

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Petition of Telrite Corporation  
d/b/a Life Wireless

for Designation as an Eligible Telecommunications  
Carrier in the State of Utah

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)      Docket No. 12-2553-01  
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**STIPULATION AND SETTLEMENT AGREEMENT**

Telrite Corporation d/b/a Life Wireless (“Telrite”), the Division of Public Utilities (“DPU”), and the Office of Consumer Services (“OCS”) (collectively the “Stipulating Parties” or the “Parties”), through their undersigned representatives, enter into this Stipulation and Settlement Agreement (“Stipulation”) regarding the Petition filed by Telrite in the instant docket. The Parties submit this Stipulation for approval by the Public Service Commission of Utah (the “Commission” or the “PSC”) pursuant to the Commission’s Rules of Practice and Procedure, R746-100-10.

**PRELIMINARY STATEMENT**

1. On May 8, 1997, the Federal Communications Commission (“FCC”) issued its Universal Service Report and Order, 12 FCC Rcd 8776 (1997) (“Universal Service Order”) implementing the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the “Federal Act”). The FCC provided further guidance on Eligible Telecommunications Carrier (“ETC”) designation in its Lifeline and Link Up Reform Order released February 6, 2012, Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11.<sup>1</sup>

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<sup>1</sup> See *In the Matter of Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) (“Lifeline and Link Up Reform Order”).

2. The Universal Service Order provides that only ETCs designated by a state public utilities commission (“State Commission”) shall receive federal universal service support.<sup>2</sup> Under 47 U.S.C. § 214(e), a State Commission shall, upon its own motion or upon request, designate a common carrier that meets the requirements set forth by the FCC as an ETC for a service area designated by the State Commission. The FCC defines a service area as a geographic area established by a State Commission for the purpose of determining universal service obligations and support mechanisms.

3. To be designated as a federal ETC under the Federal Act, a carrier must: (1) be a common carrier; (2) demonstrate an intent and ability to provision the supported services set forth in 47 C.F.R. § 54.101(a) throughout its designated service areas; and (3) demonstrate an intent and ability to advertise its universal service offerings and the charges therefore, using media of general distribution. *See* 47 U.S.C. § 214(e); Universal Service Order, 12 FCC Rcd at 8791.

4. The FCC’s supported services set forth in 47 C.F.R. § 54.101(a) are:
- a. voice grade access to the public switched telephone network or its functional equivalent;
  - b. minutes of use for local service provided at no additional charge to end users;
  - c. access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911, to the extent the local governments in an eligible carrier’s service area have implemented 911 or enhanced 911 systems; and
  - d. toll limitation services to qualifying low-income consumers.

5. In areas served by a rural telephone company, 47 U.S.C. § 214(e)(2) further requires the Commission to determine that the designation of an additional ETC is in the public interest.

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<sup>2</sup> Section 214(e)(6) of the Federal Act states that the FCC shall designate ETCs where the carrier is not subject to the jurisdiction of the state commission.

6. On June 20, 2012, Telrite filed a Petition seeking Designation as an ETC in the State of Utah, Docket Number 12-2553-01. Telrite seeks designation throughout the coverage areas of AT&T, as identified by the list of wire centers submitted as Exhibit C to the Petition.

7. Telrite, the DPU, and the OCS engaged in settlement discussions in an attempt to resolve any issues raised by Telrite's Petition. The Utah Rural Telecom Association (URTA), and Salt Lake Community Action Program (SLCAP) were invited to participate.<sup>3</sup>

8. The Parties have now reached agreement on the issues raised in this docket, as set forth herein. The Parties agree this Stipulation should have no legal effect outside of the instant docket.

### **AGREEMENT**

WHEREFORE, based on their review of all discovery, testimony and exhibits submitted and upon their settlement discussions, the Parties hereby stipulate and agree as follows:

1. Telrite is a wireless reseller of other carriers.
2. Telrite seeks ETC designation for the limited purpose of providing universal service low-income Lifeline service in Utah. Telrite will not be seeking universal service high-cost support in its service area, nor will Telrite seek to provide universal service low-income Link Up service.
3. Telrite's Lifeline program furthers the statutory goal that basic service be available and affordable to all citizens of the state of Utah.
4. Telrite's Lifeline product offering will constitute an additional choice of providers offering service for low-income consumers, which represents a benefit for those consumers and is in the public interest.

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<sup>3</sup> SLCAP did not intervene in this docket and did not participate in the Settlement discussions.

5. Telrite is a commercial mobile radio service (“CMRS”) provider, and a common carrier as defined by 47 U.S.C. § 332(c)(1)(A).

