which offer specified quantities of included usage, unlimited geographic calling areas and the convenience of mobile services. Those decisions should be made by consumers and the marketplace, not by regulatory fiat. In considering the need for a flexible approach to local calling areas, the Florida Commission should remain mindful of the fact that Floridians' participation in Lifeline has been very low. As noted in TracFone's ETC application, less than thirteen percent of qualified low income Florida households are enrolled in Lifeline. In seeking ETC designation, it is TracFone's hope and expectation that the availability of a wireless option will encourage many Floridians who qualify for Lifeline to elect to participate in the program.

**24. Please describe TracFone's vendor for directory assistance services. What is the charge for this service?**

**Response**

As a reseller, TracFone uses the directory assistance services provided by its underlying carriers. Although underlying carriers charge TracFone for directory assistance when TracFone's customers request such directory assistance, TracFone does not pass this charge through to its customers. When a TracFone customer calls directory assistance, the time spent seeking such assistance is treated like all other minutes of use. TracFone does not impose separate directory assistance charges even though it is assessed such charges by its underlying providers.

**25. The TracFone website shows the "Lifeline Value Plan," that automatically adds an additional 30 service days when you need it. It is stated that enrollment is free, and there is a charge of only \$4.95 when used. Please explain the \$4.95 charge.**

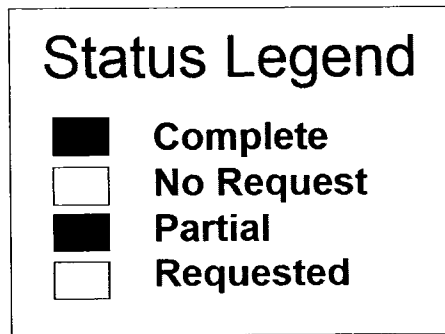
- a. Is this the universal service Lifeline plan?**
- b. If not, isn't this confusing to prospective universal service Lifeline customers?**

## **Response**

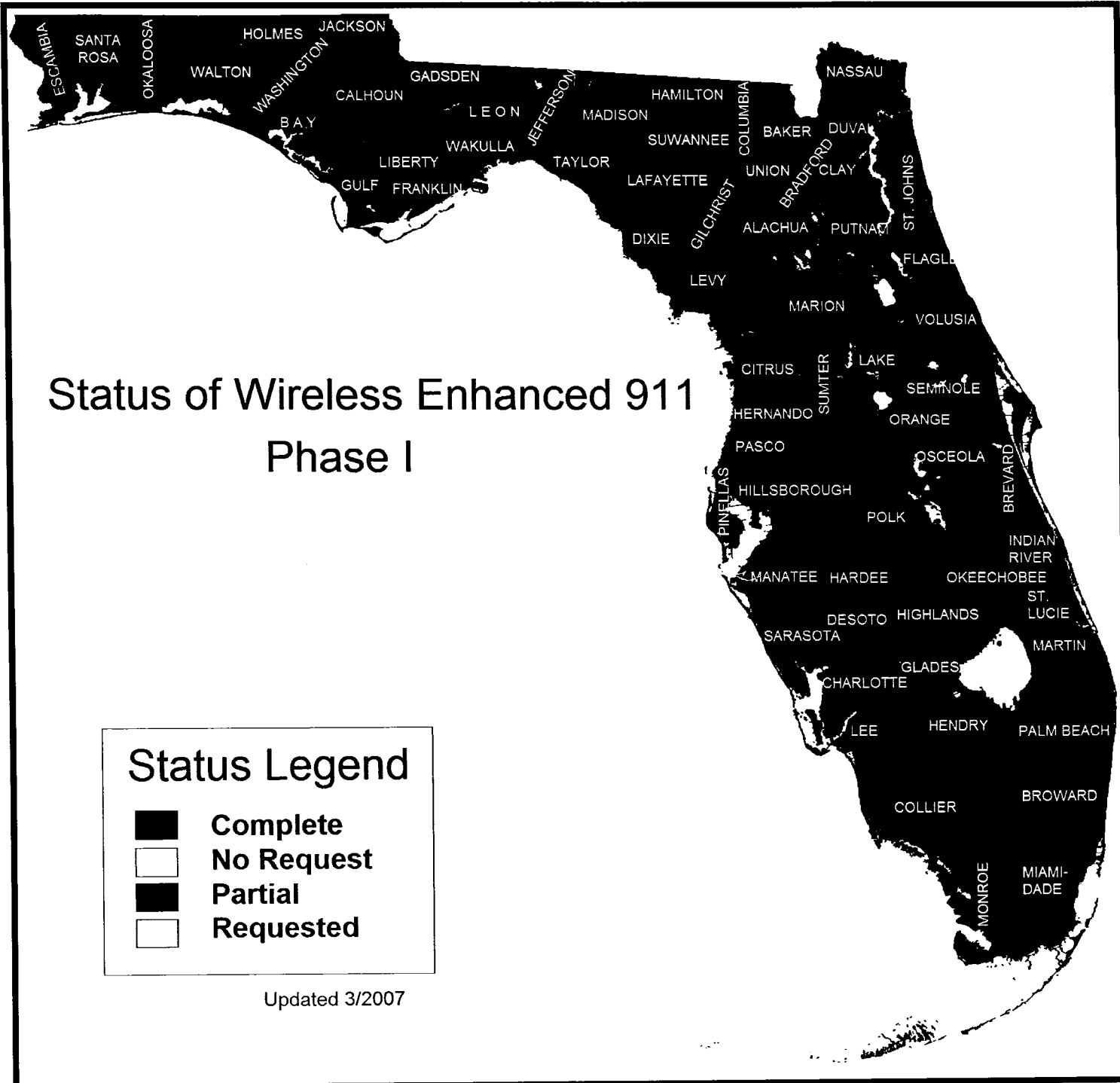
The “Lifeline Value Plan” is not a universal service Lifeline plan. It is a plan that allows customers to continue to receive service after their current period of service has expired. TracFone agrees that the name of the plan would be confusing to Lifeline customers. Therefore TracFone will change the name of the plan prior to offering a universal service Lifeline plan.

