

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Communications Division  
Carrier Oversight & Programs Branch**

**RESOLUTION T- 17449  
SEPTEMBER 11, 2014**

**R E S O L U T I O N**

Resolution T-17449. This Resolution conditionally grants the request of i-wireless, LLC to be designated as an Eligible Telecommunications Carrier to provide only federal Lifeline wireless service in specified areas of California.

**Summary**

By this Resolution, the California Public Utilities Commission (CPUC or Commission) conditionally grants the request of i-wireless, LLC (i-wireless) (U-4372-C), a wireless carrier under the brand designation "*Access Wireless*," to be designated as an Eligible Telecommunications Carrier (ETC) to provide only federal Lifeline wireless service to qualifying customers in California in the service areas of the Uniform Regulatory Framework (URF) carriers<sup>1</sup> excluding the Small Local Exchange Carriers (Small LECs)<sup>2</sup> service areas.<sup>3</sup> i-wireless seeks federal Lifeline support only and does not seek California LifeLine fund support. The request is consistent with the Federal Communications Commission's (FCC) ETC and Lifeline requirements and the Commission's ETC, LifeLine and operating requirements. We find that i-wireless' ETC request is reasonable and consistent with the public interest and should be conditionally granted to the extent allowed by this Resolution.

---

<sup>1</sup> The URF carriers are AT&T California, Verizon California, Surewest Telephone, Frontier Communications of California, and Frontier of the South West.

<sup>2</sup> The Small LECs group is composed of Calaveras Telephone Co. (U-1004-C), Cal-Ore Telephone Co. (U-1006-C), Ducor Telephone Co. (U-1007-C), Foresthill Telephone Co. (U-1009-C), Happy Valley Telephone Co. (U-1010-C), Hornitos Telephone Co. (U-1011-C), Kerman Telephone Co. (U-1012-C), Pinnacles Telephone Co. (U-1013-C), Ponderosa Telephone Co. (U-1014-C), Sierra Telephone Co. (U-1016-C), Siskiyou Telephone Co. (U-1017-C), Volcano Telephone Co. (U-1019-C), Winterhaven Telephone Co. (U-1021-C), and Frontier Communications West Coast (U-1020-C). These telephone companies generally operate in rural areas and have regulated rates.

<sup>3</sup> See i-wireless, LLC's Advice Letter 2 (filed July 30, 2012), Advice Letter 2A (October 17, 2012), Advice Letter 2B (February 20, 2013), and Advice Letter 2C (July 24, 2014).

## Background

Congress directed the FCC to establish universal service support mechanisms to ensure that “[q]uality services [are] available at just, reasonable, and affordable rates” for consumers throughout the nation.<sup>4</sup> The FCC’s and the CPUC’s Lifeline programs further this goal by providing discounts on monthly telephone services to eligible low-income consumers.

Section 254(e) of the Communications Act, as amended (the Act), states that “only an eligible telecommunications carrier under section 214(e) shall be eligible to receive specific federal universal service support.”<sup>5</sup> Under section 214(e)(1)(A) and (b), a common carrier designated as an ETC must:

- offer services supported by the federal Universal Service Fund (USF) either by using its own facilities, resale, or both, and
- advertise the services and the related charges using advertising media of general distribution.<sup>6</sup>

Under section 214(e)(2), state commissions are given the primary responsibility of designating ETCs in their states. Once designated an ETC, the FCC then authorizes the ETC to receive federal USF support for providing those services supported by the USF (e.g. local telephone service) in high-cost areas and to low-income customers.

47 C.F.R. § 54 contains the FCC’s Universal Service rules issued to implement § 254 of the Telecommunications Act regarding universal service. Sections 54.400 – 54.422 address federal Lifeline service. Section 54.401 defines Lifeline as a non-transferrable retail service offering for which qualifying low-income consumers pay a reduced charge for voice telephony service after applying the federal Lifeline support amount.<sup>7</sup>

### FCC Orders

The following provides a brief summary of some of the relevant aspects of the FCC orders that address ETC matters:

**FCC 11-161 (November 18, 2011), the federal USF and Intercarrier Compensation (ICC) Transformation Order**, modified the definition of the services that are supported by the Federal USF by eliminating the FCC’s former list of nine supported services and adopting a definition that is technology neutral, now focusing on service functionality instead of the technologies used and allowing services to be provided over any platform.<sup>8</sup>

---

<sup>4</sup> 47 U.S.C. § 254(b)(1).

<sup>5</sup> 47 U.S.C. § 254(e).

<sup>6</sup> 47 U.S.C. § 254(e)(1)(A), (b).

<sup>7</sup> 47 C.F.R. § 54.403.

<sup>8</sup> *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket

In addition, the Order reformed the framework for ETC oversight by the FCC, state commissions, Tribal governments, and the Universal Service Administrative Company (USAC).<sup>9</sup> The Order established uniform national standards of accountability related to reporting requirements and annual § 254(e) certifications<sup>10</sup>; imposed consequences of non-compliance with rules; described the USAC oversight process, access to cost & revenue data; and, updated the federal USF/ICC systems including revisions to the information required of common carriers when seeking ETC designation and annual reporting requirements. ETCs must meet public interest obligations and apply new certifications related to the public interest.

**FCC 11-189 (December 23, 2011), the Sua Sponte Order on Reconsideration**, clarified the attributes of “voice telephony service” by amending the definition of services supported by the federal USF in order to establish a more technologically neutral approach to functionality over any platform, not just based on technology. With the amendment of § 54.101, voice telephony services must, by definition provide a) voice grade access to the public switched network or its functional equivalent, b) minutes of use for local service provided at no additional charge to end users, c) access to emergency services provided by local government or other public safety organizations (e.g. 911 or E-911), and d) toll limitation for qualifying low-income consumers.<sup>11</sup> Additionally, the Order affirmed that Lifeline-only ETCs do not meet the “own facilities” requirement if their facilities no longer support the “voice telephony service” under the amended section. To be in compliance with rules, Lifeline-only carriers seeking ETC designation must use their own facilities, in whole or in part, to provide the supported services or obtain forbearance from the FCC.<sup>12</sup>

**FCC 12-11 (February 6, 2012), the Lifeline Reform Order**, revised the definition of Lifeline service to include technological-neutral terms of service and adopted a rule to permit ETCs to allow qualifying consumers to apply Lifeline discounts to all residential service plans that provide voice telephony service including bundled service packages of voice and broadband or packages with optional calling features. ETCs can apply the Lifeline discount to any retail service offering, not just to offerings specifically designed for low-income consumers.<sup>13</sup>

---

No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking (FCC 11-161) (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) ¶ 77.

<sup>9</sup> *Id.* at § VIII.

<sup>10</sup> 47 U.S.C. § 254(e) requires ETCs to use federal support funds only for the provision, maintenance, and upgrading facilities and services.

<sup>11</sup> *Connect America Fund et al.*, WC Docket 10-90 et al., Order on Reconsideration, 26 FCC Rcd 17633 (2011) (*First Order on Reconsideration*) ¶ 3.

<sup>12</sup> *Id.* at ¶ 4.

<sup>13</sup> *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 Dkt. 11-42, WC Dkt. 03-109, CC Dkt. 96-45, WC Dkt. 12-23 (FCC 12-11) rel. Feb 6, 2012 (*Lifeline Reform Order*) ¶¶ 315-316.

The Order updated the definition of Lifeline to be consistent with the new definition of the supported services (e.g. voice telephony service) adopted in FCC 11-161, the Transformation Order, and removed the “local” qualifier because many providers no longer distinguish between local and long distance usage since service offerings bundle minutes of use. Prior to the adoption of FCC 12-11, an ETC had to demonstrate that it offered a local usage plan comparable to one offered by the incumbent LEC in the service area(s) for which the ETC applicant sought designation. The FCC never adopted a specific local usage threshold leaving it up to a fact specific case-by-case analysis that took into consideration different local calling areas than those of the incumbent LEC, a specified number of free local minutes, or the offering of an unlimited calling plan that bundles local and long distance minutes.<sup>14</sup> In FCC 12-11, however, the FCC noted that many providers do not distinguish between local and long distance usage and concluded that carriers may satisfy the obligation to provide local usage via service offerings which bundle local and long distance minutes<sup>15</sup> and concluded that this finding was applicable also to Lifeline service. The FCC, therefore, determined it appropriate to remove the qualifier “local” from Lifeline comparable local usage requirements and determined that prescribing a minimum amount of local minutes was not necessary at this time.

