

EXHIBIT A

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner
Betsy Wergin	Commissioner

In the Matter of a Petition of TracFone Wireless, Inc. for Designation as an Eligible Telecommunications Carrier (ETC) for the Limited Purpose of Offering Lifeline Service to Qualified Households

ISSUE DATE: June 9, 2010

DOCKET NO. P-6823/M-09-802

DOCKET NO. P-6823/CI-10-519

In the Matter of an Investigation into TracFone's Compliance with Remittance Responsibilities under Minn. Stat. §§ 403.11 and 237.52

ORDER GRANTING ONE-YEAR, CONDITIONAL ETC DESIGNATION AND OPENING INVESTIGATION

PROCEDURAL HISTORY

I. Introduction and Background

Under the Federal Telecommunications Act of 1996, telecommunications carriers must be designated "eligible telecommunications carriers" (ETCs) to qualify for subsidies from the federal Universal Service Fund for serving high-cost geographical areas and low-income consumers.¹ To be designated an ETC, a carrier must offer and advertise throughout its designated service area nine basic services the Federal Communications Commission has determined merit support with universal service funding:²

- Voice grade access to the public switched network
- Local usage
- Touch-tone service or its functional equivalent
- Single-party service or its functional equivalent
- Access to emergency services, including 911 and enhanced 911
- Access to operator services
- Access to interexchange services
- Access to directory assistance
- Toll limitation for qualifying low-income customers

¹ 47 U.S.C. §§ 214 (e) (1); 254 (e).

² 47 U.S.C. § 214 (e).

These services must be provided using the carrier's own facilities or a combination of its own facilities and the resold services of other carriers.³

State regulatory commissions have primary responsibility for designating ETCs, but the Federal Communications Commission (FCC) acts on ETC applications when no state has jurisdiction.⁴ In either case, the application must be consistent with the public interest, convenience, and necessity.⁵ To implement this public interest standard, the FCC has adopted – and urged state commissions to adopt – five additional substantive requirements for ETC applicants, set forth in brief below:⁶

- Commitment to provide service throughout designated service area to all customers making reasonable requests for service and submission of periodic plans to upgrade infrastructure to improve service coverage, quality, and capacity
- Demonstrated ability to remain functional in emergency situations
- Demonstrated ability to satisfy consumer protection and service quality standards
- Demonstrated offering of a local usage plan comparable to the one offered by the incumbent LEC in the designated service area
- Certification that the applicant acknowledges that it may be required to provide equal access to long distance carriers if no other ETC is providing equal access within the designated service area

The FCC has also adopted – and urged state commissions to adopt – a public interest standard for evaluating ETC applications, under which the agency considers three factors:⁷

- The benefits of increased customer choice
- The unique advantages and disadvantages of the applicant's service offering
- If the applicant seeks a designated service area smaller than the study area of a rural telephone company, any "cream-skimming" that is likely to result

³ 47 U.S.C. § 214 (e) (1) (A).

⁴ 47 U.S.C. § 214 (e) (6).

⁵ 47 U.S.C. § 214 (e) (2) and (6).

⁶ 47 C.F.R. § 54.202 (a).

⁷ 47 C.F.R. § 54.202 (c).

This Commission has adopted the FCC's five additional substantive requirements, with minor variations, and has adopted the public interest standard without variation.⁸

II. TracFone's Petition for ETC Designation and Proposal for Lifeline Service

On July 1, 2009, TracFone Wireless, Inc. (TracFone or the Company) filed a petition requesting ETC designation throughout the state for the limited purpose of qualifying for federal Universal Service Fund subsidies for serving customers enrolled in the federal Lifeline program.⁹ Under that program, qualifying low-income households receive an approximately \$10 monthly credit to help meet basic telecommunications needs; the credit usually appears as a discount on the household's monthly telephone bill.

TracFone's proposal was unique – instead of converting this credit to a monthly discount, TracFone proposed to accept it as full payment for a form of prepaid monthly wireless service. The Company would provide Lifeline households with a basic wireless handset and a monthly usage allowance, which it proposed to set at 67 minutes.

