

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1437

In the Matter of)
)
)
TRACFONE WIRELESS INC.,)
)
Application for Designation as an Eligible)
Telecommunications Carrier)
)
)
_____)

**RESPONSE TESTIMONY
OF THE
CITIZENS' UTILITY BOARD OF OREGON**

August 3, 2010



**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1437

In the Matter of)	
)	
TRACFONE WIRELESS INC.,)	RESPONSE TESTIMONY OF
)	THE CITIZENS' UTILITY BOARD
Application for Designation as an Eligible)	OF OREGON
Telecommunications Carrier)	
)	
_____)	

1 My name is Bob Jenks, and my qualifications are listed in CUB Exhibit 101.

2 **I. INTRODUCTION**

3 TracFone Wireless, Inc. (hereafter, "TracFone" or "the Company") has submitted an
4 Application to the Oregon Public Utility Commission ("Commission") seeking
5 certification to provide Lifeline services as an Eligible Telecommunications Carrier
6 (ETC) or Eligible Telecommunications Provider (ETP) under the brand of SafeLink
7 Wireless. While CUB strongly supports increasing the options available to low-income
8 customers who depend on Lifeline services, TracFone's Application should be denied
9 because it is inadequate in several fundamental ways. As CUB's testimony will show,
10 TracFone is offering a product that appears to provide less value to customers than the
11 already available, non-subsidized services. CUB uses the word "appears" before the
12 phrase "to offer" because TracFone has been uncooperative in the discovery process,

1 refusing to respond to many questions asked of it by both CUB and Oregon Public Utility
2 Commission Staff (“Staff”), questions which would have provided the information
3 necessary for CUB, Staff and the Commission to fully determine whether TracFone’s
4 offering is sound. Without the requested information CUB finds it necessary, at this
5 time, to respectfully recommend that the Commission deny TracFone’s Application
6 seeking certification to provide Lifeline services as an Eligible Telecommunications
7 Carrier (ETC) or Eligible Telecommunications Provider (ETP) under the brand of
8 SafeLink Wireless. Because of the lack of information noted above, CUB has asked its
9 attorney to file, simultaneously with this testimony, the “Citizens’ Utility Board of
10 Oregon’s Motion to Compel Tracfone to Respond to CUB’s Data Requests and for
11 Additional Time to Analyze and File Supplemental Testimony Related to Any Additional
12 Information Provided **Expedited Review Requested**” so as to permit CUB to
13 supplement its Response testimony three weeks after the date of the Commission’s ruling
14 and the provision of any additional information as a result of CUB’s Motion to Compel.

15 CUB’s testimony, as set forth below, will outline the importance of maintaining
16 viable Lifeline service, and CUB’s understanding of TracFone’s Application and
17 business model for Oregon. CUB will then outline the issues that are problematic with
18 the Application and detail the Company’s lack of cooperation in this docket. This
19 testimony concludes with CUB’s proposal for obtaining an adequate prepaid wireless
20 option for Lifeline service in Oregon.

1 **II. LIFELINE SERVICES ARE IMPORTANT**

2 **A. Universal Service Remains an Important Goal.**

3 Universal Service has been a guiding principle for regulation of phone service for
4 many decades. Because phones provide two-way voice communication, the value of an
5 individual phone is limited unless other people also have phones. As a goal, universal
6 service enhanced everyone's telephone service, because as penetration of telephone
7 serviced increased, each individual phone had the potential to reach more people.

8 When the Telecommunications Act of 1996 passed, it kept universal service as a
9 key principle for the regulation of telecommunications, but directed that implicit
10 subsidies be replaced by explicit subsidies. This created the modern structure of federal
11 Universal Service Programs with a series of subsidy programs for high cost areas and low
12 income customers.

13 **B. Wireless Service has the Potential to Expand Universal Service.**

14 Traditionally universal service was a concept that applied to landline phones.
15 However, this focus has led to a gap. Landline phones largely require stable housing
16 situations. A significant number of Oregon families have housing security problems,
17 which can often lead to temporary housing and more transient living arrangements. At
18 the same time, the expansion of wireless communications has led to a near elimination of
19 pay phones, leaving phoneless families in a difficult circumstance, with little access to
20 telecommunications.

21 Directing the "explicit" subsidies to the wireless market has the potential to break
22 down this barrier and allow low income households with housing security issues to have
23 the same access as other Oregonians to basic telephone service.

1 In addition, wireless phones are popular and convenient. Allowing Lifeline support
2 to be directed towards wireless permits low income households to choose the kind of
3 phone service that makes the most sense for them.

4 CUB supports the creation of subsidized wireless service in Oregon. CUB believes
5 that there are many Oregon families that could benefit from an appropriately run program
6 – but TracFone’s Application is not that program.

7 **III. TRACFONE’S APPLICATION AND BUSINESS MODEL IS**
8 **PROBLEMATIC**

9
10 This docket does not focus on the generic issue of whether Lifeline wireless carriers
11 would be in the public interest. This docket focuses on whether one particular wireless
12 Company’s Application to be an ETC – TracFone’s Application - is in the public
13 interest.

14 **A. CUB’s Understanding of TracFone’s Business Model for SafeLink**

15 TracFone’s intent is to recruit low-income customers, who qualify for discounted
16 phone service, to apply for its SafeLink wireless service - an eligible provider of Lifeline
17 phone service.¹ TracFone sends these customers a preactivated handset (phone).²
18 According to its testimony, after receiving the phone:

19
20 Each Oregon TracFone Lifeline customer will be provided with 68
21 minutes of use each month. Those minutes will be automatically added to
22 each customer's prepaid account balance each month. Unused minutes
23 will carryover from month-to-month so long as the customer remains
24 enrolled in the Lifeline program. In addition, Lifeline customers will be
25 allowed to purchase additional usage cards at a rate of \$0.20 per minute.
26 TracFone pledges that one hundred percent of the federal Lifeline support

¹ UM 1437/TracFone/1/Fuentes/12-13

² UM 1437/TracFone/1/Fuentes/3

1 it receives will be flowed through to Lifeline customers in the form of free
2 usage.³

3 TracFone covers the cost of the first 68 minutes preloaded on the phone by applying
4 to the Universal Service Fund (“USF”) for \$9.9 worth of support for that phone.⁴

5 Unfortunately, the details of TracFone’s business model may be inconsistent with its
6 description of the model. In their testimony, they pledge that “that one hundred percent
7 of the federal Lifeline support it receives will be flowed through to Lifeline customers in
8 the form of free usage.”⁵ But according to the customer terms and conditions found at
9 the SafeLink Website, each customer must have the phone charged and turned on during
10 the first few days of each calendar month. If the customer fails to do that the customer
11 can contact TracFone and self-activate their minutes, or contact TracFone and request
12 their minutes.⁶

13 If a customer goes two full calendar months without usage of the phone (usage
14 includes making or receiving a phone call or text message), then TracFone will deactivate
15 that phone and no longer receive support from the federal USF.⁷ The result of this
16 business model is that TracFone is guaranteed \$29.70 in USF for every new customer it
17 signs up. Each new customer will receive a phone with 68 minutes, which represents the
18 value associated with the first \$9.90 of USF.

³ UM 1437/TracFone/1/Fuentes/3

⁴ CUB Exhibit 102, Staff DR 5

⁵ UM 1437/TracFone/1/Fuentes/3

⁶ CUB Exhibit 103, TracFone customer terms and conditions from website

⁷ CUB Exhibit 104, Staff DR 19

1 **B. TracFone’s Lack of Due Diligence and Poor Customer Service**

2 The responses to a number of data requests from CUB and Staff indicate that
3 TracFone has done little due diligence for its Oregon business. CUB DR 5⁸ asks
4 TracFone to detail the number of customers the Company expects to add over the next 1-
5 5 years to its SafeLink wireless service. The Company’s response claims it does not have
6 any plans or projections for the number of customers it expects to add upon becoming an
7 eligible ETC provider in Oregon. CUB is skeptical that a company would make the
8 investment in a regulatory proceeding such as this without real business plans for how it
9 will operate, but clearly that is what TracFone is claiming. If this is indeed the case, it is a
10 strong indication that TracFone may not be adequately prepared to handle a significant
11 increase in its business in Oregon. For example, if the Company has no sales projections
12 for Oregon, how can it appropriately size its call center to respond to customer concerns
13 and problems? How can it know how many free phones to purchase to hand out to
14 customers? How can it know what compensation to expect from the USF?

15 Being prepared for the business it might expect from Oregon customers is important.
16 Customers of subsidized Lifeline phone service should have an expectation of good
17 service. Oregon should require providers to ensure good service. It is not in the public
18 interest to use subsidies to direct low income families into substandard service.

19 TracFone’s reputation precedes it in the realm of customer service. A quick Google
20 search for the terms “TracFone consumer complaints” draws over 53,000 hits (CUB
21 Exhibit 118). While this is not a scientific method of determining the Company’s

⁸ CUB Exhibit 105

1 customer service metrics, it does indicate that there is widespread dissatisfaction among
2 consumers over TracFone's business practices, especially its customer service line.

3 In its response to Staff DR 53⁹, TracFone claims that customer service calls are
4 answered within 1 minute. CUB called the SafeLink customer service number (1-800-
5 378-1684) five times over the course of the day on July 28, 2010, to see how long it took
6 to reach a customer service representative. The first four calls to the number received a
7 recording that said that due to the high volume of calls, representatives were unable to
8 answer the call and customers should call back another time. The fifth call did indeed
9 reach a customer service representative within 1 minute. CUB has since submitted a data
10 request to TracFone inquiring about the percentage of calls to customer service that
11 receive the message asking customers to call back later, as well as the percentage of calls
12 that are never answered by a representative. The fact that TracFone's call center does not
13 seem to be adequately sized for the current "high volume of calls" suggests that it is not
14 the right time for the Oregon PUC to find that an Application from TracFone to extend its
15 services to yet more Oregon customers is in the public interest. How is a Company with
16 no Oregon business plan, no Oregon sales projections, and an already overstretched call
17 center going to cope with additional customers?

18 **C. Customers Who Contribute to the Universal Service Fund Do Not**
19 **Get Enough Value from TracFone's Proposed SafeLink Service**

20
21 *i. It Is Not Clear How Many USF Dollars Are Passed Through To Customers*

22 TracFone receives at least three months of Universal Service Funds (\$9.90 X 3
23 months = \$29.70) for each customer that signs up for SafeLink. The customer receives
24 the first month's minutes preloaded on the phone. For each subsequent month, the

⁹ CUB Exhibit 106

1 customer must have the phone charged and turned on during the first few days in order to
2 receive that month's minutes, or in the alternative, contact TracFone, by some other
3 means, to self-retrieve or request the minutes.¹⁰

4 As we noted above, TracFone has pledged that "one hundred percent of the federal
5 Lifeline support it receives will be flowed through to Lifeline customers in the form of
6 free usage."¹¹ CUB finds it hard to believe this claim given that there will be some
7 customers whose phones are not charged and turned on during the first few days of the
8 month and the same customers may fail to contact TracFone to receive their minutes. In
9 fact, TracFone's policy of de-enrollment of customers who have no activity for two
10 months seems consistent with an expectation that some folks, after signing up for a
11 phone, simply don't use it. Because TracFone's deactivation process takes two months, it
12 seems clear that the Company is in fact receiving USF support for customers who are no
13 longer receiving and using USF support and thus not all USF support is in fact passed on
14 to customers in the form of free minutes or wireless airtime.