The Order updated its ETC rules<sup>16</sup> for all ETCs by: a) modifying the definition of ETC to include ETC’s designated by the FCC as well as by the states; b) requiring all carriers requesting ETC designation to demonstrate financial and technical capability to provide Lifeline services; and, c) streamlining annual reporting requirements, including service outages, into a new section 47 C.F.R. § 54.422. By adopting these program revisions, the FCC expects to strengthen protections against waste, fraud, and abuse and improved program administration, accountability, and consumer protections.

47 U.S.C. § 214(e)(1)(A) required an ETC to provide the supported services through the use of its own facilities or a combination of its own facilities and resale. The Order concluded that forbearance from the facilities requirement would be in the public interest because it will increase connection among providers of telecommunications services. As a condition of granting forbearance from the “own-facilities” rule, resellers must have an FCC-approved Compliance Plan. Section 214(e)(1)(A) limits ETC designation to common carriers providing service with their own facilities. The FCC granted forbearance to this requirement to those common carriers that do not meet the “own facilities” requirement, subject to the conditions that<sup>17</sup>: a) the carrier must comply with certain 911 requirements including, but not limited to, the procedures the ETC follows in enrolling a subscriber in Lifeline and submitting for reimbursement for that subscriber from

---

<sup>14</sup> *In the Matter of Federal-State Joint Board on Universal Service*, Report and Order, CC Dkt. 96-45 (FCC 05-46), rel. Mar 17, 2005. ¶¶ 32-33.

<sup>15</sup> *Lifeline Reform Order* at ¶ 49.

<sup>16</sup> *Id.* at ¶¶ 384-391.

<sup>17</sup> *Id.* at ¶ 379.

the fund, materials related to initial and ongoing certifications and sample marketing materials, as well as further safeguards against waste, fraud, and abuse the FCC may deem necessary and b) the carrier must file, and the FCC must approve, a compliance plan that provides specific information regarding the carrier's service offerings and outlines the measures the carrier will take to implement the obligations set forth in FCC 12-11. This includes a detailed description of how the carrier offers service, the geographic areas in which it offers service, and a description of the carrier's various Lifeline service plan offerings including subscriber rates, number of minutes included, and the types of plans available.

The FCC declined to prescribe minimum monthly minute standards, finding that it was not necessary because the communications market place should make this determination, citing examples of competitive forces driving up the number of minutes offered to Lifeline customers.<sup>18</sup> While the FCC has not prescribed minimum minutes of use for Lifeline plans, Communications Division (CD) staff reviews an ETC applicant's proposed plans to determine if they are based on retail offerings of the ETC applicant that are available to its non-Lifeline customers or if the plans are offered only to Lifeline customers. For those Lifeline plans that are not based on retail plans available to all prospective customers, CD staff evaluates the Lifeline customer-only plans in its public interest analysis of each ETC request.

**FCC 12-52 (May 14, 2012), the Third Order on Reconsideration**, extended annual reporting requirements to all recipients of federal high-cost/Connect America Fund (CAF) support, including state-designated ETCs, and clarified that the FCC will not preempt states from imposing state-specific reporting requirements as long as those additional reporting requirements do not create burdens that thwart achievement of the universal service reforms adopted by the FCC.

### **California Public Utilities Commission ETC Designation Requirements**

The following are the CPUC requirements that a carrier seeking an ETC must also comply with:

In **Resolution T-17002 (May 25, 2006)**, the CPUC adopted *The Comprehensive Procedures and Guidelines for ETC Designation and Requirements for ETCs* that are consistent with FCC Order 97-157 regarding designation of a telephone carrier as a qualified ETC. Pursuant to this Resolution, applicants seeking ETC designation in California are required to provide the following: a description of the proposed service offerings and attached service area maps; description of the advertising plan(s); commitment to provide service; submission of the 2-year service quality improvement plan; ability to remain functional; commitment to consumer

---

<sup>18</sup> *Id.* at ¶ 50.

protection; demonstration that a carrier's usage plan is comparable to that of the incumbent LEC in the proposed service area; and, public interest determination.

In addition, the CPUC's rules require that, in order to be designated as an ETC, an applicant must comply with **General Order 153 (GO 153)** which implements the *Moore Universal Telephone Service Act* and contains California LifeLine service requirements. Applicants must offer all 22 Lifeline service elements unless it has obtained a waiver<sup>19</sup> and comply with all other applicable provisions in GO 153. **User Fees and Surcharges** are obligations which CPUC-approved carriers must fulfill. The Public Utilities Commission (PUC) User Fee is levied on all telecommunications carriers providing services directly to customers or subscribers and the amount of fees is a percentage calculation based on all intrastate customer billings for telecommunications services. In addition, all telecommunications carriers that provide basic telephone service are required to collect and remit Public Purpose Program (PPP) surcharges from end-users that fund the Commission's universal service program. When reviewing ETC designation requests, CD staff reviews carrier compliance with these state regulatory requirements for telephone corporations operating in California including, but not limited to, reporting and paying PUC User Fees, PPP surcharges, and submitting required reports.

## Notice/Protests

The advice letter filing was served via email to all parties on the ETC service list and appeared in the Commission's Daily Calendar on August 3, 2012.

On August 16, 2012, the Division of Ratepayer Advocates (DRA)<sup>20</sup> filed a protest to this advice letter with two concerns: the proposed Lifeline discount amount of \$15 needed clarification and the proposed plans did not offer sufficient minutes of use. On August 22, 2012, i-wireless responded to the protest explaining that the \$15 discount includes the maximum federal support amount of \$9.25 added to a \$5.75 company credit. Also, in addressing the insufficient minutes, i-wireless responded that the *200* and *250 Minute* plans serve as choices for individuals who want a plan with some minutes at a budget-saving low-cost. i-wireless, also, pointed out that there are currently available plans with similar minutes and features.

---

<sup>19</sup> See *Attachment B* for list of GO 153 service elements.

<sup>20</sup> DRA is now known as the Office of Ratepayer Advocates.

## Discussion

### Company Overview and Proposed Lifeline Rate Plans

i-wireless, LLC (i-wireless), under the brand designation “*Access Wireless*,” is a prepaid wireless service provider with principal offices at 1 Levee Way, Suite 3104, Newport, Kentucky, 41071. Using the Sprint Spectrum, L.P. network on a wholesale basis, i-wireless obtains the network infrastructure and wireless transmission facilities to allow it to operate as a mobile virtual network operator. On May 21, 2007, the Commission issued i-wireless its Wireless Identification Registration number U-4372-C allowing it to operate as a commercial mobile radio service (CMRS) provider in California. i-wireless has complied with the regulatory requirements for telephone corporations operating in California including, but not limited to, reporting and payment of PUC User Fees and Public Purpose Programs (PPP) surcharges and submitting required reports.

On July 30, 2012, i-wireless filed Tier III Advice Letter (AL) 2 requesting ETC designation to receive federal support to provide only federal Lifeline prepaid wireless service to eligible customers under the brand “*Access Wireless*.” In partnership with The Kroger Company (Kroger), the nation’s largest grocery retail chain and second largest retailer overall, i-wireless customers would accumulate free minutes for dollars spent at participating Kroger or “*Ralphs*” grocery store locations that participate in the *Free Minutes Loyalty Program* (approximately 137 cities across the state at the time of the AL filing).

i-wireless seeks approval of the following five rate plans,<sup>21</sup> two rate plans that are only available to eligible Lifeline customers and three rate plans that are available to both eligible Lifeline and regular/non-Lifeline customers: :

- *550 Minutes* of talk and text, a Lifeline-only offering for \$5.75 per month.
- *1,000 Minutes* of talk and text with 200 MB data, a Lifeline-only offering for \$12.65 per month.
- *Unlimited Talk Plan* with unlimited text and 500 MB data for \$25.75 per month, retail value of \$35.<sup>22</sup>
- *Unlimited Talk Plan* with unlimited text and 2 GB data for \$40.75 per month, retail value of \$50.<sup>23</sup>
- *Unlimited Talk Plan* with unlimited text and 3 GB data for \$65.75 per month, retail value of \$75.<sup>24</sup>

Lifeline-only customers can purchase additional airtime minutes in denominations of \$5 for 100 minutes (\$0.05 per minute), \$10 for 200 minutes (\$0.05 per minute), and \$25 for 300 minutes (\$0.083 per minute).