All fractions of minutes used would be rounded up to a full minute of use, and any unused minutes of use would roll over to the next month. Service would be provided on a prepaid basis; once the monthly usage allowance had been exhausted, no service would be available unless the customer had purchased additional prepaid minutes of use, which the Company proposed to price at 20 cents per minute.

Service would be provided under the trade name SafeLink Wireless and could be obtained only through third-party retail outlets such as WalMart, Rent-a-Center, Dollar Stores, Walgreen's, and CVS Pharmacies.

TracFone has no facilities of its own, but operates entirely by reselling the wireless services of other carriers. Normally, that would make ETC designation impossible, since both the Telecommunications Act and FCC regulations require ETCs to provide service using at least some of their own facilities.¹⁰ The FCC has, however, granted the Company forbearance under 47 U.S.C. § 160 from the application of that requirement.¹¹ Under 47 U.S.C. § 160 (e), the FCC's forbearance decision applies to state ETC applications as well.

⁸ *In the Matter of a Commission Investigation to Consider Adopting the Federal Communications Commission's Standards for Designating Eligible Telecommunications Carriers*, Docket No. P-999/M-05-1169, Order Adopting FCC Requirements for Designating Eligible Telecommunications Carriers, as Modified (October 31, 2005).

⁹ Normally, ETC designation permits carriers to receive subsidies not just for serving low-income households, but also for serving qualifying rural, insular, and high cost areas.

¹⁰ 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201 (i).

¹¹ *In the Matter of Petition of TracFone Wireless, Inc. for Forbearance from 47 U.S.C. § 214(e)(1)(A) and 47 C.F.R. § 54.201(i)*, CC Docket No. 96-45, FCC 05-165 (2005).

III. Subsequent Filings and Comments

The following organizations filed formal comments on TracFone's application for ETC designation:

- Minnesota Department of Commerce
- Minnesota Telecom Alliance
- Minnesota Independent Coalition
- Twin Cities Community Voice Mail
- Legal Services Advocacy Project

The Commission also received public comments from the Jeremiah Program; Voices for Change; Stevie K. Nelson, a peer mentor and group facilitator for a stroke support group; and three Minnesota legislators: Representative Kurt Zellers, Representative Joe Atkins, and Senator Linda Higgins.

On April 22, 2010, the case came before the Commission for oral argument and deliberations.

FINDINGS AND CONCLUSIONS

I. Summary of the Issues

By the time this case was heard, numerous issues raised in early comments by other telecommunications carriers and by the Department of Commerce had been resolved through discussions between the parties. Most were logistical, technical, or administrative issues related to service quality and compliance with federal documentation and reporting requirements. The Commission concurs in the resolutions reached on these issues and will memorialize them in the ordering paragraphs of this order without addressing them here.

The two main issues that remained unresolved were whether TracFone's Lifeline proposal included an adequate local usage allowance and whether TracFone was correct in its claim that it need not collect or remit surcharges to help fund Minnesota's 911 emergency telecommunications program and its telecommunications access program for persons who are communication-impaired.

These issues will be addressed in turn.

II. Local Usage Allowance

A. The Company's Proposal

TracFone proposes to provide its Lifeline customers with a monthly usage allowance of 67 minutes, calculated by rounding up to a full minute all fractions of minutes used. Additional minutes of use could be purchased at retail outlets, with per-minute prices capped at 20 cents. Any unused minutes of use would roll over to the next month.

Calls placed to emergency services by dialing 911 would go through even if the monthly usage allowance had been exhausted. At the hearing, the Company also agreed that calls to its customer service center would not be counted against the usage allowance, as long as those calls were placed to the 611 customer-service number. Calls relating to handset issues would have to be made on a different line to avoid local usage deductions.

B. Positions of the Parties

Four community organizations commented on TracFone's proposed usage allowance:

- Twin Cities Community Voice Mail, which provides free voice mail service to very low-income people to help them maintain contact with health care providers, teachers, social service agencies, employers, potential employers, and support networks
- Voices for Change, an organization composed of and working in the interest of currently or previously homeless Minnesotans
- LIFT (Leading Individuals and Families Together to End Poverty), a national organization whose stated mission is combating poverty and expanding opportunity throughout the United States
- Legal Services Advocacy Project, a statewide division of Mid-Minnesota Legal Assistance specializing in legislative and administrative advocacy, research, and community education

All four organizations agreed that a wireless option would be a valuable addition to Minnesota's Lifeline program. They pointed out that wireless communication has become nearly essential for many people, especially working parents, and that wireless service is often the only workable telecommunications option for homeless people.