15 The federal Universal Service Fund program is not free money. It is not supported by
16 taxpayers, but it is funded by telecommunications customers nationwide for the express
17 purpose of providing universal telephone service in the United States by supporting low
18 income customers and helping companies provide service in high-cost areas. Customers,
19 who fund the program, including telephone customers in Oregon, expect that the funds
20 are used efficiently and wisely to permit access by other customers who would otherwise
21 have none. Customers do not expect the USF funds to be retained by a
22 telecommunications provider in order to enhance the bottom line of that company.

¹⁰ CUB Exhibit 103

¹¹ UM 1437/TracFone/1/Fuentes/3

1 CUB asked TracFone to provide the number of customers who do not receive their
2 free minutes because their phone is not turned on; the number of customers who did not
3 self-retrieve these minutes from TracFone and the number that did not then contact
4 TracFone to receive their minutes.¹² TracFone responded that this information is “not
5 relevant.”

6 CUB disagrees that this information is not relevant and in its Motion to Compel is
7 respectfully requesting that the Commission rule on the relevancy of CUB’s request.
8 What is relevant is a decision for the Commission to make and not the Company.

9 CUB thinks the requested information is highly relevant. TracFone claims that all
10 federal USF funds are passed through to customers as free minutes. CUB’s Data Request
11 28 asked the Company to document this – to show to what extent its process for
12 transferring the USF supported minutes to customers could successfully deliver that
13 promise. TracFone failed to demonstrate that federal USF funds are fully converted into
14 minutes and passed through to customers.

15 Because TracFone refuses to demonstrate that the benefits of the USF funds are fully
16 passed through to the low income customers who are supposed to benefit from those
17 funds, it is CUB’s position that it would be unfair to ask customers who fund the USF to
18 support the granting of TracFone’s proposed service.

19 ***ii. TracFone Overvalues The Minutes It Provides To Customers***

20 The customers who fund the USF program should expect that their monies are used
21 efficiently. But, TracFone’s service is, in a word, “overpriced”. TracFone values the free
22 minutes it provides to customers at 20 cents per minute. In exchange for \$9.90 of USF

¹² CUB Exhibit 107, CUB DR 28

1 monies, TracFone provides 68 minutes to customers.¹³ CUB Exhibit 108 shows that
2 another pre-paid provider, Assurance by Virgin Mobile, values its minutes at 10 cents per
3 minute and provides customers with 200 free minutes.¹⁴ CUB Exhibit 109 shows that in
4 Ohio, Virgin Mobile has applied to be an ETC and provide customers with a universal
5 service prepaid service like TracFone but with Virgin Mobile, customers get three times
6 as many free minutes.¹⁵

7 Finally, CUB notes that in other states, TracFone is offering SafeLink phones with
8 better value on a promotional basis. According to TracFone's response to CUB DR 14,
9 SafeLink currently offers customers in several states between 120 and 250 minutes per
10 month.¹⁶ TracFone has not indicated how it is able to afford to provide this many
11 minutes in the states in question, while only providing 68 minutes per month in Oregon.

12 CUB does not believe that 68 free minutes adequately accounts for the \$10 per
13 month of federal OUS support. In today's competitive marketplace, prepaid wireless
14 minutes have a value that is well below 20 cents per minute. CUB believes that
15 TracFone's Oregon application is overcharging the federal USF program and is not fair to
16 the customers who support that program.

17 **D. Customers Who Receive SafeLink Phones Do Not Get Enough Value**

18 TracFone's proposal for providing SafeLink service to Oregon Lifeline customers
19 does not provide enough value to the customer who receives the subsidized phone
20 service.

¹³ TracFone adds 10 cents to the 9.90 it receives from USF to make this \$10. It then adds an additional 3.50. The 68 free minutes are based on 13.50 divided by 20 cents per minute. See CUB Exhibit 104.

¹⁴ CUB Exhibit 108

¹⁵ CUB Exhibit 109

¹⁶ CUB Exhibit 110, CUB DR 14.

1 *i. Excessive Cost Of Additional Minutes*

2 CUB believes that the amount charged by TracFone to SafeLink customers to
 3 purchase additional minutes is excessive. Currently TracFone offers block purchases at
 4 the rate of 20 cents/minute. This is a very high rate for pre-paid wireless phone minutes,
 5 and can add up quickly for customers who make frequent calls. The equation below
 6 illustrates how to find the point at which it becomes more cost-effective for a customer to
 7 switch to a different plan at a number of different per-minute rates than it is to remain a
 8 subsidized SafeLink customer.

9
$$20(m - 68) = Rm$$

10 Where m = number of minutes purchased and R = price of new minutes (cents)

11 Thus, we can easily calculate whether a customer would be better off using TracFone's
 12 Net10 service, which offers prepaid minutes for 10 cents.

13
$$20(m - 68) = 10m$$

14
$$20m - 1360 = 10m$$

15
$$-1360 = -10m$$

16
$$m = 136$$

17 If a SafeLink customer purchases more than 136 minutes each month, that
 18 customer is better off switching to a service that charges 10 cents per minute. Table 1
 19 shows the number of minutes at which it becomes more cost-effective for a customer to
 20 switch to a different plan with a lower rate for purchasing minutes.

21 **Table 1: Inflection Points for Cheaper Service than SafeLink for Various Rates**

	5 cent/min	7 cent/min	10 cent/min	15 cent/min
Inflection Point	91 minutes	104 minutes	136 minutes	272 minutes

1

2 Granted, other programs do not include a phone free of charge to the customer, so the
3 initial capital purchase may be enough to prevent many low-income customers from
4 signing up for a more affordable plan. Nevertheless, Table 1 does indicate that customers
5 who will be using their phones on a regular basis may be able to save money by using a
6 plan other than TracFone's SafeLink service, regardless of the benefits provided by the
7 USF. CUB Exhibit 111 presents a more-detailed comparison chart of how plans with
8 different prices compare to the SafeLink pricing structure.

9 Currently, Wal-Mart offers its Common Cents pre-paid wireless service which
10 costs customers 7 cents per minute.¹⁷ This means that any customer who used their Wal-
11 Mart Common Cents pre-paid wireless phone for more than 104 minutes per month
12 would be better off purchasing the Wal-Mart phone rather than accepting TracFone's free
13 phone with only 68 free minutes. Because these phones are targeted at low income
14 customers and are subsidized by other consumers, we must be careful to avoid a situation
15 where we are making the financial condition of the intended beneficiary worse, rather
16 than better. Customers may well believe that if the Oregon PUC finds the TracFone
17 service to be in the public interest that it is a good deal. Instead customers would be
18 overcharged significantly for the minutes they purchase above the 68 free minutes per
19 month.¹⁸

20 *ii. Rounding Up Of Minutes*

21 Another issue that complicates TracFone's pricing structure is the rounding up of
22 minutes for each call. If a call goes for 1 minute and 5 seconds, the customer's account

¹⁷ "Sprint and Wal-Mart Offer Cheap Prepaid Plan" CNET. May 13, 2010. http://news.cnet.com/8301-30686_3-20004965-266.html

1 gets billed for 2 minutes of calling time.¹⁹ While this is not an unusual practice for
2 wireless phone plans, it makes SafeLink a less attractive service in comparison to plans
3 that round down, such as Wal-Mart's Common Cents plan. The Wal-Mart plan charges 7
4 cents per minute and rounds down, so a call that lasts 1 minute and 55 seconds would
5 only be billed 7 cents and 1 minute of calling time. Thus a 61 second call with TracFone
6 will cost 40 cents (.66 cents per second) and a 119 second call with Common Cents costs
7 7 cents (.06 cents per second). On a per second basis, TracFone's service would cost 10
8 times what is available on the unsubsidized marketplace. Although this may not seem to
9 be a major issue for many customers, the potential difference between 1 or 2 minutes of
10 calling time per call, when combined with the large difference in price, could have a
11 significant impact on customer bills.

12 **E. No Free Calls to Customer Service Help Line**

13 Finally, CUB finds it disturbing that TracFone does not offer customers a means
14 to contact its customer service help line without having minutes deducted from their
15 accounts.²⁰ In CUB's attempts to call SafeLink customer service (described above),
16 simply navigating the menu to reach the desired point of contact took roughly 1 minute.
17 The additional hold time waiting to speak with a live customer service agent was,
18 however, on one occasion under 1 minute. On four other calls, a recording stated that no
19 customer service agents were available at all at that time, resulting in at least 2 minutes of
20 wasted calling time.

21 A customer with only 68 available minutes in a month who needs to contact
22 customer service could devote a significant portion of those minutes to resolving a

¹⁹ CUB Exhibit 103

²⁰ CUB Exhibit 103

1 customer service issue. TracFone has indicated that customers in other states will soon
2 not be charged for calls to its 611 customer service line.²¹ In the meanwhile it urges
3 customers to call customer service from a landline phone²² – however, this assumes that
4 SafeLink customers all have access to a landline phone which would belie the need for
5 the proposed TracFone service. Since, in fact, many SafeLink customers do not have a
6 landline phone, CUB recommends that should the Commission determine ultimately to
7 approve the TracFone application, which CUB recommends it does not, then the
8 Commission should require as a condition of approval of TracFone’s application that the
9 611 service be available free of charge to customers before TracFone’s Application will
10 be accepted.

11 **IV. TRACFONE HAS BEEN UNCOOPERATIVE IN THE**
12 **DISCOVERY PROCESS**

13
14 TracFone has objected to nearly every CUB data request. Some questions it flat out
15 refuses to answer. Of the few questions that it does answer in some it provides answers
16 that are unrelated to the question. And the answers to other questions, as noted above in
17 our section on DR 5, simply do not seem on their face to be accurate. With its refusal to
18 engage in the discovery process TracFone has shown that it has little if any respect for the
19 regulatory process in Oregon. This lack of forthrightness and respect is surprising
20 considering that under telecommunications law, their application requires regulators to
21 find that their application is in the public interest. It is very hard to determine that any
22 service is in the public interest if the entity advocating for its adoption refuses to provide
23 any details about its operation. Indeed CUB would argue that it is in fact impossible.

²¹ CUB Exhibit 112

²² *ibid*

1 Without information there is no basis upon which the Commission can make a decision
2 which then necessitates that the Commission deny the application. CUB respectfully
3 requests that the Commission deny TracFone's application at this time. Should TracFone
4 subsequently provide the information necessary for CUB, the other parties to the docket
5 and the Commission to analyze and determine whether TracFone's application is in fact
6 in the public interest then CUB may revise its recommendation.

7 **A. Refusing To Answer Reasonable Data Requests.**

8 TracFone has flatly refused to answer questions that CUB believes are necessary
9 to determining whether the application is in the public interest. As we discussed above,
10 TracFone failed to answer CUB's data request which attempted to identify how much of
11 the USF dollars were actually converted to minutes and turned over to the customer.

12 CUB Exhibit 107 shows our question to be a reasonable one:

13 28. According to the SafeLink Terms and Conditions of Service,
14 customers must have their phones on for the first few days of each month
15 to receive their free minutes. If customers do not have their phones on,
16 they will need to "self-retrieve" their free minutes. For each state where
17 SafeLink services are currently offered, please provide the following:

18 a. For the most recent 12 month period where data is available, please
19 provide the number of customers each month that did not automatically
20 receive their free minutes because the phone was not turned on during the
21 first few days of the month. What percentage of overall SafeLink customer
22 in that state does this represent?

