

May 15, 2010

Julie Orchard
Utah Public Service Commission
Salt Lake City, Utah

UTAH PUBLIC
SERVICE COMMISSION

2010 MAY 20 A 7:28

275582

Dear Ms. Orchard:

RECEIVED

Enclosed are the original and five copies of our comments in the Tracfone Lifeline proceeding. Hopefully this is sufficient enough to have those comments entered into the record. We will contact you in the near future to see if at this point we should (or can) enter this proceeding as a formal intervenor.

Thank you,



Timothy J. Funk
Crossroads Urban Center
347 East 400 South
Salt Lake City, Utah 84111
801-364-7765
Email: funk@crossroads-u-c.org



urban center

UTAH PUBLIC
SERVICE COMMISSION

May 15, 2010

2010 MAY 20 A 7 28

275583

Chairman Ted Boyer
Commissioner Richard Campbell
Commissioner Ron Allen
Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, Utah 84114

RECEIVED

Reference: Docket No. 09-2511-01

Gentlemen:

TracFone Wireless, Inc. has petitioned to become an eligible telecommunications carrier in Utah. Their stated single purpose is to provide Lifeline service to qualified households. Crossroads Urban Center is responding to that application.

Crossroads believes this proposal challenges the Utah Public Service Commission to review the entire Lifeline service offering in the state. Potential new providers means the marketplace is changing and many questions are raised. We call upon the PSC to conduct an informal generic hearing on Lifeline service as soon as possible so those served can be sure what they are getting is truly in the public interest. An official request for such a generic hearing was made on May 14 to the Utah State Division of Public Utilities. The Public Service commission should be in receipt of the copies of said request.

There are several specific issues Crossroads Urban Center believes are important to consider in the TracFone Lifeline proposal.

1) The TracFone service proposed is not an adequate replacement for the existing Lifeline service. At best it is a limited compliment to it.

The present Lifeline telephone service has offered essential service to those who qualify for it. The telephone is the most vital communications link for modern households low income or otherwise. Existence without telephone service simply is not practical today. We need it to survive. Lifeline landline service has been doing so for over twenty-five years.

In its promotional literature TracFone makes much of the idea that only 21% (29,600) of the eligible households in the state use the existing Lifeline service. And by inference TracFone says that low percentage is due in part to the current providers refusal to inform the potential user population. While we heartily agree the carriers have done an

Executive Director
Glenn L. Bailey
Board Chairman
James Kris Koford

347 South 400 East
Salt Lake City, Utah 84111
ph: 801.364.7765
fax: 801.364.7228
www.crossroads-u-c.org

inadequate job promoting Lifeline, it doesn't mean the current service is lacking. In fact it says the overwhelming majority of those potentially eligible (over 115,000 additional households or more) for Lifeline already have adequate regular phone service be it landline or wireless.

The Federal Communications Commission reports 97% of Utah households have telephone service. This means if successful the huge majority of new TracFone Lifeline customers would almost certainly be existing landline customers and most of them would be from Quest.

The existing Lifeline service if promoted more aggressively and offered in real competition with the TracFone service would mean the target population would have a real choice in what they can get. We strongly recommend that as part of the generic hearing recommended above the Utah Public Service Commission officially review the performance of Qwest and the other present Lifeline providers and do what is necessary to make sure they are actively advertising the service and aggressively trying to enroll new participants.

If the TracFone application is approved in whatever configuration it is even more incumbent upon state regulators to make sure *all* Lifeline providers *responsibly* promote their service.

2) The monthly offering of 67 TracFone minutes is inadequate for most users and the \$0.20 per minute charge on additional calls is too high.

TracFone proposes a limit of 67 minutes per month or little more than two a day. Calls beyond that would be \$0.20 a minute per call. The Tracfone website shows subscribers must purchase a prepaid calling card with a minimum of 100 minutes for \$19.99 (\$0.20 a minute).

The TracFone ServiceLink fact sheet says its prepaid users use 209 minutes a month (“...far fewer than average...”). This means the typical TracFone bill of over \$28.00 a month ($209 - 67 = 142$ minutes \times \$0.20) is more than the existing Lifeline rates in Utah. Add to this that charges are for incoming and outgoing calls and the usage range shrinks even more.

The primary concept behind Lifeline is it that it is established as a basic, low cost telephone service for low income users who could not afford it otherwise. The real potential for increasingly higher costs with the TracFone proposal nullifies this.

We recommend the Public Service Commission ask for cost studies from jurisdictions served by TracFone to see if indeed their Lifeline customers and those of other providers pay more or less there. This should show whether there is true cost advantage in using the TracFone Lifeline service.

We further urge the Utah Public Service Commission study improvements to the TracFone proposal recommended in regulatory proceedings in other jurisdictions including: a) that the minimum minute number allowed be increased, b) the additional per minute charge be lowered to \$0.10 a minute, and c) prepaid calling cards be offered in increments from \$2.00 on up.

In the Minnesota Tracfone hearings conducted earlier this year, Twin Cities Community Voice Mail, which has proved low income persons with various communications services since 1994, said its extensive studies showed their low income clients "...would need 300 minutes per month (10 minutes per day)." Entirely supportive of the need for wireless service their final conclusion was "...homeless clients working to obtain permanent housing and better employment, will likely use 300-400 minutes per month."

Finally, it is appropriate to mention Virgin Mobile USA has petitioned the Utah Public Service Commission to offer Lifeline telephone service. Their proposal is to offer 200 minutes of service at no charge with additional service at \$0.10/minute. Their overall service proposal seems to be the same or better than what TracFone is offering. Certainly this possibility and the other points mentioned above add to the call for a generic hearing before anything new is implemented.

3) TracFone should be required to contribute to the costs of certifying Lifeline customer eligibility.

TracFone proposed the PSC allow it access to the federal Universal Service Fund's (USF) to pay for the costs of providing Lifeline service. If TracFone is as successful as it claims it can be and enrolls thousands of Utah customers the burden on the USF will increase proportionately. Allowing TracFone to use these public funds without demanding they also return commensurate value to the fund is not sound policy. Besides being unfair this will drain the fund and compromise continued Lifeline service to participants. At the very least TracFone should contribute to the cost of certifying the eligibility of Lifeline customers.

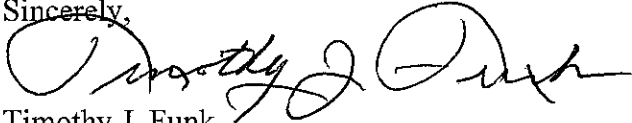
4) TracFone advertising and promotion of Lifeline service should be reviewed and approved by an independent panel.

TracFone proposes an aggressive campaign to enroll customers in its Lifeline program. Special emphasis will almost certainly be placed on the free phone and free minutes offered while the high cost of additional minutes will be less prominent.

The implementation of wireless competition to serve a special, more poor and at risk segment of the general population demands special consideration. Many of those eligible in addition to being poor are older, disabled and/or are having trouble in their lives. Ambitious marketing of essential telephone service to this population must be carefully done.

An independent panel created by the Utah Public Service Commission should review and approve the advertising campaign and materials proposed by TracFone to insure fairness and equity in what is being offered. Any carrier proposing to provide Lifeline service should be subject to the same oversight. The interests of the poor demand as much.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Funk". The signature is fluid and cursive, with the first name being the most prominent.

Timothy J. Funk
Crossroads Urban Center
Salt Lake City, Utah 84111
801-364-7765
Email: funk@crossroads-u-c.org