At the same time, however, all four maintained that TracFone's proposed 67-minute monthly usage allowance – with supplementary minutes available at 20 cents each – was inadequate. They recommended either rejecting the application or conditioning ETC designation upon a higher monthly usage allowance and lower-priced supplementary minutes (unless the need for supplementary minutes was eliminated by unlimited local usage).

Twin Cities Community Voice Mail stated that it has a longstanding interest in making wireless service available to its clients, some 65% of whom are homeless, and has conducted pilot projects in which it distributed free wireless phones with free local usage allowances. Based on that experience, the organization recommends a baseline usage allowance of at least 200 minutes, assuming the availability of supplementary minutes at ten cents each. The organization stated that waiting times when calling schools, health care providers, social service agencies, employers, and potential employers would quickly exceed the roughly 2.23 minutes per day provided by a 67-minute usage allowance.

Voices for Change and LIFT concurred with Twin Cities Community Voice Mail that the 67-minute usage allowance was inadequate, especially when combined with 20-cent per-minute supplementary minutes. They recommended a monthly usage allowance of 200 to 300 minutes, pointing out that 300 minutes translates into only ten minutes per day.

The Legal Services Advocacy Project concurred that 67 minutes was an inadequate local usage allowance and recommended conditioning ETC designation on TracFone offering a monthly usage allowance as high as any offered by any Lifeline wireless service in the United States. The Project also recommended limiting this conditional approval to one year, to ensure, on the basis of actual experience, that TracFone's service met Lifeline subscribers' basic telecommunications needs.

C. The Legal Standard

Since the FCC first adopted regulations on ETCs, ETCs have been required to offer a minimum amount of free local usage as a condition of designation.¹² The FCC has the authority to specify what that minimum amount is, but it has chosen not to do so,¹³ opting instead to examine usage issues on a case-by-case basis.¹⁴ Nevertheless, the FCC has made it clear that state commissions are free to require specific amounts of free local usage:

In addition, although the [Federal Communications] Commission has not set a minimum local usage requirement, there is nothing in the Act, the Commission's rules, or orders that would limit state commissions from prescribing some amount of local usage as a condition of ETC status.¹⁵

Further, whatever a hypothetically acceptable level of free local usage might be, all ETCs must offer "a local usage plan *comparable to the one offered by the incumbent LEC [local exchange carrier]* in the service areas for which it seeks designation" (emphasis added).¹⁶ This comparability requirement is the touchstone for local usage analysis.

In Minnesota nearly all incumbent LECs – and most ETC applicants – are landline carriers offering unlimited free local usage; the comparability requirement is usually a non-issue. In some cases, though, ETC applicants propose to offer service packages or features (such as the mobile wireless feature in this case) that distinguish them from the incumbent LECs. In these cases, the

¹² 47 C.F.R. § 54.201 (d) (1) requires ETCs to offer all services supported by federal universal service support mechanisms; 47 C.F.R. § 54.101 (a) (2) lists "local usage" as a supported service.

¹³ 47 C.F.R. § 54.101 defines "local usage," as "an amount of minutes of use of exchange service, prescribed by the Commission, provided free of charge to end users," emphasis added.

¹⁴ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, FCC 05-165 (2005), ¶¶ 33, 34.

¹⁵ *Id.* at ¶ 34.