23 b. Of these customers, how many do not then self-retrieve these free
24 minutes?

25 c. Of the customers who do not receive their free minutes in the beginning
26 of the month, and do not self-retrieve, how many contact TracFone
27 customer service to request their free minutes?

28 TracFone's answer was that this information is not relevant to this proceeding.

29 TracFone receives federal USF funds to provide the free minutes to its SafeLink

1 customers, but claims it is not relevant whether the customers actually receive the free
2 minutes. CUB, in its Motion to Compel is asking that the Commission order TracFone to
3 provide this information. CUB is also asking that the Commission grant CUB time to
4 analyze any new information that is provided and to write supplemental testimony on the
5 information before the docket proceeds further. As provided in ORCP 36B(1) “[f]or all
6 forms of discovery, parties may inquire regarding any matter, not privileged, which is
7 relevant to the claim or defense of the party seeking discovery or to the claim or defense
8 of any other party, including the existence, description, nature, custody, condition, and
9 location of any books, documents, or other tangible things, and the identity and location
10 of persons having knowledge of any discoverable matter. It is not ground for objection
11 that the information sought will be inadmissible at the trial if the information sought
12 appears reasonably calculated to lead to the discovery of admissible evidence.” CUB
13 believes that all of its data requests are reasonably calculated to lead to the discovery of
14 admissible evidence. None of CUB’s questions were designed to cause annoyance,
15 embarrassment, oppression or undue burden or expense.

16 CUB also asked TracFone about its customer service in CUB DR 32. As CUB
17 stated above, according to the internet, TracFone has a reputation for poor customer
18 service, and USF funds should not be used to direct customers into substandard telephone
19 service. CUB Exhibit 113 sets forth CUB DR 32. For ease of reference CUB also sets
20 CUB DR 32 forth in full below:

21

1 32. Consumer websites (blogs, forums, etc.) list complaints about
2 TracFone's and SafeLink's service quality. Most frequently mentioned are
3 particularly long holds for customer service representatives and the
4 difficulty customers have in getting broken phones replaced.

5 a. What metrics does TracFone use to record and analyze its customer
6 service performance? Please provide those metrics for the most recently
7 available 24 month period.

8 b. What is the average length of time that a customer is likely to be on
9 hold with the TracFone customer service center before that customer is
10 able to talk to a live representative?

11 c. What percentage of calls to the TracFone customer service center last
12 more than 30 minutes?

13 d. How many complaints does TracFone receive each year concerning
14 broken phones?

15 e. What is the average amount of time that a customer must wait before
16 receiving a replacement phone?

17 TracFone again responds that CUB's request is not relevant to this proceeding.

18 CUB disagrees. CUB believes that the quality of the services which a telephone service
19 provider provides to low income Oregonians is important. CUB, in its Motion to Compel
20 is asking that the Commission order TracFone to provide this information. CUB is also
21 asking that the Commission grant CUB time to analyze this information and to write
22 supplemental testimony on any new information that is provided before the docket
23 proceeds further. As noted above, as provided in ORCP 36B(1) "[f]or all forms of
24 discovery, parties may inquire regarding any matter, not privileged, which is relevant to
25 the claim or defense of the party seeking discovery or to the claim or defense of any other
26 party, including the existence, description, nature, custody, condition, and location of any
27 books, documents, or other tangible things, and the identity and location of persons
28 having knowledge of any discoverable matter. It is not ground for objection that the
29 information sought will be inadmissible at the trial if the information sought appears

1 reasonably calculated to lead to the discovery of admissible evidence.” CUB believes
2 that all of its data requests are reasonably calculated to lead to the discovery of
3 admissible evidence. None of CUB’s questions were designed to cause annoyance,
4 embarrassment, oppression or undue burden or expense. Both of these data request
5 examples are questions that go to the heart of TracFone’s application. Whether the USF
6 is being used to provide free minutes and whether the quality of the service that is being
7 subsidized is adequate. The claim that these are “not relevant” is patently absurd.

8 **B. Incomplete Answers That Are Non-Responsive.**

9 In some cases, after objecting to a data response and claiming that it is “not
10 relevant,” TracFone went ahead and provided an answer “without waiving its objection.”
11 All too often, these responses failed to make any real attempt to respond to the specifics
12 of the question. TracFone’s use of this response technique was not limited to its
13 responses to CUB.

14 OPUC Staff asked TracFone about its efforts to prevent the resale of its SafeLink
15 phones to customers who are not eligible. The Staff asked for some specific information,
16 such as how many people are involved, when this effort began, how often resources are
17 dedicated to it and whether it was successful:

18 DR 56 How many personnel in the TracFone Loss Prevention department
19 are dedicated to monitoring classified posting and web blogs and
20 establishing informational alerts in web search engines to ensure that
21 SafeLink Wireless brand name and products are not used for resale or for
22 fraudulent purposes? Is this department monitoring on a daily basis? When
23 was the Loss Prevention department established? How many case of resale
24 of fraud has this department detected since its inception?²³

25 TracFone’s answer, answers none of the specific questions that were asked:

²³ CUB Exhibit 114 Staff DR 56

1 Without waiving its objection, TracFone states that during the past year it
2 has become aware of only a few instances of fraud related to the use of (sic)
3 the SafeLink Wireless® brand name or resale of SafeLink Wireless®
4 products out of its more than three million Lifeline customers.

5 Another example is Staff Data Request 67. In this data request Staff is requesting
6 specific information about the number of customers that are deactivated:

7 DR 67 Please list the states where TracFone is required to report and
8 contact Lifeline customers after a given number of days (e.g., 60 days, 90
9 days) of inactivity on their SafeLink Wireless service. For each state, by
10 quarter, please identify:

- 11 a. The number of total SafeLink customers
- 12 b. The number of customers with inactivity during the test period, and
- 13 c. The number of customers deactivated for inactivity.²⁴

14 Staff is again asking for some very specific information. But TracFone does not
15 provide it:

16 Without waiving its objection, TracFone states that it is required to submit
17 quarterly reports to the Ohio Public Utilities Commission and the
18 Wisconsin Public Service Commission based on the application of its non-
19 usage policy to TracFone's Lifeline customers in Ohio and Wisconsin.

20 Nearly all questions that asked for specific, quantifiable information are answered
21 with a general answer that does not provide any specific, quantifiable information. CUB
22 in its Motion to Compel is asking the Commission to order TracFone to provide detailed
23 responses to all of CUB's Data Requests. CUB thinks that it would be appropriate for the
24 Commission to also order that TracFone respond in detail to all of Staff's data requests so
25 that the Commission has a record upon which it can base a decision as to whether
26 TracFone's application is in the public interest.

²⁴ CUB Exhibit 115 Staff DR 67

1 **C. Answers That On Their Face Seem Not Be Accurate**

2 Finally, there are a series of answers that on their face do not seem to be accurate
3 – perhaps this impression is caused by the lack of detail provided by TracFone in its
4 answers as addressed above.

5 In its answer to CUB DR 15 TracFone claims that it provides “the complete amount
6 of federal USF funding it receives to its Lifeline customers in the form of free minutes or
7 wireless airtime.”²⁵ This answer does not seem accurate, since TracFone continues to
8 receive USF funding for customers who are in the process of being deactivated for non-
9 usage.

10 TracFone’s claim that it has no forecast of the number of customers it will gain in
11 Oregon is another example. TracFone is investing significant resources in its Oregon
12 application. It expects to have customers enrolled within 4 to 6 weeks of approval from
13 this Commission.²⁶ But to have customers enrolled requires TracFone to have certain
14 infrastructure in place; marketing material and marketing plans, phones available, and
15 capacity at its call center.

16 CUB in its Motion to Compel is asking the Commission to order TracFone to
17 provide detailed responses to all of CUB’s Data Requests including these ones and to
18 allow CUB to Supplement this testimony once TracFone provides the additional
19 information requested. Without that information, and CUB and other parties’ testimony
20 on that information, CUB does not see how the Commission will have a record upon
21 which it can base a decision as to whether TracFone’s application is in the public interest.

22

²⁵ CUB Exhibit 116 CUB DR15

²⁶ CUB Exhibit 117 Staff DR 54

1 **V. CUB’S PROPOSAL FOR PREPAID WIRELESS LIFELINE**
2 **SERVICE**

3
4 CUB believes that having a qualified prepaid wireless provider would benefit
5 Oregon customers by bringing phone service to hard-to-reach communities and by
6 providing low income customers with the benefits of a wireless option. CUB does not
7 however, believe that TracFone is a qualified provider because CUB does not think that
8 the services offered by TracFone are in the public interest. CUB urges the Commission
9 to reject TracFone’s application.

10 Neither does CUB think that denial of TracFone’s application at this time will, or
11 should, preempt the application of other companies to provide wireless USF subsidized
12 service in Oregon. CUB is encouraged that Virgin Mobile and other wireless providers
13 are beginning to approach other states with USF proposals and looks forward to
14 reviewing such applications for Oregon. CUB recommends against approval of a
15 company like TracFone that appears to be overpriced with poor customer service and
16 little respect for the regulatory system, based on the information that it has provided, the
17 information that it is refusing to provide, and the information that can be gleaned from
18 other media sources in lieu of hard facts from the Company. Instead, the Commission
19 should use the order in this docket to define what Oregon would like to see in a wireless
20 USF provider and encourage other wireless providers to make an Oregon application.

21 **A. Respect For The Regulatory System.**

22 Under the current rules, the Oregon Public Utility Commission must find that a
23 company’s application to become an ETC or ETP is in the public interest. The PUC has
24 broad regulatory powers designed to protect Oregon customers, and it exercises those

1 powers judiciously. A company wishing to provide service in Oregon needs to recognize
2 that the Oregon PUC will take its public interest review seriously. The PUC Staff will
3 take a serious look at the proposal, as will representatives of customers. The provider will
4 have to answer questions and will have to *prove* that its application is in the public
5 interest. To meet this burden of proof, an applicant must be willing to work with parties
6 and to provide responsive answers to questions that relate to its provision of service.
7 Basic questions about the service, such as how many minutes, paid for with USF funds,
8 are never received by customers, need to be answered.

9 **B. Value To Customers Who Pay For USF**

10 A company must demonstrate that the total value of federal USF dollars received
11 is actually being used to benefit customers, either in the form of minutes provided to the
12 customer or by some other means (returned to USF, contributed to 911, provided to the
13 Oregon Food Bank). In addition, in today's marketplace, the value of the \$10 federal
14 subsidy is worth much more than 68 minutes. CUB believes that the federal USF subsidy
15 should translate into a minimum of 200 free minutes per month.

16 **C. Value To Customers Who Purchase Additional Minutes.**

17 A company must provide fair value to the USF and the customer. In today's
18 marketplace a rate of 7 to 10 cents is the fair market value of prepaid wireless minutes.
19 Customers should not be required to pay 20 cents for extra minutes, - a cost way beyond
20 the value of those minutes.

1 **D. Adequate Plans For Customer Service.**

2 A company must be able to show that it will be able to provide adequate customer
3 service to Oregon customers who sign up for their service. Customers must be able to call
4 customer service and get more than a recording asking them to call another time. The
5 company should have in place a business plan which shows that it has reasonable plans to
6 provide the necessary service for the number of customers it expects to sign up in
7 Oregon.

8 **E. Free Calls To Customer Service**

9 A customer must have the ability to call customer service without using up the
10 minutes that have been purchased with USF funds. Calls to the provider call center must
11 be free.