---

<sup>21</sup> i-wireless initially requested approval of four Lifeline rate plans in AL 2. Subsequent thereto, i-wireless modified its rate plans in AL 2A, 2B, and 2C and is now seeking approval of five Lifeline rate plans.

<sup>22</sup> A regular/non-Lifeline customer would pay the applicable retail rate (\$35, \$50 or \$75) and an eligible Lifeline customer would pay the applicable Lifeline rate (\$25.75, \$40.75 or \$65.75), which reflects a deduction of federal Lifeline discount of \$9.25 from the retail rate.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

## **Compliance with Federal Rules**

### **Federal ETC Requirements:**

A carrier must satisfy all FCC ETC requirements in order to receive an ETC designation. i-wireless has met the following federal ETC requirements:

**Demonstrate that the services intended to be offered comply with the voice telephony definition** - Pursuant to 47 U.S.C. § 214(e)(1) and (6), i-wireless submits that it is a common carrier and is able to provide telephone exchange and exchange access through its wholesale arrangements with its underlying facilities-based provider, Sprint.

**Advertise using media of general distribution** - i-wireless demonstrates that its Lifeline services meet the definition of voice telephony and commits to advertise in a manner reasonably designed to reach those likely to qualify for Lifeline using any California-specific advertising requirements such as media of general distribution which may include advertisements via printed advertisements, billboards, and public transit signage. i-wireless states that it may also promote the availability of its Lifeline offerings by distributing brochures at various state and local social service agencies and may partner with non-profit organizations in order to inform customers of the availability of its Lifeline services. i-wireless also states that it plans to engage in a collaborative advertising strategy with Kroger to increase consumer awareness of the Lifeline program through store customer education. For example, when a customer pays with a government-subsidized form of payment, a secondary cash register receipt automatically will generate information about the customer's eligibility for Lifeline program benefits and how to obtain more information. Kroger in-store radio, printed advertisements, and signage will be used. Another benefit for Kroger customers is participation in the *Free Minutes Loyalty Program* which allows customers with an i-wireless Lifeline account to earn additional minutes in a month. i-wireless expects that its advertising and outreach efforts will result in increased participation in the Lifeline program by eligible low-income consumers.

**Commit to provide service throughout the designated service area** - i-wireless commits to provide service in the areas that it is designated an ETC, based on the build-out of the facilities and availability of service of its underlying facilities based carrier, Sprint. i-wireless will expand its service area accordingly as Sprint continues to develop additional facilities from it operational and largely built out network. i-wireless's agreement with Sprint allows the company to provide to its customers the same ability to remain functional in emergency situations as currently provided by Sprint to its own customers, including access to a reasonable amount of back-up power to ensure functionality without an external power source, the ability to reroute traffic around damaged facilities, and the capability of managing traffic spikes resulting from emergency situations. Sprint has redundancies, back-up generator power and an extensive disaster recovery program. Sprint has built its network from the ground up which means that its



network is consistent across the entire network so that it is easy to monitor and to troubleshoot should any outage or disruption occur.

**Resellers submit FCC-approved *compliance plan*** – i-wireless submitted a revised compliance plan approved by the FCC on October 21, 2011.

**Demonstrate financial and technical capability** – i-wireless is financially and technically capable of providing Lifeline services. i-wireless is 50% owned by Kroger, the nation’s largest grocery retail chain and the second largest retailer overall. i-wireless has been in business for six years and has successfully provided wireless service in states around the nation. i-wireless possesses ETC designations in 26 states and the District of Columbia and has petitions pending in four states. i-wireless is financially able to provide Lifeline services as it does not intend to offer exclusively Lifeline services and therefore not exclusively dependent on universal service support for its revenue. Its senior management has many years’ experience in the telecommunications industry and offers extensive telecommunications business, technical, and managerial expertise to the company. i-wireless will provide resold wireless service and therefore will rely upon the managerial and technical expertise of its underlying carrier, Sprint.

**Meet public interest requirements for the proposed service areas** – i-wireless asserts that it meets the FCC public interest criteria because it will provide consumers, especially low-income consumers, with low prices and high quality communications services. i-wireless would provide increased consumer choice, service offerings, and mobility as well as the safety and security of effective 911 and E911 services through its portable and convenient wireless service. i-wireless’ entry into the market will promote competition which will spur competitors to improve their existing networks to remain competitive while giving low income residents a wider choice of providers and available services.

**Commit to satisfy all applicable consumer protection and service quality standards** – i-wireless agrees to abide by all applicable state and federal consumer protection and service quality standard requirements and commits to comply with the Cellular Telecommunications and Internet Association’s (CTIA) *Consumer Code for Wireless Service*.

**Agree to apply the Lifeline support discount to residential retail plans** – i-wireless states that it will apply the \$9.25 federal Lifeline support amount to all of its proposed plans.

CD staff finds that i-wireless has not complied with the following three federal ETC requirements and makes these recommendations:

- 1) i-wireless did not address its commitment to file federal compliance reports (e.g., Form 481, etc.) annually. CD staff recommends that the Commission direct i-

wireless to file federal compliance reports with the FCC and this Commission, as directed.

2) FCC 12-11 Paragraphs (¶) 384-391 changed some of the ETC designation and annual compliance reporting requirements in Part 54 in order to centralize and streamline certification and reporting requirements for carriers. These changes were effected by deleting 47 C.F.R. § 54.202 and establishing 47 C.F.R. § 54.422. i-wireless should include the following data and information in its annual reports:<sup>25</sup>

- ¶ 385 - Definition of ETC in 47 C.F.R. § 54.5 as modified includes ETCs designated by the FCC
- ¶ 386 - Lifeline-only ETCs exempted from filing 5-year network improvement plans
- ¶ 387-388 - Explicit requirement that ETC applicants must demonstrate financial and technical capability to provide Lifeline service including:
  - Previous experience offering service to non-Lifeline customers
  - Length of time in business
  - Whether applicant will rely exclusively on Lifeline revenues to operate
  - Whether applicant will receive revenue from other sources
  - Previous enforcement action against applicant or ETC revocation proceedings in other states
- ¶ 389 - Reporting requirements within 47 C.F.R. § 54.422
  - Service outage information
  - Number of complaints received per 1,000 connections
  - Compliance with service quality standards and consumer protection rules
  - Certify that the carrier can operate in emergency situations
- ¶ 390 - Other reporting requirements
  - Names and identifiers used by the ETC, its holding company, operating companies and affiliates
  - General information of terms and conditions of Lifeline voice telephony plans offered to Lifeline customers including number of minutes provided, additional charges for toll calls, and rates for each plan.

3) 47 C.F.R. § 54.401(d) requires that when a state commission designates a carrier an ETC status, the state commission shall file or require the ETC to file information with USAC that demonstrates that the ETC's Lifeline plan meets the universal service support criteria for low-income consumers including the terms and

---

<sup>25</sup> *Wireline Competition Bureau Announces Filing Deadline of October 15, 2013 for Eligible Telecommunications Carriers to File High-Cost and Low-Income Annual Reports, and Announces Filing Deadline of December 16, 2013 for States and ETCs to File Annual Use Certifications*, Public Notice, WC Dkt.1090 and 11-42, [DA 13-1707](#) (August 6, 2013)

conditions of voice telephony service plans and the plan details.<sup>26</sup> To comply with § 54.401(d), CD recommends that the Commission direct i-wireless to file the applicable information directly with USAC. USAC will review the service plans to ensure they meet the federal Lifeline requirements. Once USAC approves the service plans, i-wireless shall provide to the Communications Division Director a copy of the information submitted to USAC and a copy of i-wireless's certification of approval from the USAC within 30 days of receipt from USAC.

With the three recommendations covered above, CD staff believes i-wireless is compliant with FCC ETC requirements.