¹⁶ 47 C.F.R. § 54.202 (a) (4), a state-optional requirement adopted by this Commission in docket P-999/M-05-1169, as explained in footnote 8.

comparability determination requires careful analysis. As the FCC observed in its order adopting the comparability requirement:

We believe the Commission should review an ETC applicant's local usage plans on a case-by-case basis. For example, an ETC applicant may offer a local calling plan that has a different calling area than the local exchange area provided by the LECs in the same region, or the applicant may propose a local calling plan that offers a specified number of free minutes of service within the local service area. We also can envision circumstances in which an ETC is offering an unlimited calling plan that bundles local minutes with long distance minutes. The applicant may also plan to provide unlimited free calls to government, social service, health facilities, educational institutions, and emergency numbers. Case-by-case consideration of these factors is necessary to ensure that each ETC provides a local usage component in its universal service offerings that is comparable to the plan offered by the incumbent LEC in the area.¹⁷

D. Commission Action

In this case the Commission must determine whether TracFone's proposed 67 minutes of free local usage (calculated by treating all fractions of minutes used as full minutes), coupled with the availability of additional minutes at 20 cents each, is comparable to the unlimited free local usage offered by the incumbent LECs. This determination must take into account the differences between TracFone's service offering and the incumbents' service offerings and the relative value of those differences to Lifeline customers.

First, the Commission accepts, as the commenting parties clearly do, that the advantages of mobile telecommunications service can be significant enough to offset the disadvantages of a local usage plan with fewer than unlimited free minutes. The ability to place and receive calls from virtually any location can substantially increase the value of local usage.

It permits people to transact the business of their lives at the times and places that are most convenient and effective for them. It permits household members scattered throughout the day to maintain contact with one another. It may be the only effective telecommunications option for homeless people. Its flexibility and convenience can hardly be overstated.

The real issue, then, is whether 67 minutes of this valuable service (with all fractional minutes rounded up), coupled with the availability of additional minutes at 20 cents each, will meet the basic telecommunications needs of Lifeline households as effectively as the unlimited fixed-location local usage offered by the incumbent LECs. The Commission finds this unlikely.

¹⁷ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, FCC 05-165 (2005), ¶ 33.

The community organizations who represent and serve low-income people have all stated that the 2.23-minute daily usage allowance will be inadequate for most households' needs and that the expense and inconvenience of acquiring additional minutes would prove onerous for many. They fear that TracFone's service offering will degrade the level of telecommunications service available to many low-income households and increase overall telecommunications costs for many more. This is a reasonable projection based on known facts, and it reveals a substantial and troubling lack of comparability between TracFone's local usage plan and those of the local LECs.

At the same time, mobile service offers real advantages for some Lifeline households and cannot be lightly dismissed. In fact, the community organizations that appeared in this case concurred that a modified version of TracFone's proposal would benefit low-income households. Further, expanding the availability of flexible and innovative service offerings is one of the main goals of the Telecommunications Act of 1996, and TracFone's proposal qualifies on both counts. A modified service offering, then, may well serve the public interest.

Further, modification seems feasible based on what is currently known. TracFone apparently offers higher-value usage plans in some jurisdictions, with higher monthly usage allowances and less expensive supplementary minutes (ten cents each). And TracFone states in its application that it "operates in accordance with the spirit of universal service," striving for uniform rates throughout the state and throughout the country.¹⁸

The Commission will therefore grant TracFone's application with the condition that it modify its service offering to include the highest-value local usage plan it offers in any other jurisdiction. The highest-value plan would consist of the highest number of free minutes offered anywhere and supplementary minutes at the ten-cent level, the lowest it offers anywhere. This modified local usage plan would be comparable in value to – although clearly different in form from – the unlimited local usage plans offered by the incumbent LECs.

Applying the public interest standard this Commission has adopted at the urging of the FCC¹⁹ – which requires considering the benefits of increased customer choice and balancing the unique advantages and disadvantages of the applicant's service offering – the Commission concludes it is in the public interest to approve TracFone's universal service plan as modified. The first consideration – increasing customer choice – clearly favors TracFone's proposal. And the second consideration – weighing the unique advantages and disadvantages of the service offering – appears to favor the proposal as modified, too, since some households will consider less-than-unlimited local usage a fair tradeoff for the flexibility and convenience of mobile service.

¹⁸ TracFone's July 1, 2009 petition, page 4.

¹⁹ *In the Matter of a Commission Investigation to Consider Adopting the Federal Communications Commission's Standards for Designating Eligible Telecommunications Carriers*, Docket No. P-999/M-05-1169, Order Adopting FCC Requirements for Designating Eligible Telecommunications Carriers, as Modified (October 31, 2005).