12 **VI. CONCLUSION**

13 CUB recommends that the Commission deny TracFone's application. In denying
14 TracFone's application, CUB encourages the PUC to nonetheless endorse the wireless
15 approach to universal service and to identify the basic framework under which an
16 applicant would need to file in order to offer such a service.

WITNESS QUALIFICATION STATEMENT

NAME: Bob Jenks

EMPLOYER: Citizens' Utility Board of Oregon

TITLE: Executive Director

ADDRESS: 610 SW Broadway, Suite 308
Portland, OR 97205

EDUCATION: Bachelor of Science, Economics
Willamette University, Salem, OR

EXPERIENCE: Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, and UM 1209. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

MEMBERSHIP: National Association of State Utility Consumer Advocates
Board of Directors, Environment Oregon Research and Policy Center
Telecommunications Policy Committee, Consumer Federation of America
Electricity Policy Committee, Consumer Federation of America

DR-5 Exactly how many free minutes will TracFone provide to Lifeline/OTAP customers per month in Oregon? What is the basis for that determination?

Response

TracFone will provide 68 minutes of free airtime each month to Lifeline/OTAP customers per month. In every state where TracFone offers Lifeline service, the Lifeline benefit is calculated based on a direct pass through of one hundred percent of the Lifeline support which TracFone receives from the federal Universal Service Fund ("USF"), plus an additional contribution by TracFone of \$3.50 per customer per month. The amount of Lifeline support available to TracFone or any other ETC is determined based upon FCC rules, specifically Section 54.403 of the FCC's rules (47 C.F.R. §54.403). One of the factors which governs the amount of Lifeline support available is the subscriber line charge ("SLC") imposed by wireline incumbent local exchange carriers ("ILECs") pursuant to the FCC's rules. According to the most recent data reported by the Universal Service Administrative Company ("USAC") in Oregon, all ILECs, with the exception of United Telephone Company of the NW, have a SLC equal to \$6.50. United Telephone Company's SLC is \$6.30. TracFone offers uniform Lifeline benefits statewide. In states, such as Oregon, where there is no uniform SLC, TracFone calculates a weighted average of the SLCs based on how many households are in the service areas of the ILECs. For Oregon, TracFone calculated the weighted average SLC as \$6.40. Under the FCC's Rules, which set forth the tiers of support, TracFone may receive \$9.90 in Lifeline support from the federal USF for each customer in Oregon (\$6.40 (Tier One) + \$1.75 (Tier Two) + \$1.75 (Tier Three)). See 47 C.F.R. § 54.403. To receive \$9.90 in federal Lifeline support in Oregon, an ETC must provide a Lifeline benefit of \$13.40 (\$9.90 + \$3.50 additional contribution from TracFone). In Oregon, TracFone decided that it will contribute an additional \$0.10 to the Lifeline benefit so that the total Lifeline benefit to Oregon Lifeline customers will be \$13.50. The number of minutes offered in Oregon is calculated by dividing the total amount of the Lifeline benefit to be provided by \$0.20 (i.e., $\$13.50 / \$0.20 = 68$ minutes).

SAFELINK WIRELESS™ Terms and Conditions of Service

Please read these SAFELINK WIRELESS Terms and Conditions of Service carefully. SAFELINK WIRELESS is a service of TracFone Wireless, Inc. ("TracFone Wireless"). These SAFELINK WIRELESS Terms and Conditions of Service are a legally binding agreement between you and TracFone Wireless. They contain important information about your legal rights, and require that certain disputes be resolved through Arbitration instead of a court trial. TracFone Wireless reserves the right to change or modify any of these SAFELINK WIRELESS Terms and Conditions of Service at any time and at its sole discretion. Any changes or modifications to these SAFELINK WIRELESS Terms and Conditions of Service will be binding once posted on the SAFELINK WIRELESS website found at www.safelink.com.

By qualifying and enrolling in the SAFELINK WIRELESS service ("Service") and by using the Service, you ("You"), the participant, acknowledge and agree to the following terms and conditions:

SAFELINK	WIRELESS	SERVICE	DESCRIPTION
SAFELINK WIRELESS Service is funded by the Lifeline program (part of the Universal Service Fund) and administered by the Universal Service Administrative Company. In order to participate in the SAFELINK WIRELESS Service, a person must meet certain eligibility requirements set by each state where the Service is to be provided. These requirements are based on a person's participation in a state or federal support program(s) or by meeting certain income requirements based upon the Income Poverty Guidelines as defined by the US Government. Federal law limits the availability of SAFELINK WIRELESS Service to one (1) per "household" and only the "head of household" is permitted to apply for the Service. Applicants for the SAFELINK WIRELESS Service must complete an application form, provide supporting documentation that he/she meets the eligibility requirements and agree, under penalty of perjury, to the following terms:			

HE/SHE IS ELIGIBLE FOR AND CURRENTLY RECEIVES BENEFITS FROM THE PUBLIC ASSISTANCE PROGRAM(S) IDENTIFIED IN THE APPLICATION FORM. HE/SHE IS A "HEAD OF HOUSEHOLD." HE/SHE DOES NOT CURRENTLY RECEIVE LIFELINE SUPPORT FOR A TELEPHONE LINE SERVING HIS/HER RESIDENTIAL ADDRESS AND NO OTHER RESIDENT IN HIS/HER HOUSEHOLD PARTICIPATES IN THE LIFELINE PROGRAM. IF HE/SHE IS ALREADY PARTICIPATING IN ANOTHER LIFELINE PROGRAM, THEN HE/SHE AGREES TO CANCEL HIS/HER CURRENT HOUSEHOLD LIFELINE SUPPORT

PROVIDER IN FAVOR OF SAFELINK WIRELESS.
HE/SHE IS NOT CLAIMED AS A DEPENDENT ON ANOTHER PERSON'S FEDERAL OR
STATE INCOME TAX RETURN.
HE/SHE WILL NOTIFY SAFELINK WIRELESS WHEN HE/SHE NO LONGER QUALIFIES
FOR ANY OF THE PUBLIC ASSISTANCE PROGRAMS IDENTIFIED IN HIS/HER
APPLICATION FORM BY CALLING 1-800-SAFELINK.
HE/SHE WILL NOTIFY SAFELINK WIRELESS OF ANY CHANGE OF ADDRESS BY
CALLING 1-800-SAFELINK.
THAT THE INFORMATION CONTAINED IN HIS/HER APPLICATION IS TRUE AND
CORRECT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF.

A person who submits a SAFELINK WIRELESS application, together with supporting documentation (when required), and who meets the eligibility requirements, will receive a free cellular phone provided by TracFone Wireless together with a free allotment of airtime minutes each month for up to one year. TracFone Wireless will determine at its sole discretion whether or not an applicant meets the eligibility requirements to participate in the SAFELINK WIRELESS Service. The airtime minutes you will receive on a monthly basis will vary from state to state. Please call SAFELINK WIRELESS at 1-800-SAFELINK or visit our website at www.SafelinkWireless.com, for further information on the number of minutes qualified applicants will receive each month. Persons who do not meet the eligibility requirements will be notified by US Mail and the reason for the non-eligibility will be provided. To continue qualifying each year for SAFELINK WIRELESS™ Service, each customer will be required and is responsible to re-qualify on an annual basis or as dictated by their state Public Service Commission. For annual re-qualification requirements, TracFone Wireless will also conduct verification drives for each state according to its rules. If TracFone Wireless determines during its verification drive that a customer fails to re-qualify for SAFELINK WIRELESS Service, such customer will immediately be deemed ineligible to participate in the SAFELINK WIRELESS Service and will no longer receive the free monthly minutes. Once a customer no longer participates in the SAFELINK WIRELESS Service (either by choice, disqualification, cancellation or termination), such customer may retain the SAFELINK WIRELESS phone, as well as any remaining service days and minutes for their use. Such person may remain as a TracFone Wireless customer as long as he/she complies with the TracFone Wireless Terms and Conditions of Service available at www.tracfone.com. A SAFELINK WIRELESS customer's enrollment may also be cancelled upon the request of a state and/or federal authority. TracFone Wireless and SAFELINK WIRELESS reserve the right to cancel the enrollment of any customer and/or ban the SAFELINK WIRELESS phone from being reactivated for any fraud related issues as determined solely by TracFone Wireless. While participating in the SAFELINK WIRELESS Service, a customer shall not be permitted to sell, rent, give away or in any way allow another person to use the cellular phone or Service provided to him/her by SAFELINK WIRELESS. IT IS A VIOLATION OF FEDERAL AND STATE LAW TO SELL OR GIVE AWAY THE SAFELINK CELLULAR PHONE OR SAFELINK SERVICE PROVIDED TO YOU BY SAFELINK WIRELESS. Any violation of this prohibition will be reported to the appropriate legal authorities for prosecution. In addition, if TracFone determines, in its sole discretion, that a SAFELINK WIRELESS participant has violated these requirements and/or this Agreement, then such person may be de-enrolled from the Service, the person's handset may be permanently deactivated and the person's personal information may be permanently flagged so

that such person may not qualify in the future for the SAFELINK WIRELESS Service. If you have any questions, concerns, comments or complaints regarding SAFELINK WIRELESS Service, offerings or products, please call SAFELINK WIRELESS Customer Care at 1-800-SafeLink. You may also contact your state's Public Service Commission/Public Utility Commission.

ACTIVATING AND USING YOUR SAFELINK WIRELESS HANDSET.

If your SAFELINK WIRELESS application is accepted, you will receive a pre-activated SAFELINK WIRELESS phone delivered to your home address noted in the application. You must accept the SAFELINK WIRELESS telephone number assigned to your SAFELINK WIRELESS phone at the time of activation and you will acquire no proprietary interest in any number assigned to you. The number assigned to your SAFELINK WIRELESS phone at the time of activation will not be changed for any reason, unless required by a Carrier, nor may a SAFELINK WIRELESS customer select a number to be assigned to his/her phone. The wireless telecommunications networks used to transmit calls for the SAFELINK WIRELESS Service are owned and operated by various licensed commercial mobile radio service providers ("Carriers"), not SAFELINK WIRELESS, nor TracFone Wireless. Your SAFELINK WIRELESS phone can only be used through TracFone Wireless, and cannot be activated with any other wireless or cellular service. SAFELINK WIRELESS Services are provided at TracFone Wireless™ discretion. Some functions and features referenced in the Manufacturer's manual provided with your SAFELINK WIRELESS phone may not be available on your SAFELINK WIRELESS handset. TracFone Wireless may modify or cancel any Service or take corrective action at any time without prior notice and for any reason, including but not limited to your violation of this agreement. While you are eligible and participating in the SAFELINK WIRELESS Service, you will receive your free monthly allotment of airtime minutes. However, in order to receive the monthly allotment you will need to turn on and leave on your SAFELINK WIRELESS handset the first few days of each month.

SELF-RETRIEVE

AIRTIME

MINUTES

If you DO not receive your monthly allotment of minutes because your phone was not on at the beginning of the month or your phone does not automatically retrieve minutes when turned on, your minutes may be self-retrieved by following the instructions below. If for any reason these instructions do not work on your handset, please call us at 1-800-SafeLink.

1. 1) Turn your SafeLink Wireless phone **ON**.
2. 2) From the Main screen, press the MENU key. Select "Prepaid."
3. 3) From the menu select, "Add Airtime/ Redeem Airtime."
4. 4) Dial 5 5 5 and press OK. If you are prompted for a promotional code, press "No."