### **Compliance with CPUC Rules**

#### **GO 153 Basic Service Elements Compliance:**

GO 153 requires carriers that seek an ETC designation to comply with 22 basic service elements of California LifeLine. (See *Attachment B* of this resolution for a complete list of California LifeLine basic service requirements.)<sup>27</sup> i-wireless requested a waiver of the following California LifeLine basic service elements: (4) the ability to receive free incoming calls, (11) free provision of one directory listing per year, (12) availability of free white pages telephone directory, (15) free access to 800 and 800-like toll-free numbers, (19) free access to toll-blocking service, (20) free access to toll-control service, and (21) access to two residential lines if a low income household with a disabled person requires both lines to access Lifeline.<sup>28</sup>

CD staff recommends granting waivers from elements (4), (11), (12), and (15) because they do not apply to wireless service providers but to providers of wireline services; the Commission has granted such waivers in the past. Likewise, CD staff recommends granting waivers from elements (19) and (20) since there is no distinction between the local and long distance usage of minutes offered in i-wireless's proposed plans and therefore do not apply. However, CD staff denies i-wireless' request for a waiver of element (21) because other federal Lifeline wireless providers comply with this service element currently and because D.14-01-032 maintains this element as a requirement in the California LifeLine rules for wireless carriers.<sup>29</sup> Since all wireless carriers are required to provide access to *two lines* for a household with a disabled person, CD staff does not recommend granting a waiver to requested element (21).

---

<sup>26</sup> USAC requires a copy of a new ETC's designation order issued by its state utility regulator, <http://usac.org/li/telecom-carriers/step03/default.aspx>. Site last visited May 15, 2014.

<sup>27</sup> Current GO 153 continues to be used to evaluate ETC designation request by wireless carriers including federal Lifeline applications and renewals until the Commission revises GO 153 and determines the extent to which revised GO 153 rules and revised California LifeLine service elements should apply to federal Lifeline wireless offerings in Rulemaking 11-03-013.

<sup>28</sup> D.10-11-033 (November 19, 2010).

<sup>29</sup> D.14-01-032 (January 16, 2014), *Attachment D, Appendix A-2*, service element 17 (revised).

**LifeLine Third Party Administrator:**

GO 153, § 4.2 related to California LifeLine enrollment procedures provides a reasonable means for wireless carriers to determine if a prospective low-income customer is eligible for federal Lifeline wireless service. In California, the California LifeLine Administrator (CLA) performs enrollment application and renewal functions.<sup>30</sup> i-wireless agrees to comply with GO 153 requirements, including consumer enrollment, prequalification, certification, eligibility verification and annual renewal, and working with the CLA. Once eligibility is established and approval information is sent by the CLA, i-wireless will then send a phone and welcome package to an approved customer.

CD staff recommends that the Commission require i-wireless to label clearly its wireless offerings as “*federal Lifeline service*”. Doing so would minimize customer confusion between the California LifeLine and federal Lifeline programs, disseminate adequate information about potential coverage and service quality issues, and provide copies of all marketing materials including, but not limited to, customer service representative scripts, internet marketing, and posters and brochures to CPUC California LifeLine staff for review and approval prior to publication and distribution.

**Resolution T-17002 Compliance:**

i-wireless has satisfied the applicable requirements set forth in Resolution T-17002 including, but not limited to: providing Lifeline-only services within the proposed service area; providing the designated services; and, complying with advertising rules as required by the FCC such as using printed advertisements, billboards, public transit signage, and brochures, all of which will state clearly that the Lifeline support is from the federal Lifeline program only.

At the time of review, i-wireless was current with payment of the annual PUC User Fees and public purpose program surcharges. As a condition of its Commission authority and its ETC designation, i-wireless must continue to remain current with its payments. The Commission may revoke i-wireless’s ETC designation and/or operating authority if the company does not remit timely fees and surcharges and the Commission will notify the USAC and the FCC of the revocation.

i-wireless states it has the ability to remain functional in emergency situations by working with its underlying carrier, Sprint. i-wireless commits to satisfy all applicable state and federal requirements related to consumer protection and service quality standards.

**Providing Federal Lifeline Wireless Service to Customers in Small LEC Service Areas:**

i-wireless does not seek ETC designation in the service areas of the Small LECs. Consistent with the policy adopted in Resolution T-17284, i-wireless commits to coordinate with the Small LECs using their list of the ZIP+4 codes<sup>31</sup> associated with the

---

<sup>30</sup> GO 153, § 4.2.1. The current California LifeLine Administrator is Xerox.

<sup>31</sup> ZIP+4 code is the standard ZIP code with a four digit add-on code. This add-on code identifies a smaller geographic region within the main code, such as a city block, office building, etc. In Resolution T-17284, Virgin

Small LECs service areas. i-wireless will use that data to ensure that no federal Lifeline wireless service is offered to customers residing in the Small LECs' service areas.

CD staff recommends that the Commission require the Small LECs to provide to i-wireless, as they do for all current ETCs, an updated ZIP+4 code data list of the Small LECs' service areas<sup>32</sup> within 30 days of the effective date of this Resolution, as appropriate for the carrier and the service area. The Small LECs should also be required to provide to i-wireless any update to the ZIP+4 code data, as needed. i-wireless should file a copy of any updated ZIP+4 code data list with the Communications Division Director and the CLA. The ZIP+4 code data shall be provided in an MS Excel file (.xls) format via email to the CD Director. The Small LECs also shall provide the CLA the ZIP+4 code data in a format specified by the CLA.

**Public Interest Determination:**

Before recommending designation of a carrier as an ETC, CD staff must determine that doing so would be in the public interest for California consumers.<sup>33</sup> In the Lifeline Order, the FCC clearly states the importance of promoting universal service principles<sup>34</sup> and in that context that the Lifeline program includes a public interest determination particularly for Lifeline-only ETCs where forbearance of the facilities-based requirement exists.<sup>35</sup> Since the federal Lifeline program adopted a technology-neutral definition for supported service, i-wireless proposes to give consumers a choice of prepaid wireless rate plans that provide larger local calling areas than traditional wireless service through its mobile connectivity. In addition, i-wireless service provides convenience and security, the opportunity for customers to control cost by receiving a preset amount of monthly airtime at low cost (e. g. the *550 Minute Plan*), the ability to purchase additional usage at flexible and affordable amounts, 911 service and, where available, E911 service. i-wireless states that its Lifeline customers will receive the same high-quality wireless service and exceptional customer service provided to all its customers. i-wireless emphasizes that its Lifeline rate plans will allow feature-rich mobile connectivity for qualifying subscribers at minimal cost through a choice of rate plans that are comparable in minutes and features to those available to post-paid wireless subscribers. The current choices of low-cost, low minutes to discounted monthly cost for unlimited talk and text with data allow a customer who can contribute more out-of-pocket to subscribe to a higher bucket of minutes if it suits his/her needs and budget.

Upon review, CD staff finds that i-wireless meets the FCC criteria for public interest determination including providing the benefits of increased competitive choice,

---

Mobile was required to screen prospective Lifeline customers to ensure they do not reside in the Small LECs' territories. The screening can be accomplished by using the list of ZIP+4 codes for the Small LEC service areas.

<sup>32</sup> On July 5, 2011, the Small LECs filed with the CPUC the ZIP+4 code data pursuant to Resolution T-17284. On July 6, 2011, Frontier Communications West Coast, Inc. filed the ZIP+4 code data for its service areas pursuant to T-17284.

<sup>33</sup> *In the Matter of Federal-State Joint Board on Universal Service*, Report and Order, CC Dkt 96-45 (FCC 05-46), released Mar 17, 2005 ¶ 40 and CPUC Resolution T-17002, *Appendix A, Section II-G: Public Interest Determination*.

<sup>34</sup> 47 U.S.C. § 254(b)(c)(e)(2).

<sup>35</sup> *Lifeline Reform Order* at ¶¶ 219, 378, 362, and fn 968.

convenience, security with mobility, ability to purchase additional usage, and the ability to use supported service to send and receive text messages in a prepaid plan.

### Price Analysis

When analyzing Lifeline plan pricing, CD staff considers non-Lifeline retail plan prices, relying on competitive forces to determine what plans are reasonable, as well as currently available federal Lifeline retail plans. In addition, CD staff evaluated i-wireless's proposed offerings using the expected monthly cost to a low-income consumer based on average minutes of use<sup>36</sup> compared to similar incumbent local exchange carrier (ILEC) Lifeline plans and other wireless ETC Lifeline plans.

As proposed, i-wireless' *550 Minutes, 1,000 Minutes*, and the *Unlimited Talk Plans* with unlimited text and 500 MB and 2 GB data have equal or better value for low-income customers when compared to other prepaid wireless Lifeline packages. The *Unlimited Talk Plan* with unlimited text and 3 GB data, a \$75 retail plan, would cost a Lifeline customer \$65.75 per month after applying the \$9.25 federal support amount. Compared to other currently available unlimited wireless Lifeline plans on the market, i-wireless' *Unlimited Talk Plan* with unlimited text and 3 GB data would cost more than i-wireless' plan with unlimited talk, text, and data priced at \$39.99. See Chart 1 for comparison details.

