

July 15, 2010

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

RE: Docket No. 09-2511-01, Petition of TracFone Wireless, Inc. for Designation as an Eligible Telecommunications Carrier in the State of Utah for the Limited Purpose of Offering Lifeline Service to Qualified Households.

Dear Commissioners:

Earlier this year Crossroads Urban Center requested the Utah Public Service Commission consider scheduling a generic hearing on offering Lifeline telephone service to Utah's low income individuals and families. We repeat that request again based on the factors cited below.

And based in large part on those factors we further urge that the pending TracFone application to offer Lifeline services (Docket No. 09-2511-01) be denied. Such a denial is necessary considering the importance of offering adequate and competent service to those receiving it now and for those potentially eligible.

1) Federal telecommunications regulators are reviewing Lifeline and will make extensive changes.

The Federal Communications Commission has opened a docket to examine how best to more uniformly integrate wireless telephone service into the federally supported Lifeline/Link Up program which provides the majority of funding for the current state program in Utah. It is anticipated this proceeding will dramatically change how Lifeline service is structured nationally and state by state. (See: FCC 10J-2 (rel. June 15, 2010) (Public Notice) citing *Federal-State Joint Board on Universal Service, Lifeline and Link Up*, CC Docket No. 96-45, WC Docket No. 03-109, Order (rel. May 4, 2010) ("Referral Order").

Any order issued in the pending Utah TracFone case almost certainly will be altered extensively by this FCC proceeding. Any state regulatory action should be delayed until the federal changes are clearly defined. The primacy of federal funding for telephone Lifeline makes this delay even more obvious.

2) All wireless Lifeline providers should start at the same time offering services that are clearly understood.

To this point there has been no competition in the marketplace for the Lifeline telephone customer. Offering a new Lifeline service and then another and possibly more is, or can be, terribly confusing to a segment of the population which has some of the most troubled persons in society. Our experience is most persons are poor not by choice but because of circumstance and any time society tries to work with them it should be done with great care.

TracFone has testified that thousands of new subscribers enroll when it first offers Lifeline service saying in Utah it anticipates as many as thousand to two thousand users per month for six months or more. In fact it says in several jurisdictions the Lifeline number has doubled and tripled. While we are supportive of as many households getting service as possible we believe opening the door for one service when other wireless providers are in the application process, or soon may be, will lead to double chaos.

First, there will be the mayhem created when the new service is offered. It will be different: no cost initially, different services covering divergent geographic areas and additional charges beyond a limited number of calls. Inevitably customers will be switching away from their existing landline or unsubsidized wireless service or signing up for the first time. How many of them will know what the differences are? For instance how many making the switch will know they are trading unlimited local calling on their landline service for a limited “measured” service on the other?

Second, adding to the chaos is the possibility of new competing wireless services coming into the marketplace after the first service (if approved). A second offering, depending upon how soon it comes on line and how it is advertised, will add more confusion about what is available. If a third or fourth Lifeline service is then offered the perplexity will only increase.

A generic hearing could examine Lifeline service offerings and help design a way all of them could be offered in the most clear, competitive way most fair to the provider and to the low-income consumer.

3) TracFone can change its service offering if compelled by regulators. If approved it should be given only interim status for one year.

While our position is that the Utah PSC should deny the TracFone application, it is important to point out that the regulatory process in other states has compelled the company to offer more useful service to Lifeline customers.

In the Minnesota telephone Lifeline proceedings TracFone has modified its offering to include a 200 free minute per month option for low-income customers plus the purchase of additional minutes for 10 cents a minute.

In Washington State, although TracFone offers only 65 minutes per month for their core service, they added a \$10 per month discount to their two Straight Talk products:

“Unlimited” offering unlimited minutes for \$35 a month after the discount, and “All You Need” offering 1,000 minutes per month for \$20 a month after the discount.

It should also be noted that in several jurisdictions the TracFone application approval is interim for a year to see how the company performs if and before permanent status is given. At the very least Utah should do the same.

4) Lifeline telephone service alternatives to the homeless should be investigated.

As seems apparent from the testimony in the TracFone case, telephone Lifeline will not be available to homeless individuals and families because they do not have an independent address. This situation will probably be reviewed as part of the FCC proceeding cited above. If the Utah PSC conducts a generic hearing as asked for in these comments it should make telephone Lifeline service to the homeless part of those proceedings. Or, if the PSC should not choose to conduct such a proceeding, it should create some mechanism by which the issue is reviewed independently. There are various remedies for serving the homeless that have been undertaken in other urban communities around the country. Those could be reviewed as part of this effort.

5) The present landline Lifeline telephone service offered is inadequate and needs to be improved.

TracFone estimates that less than 30,000 (21%) out of 146,000 potentially eligible households receive telephone Lifeline in Utah. We expect, again as Tracfone has stated, if and when wireless Lifeline is offered thousands more would use it just as they have in other jurisdictions. However, we believe only one out of five have existing Lifeline service primarily because it is poorly promoted by Qwest, the major landline carrier in Utah.

Given the extensive eligibility system in place in Utah for the assistance programs now used to determine eligibility for telephone Lifeline, it is unacceptable that more households don't have service. There are numerous jurisdictions where the existing Lifeline service is much more efficiently utilized. We should find out why and do a better job here.

Whatever the Utah PSC chooses to do with the TracFone application it must at the same time look at why the present Lifeline service performs so poorly. Again, the best and most efficient way to review the existing service would be in a generic hearing examining all of its aspects at once.

Thank you,

Timothy J. Funk
Crossroads Urban Center
347 South 400 East
Salt Lake City, Utah