Finally, to ensure that TracFone's service offering meets universal service requirements, the Commission will limit TracFone's ETC designation to one year, with the right to reapply two months before the year ends. The Commission will then be in a position, based on actual experience and empirical evidence, to determine whether TracFone's local usage plan is sufficiently comparable to those of the local LECs to merit permanent approval.

III. TracFone's Compliance with the 911 and TAM Surcharge Statutes

A. Introduction

Under Minn. Stat. §§ 403.11 and 237.52, wireless carriers, like all telecommunications service providers, must collect and remit monthly surcharges to fund two public programs – the 911 emergency telecommunications program and Telecommunications Access Minnesota (TAM), the state's access program for communication-impaired persons. These surcharges are assessed on a per-access-line basis, are collected by carriers from their customers, and are remitted to the Commissioner of Public Safety on a monthly basis.

Carriers offering prepaid service typically remit 911 and TAM surcharges for their prepaid customers based on the number of prepaid access lines with account balances exceeding the two programs' combined monthly surcharge of 81 cents on the date of assessment.²⁰ It appears that some prepaid carriers debit customers' accounts for the surcharges and others roll the surcharges into their rates as part of the cost of doing business.

TracFone apparently does not remit 911 or TAM surcharges for over 90% of its prepaid access lines and does not plan to remit these surcharges for any of its Lifeline access lines. Between August 2007 and September 2007, TracFone's 911 and TAM remittances to the Department of Public Safety dropped by some 96% and have remained at that level ever since.²¹ The Company explained by letter that it was limiting its 911 and TAM remittances to access lines "where it has a direct financial relationship with the end user customer that provides the opportunity for collection. Remittance amounts will be based on a collection methodology practicable for prepaid wireless service. . . ."²²

In other words, TracFone would remit no 911 or TAM surcharges for customers who purchased the Company's prepaid service from a third party – typically a retail outlet. This constitutes nearly all TracFone's current customers and would constitute all TracFone's Lifeline customers under the terms of its ETC application.

B. Positions of the Parties

TracFone argued that it complies with the 911 and TAM surcharge statutes "to the extent that they are applicable," pointed out the difficulties inherent in collecting surcharges from customers who buy prepaid service through retail outlets, argued that 911 and TAM compliance were not relevant

²⁰ TracFone comments dated April 19, 2010 and April 20, 2010.

²¹ Department of Commerce comments of January 15, 2010, pages 4 *et seq.*

²² Department of Commerce comments of January 15, 2010, page 4.

to ETC designation, and expressed its willingness to work with the Department of Public Safety, the Department of Commerce, and other interested stakeholders to develop a legislative solution to the collection difficulties posed by third-party sale of prepaid service.

The Department of Commerce and the Minnesota Independent Coalition argued that TracFone was violating the 911 and TAM surcharge statutes by failing to remit monthly surcharges, should not be designated an ETC while out of compliance, and derived a significant competitive advantage from not having to make the 911 and TAM surcharge payments made by other prepaid carriers.

They also pointed out that the FCC had conditioned its ETC designation of the Company (applicable where no state has jurisdiction) on Company compliance with its state 911 funding obligations.²³

C. Commission Action

1. TracFone's Compliance is Relevant to its ETC Application

The Commission concurs with the Department of Commerce, the FCC, and the Minnesota Independent Coalition that the Company's compliance with the 911 and TAM surcharge statutes is relevant to its petition for ETC designation.

First, an ETC designation requires a finding that the designation is "consistent with the public interest, convenience, and necessity,"²⁴ which the FCC has found equates to an affirmative finding that designation is in the public interest.²⁵ It is clearly not in the public interest to grant ETC status to a carrier who does not meet assessment and remittance obligations imposed by law on all carriers for the good of the telecommunications network and the persons and communities the network serves.

Second, to the extent that TracFone does not incur the costs of assessing and remitting surcharges assessed and remitted by other carriers, it has an unfair competitive advantage over those carriers. Condoning that advantage would violate the Commission's duty under Minn. Stat. § 237.011 to ensure fair and reasonable competition in a competitively neutral regulatory manner.

For all these reasons, the Commission finds that TracFone's compliance with the 911 and TAM surcharge statutes is relevant to its request for designation as an ETC.