---

<sup>36</sup> *In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993 Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, WT Dkt. No. 11-186 (FCC 13-34) (*Sixteenth Report on Mobile Competition*). The FCC annually issues a mobile competition report which reflects analysis of 2011 data submitted by carriers. CD staff analysis uses the 615 average minutes of use (MOU) for wireless voice as a base to evaluate Lifeline plan offerings (Table 38).

Resolution T- 17449  
CD/ABA

Chart 1 -- Comparison of Proposed Federal Lifeline Wireless Plans to Other Prepaid Federal Lifeline Wireless Plans in Service Area (Assuming Average Wireless MOU)

	Prepaid Wireless Lifeline Plans									
	Budget Mobile 500	i-wireless 550 Minutes	Virgin Mobile 500	i-wireless 1000 Minutes & 200 MB Data	Total Call 1000 Talk & 1000 Text	Telscape 1100	Virgin Mobile 1000	Nexus 1000	Budget Mobile 1000	TAG Mobile Plan 1000
Avg. MOU*	615	615	615	615	615	615	615	615	615	615
Basic Plan Minutes (allowance)	500	550	500	1000	1000	1100	1000	1000	1000	1000
Texts included	100	1 txt = 1 min	500	1 txt = 1 min	1000	1 txt = 1 min	1000	-	250	1000
Data included	-	-	-	200 MB	-	-	-	-	-	-
Avg. Excess MOUs	115	65	115	0	-	-	-	-	-	-
Cost per Min in excess of allowance **	\$0.033	\$0.050	\$0.100	\$0.050	-	-	-	-	-	-
Cost of excess minutes**	\$3.80	\$3.25	\$11.50	-	-	-	-	-	-	-
Min. Lifeline Plan Cost (per D.10-11-033) or Cost per Plan	\$5.00	\$5.75	\$5.00	\$12.65	\$19.99	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Total GO 153 Cost to Customers	\$8.80	\$9.00	\$16.50	\$12.65	\$19.99	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Caller ID	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long Distance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Voicemail	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Excise Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Additional costs of vertical features	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Cost to Lifeline Customers with 615 MOU and additional costs of vertical features	\$8.80	\$9.00	\$16.50	\$12.65	\$19.99	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00

	Prepaid Wireless Lifeline Plans								
	Cricket Unlimited	i-wireless Unlimited Talk, Text, & 500 MB Data	Total Call Unlimited Talk & Text	Virgin Mobile Unlimited	TAG Mobile Plan Unlimited	Budget PrePay Unlimited Talk/Text	Total Call Unlimited Talk, Text, & Data	i-wireless Unlimited Talk, Text, & 2 GB Data	i-wireless Unlimited Talk, Text, & 3 GB Data
Avg. MOU*	615	615	615	615	615	615	615	615	615
Basic Plan Minutes (allowance)	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Texts included	-	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Data included	-	500 MB	-	-	-	-	Unlimited	2 GB	3 GB
Avg. Excess MOUs	-	-	-	-	-	-	-	-	-
Cost per Min in excess of allowance **	-	\$0	-	-	-	-	-	\$0	\$0
Cost of excess minutes**	-	\$0	-	-	-	-	-	\$0	\$0
Min. Lifeline Plan Cost (per D.10-11-033) or Cost per Plan	\$21.50	\$25.75	\$29.99	\$30.00	\$30.00	\$32.00	\$39.99	\$40.75	\$65.75
Total GO 153 Cost to Customers	\$21.50	\$25.75	\$29.99	\$30.00	\$30.00	\$32.00	\$39.99	\$40.75	\$65.75
Caller ID	\$0.00	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long Distance	\$0.00	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Voicemail	\$0.00	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Excise Tax	\$0.00	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Additional costs of vertical features	\$0.00	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Cost to Lifeline Customers with 615 MOU and additional costs of vertical features	\$21.50	\$25.75	\$29.99	\$30.00	\$30.00	\$32.00	\$39.99	\$40.75	\$65.75

Plan choices based on AL Supplement 2C filed July 24, 2014.

\* Average Minutes of Use based on FCC 13-34 16th Mobile Wireless Competition Report issued March 19, 2013, Table 38. Avg MOU 615, Year 2011.

\*\* Requires purchase of \$5 airtime card for 100 additional minutes

Comparable Local Usage and Equal Access

To demonstrate that its proposed federal Lifeline wireless plans are reasonable, i-wireless provided a summary comparing its federal Lifeline wireless plans to other retail and federal Lifeline offerings made by wireless and wireline local exchange carriers. CD, however, updated Chart 2 using the companies' websites to reflect accurately current offerings and retail prices.

Chart 2 -- Comparison of Proposed Federal Lifeline Wireless Plans to California ILEC Federal Lifeline Wireless Measured Rate Plans and Prepaid Wireless Plans (Assuming Average Wireless MOU)

	i-wireless, LLC branded as Access Wireless					ILEC MR Lifeline Plans				Prepaid Wireless Retail Plans					
	i-wireless 550 Minutes	i-wireless 1000 Minutes & 200 MB Data	i-wireless Unlimited Talk, Text, & 500 MB Data	i-wireless Unlimited Talk, Text, & 2 GB Data	i-wireless Unlimited Talk, Text, & 3 GB Data	AT&T Lifeline MR (minimum)	AT&T Lifeline MR (maximum)	Verizon Lifeline MR (minimum)	Verizon Lifeline MR (maximum)	Virgin Mobile PayLo 1500	Nexus Reach Out Simple Plan 1000	Metro PCS Unlimited	AT&T Go Phone Unlimited Talk & Text	Sprint Basic Plus	Verizon Talk & Text 450
Avg. MOU*	615	615	615	615	615	615	615	615	615	615	615	615	615	615	615
Basic Plan Minutes (allowance)	550	1000	Unlimited	Unlimited	Unlimited	146	146	146	146	1500	1000	Unlimited	Unlimited	Unlimited	450
Texts included	1 txt = 1 min	1 txt = 1 min	Unlimited	Unlimited	Unlimited	-	-	-	-	1500	-	Unlimited	Unlimited	Unlimited	Unlimited
Data included	-	200 MB	500 MB	2 GB	3 GB	-	-	-	-	30 MB	-	Unlimited	Unlimited	Unlimited	-
Avg. Excess MOUs	65	-	-	-	-	469	469	469	469	-	-	-	-	-	165
Cost per Min in excess of allowance	\$0.050	\$0	\$0	\$0	\$0	\$0.033	\$0.033	\$0.033	\$0.033	\$0	\$0	\$0	\$0	\$0	\$0.45
Cost of excess minutes	\$3.25	\$0	\$0	\$0	\$0	\$15.48	\$15.48	\$15.48	\$15.48	\$0	\$0	\$0	\$0	\$0	\$74.25
Min. Lifeline Plan Cost (per D.10-11-033) or Cost per Plan	\$5.75	\$12.65	\$25.75	\$40.75	\$65.75	\$2.50	\$3.66	\$2.50	\$3.66	\$30.00	\$20.00	\$40.00	\$45.00	\$50.00	\$59.99
Total GO 153 Cost to Customers	\$9.00	\$12.65	\$25.75	\$40.75	\$65.75	\$17.98	\$19.14	\$17.98	\$19.14	\$30.00	\$20.00	\$40.00	\$45.00	\$50.00	\$134.24
Caller ID	-	-	-	-	-	\$9.99	\$9.99	\$7.95	\$7.95	-	-	-	-	-	-
Long Distance	-	-	-	-	-	\$6.99*	\$6.99*	\$15.99	\$15.99	-	-	-	-	-	-
Voice mail	-	-	-	-	-	N/A	N/A	\$7.45	\$7.45	-	-	-	-	-	-
Federal Excise Tax	-	-	-	-	-	\$0.08	\$0.11	\$0.08	\$0.11	-	-	-	-	-	-
Total Additional costs of vertical features	-	-	-	-	-	\$17.06	\$17.09	\$31.47	\$31.50	-	-	-	-	-	-
Total Cost to Lifeline Customers with 615 MOU and additional costs of vertical features	\$9.00	\$12.65	\$25.75	\$40.75	\$65.75	\$35.04	\$36.23	\$49.45	\$50.64	\$30.00	\$20.00	\$40.00	\$45.00	\$50.00	\$134.24