5) Make sure to keep your SAFELINK WIRELESS phone ON to receive your Minutes!

If your phone does not allow you to self-retrieve or your phone does not automatically retrieve or if you are having difficulty receiving your monthly allotment of minutes, then call SAFELINK WIRELESS Customer Care at 800-SafeLink.

AIRTIME**RATES.**

SAFELINK WIRELESS airtime is issued in minute/unit increments. "Units" are the same as minutes. Minutes/units are deducted from the SAFELINK WIRELESS phone at a rate of one (1) unit per minute and/or partial minute of use. There is no additional charge for nationwide long distance or for international long distance to countries designated at www.tracfone.com.

TEXT**MESSAGING.**

The rates to send or receive a text message to another person's phone using your SAFELINK WIRELESS phone are 0.3 minutes/units per text message, for sending and 0.3 minutes/units per text for receiving. If you do not want minutes/units deducted from your SAFELINK WIRELESS phone, then do not send a text message and/or do not open any incoming text messages. SAFELINK WIRELESS Service does not allow international text messages. Attempting to send international messages could result in service deactivation. Please note that SAFELINK WIRELESS does not generally participate in Premium SMS services or campaigns. Premium SMS refers to activities that usually involve sending a text message to a designated "short code" or buying or attempting to buy SMS services from anyone other than SAFELINK WIRELESS. Premium SMS campaigns include activities such as casting a vote, expressing your opinion, playing a game, subscribing to a service, or interactive television programs. You should not attempt to participate in Premium SMS campaigns, unless it is a SAFELINK WIRELESS authorized campaign. Any text message you send to a "short code" will in all likelihood not go through. Any charges you may incur as a result of any attempts to participate in Premium SMS services or campaigns not authorized by SAFELINK WIRELESS whether you incur charges as deductions from your SAFELINK WIRELESS phone or from your credit card, are not refundable. You may purchase from SAFELINK WIRELESS ring tones, graphics and certain information services and utilize multi-media services with certain SAFELINK WIRELESS models. See SAFELINK WIRELESS Data Services below.

INTERNATIONAL**CALLING.**

You may now use your SAFELINK WIRELESS phone to make international calls to landlines (including some cellular phones in some countries) at no additional charge (See www.tracfone.com for available countries and details). The available countries are subject to change without prior notice. In order to place an international call, you will need to dial the international long distance access number 1-800-706-3839 and follow the instructions. From Alaska, Hawaii and the U.S. Virgin Islands you will need to dial 305-938-5673 as the international long distance access number. Airtime deductions for international calls begin the moment the International Long Distance ("ILD") access number is dialed and apply to dropped calls, misdialed numbers and busy destination numbers. When making international calls, you may experience connection failures more frequently than calls made within the United States. SAFELINK WIRELESS will not credit airtime minutes deducted for unsuccessful calls. You will not be able to make or receive calls on your SAFELINK WIRELESS phone when you are located outside of the United States, Puerto Rico or the U.S. Virgin Islands (the "Coverage Area"). Any attempt to make or receive calls when you are located outside of the Coverage Area could result in service deactivation.

ADDING**AIRTIME.**

Your SAFELINK WIRELESS phone will only operate when you have airtime minutes/units available on the SAFELINK WIRELESS phone. If you run out of your free monthly allotment of airtime, you may purchase and add airtime to your phone. You add airtime by entering the PIN (obtained from either a SAFELINK WIRELESS or TracFone Wireless airtime card). You must add your airtime to your SAFELINK WIRELESS phone within one year from the date of purchase; otherwise the card/PIN expires and you will not be able to add those minutes to your SAFELINK WIRELESS phone; nor receive a refund for any unused minutes.

AIRTIME**CARDS.**

SAFELINK WIRELESS customers may purchase and use for their SAFELINK WIRELESS handset any TracFone Wireless airtime cards, including Double Minute Airtime cards. Each TracFone Wireless airtime card comes with a number of minutes and a service period that begins to run from the day you add airtime to your SAFELINK WIRELESS phone.

The free monthly allotment of minutes received by the SAFELINK WIRELESS customer while enrolled in the Double Minutes for Life program will not double with the purchase and addition of any airtime cards.

NOTE: On the 60, 90 and 120 minute TracFone Wireless airtime cards, SafeLink Wireless

customers will receive an additional 40, 35 and 30 minutes respectively, and these minutes do not double with any TracFone Wireless Double Minute airtime cards.

For each TracFone Wireless airtime card purchased and used on a SAFELINK WIRELESS handset, the SAFELINK WIRELESS customer will receive the following:

Card	Minutes	Service Days	Other
60	100	90	N/A
90	125	90	N/A
120	150	90	N/A
200	200	90	N/A
450	450	90	N/A
One Year Service Card	250 or 400	365	N/A
One Year plus Double Minute	800	365	Double minutes for life of single handset after you purchase and add this card; not transferable to another handset even if phone is damaged, lost or stolen. The minutes that come with this card will not double. Free monthly minutes to SAFELINK WIRELESS customers do not double.
Double Minute Card	0	0	Double minutes for life of single handset after you purchase and add this card; not transferable to another handset even if phone is damaged, lost or stolen. The minutes that come with this card will not double. Free monthly minutes to SAFELINK WIRELESS customers do not double.

You may also purchase SAFELINK WIRELESS airtime cards at selected retail stores. SAFELINK WIRELESS customers will receive the following:

Card	Minutes	Service Days	Other
-------------	----------------	---------------------	--------------

15	15	0	N/A
25	25	0	N/A
50	50	0	N/A

For each additional TracFone airtime card that you add to your phone, your Service End Date will be extended by the number of days specified on the card or cash register receipt, without limitation. "Service End Date" is the last day of your service period. Airtime minutes added to your SAFELINK WIRELESS phone do not expire with active service and at least one Transaction during a consecutive sixty day period. A "Transaction" shall be defined as any one of the following (i) your phone's receipt of the monthly allotment of airtime; (ii) the purchase and addition of either a TracFone Wireless or SAFELINK WIRELESS airtime card; or (iii) usage of your phone (making a call, sending or receiving a text message or data usage). Airtime minutes have no cash value and are non-refundable. Promotional, bonus and other non-purchased airtime minutes will not double on phones with the double minute card. The purchase of any airtime card is non-refundable. Airtime cards, airtime rate plans, and card denominations are subject to change at any time without prior notice.

SERVICE END DATE AND DEACTIVATION.

SAFELINK WIRELESS enrolled customers will receive 365 days of service upon qualification and enrollment and then another 365 days of service for re-qualification and re-enrollment. If you use your phone regularly and receive your monthly minutes but do not re-qualify or re-enroll or purchase and add airtime prior to the **Service End Date**(which is the date displayed on your handset screen) your service will be deactivated on the last day of service (your Service End Date). In the event TracFone Wireless requires you to re-qualify and re-enroll in the SAFELINK WIRELESS Service and you fail to do so and you do not purchase a TracFone airtime card providing service days, then your service will be deactivated on your Service End Date and you **will lose your handset phone number**, even if you have minutes remaining. To prevent this from occurring, please keep your handset service active by both re-qualifying and re-enrolling or by purchasing and adding TracFone airtime cards before the Service End Date. Notwithstanding the Service End Date displayed on your handset, SAFELINK WIRELESS and TracFone Wireless reserve the right to deactivate and cancel the enrollment of any phone from the SAFELINK WIRELESS service in the event of no activity or Transaction for 60 consecutive days. If your SAFELINK WIRELESS Service is deactivated because of no activity or Transaction in 60 consecutive days, your phone may be reactivated by calling 1-800-SafeLink within the twelve month period from the initial enrollment or requalification date. If you re-activate your SAFELINK WIRELESS phone and service within the twelve month period of your enrollment, you will receive the monthly minutes that you were entitled to receive until you were deactivated but you will lose any and all minutes that you would have received during your deactivation period. If you attempt to re-activate after twelve months from the initial enrollment

or requalification date, you will need to re-qualify and re-enroll in the SAFELINK WIRELESS Service and no compensation or replacement of unused minutes will be provided.

Once you reactivate, your SAFELINK WIRELESS handset may be assigned a new phone number. Airtime which remained at the time of deactivation will remain on your handset if it is reactivated within 60 days from the deactivation date. However, airtime which remained at the time of deactivation may be lost if your handset service remains deactivated for longer than 60 days.

AIRTIME USAGE. Airtime minutes will be deducted for all time during which your SAFELINK WIRELESS phone is connected to, or using, the wireless system of any Carrier. Use of a wireless system typically begins when you press the "send," "call" or other key to initiate or answer a call and does not end until you press the "end" key or the call is otherwise terminated. Airtime minutes are deducted for all incoming and outgoing calls, including incoming call waiting calls, calls to toll free numbers, 411, 611, Customer Care, and to access your voice mail. Airtime minutes are deducted for all text messages sent and all incoming text messages which are opened. Airtime minutes are not deducted for calls to 911. For outbound calls, you may be charged airtime for incomplete and/or busy-no answer calls. Airtime minutes are deducted in full unit increments; partial minutes are rounded up to the next minute. Airtime minutes will also be deducted for use of other services such as text messaging and accessing the TracFone Wireless Mobile Web ("WAP"). No credit or refund is given for dropped calls.

UNAUTHORIZED USAGE; TAMPERING. The SAFELINK WIRELESS handset is provided exclusively for use by you, the end consumer with the SAFELINK WIRELESS Service available solely in the United States, Puerto Rico and the U.S. Virgin Islands. Any other use of your SAFELINK WIRELESS handset, including without limitation, any resale, unlocking and/or re-flashing of the handset is unauthorized and constitutes a violation of your agreement with TracFone Wireless. You agree not to unlock, re-flash, tamper with or alter your SAFELINK WIRELESS phone or its software, enter unauthorized PIN's, engage in any other unauthorized or illegal use of your SAFELINK WIRELESS phone or the Service, or assist others in such acts, or to sell and/or export SAFELINK WIRELESS handsets outside of the United States. These acts violate TracFone Wireless' rights and state and federal laws. Improper, illegal or unauthorized use of your SAFELINK WIRELESS phone is a violation of this agreement and may result in immediate discontinuance of Services and legal action against you. TracFone Wireless will prosecute violators to the full extent of the law. You agree that any violation of this agreement through your improper, illegal or unauthorized use or sale of your SAFELINK WIRELESS phone shall entitle TracFone Wireless to recover liquidated damages from you in an

amount of not less than \$5,000 per SAFELINK WIRELESS handset purchased, sold, acquired or used in violation of this agreement..

Some SAFELINK WIRELESS handsets have SIM cards. If your SAFELINK WIRELESS phone has a SIM card, then you agree to safeguard your SIM card and not to allow any unauthorized person to use your SIM card. You agree not to allow any other person to, directly or indirectly alter, bypass, copy, deactivate, remove, reverse-engineer or otherwise circumvent or reproduce the encoded information stored on, or the encryption mechanisms of, your SIM card. The Carriers, TracFone Wireless, or its service providers, may, from time to time, remotely update or change the encoded information on your SIM card. Your SAFELINK WIRELESS phone is restricted from operating when you are located anywhere outside of the United States, Puerto Rico or the U.S. Virgin Islands, including offshore or in international waters. Any such calls are considered unauthorized usage by TracFone Wireless for which your Service will be immediately suspended. In the event of suspension for this or any other unauthorized usage, you will not be entitled to receive any refunds for unused airtime.