²³ *In the Matter of Federal-State Board on Universal Service TracFone Wireless Petitions for Designation as an Eligible Telecommunications Carrier*, CC Docket No. 96-45, FCC 08-100 (2008), ¶ 16.

²⁴ 47 U.S.C. § 214 (e) (2).

²⁵ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, FCC 05-165 (2005), ¶ 42.

2. TracFone's Compliance is Required for ETC Designation

Obviously, a telecommunications service provider cannot be excused from the surcharge requirements of Minn. Stat. §§ 403.11 and 237.52 on grounds that its chosen business model (in this case, offering prepaid service through third-party retail outlets) makes collecting surcharges from customers difficult. Further, it appears that other carriers offering prepaid service through third-party retail outlets – including Verizon, AT&T, and T-Mobile, all cited in TracFone's comments – have found ways to accomplish this.

Nor does the Commission accept TracFone's claim that the failure of other prepaid carriers to collect surcharges from customers with account balances under the combined surcharge of 81 cents vitiates their compliance and demonstrates the futility of attempting compliance until the Legislature creates a more convenient collection mechanism for prepaid carriers. *De minimis* collection shortfalls exist in any collection regime and do not justify abandoning collection efforts or statutory responsibilities.

Finally, the Commission is clearly not free to permit TracFone a competitive cost advantage over prepaid carriers who are collecting and remitting 911 and TAM surcharges as the law requires; this would violate both state and federal policies promoting fair and reasonable competition in the local telecommunications market.

The Commission will therefore condition TracFone's ETC designation on its collection and remittance of 911 and TAM surcharges on the per customer/per-access-line basis required by statute. The Commission will ask the Department of Commerce and the Department of Public Safety to monitor the Company's compliance and to promptly bring to the Commission's attention any future compliance issues.

In recognition of its duty to ensure fair and reasonable competition under Minn. Stat. § 237.011 (4), the Commission will also open an investigation under Minn. Stat. § 237.081 to determine whether TracFone is currently violating or has in the past violated Minn. Stat. §§ 403.11 or 237.50 *et seq.*

IV. Conclusion

The Commission will designate TracFone an Eligible Telecommunications Carrier for one year subject to the conditions set forth below for the limited purpose of providing federal Lifeline service to Minnesota households. The majority of the conditions set forth below were agreed to in the course of this proceeding and are therefore not addressed in detail above.

ORDER

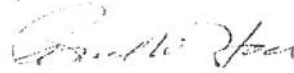
1. The Commission designates TracFone an Eligible Telecommunications Carrier under 47 U.S.C. § 214 for one year, with this designation limited to the provision of Lifeline service within the state of Minnesota and subject to the conditions set forth below.

2. TracFone may reapply for designation as an Eligible Telecommunications Carrier 60 days before the expiration of this one-year designation.
3. As a condition of being designated an Eligible Telecommunications Carrier, TracFone shall take the following actions as of the date it begins providing Lifeline service:
 - a) Provide its Lifeline customers with access to E911 service, regardless of activation status and availability of prepaid minutes.
 - b) Provide its Lifeline customers with E911-compliant handsets and replace, at no additional charge to the customer, non-compliant handsets of existing customers who obtain Lifeline-supported service.
 - c) Obtain a certification from each Public Safety Answering Point where TracFone provides Lifeline service confirming that TracFone complies with condition a). The Company may self-certify that it meets the basic and E911 requirements if the PSAP has not provided the certification and made affirmative findings within 90 days of TracFone's request.
4. TracFone shall require its customers to self-certify at the time of service activation and annually thereafter that the customer is the head of household and is receiving Lifeline-supported service only from TracFone. TracFone shall establish safeguards to prevent customers from receiving multiple TracFone Lifeline subsidies at the same address.
5. TracFone shall document its service area and coverage within the service area in a manner consistent with Minnesota rules.
6. TracFone shall submit to the Department of Commerce for its approval a plan listing the local and community newspapers and commercial broadcast stations in Minnesota through which it intends to advertise the availability of Lifeline and a proposed schedule or anticipated frequency of such advertising. TracFone shall post notice of the availability of Lifeline service on its website and shall submit an advertising plan for approval by the Department of Commerce.
7. TracFone shall revise its informational tariff and/or customer service agreement to address the concerns raised by the Department of Commerce as follows:
 - a) Revise policies regarding disconnection, de-enrollment, deactivation of handsets, and flagging of customers' personal information to thwart future Lifeline eligibility to comply with Minn. Rules 7810.1800 – 7810.2000, which allow disconnection only under certain defined circumstances and provide for appropriate notice to customers.
 - b) Include commitments to comply with the Commission's consumer protection and service quality standards codified in Minn. Rules Chapter 7810, including those relating to record keeping and reporting billing practices and complaint handling procedures.