Plan choices based on AL Supplement 2C filed July 24, 2014.  
 \* Average Minutes of Use based on FCC 13-34 16th Mobile Wireless Competition Report issued March 19, 2013, Table 38. Avg MOU 615.  
 \*\* Requires purchase of \$5 airtime card for 100 additional minutes

CD staff notes that in the Chart 2, listing current prepaid wireless retail plans, Metro PCS, AT&T Wireless, and Sprint (i-wireless's underlying carrier) charge less for their off-the-shelf unlimited talk, text, and data plans, respectively \$40, \$45, and \$50. A low-income customer could sign up directly with those companies and save monthly \$25.75, \$20.75, or \$15.75, respectively, over i-wireless' Lifeline *Unlimited Plan* with 3 GB data plan costing \$65.75. CD staff does not find it in the public interest to approve a package that would cost a Lifeline customer more than a similar or better off-the-shelf retail offering and recommends that the Commission reject i-wireless's *Unlimited Talk Plan* with unlimited text and 3 GB data plan. CD staff found the *550 Minutes*, *1,000 Minutes*, the *Unlimited Plan* with 500 MB, and the *Unlimited Plan* with 2 GB data plans to be acceptable as they offer better value to a Lifeline customer with choices to fit individual needs and budget.

**Due Diligence Review:**

An integral part of CD's processing of an ETC designation request is a due diligence review of the requesting carrier as a supplement to the public interest analysis to determine if the carrier has engaged in behavior that may call into question its fitness to be granted ETC designation to serve California consumers. The due diligence review



includes, but is not limited to, confirming that a company is current with payment of CPUC Reimbursement Fees (referred to as PUC User Fees)<sup>37</sup> and surcharges<sup>38</sup> as required to maintain its operating authority. In addition, CD conducts independent research about a carrier to provide the Commission with background information that may be pertinent in deciding whether or not to grant the ETC designation request. Typical research methods are performing Lexis/Nexis legal resource searches, Google Internet searches, reviewing industry and trade publications, querying other governmental agencies (e.g. California Secretary of State for business registration), contacting the FCC and USAC, reviewing a company's history of operations, and contacting the Commission's Safety and Enforcement Division and Consumer Affairs Branch.

To continue its commitment to protect against waste, fraud, and abuse of the Lifeline program, CD staff considered the FCC's *Notice of Apparent Liability for Forfeiture* (NAL) issued November 1, 2013, to i-wireless.<sup>39</sup> The NAL alleges that the company willfully violated 47 C.F.R. §§ 54.407, 54.409, and 54.410 by requesting and receiving reimbursement payments from the Universal Service Fund for intra-company duplicate Lifeline enrollments. The basis for the NAL resulted from USAC's in-depth validation review in specified months of 2012 and 2013 in eight states to identify intra-company and inter-company duplicates. Of 259,459 subscribers reported, USAC identified 1,684 intra-company duplicates, an error rate of only 0.65%.

The FCC has not adopted a threshold for an acceptable level of duplicates. To assess i-wireless' error rate, CD staff relied upon the Federal *Improper Payments Elimination and Recovery Act of 2010* (IPERA)<sup>40</sup> as a guideline for an acceptable level of error for duplicate enrollments. IPERA requires that all federal programs and activities that may be susceptible to significant improper payments be identified, which aids in the prevention of the loss of taxpayer dollars through wrongful payments to individuals, organizations, and contractors by defining standards and setting limits to reduce improper payments. The IPERA asserts that "significant" risk exists when improper program payments exceed \$10,000,000 of all payments made in a fiscal year or 1.5% of a fiscal year's program outlay. Absent an FCC threshold, CD staff finds that the 1.5% provides a reasonable guideline for an acceptable level of duplication and based on this benchmark, CD finds that i-wireless' 0.65% duplicate rate does not rise to the level of a "significant" risk that justifies a denial of their ETC designation request.

As an additional safeguard against waste, fraud, and abuse, in April 2014, USAC launched the *National Lifeline Accountability Database* (NLAD) where all carriers must upload Lifeline subscriber information. When a carrier initiates a new enrollment, the carrier must directly access NLAD to verify the individual's eligibility before enrolling the person in the program. USAC's NLAD process prohibits companies from entering

---

<sup>37</sup> PU Code §§ 401, 405, and 431.

<sup>38</sup> PU Code §§ 275-279.

<sup>39</sup> FCC 13-148 (November 1, 2013).

<sup>40</sup> 31 U.S.C.3321 note, July 22, 2010.

the same name twice by blocking duplicate enrollment attempts via live Internet connections. For April and May 2014, i-wireless reports it had no intra-company or inter-company duplicates in NLAD.

In addition to NLAD, the CPUC has its own database of California LifeLine customers that provides essentially the same safeguards as the federal NLAD where California's LifeLine third party administrator verifies a new subscriber's eligibility at the front-end of the sign-up process to ensure that only eligible California households will receive California and federal Lifeline benefits from i-wireless.

CD's due diligence review of i-wireless did not uncover any fitness issues to deny approval of i-wireless's ETC request. We, therefore, find i-wireless's ETC request consistent with the public interest but if substantive issues emerge after this ETC is approved which raises public interest questions about i-wireless's operations, the Commission may pursue an enforcement action against the company which may include fines, penalties, and the revocation of ETC designation and/or wireless identification registration authority.

#### **Safety Concerns:**

Although wireless phone service offers great mobility for consumers, CD staff notes safety concerns related to wireless mobile phone service and E-911 and/or 911 connection limitations. Where there is a lack of coverage, poor signal strength, or atmospheric or terrain conditions that affect connections, emergency calls may not be completed. In rural areas, for example, with spotty connectivity or interference (e.g. due to geographic or structural obstacles), wireless mobile resellers of wholesale facilities service cannot guarantee full, accessible emergency connections for their own direct customers. An incomplete emergency call can have devastating results. Given that E-911 and/or 911 safety is a common concern for all of California's wireless customers, CD staff recommends that i-wireless be required to fully and clearly inform prospective federal Lifeline wireless customers that coverage limitations may affect wireless mobile phone service access to E-911 and/or 911 in the event of an emergency. Such disclosures include, but are not limited to, clear statements on marketing materials and conspicuous placement on the public website in the form of information content on webpages, footnotes, and/or listings on a frequently asked questions (FAQ) webpage.

#### **Changes to Federal Lifeline Wireless Plans:**

Regarding changes to federal Lifeline wireless plan offerings, CD recommends as follows:

1. For changes to i-wireless' two Lifeline-only plans which are not based on retail plans currently available to all prospective customers at the time of filing, the company must file a Tier II Advice Letter to request for approval of any changes.<sup>41</sup> Such request shall demonstrate that the change complies with Resolution T-17002, i.e. *Appendix A-Sections II-E: Local Usage* and *II-G. Public*

---

<sup>41</sup> Resolution T-17339 Ordering Paragraph 3.

*Interest Determination*, all applicable GO 153 rules, and pricing rules pursuant to D.10-11-033 or as modified and/or updated by subsequent Decisions and/or Resolutions effective at the time of the request; and

2. For changes to i-wireless's *Unlimited Plans* that are based on retail service offerings available to all prospective customers and not just to Lifeline customers, changes from one retail plan to another retail plan should be handled via an Information-Only filing, consistent and in compliance with General Order 96-B General Rules 3.9, 6.1, and 6.2, and Telecommunications Industry Rule 2. Since i-wireless offers both retail and Lifeline plans, any future changes to i-wireless's California federal Lifeline plans that are based on retail plans shall be noticed via an Information-Only filing.

**Final Conclusions and Staff Recommendations:**

CD staff recommends conditional approval of i-wireless' request for an ETC designation for the purpose of offering federal Lifeline wireless service in California in the service areas of the URF carriers, excluding the Small LEC service areas. CD staff specifically recommends conditional approval for i-wireless to offer these four plans:

- *550 Minutes* of talk and text, a Lifeline-only offering for \$5.75 per month.
- *1,000 Minutes* of talk and text with 200 MB data, a Lifeline-only offering for \$12.65 per month.
- *Unlimited Talk Plan* with unlimited text and 500 MB data for \$25.75 per month, retail value of \$35.
- *Unlimited Talk Plan* with unlimited text and 2 GB data for \$40.75 per month, retail value of \$50.