6. Telrite provides each of the supported services set forth in 47 C.F.R. § 54.101(a) and has shown an intent and ability to offer those services once designated throughout its requested service areas.<sup>4</sup>

7. Telrite submitted its original Compliance Plan to the FCC on March 12, 2012 and revised its Compliance Plan on December 19, 2012. Telrite’s Compliance Plan outlines the measures it will take to implement the conditions imposed by the FCC.<sup>5</sup> The FCC approved Telrite’s Compliance Plan, as amended, on December 26, 2012.

8. Telrite will make available Lifeline service to qualifying low-income consumers. Telrite will not offer Link Up service.

9. Telrite will offer qualified consumers their choice of one of two Lifeline Service Plans. Telrite will provide qualified Lifeline customers in Utah with their choice of 125 or 250 anytime prepaid minutes per month at no charge. Minutes do not expire for the 125 minute plans and unused minutes are rolled over to the next month. Unused minutes for the 250 minute plan do not roll over. Lifeline customers can purchase additional bundles of minutes in denominations of \$5.00, \$10.00, \$4.95, \$7.95, \$12.95, \$19.95 and \$29.95<sup>6</sup>. Airtime, when used for standard cellular calls, is valued at and will be decremented at the following rates:

- (a) \$5.00 denomination – 60 minutes (\$0.083 per minute) of use;
- (b) \$10.00 denomination – 130 minutes (\$0.077 per minute) of use;
- (c) \$4.95 denomination – 1 day Unlimited Talk and SMS;
- (d) \$7.95 denomination - 3 day Unlimited Talk and SMS;

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<sup>4</sup> In its initial operations, Telrite will not provide toll limitation service (“TLS”). Telrite’s proposed Lifeline services offer a set amount of minutes and do not differentiate domestic long distance usage from local usage. Moreover, subscribers to such “all-distance” services are not considered to have voluntarily elected to receive TLS. As a result, Telrite currently is not required to provide TLS to its Lifeline subscribers. *See, e.g., Lifeline and Link Up Reform Order* ¶¶ 49, 230 and 367. If, in the future, Telrite should offer a Lifeline service which differentiates between local usage and long distance usage, the Company commits to provide TLS to customers of that service.

<sup>5</sup> *See Lifeline and Link Up Reform Order.*

<sup>6</sup> The \$29.95 rate for unlimited talk and text is available only to Life Wireless customers that purchase online or by calling Telrite customer service. The retail rate available in stores is \$42.95, which is set to be reduced to a yet undetermined rate.

- (e) \$12.95 denomination – 7 Day Unlimited Talk and SMS;
- (f) \$19.95 denomination – 14 Day Unlimited Talk and SMS;
- (g) \$29.95 denomination – 30 Day Unlimited Talk and SMS

In addition to free voice services, Telrite's Lifeline plan will provide custom calling features at no charge, including Caller ID, Call Waiting, Call Forwarding, 3-Way Calling, Voice Mail, No Roaming charges and free access to Customer Care by dialing 611 from customers' Life Wireless handset or by dialing 1-888-543-3620 from any wireline phone. All plans include domestic long-distance at no extra per minute charge. Calls to 911 emergency services are always free, regardless of service activation or availability of minutes.

10. Under Telrite's proposed low-income wireless offering, each eligible wireless customer will receive a 911 compliant handset at no cost to the subscriber. Wireless handsets will be delivered at no charge to qualifying customers, service will be activated, and the requisite number of minutes will be added upon certification of the customer for Lifeline.

11. The Parties stipulate and agree that designating Telrite as an ETC in the wire centers set forth as Exhibit C to the Petition, filed in this docket, serves the public interest, convenience and necessity, as defined in 47 U.S.C. § 214(e)(2).

12. The Parties stipulate and agree that Telrite shall provide its ETC Lifeline universal service offerings in Utah pursuant to this Stipulation. The Parties recommend that Telrite's provision of its universal service offering as an ETC be governed by the following additional requirements:

- A. Telrite is not currently seeking any Utah USF funding.
- B. If Telrite seeks Utah USF funding in the future, Telrite will file a separate application requesting such state support.
- C. Telrite will comply with all state service quality and consumer protection requirements.
- D. Telrite acknowledges that approval of its Petition will be conditioned upon the verified payment of all applicable state and local regulatory fees, including, but not limited to, universal service fees, emergency services, and relay services.

- E. Telrite agrees to adopt any changes to the certification and verification process developed within Docket No. 10-2528-01.
- F. Telrite meets the requirements for federal ETC designation.
- G. Upon implementing any changes to its Lifeline offerings, Telrite will timely file a notice with the DPU and OCS describing the changed plans.
- H. Telrite shall promptly update a Utah-specific page on its website (lifewireless.com) any time it changes its Utah Lifeline offerings to ensure that its Utah customers have access to the most up-to-date state specific product information.
- I. Telrite shall advertise its Utah products using a Utah-specific fact sheet that provides customers concise and complete information about the services they will receive. A copy of Telrite's Utah-specific fact sheet is attached hereto as Attachment 1 and shall be maintained on the Utah specific page of the Telrite website as discussed in paragraph H above, and shall be provided in hard copy with phones or any documents mailed to Lifeline participants for the first time.