# Attachment 1

# Status of Wireless Enhanced 911 Phase I



Updated 3/2007

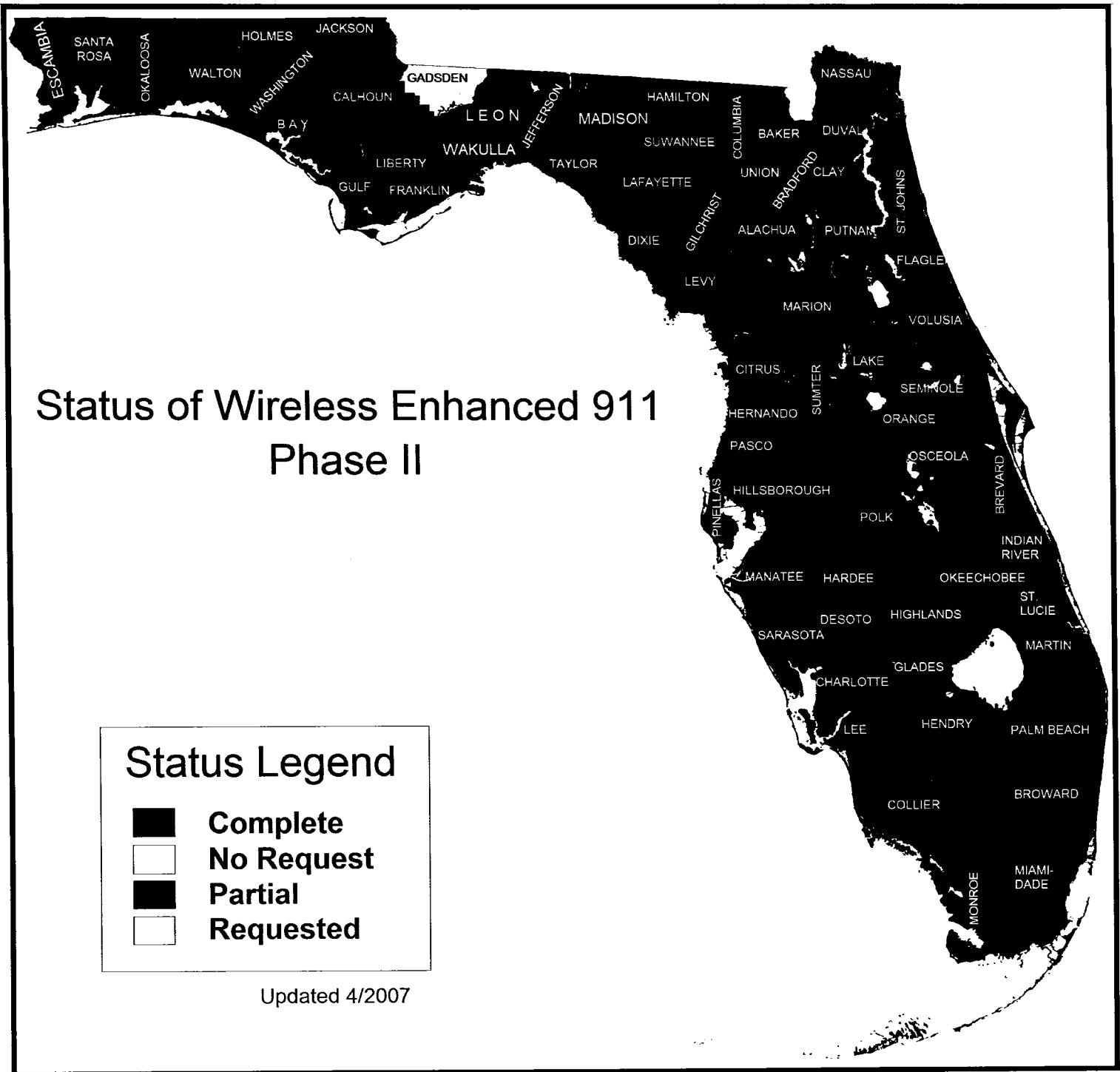


# Status of Wireless Enhanced 911 Phase II

**Status Legend**

■	Complete
□	No Request
■	Partial
□	Requested

Updated 4/2007



## Attachment 2

This Attachment  
contains  
proprietary and  
confidential  
information