CD staff does not recommend approval of i-wireless's Plan 4, *Unlimited Talk & Text* with 3 GB data costing \$65.75, because it would be more expensive than any other federal Lifeline wireless offering currently available to California low-income customers as well as off-the-shelf retail wireless plans.

Before commencing its federal Lifeline wireless operations in California, i-wireless must perform with all of the following:

- i-wireless will file required annual reports and compliance reports with the FCC and the Commission, as directed;
- i-wireless will comply with 47 C.F.R. § 54.401(d) by filing the required information directly with USAC to certify that its federal Lifeline wireless plan meets federal requirements under the USAC administration. i-wireless is obligated to report within 30 days of receipt from USAC that compliance has been achieved via a letter to the Director of CD including a copy of the information submitted to USAC and a copy of i-wireless's certification of approval from the USAC;

- i-wireless will provide marketing materials to the CPUC California LifeLine staff for review prior to distribution and advertising;
- i-wireless will comply with CPUC User Fee and Public Purpose Program surcharge requirements. Failure to comply with fee and surcharge remittance requirements may lead to enforcement action including, but not limited to, revocation of i-wireless's ETC designation and/or wireless identification registration authority;
- i-wireless will file a copy of updated ZIP+4 code data list with the Director of CD and the California LifeLine Administrator; and,
- i-wireless will post safety-concerns about wireless telephone service coverage limitations on distributed materials and on its company website.

### COMMENTS

In compliance with P.U. Code § 311(g), the Commission emailed a notice letter on August 12, 2014, informing all parties on the eligible telecommunications carrier service list of the availability of this resolution for public comments at the Commission's website [www.cpuc.ca.gov](http://www.cpuc.ca.gov). The notice letter also informed parties that the final conformed resolution adopted by the Commission will be posted and available at this same website.

CD did not receive comments on this resolution.

### FINDINGS AND CONCLUSIONS

1. i-wireless, LLC is a prepaid wireless service provider that uses the Sprint Spectrum, L.P. network on a wholesale basis under the brand designation "Access Wireless." Its principal offices are at 1 Levee Way, Suite 3104, Newport, Kentucky, 41071.
2. On May 21, 2007, the Commission issued i-wireless, LLC., its Wireless Identification Registration number U-4372-C allowing it to operate as a commercial mobile radio service (CMRS) provider to the public in California.
3. On July 30, 2012, i-wireless, LLC filed Tier III Advice Letter (AL) 2 requesting ETC designation to offer only federal Lifeline prepaid wireless service to eligible customers under the brand "Access Wireless." i-wireless, LLC proposed four plans, one a Lifeline-only offering for \$3 per month and choice of three retail plans, that apply a \$15 discount of \$9.25 federal support amount plus \$5.75 company credit.
4. i-wireless, LLC only seeks federal Lifeline support and does not seek California LifeLine fund support.

5. On August 16, 2012, the Division of Ratepayer Advocates filed a protest stating the proposed Lifeline discount amount of \$15 needed clarification and the proposed plans did not offer sufficient minutes of use.
6. On August 22, 2012, i-wireless responded to the Division of Ratepayer Advocates protest explaining that the \$15 discount includes the maximum federal support amount of \$9.25 added to a \$5.75 company credit and giving support for the low-minute plans.
7. i-wireless, LLC shall file all federal annual reports (e.g., Form 481, etc.) and compliance reports with the Federal Communications Commission and, as directed, with this Commission.
8. i-wireless, LLC shall file the required service plan information pursuant to 47 C.F.R. § 54.401(d) with the Universal Service Administrative Company (USAC). USAC will review the service plans to ensure they meet the federal Lifeline requirements. Once accepted, a copy of the information submitted to USAC and a copy of i-wireless, LLC's certification of approval from the USAC shall be provided to the Communications Division Director within 30 days of receipt from USAC.
9. i-wireless, LLC meets the Federal Communications Commission's Eligible Telecommunications Carrier requirements.
10. i-wireless, LLC requested waivers of California LifeLine service elements: (4) the ability to receive free incoming calls, (11) free provision of one directory listing per year, (12) availability of free white pages telephone directory, (15) free access to 800 and 800-like toll-free numbers, (19) free access to toll-blocking service, (20) free access to toll-control service, and (21) access to two residential telephone lines if a low-income household with a disabled person requires both lines to access California LifeLine.
11. It is reasonable to grant waivers for California LifeLine elements (4), (11), (12), and (15) because they do not apply to wireless service providers and the Commission has granted such waivers in the past to other federal Lifeline wireless service providers.
12. It is reasonable to grant waivers to California LifeLine elements (19) and (20) because they do not apply to i-wireless, LLC's proposed service plans since there is no distinction between local and long distance calling.
13. It is reasonable to deny i-wireless' request for a waiver to California LifeLine element (21) because other federal Lifeline wireless providers comply with this service element currently and because Decision 14-01-032 maintains this element

as a requirement in the California LifeLine rules for wireless carriers (*Attachment D, Appendix A-2, service element (17)*).

14. i-wireless, LLC commits to comply with all General Order 153 rules including the Lifeline enrollment process, working with California's Third Party Administrator (TPA) to establish customer eligibility, and to cooperate with the California LifeLine team in the review and approval of its federal Lifeline advertisement materials.
15. i-wireless, LCC commits to comply with General Order 153's application, verification, and renewal processes to establish customer eligibility with the California LifeLine Administrator and will not offer federal Lifeline wireless plans to customers until the California LifeLine Administrator approves their Lifeline eligibility.
16. i-wireless, LLC will label clearly its wireless offerings as *federal Lifeline service* to minimize customer confusion between the California LifeLine and federal Lifeline programs, to include adequate information about the potential coverage and service quality issues, and to provide copies to Communications Division of all marketing materials including, but not limited to, customer service representative scripts, internet marketing, and posters and brochures, for CPUC California LifeLine staff to review and approval prior to publication and distribution. We find this recommendation reasonable and adopt it.
17. i-wireless, LLC commits to comply with CPUC User Fee and Public Purpose Program surcharge requirements. Failure to comply with fee and surcharge remittance requirements may lead to enforcement action including, but not limited to, revocation of i-wireless, LLC's Eligible Telecommunications Carrier designation and/or wireless identification registration authority.
18. i-wireless, LLC will utilize the ZIP+4 code data of the Small LECs' service areas to ensure that current customers of the Small LECs are not accepted as its federal Lifeline customers. We find this recommendation reasonable and adopt it.
19. i-wireless, LLC shall be authorized to receive from the Small LECs an updated ZIP+4 code data in their corresponding service areas within 30 days of the effective date of this Resolution. i-wireless shall also be authorized to receive from the Small LECs, on an as-needed basis, any update to the ZIP+4 code data to i-wireless, LLC, as with all other wireless designated ETCs in California. i-wireless, LLC shall file a copy of any updated ZIP+4 code data with the Communications Division Director and the California LifeLine Administrator (CLA). The ZIP+4 code data shall be provided in an MS Excel file (xls) format via email to the CD director and to the CLA in a format specified by the CLA.

20. Communications Division finds that i-wireless, LLC's proposed federal Lifeline wireless plans meet federal ETC criteria for public interest determination with increased competitive choice, convenience, security with mobility, ability to purchase additional usage, and ability to send and receive text messages in a prepaid plan.
21. Communications Division finds these i-wireless, LLC's federal Lifeline wireless plans to have equal or better value in its Lifeline plan pricing for low-income customers:
  - 550 Minutes of talk and text, a Lifeline-only offering for \$5.75 per month.
  - 1,000 Minutes of talk and text with 200 MB data, a Lifeline-only offering for \$12.65 per month.
  - Unlimited Talk Plan with unlimited text and 500 MB data for \$25.75 per month, retail value of \$35.
  - Unlimited Talk Plan with unlimited text and 2 GB data for \$40.75 per month, retail value of \$50.
22. Communications Division finds i-wireless' Unlimited Talk Plan with unlimited text and 3 GB data for \$65.75 per month (a retail value of \$75 less the \$9.25 federal support) to be too expensive when compared to other currently available federal Lifeline wireless and off-the-shelf retail wireless plans and therefore does not recommend approval.
23. Communications Division's recommendation to use the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) 1.5% as a guideline for allowable duplicates is reasonable until some other guideline is adopted by the FCC or the CPUC.
24. Communications Division conducted due diligence review to determine i-wireless, LLC's fitness as it relates to business practice behavior and customer protection that may call into question its fitness to be granted ETC designation to serve California consumers. Communications Division found no fitness issues.
25. The Commission may pursue an enforcement action which may include fines, penalties, and the revocation of ETC designation and/or wireless identification registration authority should substantive issues emerge after this ETC is approved which raises public interest questions about i-wireless, LLC's operations.
26. For public safety reasons, i-wireless, LLC shall clearly inform Lifeline customers that coverage limitations may affect wireless mobile service including E-911/911 emergency calls. Disclosures shall include, but are not limited to, clear statements on all marketing materials and the company website.