- c) Clearly list and explain the pricing for the Lifeline offering.
 - d) Include a narrative description of the area in which TracFone proposes to offer service and explain the steps TracFone will take to provide service to customers within its proposed service area but outside its existing network coverage.
 - e) Provide clear notice that this Commission is available for assistance in resolving customer questions, concerns, comments, and complaints; provide contact information for the Commission; and eliminate the provision in the Terms and Conditions requiring binding arbitration.
8. TracFone shall comply with the collection and remittance provisions of Minn. Stat. §§ 403.11 and 237.52. The Commission respectfully requests that the Department of Commerce and the Department of Public Safety monitor TracFone's compliance with this requirement and promptly inform the Commission of any compliance issues.
 9. TracFone shall provide an annual 60-day inactivity report that reports on customers whose service is cancelled due to 60 days of non-usage and shall submit evidence that TracFone does not collect Universal Service Fund subsidies for those inactive phones.
 10. TracFone's Minnesota Lifeline service offering shall include the highest number of free minutes of usage offered in any jurisdiction and supplementary minutes priced at the ten-cent level offered in other jurisdictions.
 11. TracFone shall not subtract from the free-minutes allowance customer calls to its customer service center, providing those calls use the 611-customer-service number and that calls about handset issues are made from another line.
 12. TracFone shall assign its Lifeline customers only numbers that are local to their billing address, with "local" meaning that the TracFone customer will be assigned a number assigned to the free calling area for the local telephone exchange where the customer's billing address is located.
 13. TracFone shall comply with the same annual Lifeline verification procedures that apply to other Minnesota Eligible Telecommunications Carriers.
 14. TracFone shall promptly report any changes to its Lifeline service and shall promptly update its informational tariff or customer service agreement to reflect those changes.
 15. Within 30 days of the date of this order, TracFone shall make a filing demonstrating its compliance with all terms and conditions set forth above.
 16. The Commission hereby opens an investigation under Minn. Stat. § 237.081 to determine whether TracFone is currently violating or has in the past violated Minn. Stat. §§ 403.11 or 237.50 *et seq.*

17. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary



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STATE OF MINNESOTA)
)SS
COUNTY OF RAMSEY)

AFFIDAVIT OF SERVICE

I, Margie DeLaHunt, being first duly sworn, deposes and says:

That on the 9th day of June, 2010 she served the attached

ORDER GRANTING ONE-YEAR, CONDITIONAL ETC DESIGNATION AND OPENING INVESTIGATION.

MNPUC Docket Number: P-6823/M-09-802 & P-6823/CI-10-519

- XX By depositing in the United States Mail at the City of St. Paul, a true and correct copy thereof, properly enveloped with postage prepaid
- XX By personal service
- XX By inter-office mail

to all persons at the addresses indicated below or on the attached list:

- Commissioners
- Carol Casebolt
- Peter Brown
- Eric Witte
- Marcia Johnson
- Kate Kahlert
- Lillian Brion
- Mark Oberlander
- Mary Swoboda
- DOC Docketing
- AG - PUC
- Julia Anderson - OAG
- John Lindell - OAG

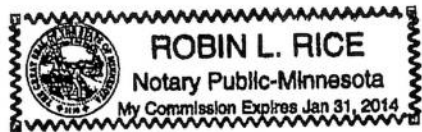
Margie DeLaHunt

Subscribed and sworn to before me,

a notary public, this 9th day of

June, 2010

Robin L. Rice
Notary Public



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@state.mn.us	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	No	SPL_SL_10- 519_Interested Parties
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