### **GENERAL PROVISIONS**

1. The Parties stipulate to the admission into evidence in this docket of Telrite's Petition, supplemental correspondence, and pre-filed Testimony and exhibits. This stipulation to the admission of the Testimony does not represent an agreement by the Parties as to any positions taken in such Testimony.

2. Not all Parties agree that each aspect of this Stipulation is warranted or supportable in isolation. Utah Code Ann. § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties are not able to agree that each specific component of this Stipulation is just and reasonable in isolation, all of the Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.

3. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, and in accordance with Utah Admin. Code R746-100-10.F.5, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

4. The Parties agree that no part of this Stipulation or the formulae and methodologies used in developing the same or a Commission order approving the same shall in any manner be argued or considered as precedential in any future case except with regard to issues expressly called-out and resolved by this Stipulation. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to any issues not specifically called-out and settled herein.

5. The Parties request that the Commission hold a hearing on this Stipulation. Telrite, the DPU, and the OCS shall, and other Parties may make one or more witnesses available to explain and offer further support for this Stipulation. The Parties shall support the Commission's approval of this Stipulation. As applied to the DPU and the OCS, the explanation and support shall be consistent with their statutory authority and responsibility.

6. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use its best efforts to support the terms and conditions of this Stipulation. As applied to the DPU and the OCS, the phrase "use its best efforts" means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review proceeding in opposition to the Stipulation.

7. Except with regard to the obligations of the Parties under the four immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.

8. This Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission's approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Stipulation or imposes any material change or condition on approval of this Stipulation or if the Commission's approval of this Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional procedures before the Commission, including presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Stipulation, and no party shall be bound or prejudiced by the terms and conditions of the Stipulation.

9. This Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

10. WHEREFORE, the Parties respectfully submit this Stipulation and Settlement Agreement for approval by the Commission and request that the Commission grant such approval.

Dated this \_\_\_ day of May, 2013.

**FOR TELRITE CORPORATION**

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## ATTACHMENT 1

Telrite Corporation  
d/b/a Life Wireless  
Utah-Specific Fact Sheet for Lifeline Customers

### IMPORTANT INFORMATION ABOUT YOUR LIFE WIRELESS LIFELINE CREDIT

Lifeline is a government assistance program that grants eligible individuals a credit each month on their phone bill. Lifeline is subject to continuing eligibility and annual recertification. If you no longer receive the low income assistance, your income exceeds the qualifying amount or you move, you must notify Life Wireless. Lifeline is a non-transferable benefit and may not be transferred to any other person. Life Wireless currently offers two plans which are made available through the Lifeline credit: the 125 Minute Plan and the 250 Minute Plan.

The Life Wireless 125 Minute Plan includes 125 free minutes per month of local, long distance and text messaging (one text message is equal to one minute). For the 125 Minute Plan, unused minutes in one month roll over to the next month.

The Life Wireless 250 Minute Plan includes 250 free minutes per month of local, long distance and text messaging (one text message is equal to one minute). For the 250 Minute Plan, unused minutes in one month do not roll over to the next month.

Lifeline customers can purchase additional bundles of minutes as follows:

- (h) \$5.00 denomination – 60 minutes (\$0.083 per minute) of use;
- (i) \$10.00 denomination – 130 minutes (\$0.077 per minute) of use;
- (j) \$4.95 denomination – 1 day Unlimited Talk and SMS;
- (k) \$7.95 denomination - 3 day Unlimited Talk and SMS;
- (l) \$12.95 denomination – 7 Day Unlimited Talk and SMS;
- (m) \$19.95 denomination – 14 Day Unlimited Talk and SMS;
- (n) \$29.95 denomination – 30 Day Unlimited Talk and SMS

You must apply for the Life Wireless Lifeline Credit prior to receipt of the Lifeline Credit.

You must either use a phone provided by Life Wireless or you can bring in any technology compatible phone and Life Wireless will activate that phone free of charge.

The Life Wireless rate plans do not currently include internet access (data).

Lifeline can only be applied to ONE PHONE LINE PER HOUSEHOLD, either wireless or wireline – not both.

The name on the account must match the name of the person submitting the application.

You will be required to verify your continued eligibility for the Life Wireless Lifeline Credit at any time. Failure to do so, will result in de-enrollment and termination of the Life Wireless Lifeline Credit benefits.

To reach Life Wireless customer service from your handset call 611.

Your wireless handset is E911 compliant and emergency calls to 911 CAN be made as long as your phone is charged, even if you have no remaining minutes.

**YOU ARE ENCOURAGED TO READ LIFE WIRELESS TERMS AND CONDITIONS CAREFULLY FOR COMPLETE DETAILS REGARDING YOUR LIFE WIRELESS SERVICE**