COVERAGE MAPS. You will find coverage maps on our website, www.tracfone.com. These maps are for general informational purposes only. TracFone Wireless does not guarantee coverage or service availability. Even within a coverage area, factors such as terrain, weather, structures, foliage, signal strength, traffic volumes, service outages, network changes, technical limitations, and your equipment may interfere with actual service, quality and availability. Thus, it is possible your phone will roam even in the area depicted as your home calling area. Actual coverage and service areas may vary from the maps and may change without notice.

ROAMING. "Roaming" occurs when a subscriber of one wireless service provider uses the facilities of another wireless service provider. Roaming most often occurs when you make and receive calls outside the home calling area. When your SAFELINK WIRELESS phone is roaming, an indicator light on your handset may display the word "Roam" or "RM" on the screen while the phone is not in use. There are no additional charges for roaming calls for the SAFELINK WIRELESS phone you were provided. Availability, quality of coverage and Services while roaming are not guaranteed.

LIMITATIONS OF SERVICE AND USE OF EQUIPMENT. Service is subject to transmission limitations caused by certain equipment and compatibility issues, atmospheric, topographical and other conditions. Further, Service may be temporarily refused, limited, interrupted or curtailed due to system capacity limitations, technology migration or limitations

imposed by the Carrier, or because of equipment modifications, upgrades, repairs or relocations or other similar activities necessary or proper for the operation or improvement of the Carrier's radio telephone system. At anytime, TracFone Wireless reserves the right to substitute and/or replace any SAFELINK WIRELESS equipment (including handsets) with other SAFELINK WIRELESS equipment including handsets of comparable quality. Some functions and features referenced in the Manufacturer's manual for a particular SAFELINK WIRELESS handset may not be available on your phone. TracFone Wireless does not warrant or guarantee availability of network or of any Services at any specific time or geographic location or that the Services will be provided without interruption. Neither TracFone Wireless, nor any Carrier, shall have any liability for Service failures, outages or limitations of Service. Because of the risk of being struck by lightning, you should not use your SAFELINK WIRELESS phone outside during a lightning storm. You should also unplug the SAFELINK WIRELESS phone power cord and charger to avoid electrical shock and/or fire during a lightning storm.

WARRANTY EXCHANGE & LOST OR STOLEN PHONE POLICY

Warranty Exchange Policy:SAFELINK WIRELESS customers shall have up to one year from the activation date of their phone to return any defective phone to TracFone Wireless. TracFone Wireless will exchange a defective phone for another phone during this period of time only. For a defective phone replacement, call SAFELINK WIRELESS Customer Care at 1-800-378-1684.

Exclusions and Conditions.This limited warranty does not cover damage or failure caused by abuse or misuse of the phone or accessories. TracFone Wireless does not provide refunds. All applicable implied warranties, including the implied warranties of merchantability and fitness for a particular purpose, are limited to the duration of this limited warranty, unless otherwise provided by law. Your limited warranty excludes all incidental or consequential damages, unless otherwise provided by law. Some states do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply to you. This limited warranty gives you specific legal rights, and you may also have other rights which vary from state to state.

Lost or Stolen Phone Policy: For any lost or stolen SAFELINK WIRELESS phone, you may request and receive only one replacement phone per customer (The replacement phone will be a refurbished phone). All reported lost and stolen phones will be permanently deactivated. For the replacement phone resulting from a lost or stolen phone, SAFELINK WIRELESS will only replace 10 minutes of lost time. In the event you lose your replacement phone or it is stolen, you will need to purchase an additional phone. If a phone is lost or stolen in transit to the customer, before the customer receives the phone, then the airtime minutes will be reimbursed and the phone replaced (one time only). TracFone Wireless reserves the right to determine if a phone was lost or stolen in transit and decide whether to provide the customer with a new handset.

HEARING, VISUAL OR SPEECH IMPAIRED ACCOMMODATIONS

Any hearing, visual or speech impaired persons interested in applying for a specially equipped SAFELINK WIRELESS must specify the need(s) in the application and TracFone Wireless will make every effort to assist such customer in obtaining a handset and at the same time be in compliance with all applicable laws, rules, and regulations.

EMERGENCY**CALLS.**

If you are in an area where your SAFELINK WIRELESS phone is searching for a wireless signal or there is no wireless signal or wireless service, it is highly probable that a call to 911 will not go through. Do not rely solely on your SAFELINK WIRELESS in an emergency situation. In an emergency, locate the nearest landline phone and call for help.

DATA**SERVICES.**

With certain SAFELINK WIRELESS phone models, you can download ring tones, graphics, access information services such as news, weather and sports ("Information Services") and utilize multi-media services ("MMS") (ringtones, graphics, Information Services and MMS are collectively referred to as "Data Services") through our Wireless Mobile Web ("WAP"). Data Services are additional Services offered by us and there is an additional charge or debit of minutes/units for use of such services.

Access/Purchase Data Services. In order to purchase, download or access Data Services, your handset must have active service and sufficient available airtime (minutes). Your handset will not let you open the WAP browser without an airtime balance of at least 10 minutes. Each time you access our Wireless WAP with your handset's browser, 0.5 units per minute will be deducted from your handset ("Access Charges"). Access Charges are deducted in full minute increments. WAP access of less than 60 seconds is rounded up to the next full minute.

Access Charges begin when your handset makes a data connection. This should occur shortly after you open your browser, send or receive a multi-media message (e.g., a picture), initiate a content download, view subscribed Information Services or if WAP access is initiated for any other purpose. Access Charges end when the data connection terminates. This should occur shortly after you close your browser, successfully receive or send a multi-media message (e.g., a picture), after a successful content download or after any other closure of a WAP session. The WAP access duration and the related Access Charges are NOT determined from the exact moment you press a button on your handset to open or close the browser.

In addition to the Access Charges, there will be an additional one-time charge for any content you select to download ("Content Charge") and if you subscribe to an Information Services ("Subscription Charge"). The Content Charges and Subscription Charges vary depending on the type of content and/or subscription. You will be advised of the Content Charges and/or Subscription Charges prior to finalizing your purchase. The Data Services you purchase and download may only be used or viewed on the handset for which they were purchased and cannot be transferred to any other device, including a new or replacement handset. Data Services are non-refundable and non-transferable.

Purchase Options for Data Services: You may purchase Data Services either through your handset's WAP browser or through the Internet (with a personal computer) at www.tracfone.com.

When you purchase Data Services from the Internet at www.tracfone.com, the Content Charge will be shown in both U.S. Dollars and in minutes/units. You will have the opportunity to select one of two payment options: (1) using a credit card to pay the purchase price shown, or (2) a direct deduction of minutes from your SAFELINK WIRELESS handset. If you buy a TracFone card the number of minutes to be charged is based on the last airtime card added to your handset. See Purchasing Data Services With Airtime Minutes below.

How to purchase from the Internet (www.tracfone.com): Go to "Ringtones and More" at www.tracfone.com and enter your SAFELINK WIRELESS serial number (ESN /IMEI). This will take you to the Wireless Data Services content catalog where you can browse, sample and purchase ringtones and/or graphics. After you find a title, and select "Buy", you will then be presented with the two purchase options described above.

How to purchase through your handset's WAP browser: Select "BROWSER" on your handset. Then select "Start Browser" and you will be presented with a menu. When you use your handset's WAP browser to purchase Data Services, only the unit charge purchase option is available. Credit card payments are not available when purchasing through your handset. Note: Ringtones can only be sampled at www.tracfone.com.

Purchasing Data Services With Airtime Minutes: If you add TracFone airtime cards, the charges for Data Services purchases are determined by the last airtime card added to your handset. The chart below details the number of minutes you will be charged for each dollar you spend for the Data Services you purchase. Your TRACFONE will be assigned the appropriate dollar-to-minute conversion factor each time an airtime card is added to your handset. The charges for Data Services in U.S. Dollars and/or minutes and the dollar-to-minute conversion factor(s) are subject to change without prior notice.

Dollar-To-Minute Conversion Factors for Data Services	
If the last airtime card you added to your handset was:	You will have this number of minutes deducted per dollar you spend on Data Services:

TRACFONE Airtime Cards	
30, 40 or 60 minute cards	3.00
90 minute card	3.60
100 or 120 minute cards	4.00
200, 250 or 400 minute cards	5.00
450 minute card	5.62
200, 250 or 400 minute cards with Double Minutes	3.00
Annual Plan and Double Minute Prepaid Plan Cards	
150 unit Annual Plan card	1.66
250 unit Annual Plan card	2.50
400 minute Annual Plan Card	4.00
800 minute Annual Plan Card	5.71
Double Minute Card without minutes	N/A
300 minute Double Minute Annual Prepaid Plan Card	2.30
400 minute Double Minute Annual Prepaid Plan Card	3.07
Regular Airtime Cards Added to TRACFONE's with active Double Minute Benefit	
30, 40 or 60 minute cards with Double Minutes	6.00
90 minute card with Double Minutes	7.20
100 or 120 minute cards with Double Minutes	8.00
200, 250 or 400 minute cards with Double Minutes	10.00
450 minute card	11.24
Other (not listed above) Airtime cards with Double Minutes	6.00

Subscription to Information Services. For Data enabled phones, SAFELINK WIRELESS offers two options for subscription-based Information Services (news, weather and sports): (1) a one-day (24 hour) subscription or (2) a 30-day subscription.

A subscription for Information Services allows you to view the various Information Services during the duration of the subscription. For example, a 30-day subscription allows access to the subscription based Information Service at any time during the 30-day period. In addition to the initial Subscription Charge to purchase the one-day or 30-day subscription, you will also incur Access Charges whenever you open your handset's WAP browser to access and/or view the Information Services. The Access Charge is 0.5 minutes (units) per minute (or partial minute) of use. Subscriptions to Information Services can only be purchased directly from your handset.

Subscriptions to Information Services are only accessible on the handset on which they were purchased and cannot be transferred to any other device, including a new or replacement handset. Information Services are non-refundable and non-transferable.

Your SAFELINK WIRELESS Service must remain active to access your subscription to Information Services. If your service expires, your subscription to Information Services will be terminated. Your Information Services subscription will not be reinstated, even if your handset is reactivated during the original subscription period. There is no pro-rated refund of Subscription Charges as a result of deactivation or expiration of service.

Charges for MMS (e.g., picture messaging). You will be charged 1.0 unit to send or receive a multi-media message (the "MMS Charge"). In addition to the 1.0 unit MMS Charge, there will also be an additional WAP Access Charge of 0.5 units per minute for the time it takes to send or receive the multi-media message. The total WAP Access Charge will vary depending on the size of the multi-media message being sent or received.

Additional Access Charges for Data Services. In addition to the Content Charges, Subscription Charges and MMS Charges, and regardless of the payment option you use, there is always an additional Access Charge of 0.5 units per minute associated with downloading content, accessing/viewing Information Services or utilizing MMS. Total Access Charges will vary depending on the size of the content and the actual time it takes to download the content, access/view the Information Service or utilize MMS.

Modifications, Interruptions, or Discontinuation of Data Service. SAFELINK WIRELESS does not guarantee the availability of Data Services on all of its phone models nor does it

guarantee the availability of Data Services at all times. SAFELINK WIRELESS reserves the right to modify, suspend, interrupt, discontinue or permanently cancel Data Services, or portions thereof, without notice. Data Services are not available in analog service areas. SAFELINK WIRELESS is not responsible and will not be liable for any modifications, interruptions or discontinuation of the Data Services or for any failure in receipt of the purchased Data Services. If the Data Services, or any part thereof, for which you subscribe, are modified, interrupted, discontinued or canceled, you will not receive a refund or credit from SAFELINK WIRELESS for any remaining used or unused subscription time. If you cancel or attempt to cancel a Data Service download, a subscription purchase or a multi-media message in progress, or if this process is otherwise interrupted through no action on your part, you may nevertheless be charged in accordance with the terms and conditions set forth herein.