27. Communications Division recommends that the Commission's Eligible Telecommunications Carrier rule requiring filing of a Tier II Advice Letter to request approval for any future changes to the federal Lifeline wireless plans approved in this Resolution be applied only to i-wireless, LLC's *500 Minutes* and *1,000 Minutes* plans that are not based on a retail plan currently available to all prospective customers at the time of filing. Such request shall demonstrate that the changes comply with Resolution T-17002, i.e. *Appendix A-Sections II-E: Local Usage* and *II-G. Public Interest Determination*, all applicable General Order 153 rules, and pricing rules pursuant to Decision 10-11-033 or as modified and/or updated by subsequent Decisions and/or Resolutions effective at the time of the request. We find Communications Division's recommendation reasonable and adopt it.
28. For changes to i-wireless, LLC's two *Unlimited* Lifeline plans that are based on retail service offerings available to all prospective customers, not just Lifeline customers, changes from one retail plan to another retail plan should be handled via an Information-Only filing, consistent and in compliance with General Order 96-B General Rules 3.9, 6.1, and 6.2, and Telecommunications Industry Rule 2.
29. On August 12, 2014, the Commission emailed a draft of this resolution to the eligible telecommunications carrier service list for public comments.
30. Communications Division did not receive comments on this resolution.

**THEREFORE, IT IS ORDERED** that:

1. The Commission conditionally approves i-wireless, LLC's (U-4451-C), under the brand designation "*Access Wireless*," request for an eligible telecommunications carrier (ETC) designation to provide federal Lifeline prepaid wireless service throughout California in the service areas of the uniform regulatory framework carriers, excluding the small local exchange carrier (Small LECs) service areas.
2. i-wireless, LLC's ETC designation approval shall be contingent upon the following: 1) i-wireless, LLC shall file required annual reports and compliance reports with the Federal Communications Commission and this Commission, as directed; 2) i-wireless, LLC shall submit to the Communications Division Director a copy of the information submitted to Universal Service Administrative Company and a copy of i-wireless, LLC's certification of approval from the USAC within 30 days of receipt from USAC of its compliance with 47 C.F.R. § 54.401(d) related to its federal Lifeline wireless plan; 3) i-wireless, LLC shall submit its marketing materials to the CPUC California LifeLine staff for approval prior to distribution and publication; and, 4) i-wireless, LLC shall clearly identify its wireless mobility safety content on all distributed federal Lifeline materials and on the company website.



3. i-wireless, LLC shall offer these four federal Lifeline wireless service plans under the brand designation “*Access Wireless*”:
  - *550 Minutes* of talk and text, a Lifeline-only offering for \$5.75 per month.
  - *1,000 Minutes* of talk and text with 200 MB data, a Lifeline-only offering for \$12.65 per month.
  - *Unlimited Talk Plan* with unlimited text and 500 MB data for \$25.75 per month, retail value of \$35.
  - *Unlimited Talk Plan* with unlimited text and 2 GB data for \$40.75 per month, retail value of \$50.

Lifeline-only customers can purchase additional airtime minutes in denominations of \$5 for 100 minutes (\$0.05 per minute), \$10 for 200 minutes (\$0.05 per minute), and \$25 for 300 minutes (\$0.083 per minute).

4. i-wireless, LLC shall use a Tier II Advice Letter to request approval for any future changes to its federal Lifeline *500 Minutes* and *1,000 Minutes* plans that are not based on a retail plan. Such request shall demonstrate that the changes comply with Resolution T-17002, i.e. *Appendix A-Sections II-E: Local Usage* and *II-G. Public Interest Determination*, all applicable General Order 153 rules, and pricing rules pursuant to Decision 10-11-033 or as modified and/or updated by subsequent Decisions and/or Resolutions effective at the time of the request.
5. i-wireless, LLC shall file an Information-Only filing, consistent and in compliance with General Order 96-B General Rules 3.9, 6.1, and 6.2, and Telecommunications Industry Rule 2, for changes to its two *Unlimited* Lifeline plans because they are based on retail service offerings available to all prospective customers.
6. i-wireless, LLC shall comply with General Order 153’s enrollment application, verification, and renewal processes under the review of the California LifeLine Administrator which establishes customer eligibility.
7. i-wireless, LLC shall be authorized waivers for these six requested service elements of California LifeLine: (4) the ability to receive free incoming calls; (11) free provision of one directory listing per year, (12) availability of free white pages telephone directory, (15) free access to 800 and 800-like toll-free numbers, (19) free access to toll-blocking service, and (20) free access to toll-control service.
8. i-wireless, LLC shall clearly label its offerings as *federal Lifeline service* to minimize customer confusion between the California LifeLine and federal Lifeline programs, shall include adequate information about the potential coverage and service quality issues, and shall provide copies of all marketing materials including, but not limited to, customer service representative scripts, internet marketing, and posters and brochures for Communications Division’s California LifeLine staff review and approval prior to distribution of marketing publications.



Resolution T- 17449  
CD/ABA

**APPENDIX A**  
**Resolution T-17449**

**Attachment A**  
**Resolution T-17449**  
***i-wireless, LLC branded as Access Wireless***

**Proposed Service Area for Federal Lifeline Wireless  
ETC Service in California**



**Attachment B**  
**Resolution T-17449**  
**i-wireless, LLC**

**General Order 153 – Service Elements of California LifeLine**

California LifeLine is composed of the service elements set forth below. All California LifeLine subscribers are entitled to receive every one of the service elements of California LifeLine, and every California LifeLine Service Provider is required to offer all of the service elements of California LifeLine to each of its subscribers. The service elements of California LifeLine are as follows:

- 1 Access to (a) single party local exchange service or (b) service that is equivalent, in all substantial respects, to single party local exchange service.
- 2 Access to all interexchange carriers offering service in the California LifeLine subscriber's local exchange.
- 3 Ability to place calls.
- 4 Ability to receive free unlimited incoming calls.
- 5 Free touch-tone dialing.
- 6 Free unlimited access to 911/E-911.
- 7 Access to local directory assistance (DA). Each California LifeLine Service Provider shall offer to its subscribers the same number of free DA calls that the California LifeLine Service Provider provides to its non-California LifeLine residential customers.
- 8 Access to foreign Numbering Plan Areas.
- 9 California LifeLine rates and charges.
- 10 Customer choice of local Flat-Rate Service or Measured-Rate Service. The 14 small ILECs identified in D. 96-10-066 do not have to offer subscribers the choice of local Flat or Measured-Rate Service, unless the small ILEC offers this option to its non-California LifeLine residential customers.
- 11 Free provision of one directory listing per year as provided for in D. 96-02-072.
- 12 Free white pages telephone directory.
- 13 Access to operator service.
- 14 Voice grade connection to the public switched telephone network.
- 15 Free access to 800 or 800-like toll-free services.
- 16 Access to telephone relay services as provided for in Public Utilities Code §2881 et seq.
- 17 Toll-free access to customer service for information about California LifeLine, service activation, service termination, service repair, and bill inquiries.
- 18 Toll-free access to customer service representatives fluent in the same language (English and non-English) in which California LifeLine was originally sold.
- 19 Free access to Toll-Blocking Service.
- 20 Free access to Toll-Control Service but only if (i) the California LifeLine Service Provider is capable of offering Toll-Control Service and (ii) the California LifeLine subscriber has no unpaid bill for toll service.
- 21 Access to two residential telephone lines if a low-income household with a disabled person requires both lines to access California LifeLine.
- 22 Free access to the California Relay Service via the 711 abbreviated dialing code.

GO 153 (Effective December 1, 2011 - D.10-11-033, Resolution T-17321)

**(END OF APPENDIX A)**