Non-Rated Content. SAFELINK WIRELESS and TracFone Wireless strive to present and offer only generally acceptable content. However, it is impossible to proof all content, titles and news articles for appropriate content. Our wireless content is NOT rated and you are solely responsible for the use of such material, which may be offensive or objectionable to you or to others. You agree not to hold SAFELINK WIRELESS or TracFone Wireless liable for any offensive or objectionable content.

LIMITATION OF LIABILITY. TracFone Wireless will not be liable to you for any indirect, special, incidental, consequential, exemplary or punitive damages of any kind, including lost profits (regardless of whether it has been notified such loss may occur) by reason of any act or omission in its provision of equipment and/or Services. TracFone Wireless will not be liable for any act or omission of any other company furnishing a part of our Services or any equipment or for any damages that result from any Service or equipment provided by or manufactured by third parties. When your SAFELINK WIRELESS phone is returned to SAFELINK WIRELESS for any reason, TracFone Wireless is not responsible and shall not be liable to you or anyone else for any personal information such as user names, passwords, contacts, pictures, SMS, MMS and/or additional downloads you may have stored on your phone or which may remain on your phone.

INDEMINIFICATION. You agree to indemnify and hold harmless TracFone Wireless from any and all liabilities, penalties, claims, causes of action, and demands brought by third parties (including the costs, expenses, and attorneys' fees on account thereof) resulting from your use of a SAFELINK WIRELESS phone and/or use of the SAFELINK WIRELESS Services, whether based in contract or tort (including strict liability) and regardless of the form of action.

BINDING ARBITRATION. PLEASE READ THIS SECTION CAREFULLY AS IT AFFECTS RIGHTS THAT YOU MAY OTHERWISE HAVE. IT PROVIDES FOR RESOLUTION OF ALL DISPUTES AND CLAIMS (INCLUDING ONES THAT ALREADY ARE THE SUBJECT OF LITIGATION), EXCEPT FOR CLAIMS CONCERNING THE UNAUTHORIZED RESALE, EXPORT, ALTERATION, AND/OR TAMPERING OF YOUR SAFELINK WIRELESS PHONE, ITS SOFTWARE, THE SERVICE AND/OR PIN NUMBERS, THROUGH ARBITRATION INSTEAD OF SUING IN COURT IN THE EVENT THE PARTIES ARE UNABLE TO RESOLVE A DISPUTE OR CLAIM. ARBITRATION IS BINDING AND SUBJECT TO ONLY A VERY LIMITED REVIEW BY A COURT. THIS ARBITRATION CLAUSE SHALL SURVIVE TERMINATION OF TRACFONE WIRELESS™ AGREEMENT WITH YOU. This provision is intended to encompass all disputes or claims arising out of your relationship with TracFone Wireless, arising out of or relating to the Service or any equipment used in connection with the Service (whether based in contract, tort, statute, fraud, misrepresentation or any other legal theory). Nothing contained in this arbitration provision shall preclude TracFone Wireless from bringing claims concerning the unauthorized resale, export, alteration, and/or tampering of your SAFELINK WIRELESS phone, its software, the Service and/or PIN numbers, in state or federal court. References to you and TracFone Wireless include our respective subsidiaries, affiliates, predecessors in interest, successors, and assigns. All claims, except those excluded above, will be resolved by binding arbitration where permitted by law. You must first present any claim or dispute to TracFone Wireless by contacting Customer Care to allow an opportunity to resolve the dispute prior to initiating arbitration. The arbitration of any dispute or claim shall be conducted in accordance with the American Arbitration Association ("AAA") under the Commercial Dispute Resolution Procedures and the Supplementary Procedures for Consumer Related Disputes (collectively, "AAA Rules"), as modified by this agreement. The AAA Rules are available online at www.tracfone.com or by calling the AAA at 1-800-778-7870. You and TracFone Wireless agree that use of the Service evidences a transaction in interstate commerce and this arbitration provision will be interpreted and enforced in accordance with the Federal Arbitration Act and federal arbitration law. All issues are for the arbitrator to decide, including the scope of this arbitration clause, but the arbitrator is bound by the terms of this agreement. You and TracFone Wireless agree that any arbitration will be conducted on an individual basis and not on a consolidated, class wide or representative basis. Further, you agree that the arbitrator may not consolidate proceedings or more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding, and if this preclusion of consolidated, class wide or representative proceedings is found to be unenforceable, then this entire arbitration clause shall be null and void. All fees and expenses of arbitration will be divided between you and TracFone Wireless in accordance with the WIA Rules, except that TracFone Wireless will reimburse you for the amount of the filing fee in the event you prevail in the arbitration. Each party will bear the expenses of its own counsel, experts, witnesses, and preparation and presentation of evidence. If for any reason this arbitration provision is deemed inapplicable or invalid, or to the extent this arbitration provision allows for litigation of disputes in court, you waive to the fullest extent permitted by law, (i) the right to a trial by jury and (ii) any claims for punitive or exemplary damages. Unless TracFone Wireless and you agree

otherwise, the location of any arbitration shall be Miami, Florida. Except where prohibited by law, TracFone Wireless and you agree that no arbitrator has the authority to award punitive damages or any other damages not measured by the prevailing party's actual damages. Neither you nor TracFone Wireless shall disclose the existence, contents, or results of any arbitration, except to the extent required by law. Judgment on the award rendered may be entered by any court of competent jurisdiction.

PRIVACY POLICY.To view the SAFELINK WIRELESS Privacy Policy refer to the SAFELINK WIRELESS website found at www.safelink.com.

DR-19 What measures will be taken to ensure that each SafeLink customer still possesses the free SafeLink handset in any given month and has not lost or sold it?

Response

TracFone has a non-usage policy for its SafeLink Wireless® customers that was developed in consultation with state commissions to ensure that TracFone would not continue to receive Lifeline support for a phone that was lost or for a phone that was turned off for a prolonged period of time. The non-usage policy was developed by TracFone in consultation with several state commissions which had the same concern as this Commission regarding the potential for customers to remain enrolled in TracFone's Lifeline program after they lost a phone or ceased using the service. TracFone has also thoroughly discussed the policy with the Federal Communications Commission. Under the policy which has been implemented in every jurisdiction where TracFone offers Lifeline service as an ETC, if SafeLink Wireless® customers go two months without any usage independent of the service end date, they will be de-enrolled from Lifeline. The SafeLink Wireless® terms and conditions currently encompass this policy under the "Service End Date and Deactivation" heading.

TracFone has become aware from its own investigation, as well as from the FCC and state utility commissions that a limited number of its handsets have been made available for resale on Internet sites, including www.eBay.com and www.craigslist.org. TracFone has immediately investigated each situation, taken appropriate action, and notified the FCC and appropriate state utility commissions of the outcome of its investigations. TracFone's Loss Prevention department monitors and searches classified postings and web blogs and establishes informational alerts in web search engines to ensure that the SafeLink Wireless® brand name and products are not used for resale or for fraudulent purposes. The Loss Prevention department investigates any potentially improper or fraudulent activities and reports its findings to the

Lifeline operations team. Following an investigation, the Loss Prevention department will deactivate the phone of any Lifeline customer who has engaged in such activities.

5. **How many customers has TracFone forecast adding to its subscriber base, should its application under this docket to become an Eligible Telecommunications Provider, and/or Eligible Telecommunications Carrier, in Oregon be granted? Please provide estimates/forecasts for 1, 3, and 5 years after eligibility to provide the proposed services commences (or similar time periods if the estimates/forecasts already exist in that format).**

Response

TracFone has not developed a forecast of the additional customers it would serve if it was designated as an ETC and ETP in Oregon.

DR-53 What is the average speed of answer when a customer contacts the TracFone Lifeline operations team via phone?

Response

Customers who have questions regarding their SafeLink Wireless® service may contact TracFone's SafeLink Wireless® customer service department. The Lifeline operations team within TracFone is a group of business professionals who work on Lifeline issues. The average answer time for calls to the customer service department is one minute.

28. According to the SafeLink Terms and Conditions of Service, customers must have their phones on for the first few days of each month to receive their free minutes. If customers do not have their phones on, they will need to “self-retrieve” their free minutes. For each state where SafeLink services are currently offered, please provide the following:
- a. For the most recent 12 month period where data is available, please provide the number of customers each month that did not automatically receive their free minutes because the phone was not turned on during the first few days of the month. What percentage of overall SafeLink customer in that state does this represent?
 - b. Of these customers, how many do not then self-retrieve these free minutes?
 - c. Of the customers who do not receive their free minutes in the beginning of the month, and do not self-retrieve, how many contact TracFone customer service to request their free minutes?

Response

TracFone objects to this data request to the extent that it seeks information that is not relevant to the determination of whether TracFone meets the legal requirements of 47 U.S.C. § 214(e)(1) and (2) for designation as an Eligible Telecommunications Carrier in Oregon. See Federal-State Joint Board on Universal Service, Report and Order, 20 FCC Rcd 6371 (2005). Moreover, this information is not relevant to the determination of whether TracFone meets the requirements of the Commission’s rules governing designation as an Eligible Telecommunications Provider under OAC 860-033-0001, et seq.

Inbox (83) - gordonfeighne... Pandora Radio - Listen to F... Google Reader (644) Assurance Wireless | Cell P...

file:///server1/cub/PUC%20Dockets/UM%201437%20-%20Tracfone%20Application/Testimony/CUB/CUB%20Exhibit%20Virgin.aspx.htm

TimerSolutions.com iGoogle Gmail Google Reader Google Calendar Wikipedia TriMet: Public Transp... Twitter / Home Pandora Radio Readability PUC Docket: Search Dictionary.com Other bookmarks

assurance wireless
Brought to you by **Virgin mobile**

WELCOME PROGRAM DESCRIPTION HOW TO QUALIFY CHECK AVAILABILITY FAQS CHECK STATUS LOG IN ACTIVATE

A Worry-Free Way to Stay Connected

Assurance Wireless Benefits
If you qualify and are approved for Assurance Wireless, you'll get:

- _ A FREE Assurance Wireless phone
- _ 200 FREE minutes each month for nationwide local and domestic long-distance calling
- _ FREE voicemail, call waiting, and caller ID
- _ 911 access

CONTACT US
Please call us at 1-888-898-4888.
An advisor would be happy to answer any questions you may have.

There are no bills, long-term contracts, activation fees, recurring fees, or surcharges for Assurance Wireless customers.

Access to Other Offerings
If you decide to add money to your account with a Virgin Mobile Top-Up card or a credit/debit card, you can also take advantage of the following Virgin Mobile offerings:

- _ Additional minutes at 10¢ each
- _ 10¢ text messages
- _ Messaging Packs as low as \$5 for 200 messages
- _ 411 service at \$1.75 per call + standard airtime charges
- _ International calling at great rates to over 200 countries
- _ And so much more

Service within nationwide coverage area reaching more than 276 million people. Assurance Wireless is not available in all areas. Visit virginmobileusa.com for a detailed map and to check if service is available in your area.

Pricing for domestic calls and messaging only. All domestic text prices are to send and receive.

Virgin Mobile offers dual tone multi-frequency and single line service with access to operator services and directory assistance.

About Us | Contact Us | En Español

© Virgin Mobile USA, L.P. 2002 – 2009. All Rights Reserved

start | Inbox - Microsoft Out... Assurance Wireless | ... TracFone CUB 100 - ... CUB Exhibit Virgin.asp... CUB Responses to CUB D... 2:17 PM

The screenshot shows a web browser window with the following elements:

- Browser Tabs:** Includes "Inbox (84) - gordonfeighne...", "Pandora Radio - Listen to F...", "Google Reader (644)", and two "DIS - Document Record" tabs.
- Address Bar:** Shows the URL <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=747c69ef-fdeb-4457-8acb-56696b428d2b>.
- Browser Bookmarks:** Lists "TimerSolutions.com", "iGoogle", "Gmail", "Google Reader", "Google Calendar", "Wikipedia", "TriMet: Public Transp...", "Twitter / Home", "Pandora Radio", "Readability", "PUC Docket Search", "Dictionary.com", and "Other bookmarks".
- Page Header:** Features the "Ohio.gov | Public Utilities Commission" logo, navigation links for "DIS Help", "Consumer Complaints", and "Contact Us", and a search box.
- Navigation:** A menu bar with links for "Electric", "Natural Gas", "Telephone", "Water", "Railroad", and "Motor Carrier".
- Document Record Section:**
 - Path: [PUCO](#) > [DIS](#) > Document Record
 - Case Lookup:
 - Document Record**
 - [View Image](#)
 - Date Filed:** 4/2/2010 4:12:50 PM
 - Document Type:** APP-Application
 - Number of pages:** 53
 - Case Numbers:** [10-0429-TP-UNC](#)
 - Summary:** In the matter of the petition of Virgin Mobile USA LP for limited designation as an eligible Telecommunications Carrier in the State of Ohio.
 - Native File(s):**
- Footer:** Includes navigation links (PUCO | DIS | News | Contact Us | Problems View a File? | Privacy Statement | Site Map) and contact information for "The Public Utilities Commission of Ohio" (180 E. Broad St., Columbus, OH 43215; Ted Strickland, Governor • Alan R. Schriber, Chairman; An Equal Opportunity Employer and Service Provider; (800) 686-PUCO (7826) - (800) 686-1570 (TTY-TDD)).
- Taskbar:** Shows the Windows Start button, taskbar icons for "Inbox - Microsoft Out...", "DIS - Document Reco...", "TracFone CLUB 100 - ...", "CLUB", and "Responses to CLUB D...", and a system tray with the time "2:24 PM".

- 14. For each state, in which you provide Lifeline services, how many minutes are offered? Please include all pilot programs offered in any state.**

Response

See Exhibit 14 for the standard number of airtime minutes provided under TracFone's Lifeline service. TracFone is currently offering the following number of minutes to Lifeline customers on a promotional basis: Alabama - 120 minutes; Florida - 150 minutes; Illinois - 200 minutes; and Louisiana - 250 minutes.

**CUB Exhibit 111
Pricing Chart**

UM 1437/CUB/111
Jenks/1

	TracFone SafeLink	5 cent/min	7 cent/min	10 cent/min	15 cent/min	20 cent/min
Minutes						
50	\$0.00	\$2.50	\$3.50	\$5.00	\$7.50	\$10.00
68	\$0.00	\$3.40	\$4.76	\$6.80	\$10.20	\$13.60
100	\$6.40	\$5.00	\$7.00	\$10.00	\$15.00	\$20.00
120	\$10.40	\$6.00	\$8.40	\$12.00	\$18.00	\$24.00
150	\$16.40	\$7.50	\$10.50	\$15.00	\$22.50	\$30.00
200	\$26.40	\$10.00	\$14.00	\$20.00	\$30.00	\$40.00
300	\$46.40	\$15.00	\$21.00	\$30.00	\$45.00	\$60.00
400	\$66.40	\$20.00	\$28.00	\$40.00	\$60.00	\$80.00
500	\$86.40	\$25.00	\$35.00	\$50.00	\$75.00	\$100.00
600	\$106.40	\$30.00	\$42.00	\$60.00	\$90.00	\$120.00
700	\$126.40	\$35.00	\$49.00	\$70.00	\$105.00	\$140.00
800	\$146.40	\$40.00	\$56.00	\$80.00	\$120.00	\$160.00
900	\$166.40	\$45.00	\$63.00	\$90.00	\$135.00	\$180.00
1000	\$186.40	\$50.00	\$70.00	\$100.00	\$150.00	\$200.00
1100	\$206.40	\$55.00	\$77.00	\$110.00	\$165.00	\$220.00
1200	\$226.40	\$60.00	\$84.00	\$120.00	\$180.00	\$240.00
1300	\$246.40	\$65.00	\$91.00	\$130.00	\$195.00	\$260.00
1400	\$266.40	\$70.00	\$98.00	\$140.00	\$210.00	\$280.00
1500	\$286.40	\$75.00	\$105.00	\$150.00	\$225.00	\$300.00

DR-15 Please identify all types of calls (e.g., calls to customer service, directory assistance, incoming calls, international calls, voice mail, toll-free numbers, 411 services, etc.) that will be counted toward the use of the free minutes under the SafeLink offer. Are text messages counted toward the free minutes count, and if so, how are they counted?

Response

All calls, except those to 911 are counted toward the free minutes provided under the SafeLink Wireless® Lifeline offer. TracFone is in the process of updating its systems so that calls to its customer service center would not be counted against the usage allowance, as long as those calls are placed to the 611 customer-service number. TracFone anticipates that calls from Lifeline customers to customer service by dialing 611 will be available in Oregon later this year. Incoming and outgoing text messages are counted at the rate of .3 minutes per text.

32. **Consumer websites (blogs, forums, etc.) list complaints about TracFone's and Safelink's service quality. Most frequently mentioned are particularly long holds for customer service representatives and the difficulty customers have in getting broken phones replaced.**
- a. **What metrics does TracFone use to record and analyze its customer service performance? Please provide those metrics for the most recently available 24 month period.**
 - b. **What is the average length of time that a customer is likely to be on hold with the TracFone customer service center before that customer is able to talk to a live representative?**
 - c. **What percentage of calls to the TracFone customer service center last more than 30 minutes?**
 - d. **How many complaints does TracFone receive each year concerning broken phones?**
 - e. **What is the average amount of time that a customer must wait before receiving a replacement phone?**

Response

TracFone objects to this data request to the extent that it seeks information that is not relevant to the determination of whether TracFone meets the legal requirements of 47 U.S.C. § 214(e)(1) and (2) for designation as an Eligible Telecommunications Carrier in Oregon. See Federal-State Joint Board on Universal Service, Report and Order, 20 FCC Rcd 6371 (2005). Moreover, this information is not relevant to the determination of whether TracFone meets the requirements of the Commission's rules governing designation as an Eligible Telecommunications Provider under OAC 860-033-0001, et seq.

DR-56 How many personnel in the TracFone Loss Prevention department are dedicated to monitoring classified postings and web blogs and establishing informational alerts in web search engines to ensure that SafeLink Wireless brand name and products are not used for resale or for fraudulent purposes? Is this department monitoring on a daily basis? When was the Loss Prevention department established? How many cases of resale or fraud has this department detected since its inception?

Response

TracFone objects to this data request to the extent that it seeks information that is not relevant to the determination of whether TracFone meets the legal requirements of 47 U.S.C. § 214(e)(1) and (2) for designation as an Eligible Telecommunications Carrier. See Federal-State Joint Board on Universal Service, Report and Order, 20 FCC Rcd 6371 (2005). TracFone further objects that the information sought by this data request is highly confidential and commercially sensitive. TracFone's decisions regarding the amount of resources it believes is necessary to prevent fraud relates to its business strategy and assessment of the risks of fraud. Without waiving its objection, TracFone states that during the past year it has become aware of only a few instances of fraud related to the use of the SafeLink Wireless® brand name or resale of SafeLink Wireless® products out of its more than three million Lifeline customers.

DR-67 Please list the states where TracFone is required to report and contact Lifeline customers after a given number of days (e.g., 60 days, 90 days) of inactivity on their SafeLink Wireless service. For each state, by quarter, please identify:

- a. The number of total SafeLink customers**
- b. The number of customers with inactivity during the test period, and**
- c. The number of customers deactivated for inactivity.**

Response

TracFone objects to this data request to the extent that it seeks information that is not relevant to the determination of whether TracFone meets the legal requirements of 47 U.S.C. § 214(e)(1) and (2) for designation as an Eligible Telecommunications Carrier. See Federal-State Joint Board on Universal Service, Report and Order, 20 FCC Rcd 6371 (2005). TracFone further objects that the information sought by this data request is highly confidential and commercially sensitive. Without waiving its objection, TracFone states that it is required to submit quarterly reports to the Ohio Public Utilities Commission and the Wisconsin Public Service Commission based on the application of its non-usage policy to TracFone's Lifeline customers in Ohio and Wisconsin.

15. **Why does the number of subsidized minutes determined for each state differ? Please detail how the number of minutes for subsidized services was determined in other states where the number of subsidized minutes is more or less than that determined for Oregon.**

Response

TracFone determines the amount of Lifeline benefits by calculating the Lifeline support it will receive from the federal Universal Service Fund. Assuming that the federally-mandated Subscriber Line Charge (SLC) in a state is \$6.50 -- the maximum allowable SLC pursuant to the FCC's rules, TracFone would receive \$10.00 of Lifeline support pursuant to the FCC's rules. This amount is calculated as follows: Tier One support (\$6.50) plus Tier Two (\$1.75) plus Tier Three (\$1.75, conditioned on the ETC providing an additional \$3.50 Lifeline benefit from its own resources). In states where TracFone receives \$10.00, it calculates the Lifeline benefit by adding \$3.50 to the \$10.00 (totaling \$13.50). TracFone then divides the Lifeline benefit by \$0.20 -- its standard per minute rate for service -- and then rounds that result up to the next full minute. That results in a total Lifeline benefit of 68 minutes per month ($\$13.50/\$0.20 = 67.5$).

TracFone calculates the Lifeline benefit at a statewide level based upon a weighted average of the SLCs of the ILECs in each state. As a result, TracFone provides a uniform Lifeline benefit throughout each state in which it provides Lifeline service, even though the amount of available Tier One support may vary within the state. However, the number of Lifeline minutes provided each month can vary across states. In states in which the weighted average SLC is less than \$6.50, the number of free monthly minutes is lower than 68. The number of monthly minutes is greater than 68 in states that require an ETC to provide additional discounts to Lifeline customers. For example, in Massachusetts, TracFone provides 80 minutes each month because in Massachusetts

TracFone must provide an additional \$6.00 Lifeline benefit from its own resources to be entitled to receive the full federal Lifeline reimbursement of \$10.00. Therefore, in Massachusetts, TracFone provides a Lifeline benefit of \$16.00, which results in a Lifeline subscriber receiving 80 minutes each month ($\$16.00/\$0.20 = 80$). In all states, TracFone passes through the complete amount of federal USF funding it receives to its Lifeline customers in the form of free minutes or wireless airtime.

DR-54 Within how many days after receiving ETC designation in Oregon does TracFone expect to have eligible SafeLink Wireless customers in Oregon?

Response

TracFone anticipates that it will commence providing service to low-income customers in Oregon within four to six weeks after receiving ETC designation in Oregon.